

Consultation must begin in “good time” and at least a minimum number of days before the first of the dismissals takes effect:

- 100 or more proposed redundancies = at least 90 days
- 20 – 99 redundancies = at least 30 days

Failure to comply with the rules on collective consultation, or the election of representatives, can lead to a protective award of up to 90 days’ gross pay per affected employee (with no statutory cap on a week’s pay).

Please note that this Fact Card is an overview only and specific advice should be taken relating to individual circumstances.

For specific guidance, please do not hesitate to contact us (contact details overleaf)

Law stated as at April 2011

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## EMPLOYMENT LAW 2011 REDUNDANCY FACT CARD

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### What is “Redundancy”? In a nutshell:

- a business closure;
- a workplace closure; or
- a reduced requirement for employees to carry out work of a particular kind or in a particular place

### Statutory Redundancy Payments (after 2 years’ service)

To calculate, take the last 20 years of service and apply:

- 0.5 week’s pay for each full year of service aged less than 22;
- one week’s pay for each full year of service aged 22 to 40 inclusive; and
- 1.5 weeks’ pay for each full year of service aged 41+

A week’s pay is capped at £400 until February 2012.

Or search for “ready reckoner” at [www.direct.gov.uk/redundancy.dsb](http://www.direct.gov.uk/redundancy.dsb)

### Individual Consultation

Subject to some exceptions, an employee requires one year’s service to be eligible to claim unfair dismissal where s/he is dismissed for redundancy.

For a redundancy dismissal to be fair, the employer must:

- Consult any recognised union and individuals, seeking their views before any decision is made;
- Identify the correct pool for selection, applying objective selection criteria to those in the pool;
- Explore opportunities for suitable alternative employment- not just within the employing company, but also within any group companies.

There must also be a genuine redundancy situation.

### Collective Consultation

The duty to consult collectively arises where the employer:

- proposes to dismiss as redundant
- 20 or more employees at one establishment
- within a period of 90 days or less

(NB: These collective consultation obligations can also be triggered where changes to terms and conditions are made on a large scale)

The employer must also notify BIS (formerly DTI) of the proposed redundancies on Form HR1. Failure to do so is a criminal offence.