**A step-by-step guide to the redundancy process**

*This resource was created in partnership with* [*Lynn Burman*](https://www.linkedin.com/in/lynn-burman-47156018b/?utm_source=Breathe%20HR%20redundancy%20toolkit&utm_medium=referral&utm_campaign=Breathe%20redundancy%20content)*, Commercial Director at* [*Clover HR*](https://www.breathehr.com/en-gb/partners/hr-consultancy-directory/clover-hr?utm_source=redundancy-toolkit&utm_medium=referral&utm_campaign=redundancy)*: an expert HR consultancy and trusted Breathe Partner. It’s intended as a general guide only. For the latest legal advice on redundancies, check out the full explainer from* [*Acas*](https://www.acas.org.uk/redundancy)*. And if you’re considering a redundancy – or need HR advice of any kind – it’s always best to speak to an employment law specialist. You can* [*get in touch with Clover HR here*](https://www.cloverhr.co.uk/contact/?utm_source=Breathe%20HR%20redundancy%20toolkit&utm_medium=referral&utm_campaign=Breathe%20redundancy%20content) *or find additional support through our* [*Partner Directory*](https://www.breathehr.com/en-gb/partners/hr-consultancy-directory?utm_source=redundancy-toolkit&utm_medium=referral&utm_campaign=redundancy)*.*

This guide discusses how to plan and execute a redundancy process, across four key stages:

* Consider whether redundancy is the best option
* Create the ‘at risk’ pool and selection criteria
* Consult with individuals, representatives or trade unions
* Organise the final exit logistics
* **Consider whether redundancy is the best option**

**Before moving forward, consider if redundancy is really the right step:**

There are genuine business cases where redundancy is classed as the only way forward. Ahead of any redundancies there must be a compelling, robust business case based on one more of the following:

* Lack of financial performance
* Organisational changes such as outsourcing or restructure
* Operational changes such as stopping the provision of a service
* Technological changes such as the automation of a process

**Consider alternatives to redundancy:**

*Other options could include:*

* Reduced working hours
* Recruitment/pay freezes
* Overtime bans
* Reducing contractors
* **Create the ‘at risk’ pool and selection criteria**

**Can you offer voluntary redundancies?**

*If so, consider if they should be offered to:*

* All employees
* Pooled employees
* Specific teams or levels of seniority

**Check consultation rules:**

*Consider whether individual or collective consultation rules apply. The rules depend on how many employees are being made redundant within 90 days at the same location\*:*

* **0-20 employees:** If fewer than 20 employees are being made redundant within a 90-day period at the same location, **individual consultation** rules will apply
* **20+ employees:** If more than 20 employees are being made redundant, **collective and individual consultation** rules both apply

*\*This is currently defined as a single branch or business location, not the whole business. The Employment Rights Act will upgrade this to the whole organisation.*

**Create a ‘pool’ of employees eligible for redundancy:**

*Think about:*

* What type of work is no longer needed
* Which employees will be affected
* How many total redundancies will be made

**Consider what familial leave rules apply:**

*Special rules apply for pregnant women and others who are due to go, are currently on or have recently been on family leave. Generally, these employees are protected from redundancy, though you should check Acas* [*for the most recent rules*](https://www.acas.org.uk/redundancy-protection-for-pregnancy-and-new-parents)*. This applies to:*

* Pregnancy
* Maternity leave
* Adoption leave
* Shared parental leave

**Set objective criteria to fairly score employees in the pool:**

*Create a clear, fair set of criteria to evaluate employees, such as:*

* Work quality
* Relevant skills and qualifications
* Attendance/disciplinary record
* Productivity metrics

**Notify the Government of redundancies (collective consultation only):**

*Fill out the* [*HR1 form*](https://www.gov.uk/government/publications/redundancy-payments-form-hr1-advance-notification-of-redundancies) *on the Government website, following these guidelines*

* **0-20 redundancies:** No HR1 form needed
* **20-99 redundancies:** Submit the form at least 30 days before dismissals take effect
* **100+ redundancies:** Submit the form at least 45 days before dismissals take effect
* **Consult with individuals, representatives or trade unions**

**Invite all ‘pooled’ candidates to a meeting:**

*This meeting should include:*

* Explaining the situation and confirming eligibility for redundancy
* Making it clear that redundancies are only a possibility

**Key points to discuss in the meeting:**

*This agenda should include:*

* An explanation of why redundancies are being considered
* Details of what the process will involve
* Clarification on whether/how voluntary redundancies or alternative vacancies will be considered
* How the pooling and scoring system will work
* What official communications employees can expect at each stage

**Provide a letter that confirms details in writing:**

*The letter should include:*

* A summary of everything discussed in the first meeting
* A confirmation of the employee’s right to have employee rep/trade union representation (collective consultation only), to take time off to look for additional employment and to appeal the final decision
* A copy of the selection criteria and scoring guidelines

**Identify trade union representatives or elect employees representatives [collective consultation only]:**

*For collective consultation, follow these guidelines:*

* Consult with independent, recognised trade unions, if they exist
* If not, elect employee representatives from the pooled candidates
* Remind employees of their right to have trade union or employee representative support during meetings or disputes

**Consult with trade union or employee representatives [collective consultation only]:**

*Consider the following requirements:*

* Discuss the reasons for redundancies and ways to reduce/mitigate their effects
* Representatives should be involved in discussions on the scoring system
* Consultations must be genuine and held in good faith. Employers must seriously consider suggestions from representatives
* Collective consultation should start at least 30+ days before the first dismissal (where 20-99 redundancies will be made) or 45+ days (if 100+ redundancies will be made)
* Collective consultation must be complete before any redundancies are confirmed

**Rank colleagues using the objective criteria:**

*To ensure fairness:*

* Rank all colleagues equally, fairly and objectively
* At least two managers should be involved in the scoring process
* Make sure there is no potential for discrimination based on age, sex, marital status, race, disability, sexual orientation, religion or belief

**Identify and inform provisional candidates for redundancy:**

*For those provisionally selected:*

* Invite employees to a second meeting and send a second letter
* In the meeting, confirm the provisional selection, explain the reasons and go over the scores in detail
* The letter should summarise the consultation so far, explain the reasons for selection and clarify that decisions are not final and are subject to further individual consultation

**Hold individual consultations with provisionally selected employees:**

*For each individual consultation:*

* Discuss the employee’s scores, the redundancy proposal and the terms of the redundancy
* Consider any comments about their scores in good faith
* Explain details of potential alternative roles the employee could be offered
* Make detailed notes of all conversations and discussion points during the meeting
* If needed, adjust scores and the list of provisional candidates based on these conversations
* Repeat these steps until you have a final list of candidates

**Inform candidates that have been selected:**

*Once a final list is set:*

* Arrange an additional meeting and a confirmation letter
* In the meeting, confirm the dismissals and the redundancy package
* In writing, confirm redundancy and other details discussed in the meeting
* Remind employees that they still have a right of appeal

**Consider any employee appeals:**

*If any employees choose to appeal the decision, follow these steps:*

* Take the employee’s concerns seriously and address them in good faith
* Go back to ‘rank colleagues using the objective criteria’ and repeat the process, making any relevant changes from the appeal
* If possible, the scoring should be repeated by a different manager, ideally more senior
* If no changes are required, confirm the dismissal and issue the final letter again as set out in the previous section
* **Organise the final exit logistics**

**Identify redundancy pay:**

*Employees with more than 2 years’ continuous service are entitled to statutory redundancy payments, depending on their age:*

* **Under 22s**: Half a week’s pay for each complete year of service
* **22-41s**: One week’s pay for each complete year of service
* **Over 41s:** 1.5 weeks’ pay for each complete year of service

**Identify additional redundancy awards:**

*Consider any non-statutory redundancy requirements:*

* Assign any additional funds defined in employees’ contracts or the company policy

**Identify notice periods and final payments:**

*Employees are entitled to notice as well as a redundancy payment:*

* Employees should be offered either statutory or contractual notice, whichever is greater
* You can also dismiss employees immediately if you offer payment in lieu of notice

**Offer employees extra support to help them find new work:**

*Employers are required to help redundant employees find new work. This can include:*

* Referring employees to job boards or adverts
* Posting on LinkedIn or in private communities
* Leaving references and referrals for the redundant employees

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