

REDUNDANCY PROCESS

Conducting a Redundancy Process

There can be a number of reasons a business considers making an employee's position redundant. This could include a downturn in business or the end of a major customer contract which means there is just not enough work available for the number of employees, or there may be a major change to the way the business operates due to either external or internal forces: for example, new market demands, a change in supplier, new ownership, or a restructure to bring about greater efficiencies and productivity and/or reduce costs.



Where it is necessary for an organisation to consider making positions redundant it is important that a fair and correct procedure is followed, not only to comply with employment law requirements but also for the benefit of the organisation and its employees, both those staying and any that unfortunately may need to leave. The reasons for redundancies must be genuine business reasons - those outlined above are good examples. Making an employee's position redundant simply to exit them from the organisation due to reasons of poor performance, inability to get on with other staff or personal dislike are not genuine reasons for making an employee's position redundant and such courses of action can give grounds for a personal grievance.

To avoid this happening, a recommended process to follow is set out below – this is an abbreviated overview and should you need to consider making redundancies, please talk with us about how to manage this process appropriately.

Develop and communicate the proposal

As soon as it seems redundancies are likely you need to communicate this to your staff. Write a proposal and put it in a consultation document or letter to affected employees. If many employees are affected you may be best to call a meeting to go through the proposal in more detail and give employees the opportunity to ask some initial general questions. The consultation document should cover the following:

- Introduction and need for redundancies
- The proposal
- Selection/criterion of roles for redundancy
- How the consultation process will work including timeframes
- Recruitment into new roles
- Employee assistance
- Further help

First stage of consultation

After employees have been presented with the proposal they need a reasonable opportunity to provide feedback and comment. Feedback can either be given in person or in writing, and it is good practice to give both options. If the feedback is to be in person call a meeting with affected employees individually to receive that feedback.

Answer questions

One or more employees may ask questions about the redundancy proposal. You may or may not have an obligation to reply depending upon the nature of the information requested. If in doubt, get legal advice.

Feedback meeting

The purpose of the first feedback meeting is to listen to the feedback provided by the affected employee and to answer any questions they may have after seeing the initial consultation document. Questions often centre on entitlements to redundancy compensation, redeployment options or new roles created by the process.



Confirm the feedback

Consider all the feedback with an open mind. If you decide to alter the original proposal in response to feedback and the alteration has a different affect on one or more employees you have an obligation to go back and consult with these employees about the changed proposal. Update the consultation document to provide the results of the feedback and ask for further feedback. If the proposal remains unaltered, confirm the proposal.

Confirm the proposal

Communicate the feedback you have received and the decision to confirm the proposal.

Application of selection criteria

Where you need to choose people for redundancy, you need to apply the selection criteria in the proposal (upon which you have already sought feedback). Invite each employee in the redundancy pool to come to an 'interview' in order to demonstrate why they should be selected to remain. Each employee should be interviewed separately. If there is no selection process, skip this step and move to the next step.

Communicate to affected employees

Once you have made your selection, communicate this to those who were interviewed. This can be done in writing with a follow up meeting as per the next two steps.

Meeting to discuss other options

The law requires that you consider other options to redundancy where they are available. Therefore, have a meeting with all affected employees to discuss whether there are any alternative roles available and the process for selecting into those roles. When termination of employment will occur, explain how you will help the employee find other work (for example, time off for interviews, providing a reference etc), when the last day of work will be, obligations until then, whether you will pay notice in lieu etc.

Termination letter

Following the meeting you must give notice of termination to formally end the employment. The letter can summarise anything discussed in the meeting. Any redundancy process is very stressful for all those involved but steps can be taken to minimise this, this includes providing outplacement support.