Policy 52: Redundancy Policy

Last updated by: SH, JH

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1. **GENERAL:**

The aim of Age UK York (hereafter referred to “the organisation”) is to maintain employment. However, where situations arise where redundancy is inevitable and leads to a potential loss of employment, then this is the policy that the organisation will follow.

2. **SCOPE OF THE POLICY:**

Redundancy is a situation that arises when the need for a job or role in the organisation has ceased or diminished. As we are a charity, this can sometimes be linked to fixed-term funding when funding streams are withdrawn or funding sources dry up. In terms of the operation of this policy, no compulsory redundancies will normally be declared until all reasonable measures to avoid redundancy have been explored. These measures may include:

- Natural wastage
- Restrictions or freeze on recruitment
- Stopping or curtailing overtime
- Organization restructuring
- Whether suitable alternative employment may be available
- Seeking alternative funding for the posts in question
- Restrictions on recruitment
- Seeking applicants for early retirement

Where compulsory redundancy is inevitable, then the organisation will endeavour to handle the redundancy in the most fair, consistent and sympathetic manner as possible. We will seek to minimise, as far as possible, any hardship that may be suffered by the employee(s) concerned.

3. **THE PROCEDURE:**

a) **Consultation:**

The organisation will undertake appropriate periods of consultation over any issues of potential redundancy with the affected employee(s).
➢ For less than 10 employees this may only take a few days
➢ For between 10 and 99 employees consultation will be 30 days
➢ Over 100 employees consultation will be 90 days

This consultation will start as soon as is practicably possible and will continue until agreement is reached. Formal notices may be issued during the consultation period, but no dismissals will take place until the end of the consultation period.

During the consultation period, the organisation will disclose in writing:

➢ The reason for the potential redundancy
➢ The method of selecting the employee(s) if appropriate
➢ The period over which the redundancies will be carried out
➢ What entitlement the affected employee(s) have to statutory redundancy pay (if appropriate)

At any formal consultation meetings, employees have the right to be represented by a colleague from the organisation or a trade union representative. The organisation does not allow representation by any other third party.

b) Selection Criteria

There will be occasions where selection may not be appropriate, as it may be that a particular post or posts may have been directly affected by a loss or withdrawal of funding, or the organisation may decide to withdraw a particular service. However, if selection is necessary, then it will be carried out on the principle of the best possible team to achieve the objectives of the organisation and provide the best possible service to our customers/clients.

This selection may be done using any or all of the following criteria:

➢ Appraisals  ➢ Time-keeping records
➢ Experience  ➢ Attendance records
➢ Qualifications ➢ Training records
➢ Skills and competencies ➢ Ability to perform
➢ Disciplinary records ➢ Length of service

No one of these criteria will necessarily determine any outcome, but a combination of them may be used to reach decisions on selection. Details
of the criteria used will be discussed when the initial consultation takes place.

At all times in the operation of this procedure, the organisation will work within the terms of its Equality and Diversity Policy.

Sometimes it may be possible to ask for volunteers in a redundancy situation, but if the organisation does this, it reserves the right to refuse any individual application where it judges that particular expertise, skills, competences and/or professional qualifications, need to be retained by the organisation. These decisions will be made in the interests of continuing to provide good quality service to our customers and achieving the current and future operational requirements of the organisation.

c) Alternative Employment

During the consultation period, no vacancies will be advertised outside the organisation without first being offered to potentially redundant employees. Any interested candidates will be interviewed to ensure that they meet the criteria that the job requires. No such vacancies will be advertised externally until this process has been gone through, and either potentially redundant employees have indicated that they do not wish to be considered, or are not deemed suitable for the post.

Employees who accept alternative employment have a four-week trial during which both the employee and the organisation can access the suitability of the person in the new role. During that four-week period, the employee retains their right to statutory redundancy pay. This period can be extended for necessary training by agreement between the organisation and the individual.

The new post may have different terms and conditions to the previous role that the potentially redundant employee worked in. The employee will retain their previous conditions of employment during the four-week trial period. If the potentially redundant employee accepts a job with lesser terms and conditions, they will be given contractual notice of the change in terms and conditions. Contractual notice is either what is laid out in the contract, or a week per year of service (up to a maximum of 12 weeks) – whichever is the greater.
d) “Suitable” Alternative Employment:

The organisation may make a direct offer of a suitable alternative post to the potentially redundant employee that will:

- Provide similar earnings
- Operate over a similar number of hours/days
- Have similar status
- Not involve unreasonable additional inconvenience
- Be within the individual’s capabilities

If an employee refuses a suitable, alternative post, then they may forfeit the right to receive statutory redundancy pay.

e) Redundancy Pay:

If an employee has worked for the organisation for more than two years, then they will be entitled to statutory redundancy pay, and we will ensure that employees are advised of their rights and entitlements in connection with this.

As a general rule, the following is a guide to qualification for statutory redundancy pay:

- Employee must have two years continuous service
- Continuous service is calculated by counting backwards from the proposed date of dismissal
- Service before the age of 18 is disregarded for the purpose of calculating statutory redundancy pay
- Only complete years of service count
- Periods of maternity leave count as continuous service
- For employees aged between 64 and 65 – entitlement is reduced by one-twelfth for every complete month by which the age exceeds 64

If employees satisfy the above criteria, they will be entitled to statutory redundancy payments along the following lines:

- 0.5 week’s pay for each year of service between the ages of 18 – 21
- 1 week’s pay for each year of service between the ages of 22 – 41
- 1.5 week’s pay for each year of service from the age of 42 up to 65 (see comments above about a reduction between the ages of 64 and 65)
The following should also be noted in connection with statutory redundancy pay:

➢ Reckonable service recognised is set at a maximum of 20 years
➢ There is a set maximum amount for a week’s pay (which is normally adjusted annually), and earnings above this amount are not taken into account
➢ Payments will be calculated on actual salary up to the statutory limit
➢ Statutory redundancy pay is not subject to income tax or national insurance deductions

f) Formal notice:

Once an employee has been selected for redundancy they will receive formal, written notice of the termination of their employment on the grounds of redundancy. They will receive either contractual notice or statutory notice – whichever is the greater. Statutory notice is one week per year of service, up to a maximum of twelve weeks.

g) Appeal

If an employee is not happy with their selection for redundancy then they do have the right of appeal. If they wish to exercise that right, then they must write in to the person who signed their letter of termination within five working days from the receipt of the letter. The letter should briefly outline the reasons for the appeal. Somebody other than the person who dealt with the redundancy situation and confirmed the termination of employment, will hear any appeal hearing. The employee will have the right to be accompanied at any such meeting by a colleague from the company or a trade union representative.

h) Time off to look for other employment:

Employees under notice of redundancy are allowed reasonable time off with pay to look for another job, or to make arrangements for training for future employment. The organisation will ensure that time off is allowed before the period of notice expires.

i) Assistance to redundant employees:

The organisation recognises that redundancy can be a stressful personal experience for an employee, and it is prepared to offer whatever help and
support that it can during the process. It will do everything it can to assist redundant employees, including:

- Assistance with completing application forms or drawing up CVs.
- Responding speedily to written requests for references from future employers.
- Speedy completion of any documentation for claiming unemployment benefits.
- Speedy completion of any documents for insurance companies in connection with cover for redundancy compensation.