

REDUNDANCY



Redundancies are not easy, and it is important to follow a fair process. Failure to do so could result in unfair dismissal claims, damage to your reputation and low morale amongst remaining employees.

What you need to know...

Under Employment (Jersey) Law 2003, redundancy is triggered where:

- There has been a cessation of business by the employer
- There has been a cessation of a business in the place where the employee was employed
- The requirement for employees to carry out work of a particular kind has ceased or diminished

Fair dismissal

Before any decisions are made you must follow four ordinary principles of fairness:

1. Duty to consult with the employee
2. Duty to warn of redundancy
3. Duty to establish fair criteria for selection of employees for redundancy
4. Duty to explore alternatives for redundancy

Failure to satisfy any of the above may result in an adverse finding at Employment Tribunal



Statutory minimum redundancy pay

- Only payable after two years qualifying service
- A minimum of one week's pay per complete year of service
- A week's pay is currently capped at a maximum of £780 per week.
- The redundancy entitlement may be higher than statutory, subject to contractual entitlement or any voluntary redundancy scheme you may put in place.
- Redundancy payments are payable in addition to statutory or contractual notice periods.
- Redundancy payments up to £50,000 are exempt of income tax.

Paid time off

An employee who is given notice of dismissal by reason of redundancy will have a statutory 40% of one normal working week as paid time off to look for work or arrange training (which can be taken in days or hours, at their manager's discretion).

Statutory notice periods

Applies to anyone over the age of 16

- One week if continuous service is less than two years
- Two weeks' if continuous service is two years or more but less than three years
- Plus one week's notice for each additional year of service up to a maximum of 12 weeks.

Collective consultation

Required where **12 or more** employees are proposed to be made redundant within a **period of 30 days or less**.

You must:

- Consult with representatives before initiating individual consultation
- Consult collectively

All employees must have an opportunity to stand for election, the elections must be fair and the chosen representatives appropriate.

There is also an obligation to:

- Notify the Minister for Social Security in writing
- Begin collective consultation a minimum of 30 days before the first dismissal takes effect.

What you need to do...

Individual consultation

- Consult with affected employees.
- Provide employees with the following information:
 - Reasons for the redundancy proposals;
 - Numbers and descriptions of the affected employees;
 - Proposed method of selecting the employees who may be dismissed;
 - Proposed method of carrying out the dismissals, including procedures, time periods, right to appeal and appeal process;
 - Proposed method of calculating redundancy payments;
 - Avoiding redundancies;
 - Reducing the numbers of employees to be dismissed
 - Mitigating the consequences of the dismissals.
- Leaders need to be available to, and supportive of employees.
- Communication needs to be clear and consistent
- We would recommend a frequently asked question sheet to go with the At-Risk letter to help with any immediate questions

Have a clear redundancy plan in place

- Consider alternatives - avoid redundancies if possible! If it is not avoidable then plan carefully to ensure you have a valid reason for reducing your employees.
- Carefully identify any selection pool and selection criteria. If these are not considered correctly, the dismissals will be automatically unfair.



The Stages of a fair selection and consultation

1. Announce the redundancy proposal to employees - advise in writing that their role is at risk of redundancy. Ask for volunteers. Start collective if required.
2. At least 24 hours after the “At Risk” letter, start the consultation process - individually meet with each person in the affected pool. Employees will have the statutory right to fair notice and representation in this meeting.
3. Meet the employees again and readdress the points in stage two. This stage takes place at least one week after stage two.
4. Once consultation closes (approximately two-week process) consider all the feedback received and make a final decision. Document the rationale for this decision.
5. Assuming no alternatives have been found issue notices of redundancy which should include; severance terms, notice worked, paid-in-lieu, or garden leave, contractual benefits, for example holiday and right of appeal.

if you'd like to know more call 747559 and let's chat!

