

If the worst happens...making redundancies

No doubt about it, times are tough & many businesses have considered the possibility that they may need to make redundancies. It is not a decision taken lightly and there are processes that must be followed to safeguard your business from employment tribunal claims – Sam Swinstead of Challenge Manager provides a few pointers to consider before you make this decision:

1. **Review all other possibilities first:** look for other ways to cut costs, reduce overheads and minimise staffing levels - terminate temporary contracts, reduce the use of contractors or third parties to provide your services. Check if your employment contracts allow for short time working or temporary layoffs. Review your absence management, check what expenses people are allowed to claim for, and negotiate with suppliers for utilities, equipment and stationery to get better deals.
2. **Plan for the worst before you get there:** decide what you will do if you need to make redundancies; define your procedure, and the redundancy package you will offer. Making these decisions before they are needed (and hopefully won't be needed at all) allows you to deal with them objectively and ensure that you are legally compliant.
3. **Get legal advice:** check that you have a genuine redundancy situation, and ensure that your proposed policy, procedure and plans are legally compliant to safeguard your business as far as possible from potential tribunal claims. Be aware that there are different requirements depending on how many redundancies you might need to make.
4. **Weigh up the cost of making redundancies:** employees are entitled to at least the statutory minimum redundancy entitlements which are outlined at this website: <http://www.berr.gov.uk/whatwedo/employment/employment-legislation/employment-guidance/page33157.html>. Sometimes the potential costs of making redundancies and the associated loss of business expertise may be greater than continuing with employment, particularly if an upturn in business is likely in future.
5. **Talk to your staff:** they know that times are tough and most will appreciate your honesty in letting them know how things are in your business. Before you decide on redundancies ask for their advice, ideas and suggestions about what could be done to bring in more business or reduce unnecessary costs. Once you have decided that redundancy is the only option consultation is a critical part of the procedure regardless of the number of redundancies you might need to make.
6. **Follow your redundancy procedure:** if you decide you have no choice but to make redundancies then communicate the procedure to all those who are affected, and ensure you stick to it. Remember that job roles are made redundant not people – this is a critical (if seemingly small) consideration in your procedure.

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7. **Apply fair and objective selection criteria:** Last In First Out (LIFO) is not considered acceptable criteria if used in isolation, although it may form part of the decision making process if relevant and appropriate. Seek to use selection criteria that are based on fact and do not unfairly discriminate – this might include disciplinary records, attendance, time keeping, sickness absence (with regard for any potential for disability discrimination), performance records, training and required skill sets.

8. **Consider the staff who remain:** survivor syndrome, guilt, uncertainty about the future, possible anger or resentment, loss of friends and colleagues can all have an impact on productivity, motivation, engagement with the business and loyalty. Make it an essential part of your redundancy planning to consider how you will manage employee emotions and maintain their confidence in your business after redundancies have been made.

If you need support in preparing a redundancy procedure or managing the redundancy process contact Challenge Manager and we will be pleased to help you.

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