

Manage staff redundancies

A redundancy plan will help you manage each stage of the redundancy process. It should show how you'll:

- avoid compulsory redundancies
- consult staff
- select staff for redundancy
- give staff notice
- work out redundancy pay
- support staff and plan for the future

You should work with staff representatives – for example trade unions – to develop your plan if it's a large or complex redundancy situation.

Having an agreed plan allows you to easily share information with all your staff and help them understand what's happening. It's particularly useful when you explain your proposed changes during the consultation phase.

You can avoid job losses by planning ahead and looking at other options.

Before making employees redundant you should see if you can:

- offer voluntary redundancy or early retirement
- agree to flexible working
- temporarily reduce working hours
- ask employees to stop working for a short time
- retrain employees to do other jobs in your business
- let go of temporary or contract workers
- limit or stop overtime
- not hire any new employees

2. Avoiding redundancies during coronavirus

You might need to put some or all of your employees on temporary leave ('furlough') during the coronavirus (COVID-19) pandemic.

Furlough is where an employee or worker agrees with their employer to stop work temporarily but stay employed. Furlough must be agreed in writing.

You can claim financial support from HMRC for up to 80% or £2,500 of furloughed employees' or workers' wages, whichever is lower.

Find out more about:

- [furloughing staff](#)
- [financial support for businesses during coronavirus on GOV.UK](#)

Offer voluntary redundancy or early retirement

Your offer needs to cover the whole workforce and it must always be the employee's choice to volunteer. Make sure you do not pressure anyone or single a person out.

For example, you could be accused of age discrimination if you only offer early retirement to your older employees.

You do not have to select an employee just because they volunteered. For example, if your most experienced employee volunteers, you can explain that you're not selecting them.

It's a good idea to make clear to employees early on that voluntary redundancy or early retirement is not automatically given.

You must have a fair way of selecting employees who do get voluntary redundancy or early retirement.

You can offer extra redundancy pay if you want to encourage employees to volunteer.

Agree to flexible working

You can agree to update employment contracts to allow more [flexible working](#).

This could include offering your employees:

- to work fewer hours
- homeworking
- job shares
- to work compressed hours

Agreeing with employees to temporarily stop working or reduce hours

If it's included in employment contracts you can agree with employees that they will:

- stop working for a while (known as a 'temporary lay-off')
- work fewer hours (known as 'short-time' working)

It must be a temporary solution and not a permanent change to agreed working hours.

[Find out more about lay-offs and short-time working.](#)

If it's not included in employment contracts

You can ask to update an employee's contract to include these options. They do not have to accept.

To change an employment contract you usually need to agree the changes with the employee.

You should be careful if changing a contract of employment when there's been a [business transfer \(TUPE\)](#).

[Find out more about changing an employment contract.](#)

Move employees into other jobs

You should try and move employees who would otherwise be made redundant into other jobs within your organisation (provide 'suitable alternative employment').

Providing suitable alternative employment

You must identify any available jobs in your organisation and talk to the affected employees to see if they agree they're suitable.

If a role is suitable for an employee you're making redundant, you should offer it to them instead of redundancy. The redundancy could be judged an '[unfair dismissal](#)' if you do not.

If more than one employee is interested in the same role, you must offer the role to employees on maternity leave first. For all other employees, you must follow a fair process, for example interview for the role.

If you do offer an employee another job it needs to be:

- in writing
- made before their contract ends
- a different job to the one they're doing – you'll need to explain how it's different

They should not have to apply for the job. The new job must start within 4 weeks of their previous job ending.

Trial periods

Employees have the right to a 4-week trial period if they accept a new role. If they need more time to train for the role, you can agree to a longer trial period. It must be agreed in writing and have a clear end date.

The trial period should start after they've worked their notice period and their previous contract has ended.

This avoids any confusion or disputes over dates if the trial does not work out. It's a good idea to set out the dates for the trial in writing.

If an employee turns down a suitable alternative job

If an employee refuses your offer for a suitable alternative job, or turns it down after the trial period, they need to have a good reason why the job is not suitable.

Reasons could include:

- the job is on lower pay
- health issues stop them from doing the job
- they have difficulty getting there, for example because of a longer journey, higher cost or lack of public transport
- it would cause disruption to their family life

If the employee has a good reason to turn down the job, they'll be entitled to redundancy pay. But if the employee unreasonably turns down the job, you could refuse to pay their redundancy pay. You'll need to be able to prove the employee's decision was unreasonable if they make a claim to an employment tribunal.

Related content

[/lay-offs-and-short-time-working](#)

[Redundancy letter templates](#)

[Training course - getting redundancy right](#)

Consultation is when you talk with employees and their representatives to explain your planned changes and get their feedback and input.

Consultation must be 'meaningful' – this means you must get their feedback and input, and seriously consider their proposals.

You'll need to follow 'collective consultation' rules if you're planning to make 20 or more employees at the same workplace redundant within 90 days. This means you must consult with any recognised trade union or employee representatives.

If a collective consultation has already started on a separate redundancy situation in the same organisation, those affected by the proposed redundancy do not have to be included in a new redundancy proposal. But you should not stagger redundancies to avoid consultation.

During the coronavirus (COVID-19) pandemic, you must still consult your employees. You may need to do this remotely. There is no legal requirement to consult face to face.

3. Consulting with employees

You must discuss your planned changes with each employee who could be affected. This can include employees who are not actually losing their jobs.

You must talk with each employee individually to explain changes and get their ideas and feedback. The meeting can take place over the phone if you both agree to it and there is a clear need, for example if someone works remotely.

Your plans must not be finalised at this stage and you should aim to include any employees' suggestions or ideas you agree with.

[Download a letter template for inviting an employee to a consultation meeting.](#)

Consulting with trade unions or employee representatives

If you're planning to make 20 or more employees at the same workplace redundant within 90 days (large-scale or 'collective' redundancies), you must follow 'collective consultation' rules.

This means you must consult any recognised trade union or elected employee representatives. You should also consult employees individually.

To make sure you consult with the relevant representatives, you must identify the employees at risk of redundancy and who will represent them in the consultation.

Employees can elect employee representatives specifically for the consultation but you may need to provide training for the role. Or there may be an agreement in place which means an existing group of employee representatives have a remit to consult with the affected employees. For example, you may have an [information and consultation agreement](#).

If nobody wants to be elected as an employee representative, you should consult with the affected employees directly. This should be a last resort.

By law, trade union and employee representatives have the right to reasonable paid time off for trade union duties. Find out more in the [Acas Code of Practice on time off for trade union duties and activities](#) (PDF, 749KB, 48 pages).

When to consult individual employees in a large-scale redundancy

You may need to be flexible about how you arrange individual consultation.

Some organisations wait until collective consultation has ended before consulting individual employees who may be at risk of redundancy. But there may be situations when it's appropriate to run collective and individual consultations at the same time.

Example

An employer may have agreed with employee representatives how many employees will be made redundant and how they'll be selected. But they may still be consulting with them about other redundancy related issues. In this situation, it may be appropriate to start individual consultation with the affected employees.

How to consult

There are set rules for collective redundancies which you must follow. There are no set rules for consultations with fewer than 20 redundancies but it's good practice to follow the same process.

[Download the Acas guide to handling large-scale redundancies](#) (PDF, 522KB, 64 pages).

An employment tribunal could accept a claim for [unfair dismissal](#) if you cannot show you've consulted an employee or employee representatives.

You must consult any employees who are on maternity leave.

Prepare for the consultation

You should get the information ready that you're going to share.

During the consultation period you must let employees or appropriate representatives, for example a trade union or elected employee representative, know in writing:

- why you need to make redundancies
- the number of employees and which jobs are at risk
- how you will select employees for redundancy
- how you plan to carry out the redundancies, including timeframes
- how you will calculate redundancy pay
- if you're using agency workers, how many, where they're working and the type of work they're doing

You should also have:

- a trained person to lead the consultation
- a clear way of presenting your redundancy plan
- a questions and answers document

You can get [Acas training on managing redundancies](#).

When to begin your consultation

It's important you do not present a finalised redundancy plan to your employees. You must leave enough time to consult them and include any of their suggestions you agree to.

You can only give an employee notice of redundancy once you've finished consulting everyone and a minimum period has passed. This could be 30 or 45 days depending on how many redundancies you're making.

When to begin consultation depends on the number of redundancies.

You must include in your total:

- voluntary redundancies
- employees you're moving into other roles

You only need to include employees who are on fixed-term contracts if you're making them redundant before the end of their contracts.

Fewer than 20 redundancies

There are no set rules around when to begin consultation before giving redundancy notices.

20 to 99 redundancies within 90 days in 1 workplace

You must begin consultation at least 30 days before giving the first redundancy notice.

100 or more redundancies within 90 days in 1 workplace

You must begin consultation at least 45 days before giving the first redundancy notice.

Tell the government about collective redundancies

By law, you must let the Redundancy Payment Service (RPS) know your plans before the consultation starts.

Fill in [form HR1 on GOV.UK](#) and send it to the RPS address on the form.

The RPS acts on behalf of the Secretary of State for the Department for Business, Energy and Industrial Strategy (BEIS).

You can be fined if you do not notify the RPS.

If there has been a business transfer (TUPE)

If there are redundancies after a business transfer (TUPE), consultation can start before the transfer and continue after. But you should not select employees for redundancy before the transfer takes place.

[Find out more about TUPE.](#)

How long the consultation lasts

There are no rules for how long the consultation should last. It can last longer than the minimum periods listed above if it's a large or complex redundancy situation.

You do not need to reach agreement for the consultation to come to an end. You simply need to show that the consultation was genuine and that you aimed to reach agreement.

You must be able to show that you've listened to your employees and that you responded to questions and suggestions.

What to discuss during the consultation

Consultations allow you to explain to employees why you're planning redundancies.

You must discuss with employees:

- ways to avoid or reduce the redundancies
- how to reduce the effect of the redundancies
- how the organisation can restructure or plan for the future
- how employees are selected for redundancy

You must consider and respond to any suggestions made by employees. You can reject any ideas you do not think are reasonable but you should explain why. It's important to document all discussions and the reasons for your decisions.

You might not always be able to avoid redundancies but by working with employees you'll often be able to save jobs and come away with a better idea of how your business can plan for the future.

Information that should be shared

You should be as open as possible with unions and employee representatives. This will allow employees to feel part of the conversation.

Not providing enough information often leads to frustration and mistrust and can sometimes mean the consultation is invalid.

You should aim to provide the right level of detail for staff to understand your proposals. The information should not be so long or complex that a specialist is needed.

Related content

[Download the Acas guide to handling large-scale \(collective\) redundancies \(PDF,...](#)
[Redundancy letter templates](#)

You must select employees for redundancy in a fair way and not discriminate against any individuals or groups.

It's a good idea to use selection criteria to help you choose which employees to make redundant.

You should base the criteria on:

- standard of work
- skills, qualifications or experience
- attendance record, which must be accurate and not include absences relating to disability, pregnancy or maternity
- disciplinary record

You must not select employees because of their:

- age
- disability
- gender reassignment

- marriage or civil partnership status
- pregnancy or maternity leave – see [the Acas guide to redundancy for employees who are pregnant or on maternity leave](#) (PDF, 299KB, 13 pages)
- race
- religion or belief
- sex
- sexual orientation
- family related leave – for example parental, paternity or adoption leave
- role as an employee or trade union representative
- membership of a trade union
- part-time or fixed-term employee status
- pay and working hours, for example because they've refused to give up rest breaks or asked for National Minimum Wage or holiday entitlements

It's also important you do not discriminate. For example, if you use flexible working as a criteria, you could be discriminating against women. You would need to show that flexible working is no longer possible after your business has changed.

During the coronavirus pandemic, you must not select employees for redundancy just because they're shielding. This could be disability discrimination.

Agree criteria with employees

You should consult employees to identify and agree selection criteria. For example, you could sit with employees to work out the skills and experience needed for your business in the future.

The more open and collaborative your selection process is, the more your employees will trust that it's fair.

Select employees in a fair way

It's a good idea to score employees against all the agreed selection criteria. This will help you avoid relying on one particular criteria and can lower the risk of discriminating against employees.

It will also help you:

- be objective when selecting employees
- easily share with staff how the selection process works
- explain your decisions at [employment tribunals](#)

Ask employees to reapply for their jobs

You can ask employees to reapply for their jobs to help you decide who to select. You should still use criteria when you interview to make sure you're selecting people in a fair way.

How to score employees

You can decide how much you want to score each criteria. You should also provide written evidence to support your score.

You do not have to use the points system used in this guide, it's just an example. The 'standard of work' criteria could look like:

Criteria: standard of work	Score	Evidence
Outstanding	15	
Exceeds objectives for the role	12	
Meets all objectives for the role	9	
Meets some objectives of the role	6	
Fails to meet objectives for the role	3	

Decide which criteria are most important

You can adjust the points you give for each criteria. For example if it's agreed that 'attendance record' is less important you can allocate fewer points. This creates a 'weighting' which allows you to be more flexible in how you score employees.

Apply the selection criteria to the group of employees at risk of redundancy. This is sometimes known as the 'pool of selection'.

Set up an appeals process

You should set up an appeals process for employees who feel they have been unfairly selected. This can reduce the chances of someone making a claim against you to an employment tribunal.

You should explain in your redundancy plans how someone can appeal. You might meet with employees face-to-face to listen to their concerns or ask them to write a letter or email explaining why they do not agree with your decision.

Related content

[Download the Acas guide to handling large-scale \(collective\) redundancies \(PDF,...](#)

[Download the Acas guide to redundancy for employees who are pregnant or on mate...](#)

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You can only give an employee notice of redundancy once you've finished consulting everyone and the [minimum period of 30 or 45 days](#)

has passed.

It's best to tell an employee face to face that you're making them redundant. You should also let them know in writing.

You should include in the letter:

- their notice period
- leaving date
- how much redundancy pay they're due
- how you calculated the redundancy pay
- any other pay you owe them (for example holiday pay)
- when and how you'll pay them
- how they can appeal

[Download redundancy letter templates.](#)

During the coronavirus pandemic, employees still have the same employment rights, including notice of redundancy.

5. How much notice you should give

You must give employees at least the statutory notice period. This is based on how long they've worked for you. You should also check your employment contracts – they might include a longer notice period.

If they've worked for you for:

- 1 month to 2 years – the minimum notice is 1 week
- 2 to 12 years – the minimum notice is 1 week for each year they've worked
- 12 years or more – the minimum notice is 12 weeks

When the notice period starts

It's a good idea to first check if your contracts say when notice periods take effect.

It might depend on how you give employees notice for redundancy.

For example:

- if you tell the employee while they're at work, their notice should start from the next day
- if you send the employee a letter or email, they must have a reasonable amount of time to read it before their notice starts

For example, if you give them notice in a letter sent by registered post, their notice period should start the day after they've received it and had time to read it.

You should make sure you know when the employee has received their notice. For example you could:

- add a read receipt, if you send it by email
- post it by delivery that has to be signed for, if you send it in a letter

You should make sure your employee understands how long their notice period is.

Employment can be terminated before the end of the notice period if the employee has agreed to take a payment in lieu of notice.

Related content

[Redundancy letter templates](#)

You must pay redundancy to employees who have:

- an employment contract
- worked for 2 full years

During the coronavirus pandemic, employees have the same redundancy rights, including redundancy pay.

Those in the following types of work do not qualify for redundancy pay:

- armed forces
- crown servants
- domestic service, where they're a member of the employer's immediate family
- police
- share fishing
- apprentices who are not employees at the end of their training

6. How to calculate redundancy pay

You must pay at least the statutory amount to your employees.

Use the [GOV.UK redundancy pay calculator](#) to work out an employee's statutory redundancy pay.

How much redundancy pay each employee gets depends on their age and how long they've worked for you. It's capped at 20 years – working backwards from the date you made them redundant. You must pay:

- 1.5 weeks pay for each year of work after their 41st birthday
- 1 week pay for each year of work after their 22nd birthday
- half a week for each year of work before their 22nd birthday

Weekly pay should also include:

- regular overtime, if the employee's contract says they must get paid for it
- any bonuses or commission

[Find out how to work out average pay for bonuses and commission on GOV.UK.](#)

The limit for weekly pay is £538. The maximum total amount of statutory redundancy pay is £16,140.

You should check your employment contracts as you might need to pay more than the statutory amount.

You can choose to pay higher amounts if you want to encourage voluntary redundancies.

If your employee's pay changes from week to week

Calculate the average weekly pay for the previous 12 weeks from the date you made them redundant.

If they did not work for a whole week during that time – for example they were on holiday or off sick – replace it with an earlier week.

You must share in writing with employees how you've calculated redundancy payments.

Furlough and redundancy pay

If your staff have been put on '[furlough](#)' ([temporary leave](#)), they may have received reduced pay. Their wages must be topped up to 100% when calculating redundancy pay.

For example, if an employee's weekly pay is usually £300 but they received 80% pay while on furlough, their redundancy pay must be their full normal pay of £300 a week.

Example 1 – someone who works variable hours

An employee who is 30 has worked for their employer for 6 years and their hours vary each month. They get paid £10 an hour.

They've been put on furlough during the 12 weeks and received 80% of their pay (£8 an hour).

The employer already worked out the employee works an average of 30 hours a week when they claimed from HMRC's Coronavirus Job Retention Scheme.

They must receive £300 a week redundancy pay as their wages must be topped up to 100%.

Example 2 – someone on flexible furlough

An employee who is 30 has worked for their employer for 6 years.

They normally work 30 hours a week and have agreed to be furloughed for half this time.

They now work for 15 hours a week on full pay, receiving £10 an hour. They're put on flexible furlough on 80% pay for the remaining 15 hours, receiving £8 an hour.

When calculating redundancy pay, their wage on flexible furlough must be topped up to 100%. This means they must receive £300 a week redundancy pay.

Example 3 – someone who has returned to work and is working more hours than usual

An employee who is 30 has worked for their employer for 6 years.

The employer had already worked out the employee's average hours and full normal pay when they claimed from HMRC's Coronavirus Job Retention Scheme. The employee normally works 30 hours a week on £10 an hour, receiving £300 a week.

They spent 6 weeks on furlough earning 80% pay. When they returned to work, they worked 40 hours a week for 6 weeks, receiving £400 a week.

To work out their weekly pay, the employer adds up the 6 weeks of pay during furlough, at their full normal pay of £300 a week. Then they add up the 6 weeks the employee worked at £400 a week.

The employer adds up these figures and divides by 12 to work out their average weekly pay of £350 a week. This means the employer must pay the employee £350 redundancy pay a week.

When you must pay redundancy

You should pay redundancy no later than an employee's final pay day. You can pay later than this if you both agree another date in writing.

You should clearly communicate when and how the payment will be made. For example, let employees know if payments will be included in their monthly pay or as separate payments.

If you do not pay an employee on time, they might be able to [make a claim to an employment tribunal](#).

If you cannot afford to pay redundancy

If making redundancy payments puts your business at risk you can ask the Redundancy Payments Service (RPS) for financial help.

If you're insolvent you can get RPS to make your redundancy payments and recover the debt from your assets.

[Find out how to get financial help from the Redundancy Payments Service.](#)

Related content

[Redundancy pay calculator on GOV.UK](#)

[Redundancy letter templates](#)

Redundancy can create difficult situations and conversations in your organisation.

You should think about how to support:

- employees at risk of redundancy

- managers who are breaking the news
- the people leading the consultation
- employee representatives
- staff that are staying on

It's often forgotten that those staying on experience stress from seeing colleagues and friends being made redundant. They will also be part of a changing organisation and might feel uncertain about what the business and their roles will look like in future.

You can support staff by providing:

- counselling
- additional face-to-face meetings
- help getting financial advice
- clear plans for the future of your organisation
- help finding work for another company

7. Help staff find another job or training

You must allow staff a reasonable amount of time off to look for another job or to do training if:

- you're making them redundant
- they've worked for 2 full years (including the notice period)

Paid time off for training or to look for another job

You must pay employees who take time off to look for new work or to do training. You do not have to pay more than 40% of a week's pay, no matter how much time off you allow.

For example if an employee gets paid £500 a week for a 5-day working week, the most you would have to pay them for their time off is £200 (40% of their weekly pay). This stays the same even if they take more than 2 days off.

Contact Jobcentre Plus

Jobcentre Plus offers a 'Rapid Response Service' to help people get straight back into work. They can also help employees write or update CVs.

To get help using the Rapid Response Service email: rrs.enquiries@dwp.gov.uk

You need to include in the email:

- your contact details
- the town and postcode your business is based in
- the location of the redundancies

They can also give you useful information about finding work to pass on to your staff.

Support the people breaking the bad news

You should make sure that anyone breaking the news to staff:

- understands in detail the organisation's plans
- knows why redundancies are being made
- is trained (at least in how to hold difficult conversations)
- is not over-worked (their role often involves long hours)
- has a group of colleagues they can turn to for support
- understands the support they can get from trade unions

Staff will have lots of questions about what's happening – it's important the person telling them they're being made redundant understands the changes and plans in detail.

Line managers often have to break the news to staff about redundancies. You should give line managers [training and support](#) to help them manage these difficult conversations.

They can then offer support and help to staff who are being made redundant. This in turn helps staff who are staying on believe that the organisation has dealt with the situation fairly and will be a good place to work in the future.

If the situation is handled in the right way it can make a big difference to:

- how staff react and cope with being made redundant
- the morale of staff who are staying on
- the success of the planned changes and future of the organisation

Related content

[Redundancy letter templates](#)