



## **Redundancy Guide**

*Losing your job can mean uncertainty. Stress and anxiety, financial worries and strains on your relationships are just a few of the potential side effects. However, you can minimise the impact of losing your job if you are prepared. Knowing your rights can help you focus on planning for your future and finding a new job soon. Often redundancies can lead to new and exciting opportunities for those affected.*

### **What is redundancy?**

Redundancy is a legal term for a type of dismissal.

There are three established '**redundancy situations**'.

You may be fairly dismissed by reason of redundancy if the dismissal is **wholly or mainly** attributable to one of the following circumstances: -

1. The **business is closing**;
2. Your **place of work is closing**; or
3. Your employer has a **diminished or no need for work of the kind you are employed to do**, either in general or in your place of work.

### **Redundancy & unfair dismissal**

Redundancy is a potentially fair reason for dismissal.

Some unscrupulous employers may use redundancy as a tactic to 'get rid' of employees they may otherwise find difficult to dismiss fairly. There may not be a genuine 'redundancy situation', or there may be another significant reason for the dismissal, which is unfair. It is for the employer to prove the real reason for the dismissal.

Even if redundancy is the genuine reason for dismissing an employee, Tribunals will look at the reasonableness of the employer's decision. For example, an employer who does not warn and consult with an employee is unlikely to have acted reasonably. An employer who doesn't apply redundancy selection criteria fairly is also unlikely to have acted reasonably.

If you are being made redundant and it is not for one of the above reasons, you may have a claim for unfair dismissal.

Likewise, even if you concur that the redundancy situation is genuine but feel your employer is not following a reasonable process (see FAQs, below) or has unfairly selected you, you may have a claim for unfair dismissal.

You need to have at least 2 years' continuous service with your employer to bring this type of claim.

## FREQUENTLY ASKED QUESTIONS & ANSWERS

- **Help! I am being put at risk of redundancy. What does my employer have to do?**

If you are facing redundancy your employer should follow reasonable redundancy procedures.

These procedures involve a duty to warn and consult with the employees who may be affected by redundancy, apply fair selection criteria, consider suitable alternative vacancies and other alternatives to dismissal and make the correct statutory redundancy payment to those who are made redundant.

Broadly, you should expect written correspondence and an initial warning meeting followed by at least a couple of one to one consultation meetings over a sensible timeframe, dependent on the size and resources of your employer and the number of employees affected. The process should be reasonable in all the circumstances.

- **I've been selected and am being made redundant. What am I entitled to?**

You are entitled to your notice pay (there are statutory minimums, dependent on length of service) and outstanding holiday pay.

You may be entitled to a **statutory redundancy payment** if you have been continuously employed for at least 2 years. Statutory redundancy pay is calculated in the following way:

- 0.5 weeks' pay for each full year of service while you were aged under 22
- 1 week of pay for each full year of service while you were aged 22 or older, but under 41
- 1.5 weeks of pay for each full year of service while you were aged 41 or older.

Employees can only count a maximum of 20 years of service and the 'weekly pay' is subject to an upper limit. The cap on weekly pay increases every year.

You may also or alternatively be entitled to a **contractual redundancy payment** either under your employment contract or under a redundancy policy subsequently incorporated into the employment contract. It is important to check your contract and relevant policies.

The **first £30,000** of a redundancy payment should be **tax free**. If you receive a payment, make sure unnecessary deductions have not been made!

- **I don't think my dismissal is really because of redundancy. What can I do?**

If you think that there may be another underlying reason for your dismissal, it is important that you speak to a specialist employment solicitor about this so they can advise you. If you have been working for your employer for over 2 years you may be able to bring a claim for unfair dismissal. You may have other claims, such as discrimination or victimisation depending on the facts.

There are generally 3-month time limits to bring claims in the Employment Tribunal and so you should obtain specialist legal advice without delay.

- **My employer has asked me to sign a settlement agreement. What does this mean?**

A settlement agreement is generally a way for you and your employer to agree the terms on which you will leave.

By signing a settlement agreement you will waive all your rights to bring any Tribunal or Court claims against your (former) employer. In return for waiving your rights, you may be offered a sum of money to compensate for this and the loss of your job. This is usually an enhanced sum above your statutory redundancy payment rights.

Your employer may offer you settlement agreement during the period of consultation or upon being dismissed. Frequently, employers offer settlement agreement early in the process, to avoid a lengthy consultation process.

Settlement agreements generally include provisions regarding confidentiality and other details regarding your termination. For example, the return of company property, the payment of other benefits, any outstanding holiday. Settlement agreements often include an agreed form of employment reference.

You are required to obtain independent legal advice on the terms and effect of the settlement agreement before signing. Your employer will usually contribute to your legal costs. It is important to see a specialist employment solicitor as soon as possible, who can advise you on the terms and effect of the agreement. An employment solicitor can also advise you on whether the redundancy/your dismissal is fair, and if you have grounds to bring other claim(s).

- **I don't think the settlement agreement is fair. What are my options?**

It is important to speak to a specialist who can advise you on whether the settlement agreement represents a "good deal". You don't have to sign it. However, you may find that you are able to leave your job amicably with a lump sum, conserve your reputation, agree a reference and quickly find a new job. Your solicitor may be able to assist you in negotiating better terms, but it is important to be realistic. Your solicitor may advise you on what claims you could bring and what compensation you could expect.

## KEY POINTS

- Try not to panic – if you're pulled into a meeting at short notice, make contemporaneous notes. If you can't take notes in the meeting, write down a full account of what was said and by whom as soon as possible afterwards. Redundancies are stressful and you may forget important things which were said. Your note may, at a later date, serve as useful evidence.
- If you are offered a settlement agreement, don't feel pressurised to accept it. You need to take legal advice on its terms before being bound by it, in any event.
- Speak to a specialist employment solicitor as soon as possible so you can be fully advised on your options.

If you have concerns about redundancy or have received a settlement agreement, please contact us today for a free no-obligation consultation by calling either our London or High Wycombe offices on 0203 440 3705 or 01494 451355 respectively, or by email: [employment@curzongreen.co.uk](mailto:employment@curzongreen.co.uk)