

## REDUNDANCY

**A redundancy is a dismissal for the reason of redundancy. Only employees who have been continuously employed by their employers for two years or more are entitled to statutory redundancy payments. These are calculated by a formula based on an employee's age, length of continuous service with the employer and weekly pay. A statutory redundancy payment is based on a week's pay that is capped at £350 and the maximum for the year from 01 February 2009 is  $20 \times 1\frac{1}{2} \times £350 = £10,500$ . A claim must be made within six months of dismissal.**

An employee who believes he or she has been unfairly dismissed for the reason of redundancy can make a claim to an employment tribunal only if he or she has been continuously employed by the employer for one year or more, unless he or she has been dismissed for a reason that the law regards as being automatically unfair.

**Definition of redundancy: an employee will be redundant where his or her employer's place of business closes or re-locates or where the employer no longer needs as many (or any) employees to do work of a particular kind. Remember that it is the job and not the person that is redundant.**

Selection procedures: employers must act reasonably (1) when drawing up the selection criteria, (2) when selecting employees for redundancy, (3) when applying the criteria, (4) by consulting employees, either individually or collectively, (5) when making 20 or more employees redundant at one establishment in any 90-day period the employer must consult collectively with the employee representatives of the affected employees before giving the employees notice, (6) by following the statutory three-stage dismissal procedure if making fewer than 20 employees redundant.

**A Protective Award of an actual week's pay for each week of the protected period may be made by an employment tribunal to redundant employees whose employer failed to consult them or the employees' representatives or trade unions about the proposed redundancies, including the reasons for the dismissals if the employer is proposing to close the undertaking.**

Employers are permitted to make contractual enhanced redundancy payments which are more generous than statutory redundancy payments but which must be based on the statutory redundancy payment multipliers, unless objectively justified.

**When making an employee redundant, the employer should offer the employee suitable alternative employment elsewhere in the business or with an associated company if this is available. A redundant employee may not be entitled to a redundancy payment if he or she is offered a new job with the same employer, an associated employer or a successor employer who takes over the business – provided the new job is offered before the old employment contract expires and starts within four weeks. If the new job differs, wholly or partly, in capacity, place, terms or conditions, an employee can put off the decision to accept it for a four-week trial period. Where re-training is necessary, this period may be extended by written agreement.**

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