a guide to redundancy & outplacement

maximising organisational performance
contents

3 about this guide
4 does redundancy apply?
5 redundancy procedures
6 the role or the individual?
7 pool for selection
8 making a fair selection
9 consultation
10 preparing to consult
11 consultation checklist
12 consultation continued
13 handling appeals
14 outplacement
15 other support
16 motivating those staying
17 communicating the changes
18 changing job roles
19 about Step Change
about this guide

Redundancy can become necessary for a number of reasons and is never an easy step to have to take. As a responsible employer you will want to minimise the possible negative impact of such actions on your organisation, your retained employees and those facing redundancy.

In this booklet we will provide you with guidance on how to:

- Determine whether you can legally make a role and subsequently a person redundant
- Manage the redundancy process fairly, efficiently and sensitively and in compliance with UK statute
- Manage and motivate the staff who will remain with you after the redundancies
- Plan and manage the communication relating to the redundancies
- Provide outplacement support for those being made redundant
does redundancy apply?

In the UK, the Employment Rights Act 1996 states that a redundancy exists where:

§ the requirements of the business for employees to carry out work of a particular kind have ceased or diminished, or

§ the requirements of the business for employees to carry out work in a particular place have ceased or diminished.

Of course, even if these criteria are met, it is up to an employer whether they then decide that the most appropriate option is to consider redundancy.

There are many alternatives to redundancy which you may be able to consider such as reducing your reliance on contractors, reducing all employee’s working hours, bringing in a recruitment freeze or agreeing an ‘across the board’ salary reduction. These steps should only be considered after seeking appropriate legal advice regarding your organisation’s contractual and legal obligations.
Every redundancy scenario is different and we therefore advise that you seek professional and legal advice before embarking on making any redundancies.

Ideally, your organisation will have a redundancy procedure in place that forms part of your employee contract. If it does, you will need to follow this when needing to make any roles redundant.

Step Change can provide guidance if you need help putting a procedure in place for your organisation.

If your organisation has previously made employees redundant you will need to take extra care because the procedures you followed before may now be deemed to be your standard procedure.

Where no formalised procedures have been agreed, your organisation must follow statutory procedures and guidelines.

Because of the complexity of employment law, current case law will also have a bearing on the most appropriate way to apply the statutory procedures.
the role or the individual?

Many people and organisations get this wrong when considering redundancy. It is the role which is made redundant and not the individual.

When you decide that there is a need for redundancies you are actually deciding that it is not possible to sustain a particular role or roles within the organisation.

If a specific role needs to be made redundant you must then determine through a fair process which employee will lose his or her job as a result.

You must not use the redundancy of a role as an excuse to remove from your organisation someone who you have wanted to remove from the organisation for other reasons such as poor performance.

If a number of employees all carry out the same or similar functions to the role that is expected to be lost, you will need to make a fair and objective assessment from a ‘pool for selection’ to determine which employee/s are to be made redundant.
You must ensure you consider all the possible ways of drawing up your pool for selection.

For example, in a department of twenty employees who are all principally performing a similar function, even if your intention is to only make one redundancy, all those employees will need to form your pool for selection and will therefore be subject to your chosen selection process.

Similarly, where two employees perform a similar function, perhaps within different departments on the same site, it may still be necessary to consider both as your pool.

There may be a few occasions where only one person performs the particular function being considered for redundancy. ‘Pools of one’ are possible but you will need to take extra care to ensure that this is truly the case.

All those within your pool for selection (unless it is a pool of one) are then assessed based on objective criteria, which you will have determined in advance, to determine which individual/s will be dismissed through redundancy.
making a fair selection

Your selection needs to be based on a set of criteria which are applied fairly and objectively to each employee within your pool for selection. Where possible, decide your selection criteria **before** determining who is in your pool for selection so that you are not encouraged to choose the criteria to suit your preferred choice.

Examples of criteria often used include:

- Skills and experience
- Standards of work performance
- Attendance or disciplinary records

**Age is not an acceptable criterion to use as it is clearly discriminatory. Using ‘last in/first out’ is also now seen as indirectly discriminatory and should not therefore be used as one of your selection criteria.**

It is best to draw up a selection matrix and to use a simple scoring method based on a 0-5 scale. Use a selection panel rather than rely on one manager to ensure there is no bias in the scoring. Brief your panel first so that they apply the criteria fairly and objectively.

Make sure you are able to back up your scores with evidence so that you can justify your scores if asked.
consultation

Regardless of the size of the organisation or the number of people affected, providing genuine and thorough consultation is a matter of good practice. Even unaffected employees will be watching how well you look after those that are likely to be going.

A recent European directive gives employees of companies with 50+ employees the right to be kept informed of the organisation’s economic situation and consulted over it’s employment prospects and decisions which may lead to substantial changes.

The requirements for consultation depend on the number of individuals being made redundant within a 90 day period. In brief, the requirements are as follows:

**Under 20 employees** - There is no statutory requirement to consult but you will still need to comply with statutory procedures and follow a fair process.

**20-99 employees** - You are required to provide at least 30 days formal consultation involving any recognised trade union or elected staff representation.

**100+ employees** - You must provide at least 90 days formal consultation involving any recognised trade union or elected staff representation.
preparing to consult

Before entering into the consultation process take time to plan and prepare carefully. In particular, ensure you are clear about and can explain your reasons for the proposed redundancies and your choice over those affected.

Brief all those involved in managing the process to ensure they fully understand the process and the implications of following procedures correctly and fairly.

Timing is critical. Once you enter into a consultation process it is important that, wherever possible, those involved in managing the process are going to be available during the period to see it through and therefore maintain consistency.

Any written communication provided as part of the consultation process will undoubtedly be examined and scrutinised by the affected individuals and their representatives. For this reason we strongly advise you have all written documentation checked by a specialist lawyer to ensure it accurately reflects what needs to be said and in a way that will avoid an future legal complications.
consultation checklist

During the consultation process you will need to discuss the following:

- An introduction of all those present and their respective roles
- What you expect to cover during the meeting (also ask the individual for their expectations)
- Why redundancy is necessary and any other options considered
- The numbers and roles being proposed for redundancy
- How people have been selected for redundancy including the pooling process and selection criteria
- About the consultation process - the period for consultation and their contractual and statutory rights
- Possible alternative roles in the organisation they may wish to be considered for
- Any financial package being offered including any statutory entitlements
- Any alternatives the individual may have for forming the pool for selection
- What support the organisation is making available (see pages 14 & 15)
- What happens next
consultation - cont’d

Formal consultation meetings normally take place with a chairperson, a recorder, the affected individual and their nominated representative. Other group meetings may also constitute part of the consultation process so should still involve the staff or trade union representatives.

Given the need to involve the individual’s representative you should ensure you give adequate notice of all consultation meetings - generally around five working days.

Should the affected individual want to bring forward a meeting then this should be acceptable provided you can make the necessary arrangements to hold it earlier.

The affected individual may ask for a consultation meeting to be postponed. You should try to accommodate this provided it is within a reasonable timescale.

Don’t forget:

₁ Keep a written record of all your consultation meetings

₂ There is not set number of consultation meetings - they should continue until all issues have been resolved and should continue at least as long as the statutory minimum previously outlined.
handling appeals

When first planning your redundancy process it is advisable to put in place an appeals procedure. Should an individual have any issues relating to the handling of their selection for redundancy, an appeals procedure provides them with the opportunity to have their complaint heard and considered.

Having an appeals process can reduce the risk of any potential employment tribunal complaint being made by providing the opportunity for any complaint to be heard and hopefully resolved internally first.

An appeal can either be heard by a more senior manager who was not involved in the initial selection process or by a panel consisting of management and staff or trade union representatives.

During the initial consultation process you will need to make affected individuals aware of their right to appeal.

The format for an appeals hearing is similar to any formal disciplinary or grievance procedure and should therefore follow a normal statutory process.
outplacement

Being made redundant is never an easy situation to be forced into. People react very differently when faced with the news that they could be about to lose their job.

As a caring and responsible employer you will want to ensure those affected receive tangible support to help them deal with the news and also to take practical actions towards planning their next steps.

Outplacement can be provided at a number of levels. At its simplest it can be attendance on a workshop which provides group advice on putting together or refreshing a C.V. or interview skills training.

More bespoke and useful outplacement support can be arranged which will provide:

- Personalised C.V. appraisal or design
- Interview skills practice using CCTV
- One-to-one career coaching to discuss career direction options
- Psychometric appraisal and feedback with ongoing coaching to deal with development issues

Step Change is experienced at providing all levels of outplacement services and we would be happy to discuss your particular needs.
other support

In addition to providing outplacement support, you may also consider offering other services to help ease the pain of redundancy. The following are all free or cost-effective options:

- Counselling support - either via internal resources or external providers
- Time off to look for work and to attend interviews
- Offering job/career search books
- Contacting the local Jobcentre or other local employers
- Offering a copy of Step Change’s free guide for those being made redundant

Not only will you want to look after those that are being dismissed through redundancy, the way you treat those leaving may also have an impact on those remaining.

Where an affected individual is offered a significantly different alternative role within the organisation, they are entitled to a trial period - usually four weeks - to see whether they are happy with the proposed new role. If they subsequently choose not to continue in this role, the trial period will not have affected their statutory rights.
motivating those staying

Once you know who is leaving and who will remain it is easy to think that those who have kept their roles will breath a sigh of relief and just go back to their work as before. Nothing could be further from the truth.

The impact on those staying can be significant. Some of the typical concerns which may need to be addressed are:

- Is this it or are there going to be further redundancies?
- How secure is the organisation I’m now working for?
- How well did they look after my colleagues when they made them redundant?
- How am I going to cope with all the extra work and responsibilities I am now going to have to pick up?
- Do I want to work here now everything seems so negative?

Communication is the key to re-engaging those that remain following any redundancies. Remember, any gap in communication will be filled by rumour and gossip which is likely to be inaccurate, negative and difficult to counter once in general circulation.
Communication is a critical element to an effective redundancy process. Take time to create your communication plan taking into account the various levels of communication which will need to take place.

As previously mentioned, staff have a right to be kept abreast of any economic factors that may lead to substantive changes to their employment prospects.

It is also good practice to inform employees of the prospect of redundancies as early as possible so that they can possibly suggest alternative options to redundancy.

Once staff are aware of the prospect of redundancies motivation levels will inevitably drop and anxiety levels will go up. To minimise these negative impacts try to communicate to those affected as soon as possible and then to unaffected staff soon thereafter. Avoid communicating externally until the formal consultation has been completed.

As soon as possible following redundancies, communicate to all staff the new direction for the organisation and re-motivate people by engaging them in the new plans.

Think carefully about the timing of announcements and their likely impact on the individuals and also on the organisation.
changing job roles

Some of those employees staying after redundancies have been made may need to pick up different or additional responsibilities. Provided these are not significant changes it should be possible to simply agree with the current job-holder the proposed changes to their job description.

It is advisable, once these changes have been agreed, to ask the individual to sign to accept the agreed changes.

More significant changes to an employee’s terms and conditions should only be made following proper consultation so that you gain the full agreement of the job-holder. More significant changes could include:

- Transferring the job-holder’s place of work to an alternative town
- Changing, significantly, the jobholder’s hours of work
- Changing significantly the requirements or levels of responsibility for the job

Failure to consult and agree significant changes to a job currently performed by an individual may be construed as constructive dismissal and, as a result, could lead to the job-holder taking their complaint to an employment tribunal.
about Step Change

Step Change is a network of highly experienced consultants specialising in all aspects of organisational and personal development.

We also specialise in managing and supporting change within organisations so we are ideally placed to help you redesign your organisation and put in place the plans to take your organisation forward.

Step Change has helped hundreds of individuals faced with redundancy by providing real and tangible support to help guide their future career decisions. From workshops giving basic advice on C.V. writing and interview skills through to one-to-one coaching on career change options, Step Change has positively supported many people’s lives at a significant point in their careers.

We have experience working in a wide range of organisations in the corporate, public and not-for-profit sectors and so would be happy to discuss with you your organisation’s specific needs.
Please note that the information in this booklet is intended to provide general guidance only and cannot be specific enough to deal with individual circumstances.

For more specific advice and guidance please contact us using the email address shown below.

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