



# Handling Redundancies

## What is a Redundancy?

Simply speaking, where the employer has ceased or is due to cease to carry on business, where the employer is closing down the workplace where the employee has been employed, where the needs of the business for work that the employee has been doing has reduced or disappeared or is expected to or where the need of the business for the number of employees to carry out its work has reduced or disappeared or is expected to.

For an employer to dismiss an employee fairly the employer must show that he had a valid reason for dismissing the employee and that he acted reasonably in treating that reason as a sufficient reason for dismissing the employee.

## Rights of Employees?

1. Right to be consulted
2. Reasonable periods of time off with pay to look for other work
3. The right to be offered suitable alternative posts if any are available within the organisation
4. Redundancy procedures

If formal procedures are not followed the employee could claim unfair dismissal if they have been employed for 1 year or more. In principle, a redundancy is one of the 'fair' reasons for dismissal but if an employer goes about handling the redundancy without following procedures it will be deemed to be 'unfair' and in some cases may be deemed to be automatically unfair.

## Redundancy Payments

Employees who have completed 2 years or more continuous employment will be entitled to a statutory redundancy payment. This is calculated with reference to a weeks pay (maximum of £350 from February 2009). The longer an employee has worked for the employer the more redundancy pay they will be entitled to.



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## Redundancy Selection Criteria

Criteria such as last in first out (LIFO), future needs of the business, capability and performance of the employee in the past and conduct can all be used when selecting staff for redundancy. However, it is imperative to use criteria objectively and reasonably to be able to demonstrate that the selection was fair.

## Our Costs

We will advise you as to the best way to fund your advice including fixed fees or by hourly rate, no win no fee or legal expense insurance. We can advise you about handling redundancies, including the preparation of policies and procedures, calculating payments, preparation of selection criteria and advice on possible claims for unfair dismissal.

## Watson Esam can also help you with

- Business law
- Employment law
- Family law
- Personal injury
- Claims and disputes
- Debt recovery
- Professional negligence
- Contested probate
- Bankruptcy
- Insolvency
- Property matters
- Charities and voluntary organisations
- Wills and trusts
- Probate
- Inheritance tax planning
- Powers of attorney



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