

***This is a complex legal area, please take advice from us before going down this route.***



## **Redundancy**

### **What is it?**

Redundancy is a form of dismissal from a job.

This can be because:

- the job you were hired for no longer exists
- the need to cut costs means staff numbers must be reduced
- new technology or a new system has made your job unnecessary
- the business is closing down or moving

### **How to do it?**

When you have decided that it is necessary to make redundancies it is important that you remember that it is the job that you are making redundant and not the individual.

You should

- Ensure that you have considered other alternatives e.g. reducing hours, voluntary redundancy
- Ensure that you consult with the staff
- Ensure that you have a selection criteria that is fair, reasonable, non discriminatory this could include length of service, skills or experience, job performance or attendance
- Ensure that the correct amount of notice is given. This is either the notice period shown in the employees contract or one week for each complete year of employment up to a maximum of 12 weeks whichever is the longest. Pay can be given in lieu of notice
- Ensure that any redundancy payment due is paid

### **Redundancy Pay**

An employee has the right to statutory redundancy pay if they have worked for you for two continuous years. Statutory redundancy pay isn't taxable.

The amount of statutory redundancy will depend on

- How long the employee has been continuously employed with you
- The employees age
- The employees weekly pay

The employee will be entitled to

- Half a week's pay for each complete year of service below the age of 22
- A full week's pay for each complete year of service between the ages of 22 and 40
- A week and a half's pay for each complete year of service above the age of 41

For more information go to the [www.direct.gov.uk](http://www.direct.gov.uk)