

Redundancy

What you need to know about redundancy

It seems like stories about redundancies at firms across the country are rarely out of the headlines these days. But what should you do if it happens to you?

Redundancy is described by the government as a form of dismissal from your job. Your employer may need to reduce its workforce to cut costs, for instance, or the company you work for may be moving or going out of business (see [What you need to know if your employer goes out of business](#)). And sometimes what you do at work may have become unnecessary because your employer has adopted new technologies or systems (meaning your job no longer exists).

Though it is undoubtedly a difficult time, being laid off also comes with certain rights and procedures that have to be followed. If you've just found out that you're being made redundant - or if you feel it's something that could happen to you in the future - it's a good idea to increase your awareness of your employer's responsibilities and what redundancy pay you may be entitled to.

Did you know?

Estimates from the Labour Force Survey suggest 89,000 people were made redundant in the three months prior to February 2017, which was 13,000 fewer than the year before and the lowest since

comparable records began in 1995 (*Source: Office for National Statistics*)

When and why you can be made redundant

There are several situations that could result in your being made redundant. Besides the company you work for moving to another part of the country or going bust, these include the following:

- Your company is moving into a new line of business
- Your company is closing down part of its business
- Your company is taken over by another company
- Your company has been reorganised
- Your employer - who was the sole owner of the company - has died

Unless all the employees at your company are being made redundant - in the case of a company going bust, for instance - your employer has an obligation to select those being made redundant fairly.

Many companies adopt a 'last in, first out' approach to redundancy, which means those who have worked at the company for the shortest length of time are chosen for redundancy first. You may also be asked to reapply for your job if your employer needs help with deciding who to

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make redundant. Other methods include selecting employees according to who has the fewest skills, qualifications and experience.

There are, however, several things that cannot count as reasons for making you redundant, including your race, age, gender, sexual orientation, religion, disability, marital status, whether or not you belong to a trade union and whether or not you work part time or full time. If you suspect you have been selected using any of these criteria, your redundancy should be classed as a discriminatory or unfair dismissal (against which you may be able to take legal action, see *Appealing a redundancy*, below).

You may also have a right to appeal against unfair selection if you're pregnant or are taking maternity or paternity leave, if you've been taking part in lawful industrial action lasting 12 weeks or less, if you're doing jury service, if you've had a bad relationship with your employer or are revealing any wrongdoing at your workplace (whistleblowing), or if you're taking action on health and safety grounds.

Redundancy notice

If you're being made redundant, your employer must consult you individually and give you notice. If you've worked at your current employment for anything between a month and two years, the statutory notice period is at least one week. If you've worked there for between two and 12 years, your employer must give you a week's notice for each year. And if you've worked there for more than 12 years, they have to give you 12 weeks' notice. Check your contract, which may state that you should get a different amount of

redundancy notice. But at the very least it cannot be less than the statutory minimum.

During your notice period, your employer has to pay you as normal. You may also receive payment in lieu of notice, which means you'll be paid for the full notice period but your contract can be ended immediately. Whether or not you'll receive any extras you used to have - such as health care insurance or pension contributions - during your notice period will depend on whether or not this is covered in your contract.

Looking for work

While you're working out your notice prior to being made redundant, you have the right to take a reasonable amount of paid time off to look for another job if you've been working for your current employer for at least two years.

However, your employer only has to pay you two-fifths of your pay if you take time off to look for another job while you're working through your notice period. That means, no matter how many days you take off to look for work in a given week, your employer only has to pay you for two days out of five (or 40 per cent of your weekly wage).

If, meanwhile, you find another job and have to leave the job you're being made redundant from before the end of your notice period, you may lose your right to redundancy pay. There are specific legal procedures you must follow in these circumstances - to find out more, consult an adviser at your nearest [Citizens Advice Bureau](#).

Alternative job offers

Your employer is also obliged to consider whether or not they have any other jobs you could do before making you redundant from your current position. If any other suitable jobs are available

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but your employer doesn't offer any of them to you without good reason, your redundancy could be classed as an unfair dismissal. This means you may be able to make a claim to an employment tribunal.

Redundancy pay

If the company you work for has a redundancy scheme in place, your contract will include details of how this works and how much you may receive in contractual redundancy pay. Otherwise you may still be entitled to statutory redundancy pay if you're an employee rather than an independent contractor, short-term casual worker or self-employed, and you've worked for your current employer for at least two full years.

You may, however, lose your right to statutory redundancy pay if the company you work for has offered you a suitable alternative job and you've turned it down without good reason. If you have received payment in lieu of notice, it doesn't affect your eligibility for statutory redundancy pay.

How much statutory redundancy pay you'll get depends on your age and how long you've been working for your employer:

- If you're 22 years old or younger, you'll get half a week's pay for each full year you worked
 - If you're aged between 22 and 40, you'll get a week's pay for each full year you worked
 - Those aged 41 and older get one and a half week's pay for each full year they worked
- The maximum amount of statutory redundancy pay is currently £14,670 (you don't get any extra for working longer than 20 years for your employer, and weekly pay is capped at £489).

- You can find out how much statutory redundancy pay you may be entitled to by using the calculator at gov.uk.

Will you pay tax?

If your redundancy pay - including any severance pay you may get - is less than £30,000, you won't have to pay any tax on it. However, if your employer owes you wages or holiday pay, it will be taxed and the relevant amount of National Insurance will be deducted.

How will you get paid?

Unless your employer has gone bust, they must pay your statutory redundancy payment on or soon after you leave your job. You can [claim online](#) for redundancy pay as well as any wages you're owed and holiday pay. Call the redundancy payments enquiry line on 0300 331 0020 if you need help with claiming or more information about redundancy payments.

What other financial help is available?

After being made redundant you may qualify to apply for benefits such as Jobseeker's Allowance, Housing Benefit, Council Tax Reduction or Universal Credit. However, any redundancy pay you receive may affect your right to claim any of these benefits.

To find out more about benefits, visit gov.uk.

Appealing a redundancy

If you believe you've been unfairly selected for redundancy, you should first write to your employer outlining the reasons. If this doesn't help solve the problem, you may be entitled to take your employer to an employment tribunal (or industrial tribunal in Northern Ireland). You usually have to make a claim to the tribunal within

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three months of your employment ending or the problem happening.

- Find out more about making a claim to an employment tribunal at gov.uk.

Voluntary redundancy

When redundancies are on the cards, employers may ask their workforce if anyone would like to volunteer for redundancy. This may offer a lump-sum payout that's usually more than the statutory redundancy payment you'd be offered normally, based on things like your age, how long you've been doing your job and your current salary.

This can often sound tempting, especially if you're thinking of changing jobs or career anyway. But before you take the plunge, work out how much money you'd have to live on and for how long. If you have any payment protection insurance on a mortgage, loan or credit cards, check the small print to see if it covers you for voluntary redundancy.

If you still decide to take voluntary redundancy, bear in mind that it's up to your employer as to whether or not you'll be selected.

Coping with redundancy

Many people understandably find being made redundant a distressing experience. There are, however, lots of things you could do to help cope with negative emotions, such as feeling low or anxious:

- Talk about your feelings with friends, family members and other people you trust. Avoiding the subject can often make you feel worse.
- Try getting up at your normal time rather than sleeping in, and establish an everyday routine that includes getting out of the house, taking exercise and having regular meals.
- Stay as active as possible, not just by taking regular exercise but by avoiding withdrawing from your normal activities.
- Make plans for the future - this may include doing voluntary work, for instance, or doing a training course that could help with your career. Try to look forward rather than back.
- Even though it may feel difficult, try to see things differently. Try to remember that it was your job that was made redundant, not you personally. Also bear in mind that most people face redundancy at some point during their working lives. All of this may help keep your self-esteem high.
- If you feel you really can't cope and that life is becoming too difficult, get help immediately. Your GP can tell you about counselling services available in your area, or you could contact Samaritans for confidential support (call 116 123 any day, any time).

Help with finding a new job

People who have been redundant within the last 13 weeks, who are working through their redundancy notice period or who suspect they're going to be made redundant are eligible to use the Rapid Response Service at their local Jobcentre. This may include things like vocational training if no other funding is available (however, to qualify you must have started your notice period).

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- In Scotland, those who have been made redundant or are facing redundancy can also get support and advice from Partnership Action for Continuing Employment (PACE). This includes help with finding a new job as well as benefits and financial advice. Call 0800 917 8000 for more information.
- In Wales, a scheme called ReAct is available to help people who've been made redundant (or are under notice of redundancy) to pay for training and related costs. Find out more at your local Careers Wales office or call 0800 028 4844.

For free and impartial money advice, including help with redundancy issues.

Gov.uk

www.gov.uk/browse/working/finding-job

There's lots of information and help with finding a job on this government website.

Useful links

If you are experiencing any of the issues covered in this guide, in the first instance call our free helpline on 0808 801 0550. Our Advisors will listen without judging and will work with you as best they can to achieve a positive outcome. If you prefer you can email: helpline@ltcharity.org. Visit our website: www.licensedtradecharity.org.uk; It's full of useful information about the kind of issues we know people who work in the licensed trade face.

Other sources of information:

Citizens Advice

www.citizensadvice.org.uk

For free practical advice on a wide range of issues, including redundancy.

Money Advice Service

www.moneyadviceservice.org.uk

Helpline: 0808 801 0550

Email: support@ltcharity.org.uk

licensedtradecharity.org.uk

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NOTE: This guide is not exhaustive. It has been produced by the Licensed Trade Charity to provide you with an overview of the issue in question. We are grateful to all specialist organisations who support our charity and are available to you should you be experiencing this particular issue.

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