

Handling the redundancy process

A redundancy exercise can have a significant impact, not only on the individuals affected but on remaining staff and the employer brand. Therefore, it is important that employers manage the process effectively and considerately. This involves ensuring that employees are given full consultation and seeking ways to minimise the number of compulsory redundancies. Enhanced severance packages and comprehensive outplacement support often serve to soften the blow to those affected, while ongoing and transparent communications can help maintain the morale of employees who stay.

Duty to consult

An employer has a statutory duty to inform and consult appropriate staff representatives if it is proposing to make at least 20 employees redundant – termed a collective redundancy situation. Such consultation may also be required in the case of voluntary redundancy – ie if the employer is contemplating 20 or more redundancies and is not sure whether there will be sufficient volunteers.

In addition, all affected employees should be individually consulted on the reasons why they have been selected for redundancy and the possibility of finding them alternative work. Failure to do so could lead to a claim for unfair dismissal.

Consulting in good time

The law states that consultation must begin ‘in good time’ – ie sufficiently early to allow meaningful consultation to take place – and it must be completed before any redundancy notices are issued. Where the employer proposes to make 100 or more employees redundant within a 90-day period, consultation must begin at least 90 days before the first dismissal takes place. Where the employer proposes to make between 20 and 99 employees redundant, consultation must begin at least 30 days before the first dismissal. These times are not based on the number of staff actually dismissed but on the number the organisation is proposing to dismiss.

The nature of consultation

Employers are required to consult on ways of:

- avoiding the dismissals
- reducing the number of employees to be dismissed
- mitigating the consequences of the dismissals.

The consultation must also be undertaken ‘with a view to reaching agreement with the appropriate representatives’. This does not mean

that an actual agreement has to be reached. However, representatives should be given enough information to be able to take a useful and constructive part in the discussions.

Disclosure of information

The consultation period begins when the employer provides the following information – in writing – to the appropriate representatives:

- the reasons for the redundancies
- the number and descriptions of jobs that it proposes to make redundant
- the total number of employees of that description employed at the establishment concerned
- the proposed criteria for selecting employees to be dismissed
- the proposed method for how dismissals will be carried out, including timescales
- the proposed method of calculating any redundancy payments the employer chooses to make over and above statutory redundancy pay.

Appointing representatives

An employer is obliged to consult with trade unions where recognised – they cannot be bypassed in favour of other employee representatives. Even if the employees the organisation is proposing to dismiss are not actually members of a particular union, it may still have to be consulted if it is recognised for that particular class of employee.

Where there is no recognised union, the employer must consult with ‘other appropriate representatives of these employees’. These may be existing representatives, such as those appointed to a staff council or information and consultation forum, or they may be specially elected for the purpose. If affected employees fail to appoint any representatives having had a genuine opportunity to do so, the employer may

fulfil its obligations by providing relevant information directly to those employees.

The duty to consult also extends to representatives of employees whose jobs are not directly threatened but who may nevertheless be either directly or indirectly affected by the proposed redundancies.

Individual consultation

Once collective consultation has begun, employers are obliged to consult on a one-to-one basis with those employees who are potentially directly affected. These meetings are typically conducted by line managers, although a member of HR may also be present. Employees have the right to be accompanied by a trade union representative or other colleague.

Some employers provide line managers with detailed guidance to ensure they cover all the important elements associated with the redundancy process, such as:

- ensuring individuals understand the reasons for the proposed redundancies
- checking that individuals understand why they have been selected as part of the redundancy pool
- asking individuals if there are any points that they would like to raise.

These meetings may be used to gather employees' preferences – ie would they prefer to be redeployed or to exit the company.

How many meetings are required?

Legislation does not define how many consultation meetings should take place and the number required will vary according to the situation and the employees involved. However, it is recognised good practice to hold at least two individual consultation meetings. At Incommunities Group, applicants for voluntary redundancy were provided with two or, if necessary, three consultation meetings.

Some organisations hold these meetings immediately after the official redundancy announcement has been made. At Komatsu UK, a few individual consultations took place prior to the company-wide announcement to ensure that those affected found out in a private meeting.

Sharing selection scores

Where a scoring process has been followed to select which members of staff will be made

Statutory redundancy payments

All employees who have completed at least two years' service are entitled to a lump sum payment if they are dismissed for the reason of redundancy. The level of this statutory redundancy pay is based on the individual's length of continuous service and the age of the employee during that service, and on weekly pay, as follows:

- half a week's pay for each full year of service where the employee's age during the year is less than 22
- one week's pay for each full year of service where the employee's age is 22 or above, but less than 41
- 1½ weeks' pay for each full year of service where the employee is 41 or over.

Where an employee's service crosses two age bands, the payments calculated for each band should be added together. For example, if the employee is 49 years old and has 15 years' service, he or she will be entitled to 19 weeks' redundancy pay. The 19 weeks' entitlement is based on one week's pay for each completed year of service between age 34 and 41 and 1½ weeks' pay for each completed year of service between age 41 and 49.

Definition of a week's pay

A week's statutory redundancy pay is defined as the amount to which an employee is entitled under his or her contract when he or she works a normal week. If the employee's working hours vary, or where there are no normal working hours, pay is averaged over the previous 12 weeks.

In addition, a limit is placed on the level of a week's pay for the purposes of calculating statutory payments. This changes annually in line with the Retail Prices Index – from 1 February 2009, the limit is £350.

redundant, employees have the right to see their selection scores and to be told how the thresholds were applied. However, they do not have the right to see other individual's scores. Employees identified as at risk of redundancy in February 2009 at Komatsu were provided their ratings and given the opportunity to challenge them if they felt they did not adequately reflect their skills and competencies.

Announcing the redundancies

Given the sensitivity of the issues and the personal impact on employees and their families, employers should carefully consider how they announce a redundancy exercise. The principle aim is, as far as possible, to ensure that staff are informed using the right channels and receive a consistent message. Simply sending a text message or e-mailing the news is not generally accepted as good management practice. Many organisations adopt a cascade approach, with directors and managers informed first, followed by trade union representatives and finally the rest of staff.

Managing the process

The senior management team given the responsibility for making the announcement of a closure or a large number of redundancies often meets off site a few days beforehand to finalise the planned sequence of events. Many organisations draw up detailed schedules to set out the exact timing of who is to be told what and when. These schedules also typically assign managers to groups of staff to which they are responsible for delivering the news. Managers may also be provided with a checklist to ensure that they follow an agreed procedure. Komatsu, for example, followed a strict timetable on the morning of the announcement, which detailed exactly who would be informed at what time, by whom and where.

Ensuring a consistent message

Managers are typically provided with scripts to read from when delivering the news to make sure that a consistent and accurate announcement is made to all employees. These may include set answers to a variety of questions that are likely to be asked by employees. Alternatively, answers to any frequently asked questions may be distributed to employees following the announcement to avoid the possibility that different managers give varying responses.

Logistical challenges

Logistical challenges may present themselves where a number of dispersed locations are

involved in a redundancy. Some employers deal with this problem by scheduling simultaneous announcements at each affected site, often requiring a high degree of organisation.

Timing the announcement

Issues can sometimes arise over the exact timing of the announcement. It can be difficult to reconcile the desire to tell staff what is going on as soon as possible with the need to show caution given the chance that plans could change and final decisions may still be outstanding. However, it is preferable that employees hear the news first hand rather than on the radio coming to work or in the local press, which may mean having to make an announcement before the key decisions have been made.

At Komatsu, for example, managers announced the news to their teams at a specified time on one day to ensure that employees heard the news at the same time and to prevent rumours from circulating. Similarly, Cambridge Building Society made a company-wide announcement to inform employees of the intention to restructure the organisation and then presented the formal details once finalised.

When making the announcement, there is much to be said for getting to the point as quickly as possible and not delaying by providing too much background information. This, of course, needs to be balanced against presenting staff with enough detail that they understand why the redundancies are necessary.

Who delivers the bad news?

One important decision that has to be made when dealing with a redundancy programme is whether the local management team should break the news, or whether this responsibility should rest with a senior manager from head office. There is no 'one size fits all' solution here and often much will depend on the organisation's structure and culture.

The argument for passing the responsibility to senior managers is that it may make life easier for the local management team that will have to maintain the co-operation of employees up until the date they leave or the site closes. However, there is the risk that employees may see this as local managers ducking the issue or copping out. Moreover, line managers may actually be better placed than their more senior colleagues to make the announcement given their day-to-day working relationships with those affected.

Voluntary redundancy

To minimise the number of compulsory redundancies, many organisations first seek volunteers. It is generally preferable to lose staff who want to leave. Voluntary redundancy is typically offered on enhanced terms to encourage employees to apply.

The offer of voluntary redundancy may be open to all employees or limited to a certain group. It is typically announced in a company-wide e-mail communication or staff newsletter. Employees who wish to take voluntary redundancy usually have to discuss their application with their line manager and submit a standard form.

Employers retain the right to refuse an application for voluntary redundancy to ensure that any specific skills, knowledge or experience are retained and high performers are kept within the organisation. If there are more volunteers than positions identified at risk, organisations must carefully consider which applications are accepted and base their decisions on objective and fair criteria. At the same time, many organisations allow employees to withdraw their application up until a specific cut-off date.

If an application for voluntary redundancy is refused, organisations should provide the individual with full feedback on the reasons why this decision has been taken. After all, this is likely to be someone whose skills are valued and who the company wants to retain.

Line managers are usually responsible for contacting any employees in their teams who are absent on the day of the group announcement, either by phone or by letter.

Access to employee support

Staff information packs are generally handed out at the announcement to provide employees with HR contacts if they require any further information. Contact details for any supplier of outplacement assistance the organisation may have appointed are also typically included. Where an employer offers staff a counselling service or employee assistance programme, details of these provisions may be provided.

Training managers

Given the importance attached to getting the redundancy announcement right, managers often receive training in how best to deliver the news. This may include guidance on handling media enquiries and managing the reaction of employees. Komatsu, for example, provided managers who were responsible for conducting individual consultation meetings with individual coaching sessions, if required.

Beyond the announcement, employers should also do their best to equip managers with the skills, knowledge and information required to successfully manage organisational change. This may include producing dedicated company handbooks or guidance notes outlining their responsibilities and the processes they need to follow during the redundancy exercise.

Ongoing communications

The redundancy announcement marks the start of a communications process that should be continued throughout the period of organisational change. Some companies, for example, encourage managers to hold regular team meetings to discuss any concerns and answer questions. Others provide regular updates via newsletters or by e-mail to inform staff of changes and how they affect them. Alternatively, employers may invite two-way communication with the senior management team by opening a dedicated e-mail box to which staff can submit their questions and concerns.

Limiting redundancies

All our case study companies have made efforts to keep the number of compulsory redundancies to an absolute minimum. When a reduction in

headcount is necessary, voluntary redundancy and early retirement may be offered to employees in the first instance (see the box on page 14). Beyond this, there are a number of initiatives employees may use to cut costs and try to avoid, or at least limit, compulsory redundancies (see the box below).

Redeploying employees

Employers must consider suitable alternative roles within their organisation for individuals at risk of redundancy. Moving employees to a different part of the business not only saves jobs, but can also help a company retain key skills and expertise. For example, BT redeployed customer service engineers to its call centre to fill a skills shortage.

However, for this option to work there need to be vacant roles available. To accommodate this, the employer may rely on natural wastage – by not recruiting to any roles that might need to be filled. Cambridge Building Society, for example, waited to fill any vacant positions with employees who were at risk of redundancy rather than take on new starters.

Matching employees to alternative roles

Some employers establish redeployment teams during times of redundancy to match displaced employees with vacant roles within the business. They often try to increase the chances of achieving successful redeployments by giving these individuals preferences over other candidates for available roles for a limited time.

Trial periods

Employees who are offered alternative employment are typically entitled to a minimum statutory trial period of four weeks. Where

Alternatives to redundancy

- natural wastage
- introducing short-term working arrangements
- redeploying staff
- freezing or reducing pay
- restricting or suspending external recruitment
- reviewing the employment of temporary staff or contractors
- reducing overtime
- offering sabbaticals
- making lay-offs
- deferring the start date of new joiners and graduates
- asking staff to take voluntary pay cuts
- reducing or deferring bonus payments
- decreasing employer pension contributions.

Measures taken in the car industry to limit redundancies

The main theme evident in how firms are dealing with this recession is their efforts to retain a skilled workforce. Almost all the major manufacturers have cut numbers through voluntary redundancies and cuts in temporary staff. Motor companies have now introduced a variety of cost-cutting measures in order to stave off compulsory redundancies.

Vauxhall

Vauxhall, for example, introduced a package of measures at its Ellesmere Port plant in February in accordance with a European Framework Agreement issued for GM Europe. The measures, agreed with unions in return for reassurance on no compulsory redundancies, include a shorter working week, with subsidies for the loss of basic pay, and the implementation of a temporary 'corridor agreement', enabling employees to continue to 'bank' unworked hours at full pay. Under the agreement, all full-time employees will work a basic working week of 30 hours, down from 38 hours, effective from 16 February 2009. The working week has been cut to four days, with no production on Fridays. This loss of eight hours on the working week will be supplemented by the company at the rate of 50 per cent of basic pay. Employees will therefore in effect receive 34 hours of base pay a week for 30 hours' work, with the loss of four hours' pay. Employees will continue to receive a shift premium of 33½ per cent where applicable and also retain the weekly plant productivity bonus of £33, although this has been reduced pro rata to around £28 a week.

Jaguar and Land Rover

Jaguar and Land Rover, under the new management of Tata Motors, also agreed a package of measures with trade unions to avoid compulsory redundancies over the next two years. The package includes a 12-month pay freeze for all Jaguar and Land Rover employees, effective from November 2009, changes to the working week, and amendments to the defined benefit pension schemes. The framework agreement covers employees at the manufacturing site in Halewood, Merseyside, sites in and around the West Midlands region, and the company headquarters in Gaydon, Warwickshire. Three negotiating groups were involved in negotiations, covering Jaguar hourly paid, Jaguar salaried, and Land Rover (all employees). It was agreed that the working week for hourly-paid employees be reduced by two hours, effective for a two-year period from 1 March 2009. However, in an offsetting move, weekly pay will only be cut by one hour. As different groups of manual employees have varying working weeks, the application of the reduction in hours affects each group differently. By contrast, the working week for salaried, white-collar staff across all sites

will increase from 37 to 40 hours with no increase to pay, effective for a two-year period from 1 April 2009. From 1 September 2009, employee contributions to defined benefit pension schemes will be increased by 1 per cent and a pensions salary sacrifice arrangement will also be introduced from 1 September for all members of the defined benefit pension schemes.

Honda

Although at Honda around 1,300 employees have already taken voluntary redundancy this year, the company has estimated that a further 490 remain surplus at the Swindon plant. To 'absorb' the costs associated with these additional employees and enable the company to keep them on at the site, Honda has negotiated a labour cost reduction deal that follows a previous agreement on a 12-month pay freeze and the introduction of a flexible working hours policy. To preserve jobs for the ten-month duration of the deal, pay has been temporarily reduced with effect from 1 June 2009. Non-management employees will see their pay cut by 3 per cent while managers will receive a basic pay cut of 5 per cent, effective until 31 March 2010. In addition to the temporary cut in basic pay, the package of measures includes a suspension of the company bonus scheme, changes to car lease contributions and a temporary one-year opt-out option for members of the defined benefit pension scheme. As a supplementary measure, employees have been given six additional days' paid holiday. A review will be carried out of the accumulated savings from the various measures after six months. If enough savings have been made, then basic pay may be reinstated earlier than stipulated.

Toyota

Toyota, having cut all agency jobs by the end of 2008, opened up a voluntary redundancy scheme in response to requests from employee representatives. Following a decision to freeze basic pay for 2009, Toyota reached further agreement in March on a reduction in working time to help secure long-term employment at the company's two UK sites at Burnaston and Deeside. Basic contractual working hours are 39 a week but working time has been reduced by 10 per cent, by cutting two shifts a month, effective for a 12-month period from 1 April 2009. This reduction in shifts will take place every second Friday, introducing a nine-day fortnight. Employees will experience loss in earnings in line with this, although basic pay will not be cut. Due to an increase in recent demand following the introduction of the car scrappage scheme in the UK, working time will be temporarily increased by three shifts in August and September to boost production.

This is a version of a box that first appeared in *IDS Pay Report 1028*, July 2009

individuals decide during this time not to accept the position, they usually retain their entitlement to a redundancy payment – providing they reject the job because it is not a suitable alternative or because of valid personal reasons. Cambridge Building Society provided a six-week trial period to employees who moved to a different branch following its restructuring exercise in 2009, at the end of which they could choose to stay on or opt for redundancy.

Red-circling pay and benefits

Many organisations red-circle or protect employees' former pay and benefits packages if they are redeployed to a role in a lower grade than their previous job. At Incommunities, for example, those redeployed had their basic salary and benefits red-circled for five years.

Relocation assistance

Where employees are redeployed to an alternative role in a new location, employers usually provide relocation assistance. This generally covers costs associated with moving house, such as solicitor's fees and stamp duty. Cambridge Building Society, for example, provided compensation for any additional travelling costs incurred by employees redeployed to a different branch.

Offering secondments

A few organisations have used schemes where employees are seconded or loaned out for a fixed period of time in an effort to avoid making redundancies. BT, for example, has loaned out a small number of employees to other companies where redeployment is not available.

Reducing working hours

The impact of the economic recession has led some employers in the hardest hit sectors to introduce short-time working to cut costs. Under a short-time working arrangement, employees are laid off for a number of contractual days each week or for a specified number of hours during a working day. Such arrangements may include: non-production days, a reduction in the number of shifts, shortened shifts, the introduction of fixed holidays, and reduced working hours.

Pay freezes

Some employers have also sought to minimise the need for redundancies by freezing or cutting pay. For example, Jaguar and Land Rover introduced a pay freeze for all employees,

effective from November 2009. Meanwhile, in a bid to preserve jobs, Honda has temporarily reduced pay with effect from 1 June 2009. Non-management employees will see their pay cut by 3 per cent while managers will receive a cut in basic pay of 5 per cent, effective until 31 March 2010. Other employers that have introduced pay freezes include: Argos, Whitbread Restaurants, Mothercare and GE Healthcare.

On the basis of 235 settlements covering over 2.6 million employees, IDS Pay Report estimates the median pay settlement across the whole economy as 2 per cent for the three months to the end of June 2009. A closer look at these settlement figures reveals a pattern of freezes at one end of the scale and awards worth 2 per cent or more at the other.

Meanwhile, the latest inflation figures show that annual inflation as measured by the Retail Prices Index (RPI) has reached its lowest level since records began, falling by 1.6 per cent in the year to June 2009. The June figure represents the fourth consecutive month of negative inflation. This has undoubtedly made it easier for employers to negotiate pay freezes and cuts with staff.

Selecting staff for redundancy

Establishing the redundancy pool

When carrying out a redundancy exercise, an employer should begin by identifying the group of employees from which those who are to be made redundant will be drawn. This will usually include those who perform a similar type of role in a particular department, work at a relevant location, or whose work has either ceased or diminished. The identified employees belong to the 'pool for selection' and it is to these individuals that an organisation will apply the appropriate selection criteria to determine who will be made redundant.

In assessing the fairness of dismissals, tribunals first look to the pool from which the selection was made, since the application of otherwise fair selection criteria to the wrong employees is likely to result in unfair dismissal. An employer needs to be able to justify its choice of selection pool by showing it was based on rational considerations – this may include selecting not only all those employees doing the same work, but also those doing similar work or whose skills are interchangeable.

Typical redundancy selection criteria

Employers generally use the following criteria to select employees from a group of those identified as at risk of redundancy:

- performance and quality of work
- qualifications and experience
- relevant skills and competencies
- general conduct and attitude
- versatility and adaptability
- disciplinary record
- attendance records
- length of service.

Fair selection criteria

In establishing selection criteria, careful consideration must be taken to ensure that they are fair and applied in a clear, reasonable and objective manner. Examples of typical selection criteria are shown in the box above.

Many employers discuss the selection criteria to be used when making redundancies with employee or recognised trade union representatives. Komatsu, for example, agreed its criteria with the trade union representative and its staff advisory council.

Employers must avoid factors that may be discriminatory on any grounds – either directly or indirectly – when choosing and applying the selection criteria. It is generally considered best practice to use a points system when scoring individuals against the criteria to ensure that any decisions are fair and justifiable.

Some organisations apply weightings to certain selection criterion to make sure that those considered most important – in terms of carrying out a role effectively and achieving long-term business goals – have a greater bearing on the final score. At Komatsu, for example, performance was given a higher weighting than length of service.

Applying the criteria

To help ensure accuracy, objectivity and consistency, the selection process is typically carried out by at least two assessors with a good knowledge of the individuals being evaluated and the work they perform. Some organisations may ask a senior manager not involved in the initial process to audit the results.

Providing guidelines on scoring

To help assessors when scoring employees, detailed notes on each of the selection criteria may be provided. These often give a breakdown

of how points should be allocated, with examples of the evidence required to score a one, two, three, four or five on a standard five-point scale.

Many employers also produce more general advice to assist managers in scoring individuals fairly. These typically stress that:

- assessments should be objective and, where possible, supported with documented and verifiable evidence; detailed notes should be kept at all stages of the assessment process for reference in case of appeal
- assessors should not allow preconceived opinions to influence the assessment
- there should be no discrimination on the grounds of sex, sexual orientation, race, disability, age, religion or belief, union membership, pregnancy or employment status (ie part-time or fixed term); managers should be aware of instances where an employee's disability could directly affect his or her ratings on attendance, for example
- assessors should be able to justify their scores at the internal appeal stage and at any potential employment tribunal proceedings.

Appealing against a redundancy decision

Employers usually provide an appeals process for employees who feel that the selection criteria have been unfairly applied in their case. Some use a more senior member of management or trade union representation to consider such grievances and how to remedy them.

Enhanced redundancy payments

Employers often aim to soften the blow of redundancy by offering severance payments in excess of the statutory minimum (see the box on page 13). The main ways of doing this are by:

- removing the earnings cap on the value of a week's pay; or
- increasing the number of weeks' pay given for each year of service.

Some companies do both while others also provide further ex gratia payments. However, employers offering an enhanced redundancy package must be careful that it does not unfairly discriminate against employees on the basis of age.

Offering a loyalty bonus

Where employers want to hold on to members of staff for a certain amount of time – to see a project through to completion, for example, or

to ensure an orderly closure of a site – they may offer additional payments as an incentive. Payments might also be made conditional on employee co-operation and flexibility, as well as on regular attendance at work up until the agreed leaving date.

Pay in lieu of notice

Some organisations provide employees who are being made redundant with the option of taking pay in lieu of their normal notice period. Others may choose to ask staff to serve part of their notice period and pay the remainder of their entitlement in lieu.

Pension arrangements

Employers may offer to enhance employees' pensions as part of the redundancy terms, or – more commonly – to allow staff to retire early in lieu of a redundancy payment. However, such moves may become increasingly rare given the current climate of pension scheme deficits.

Incommunities offered two options to employees who opted for voluntary redundancy. Employees were offered the choice of taking their enhanced severance package as a lump sum, or using the difference between this and the statutory redundancy payment to 'buy' an augmented pension service.

Treatment of employee benefits

In most cases, benefits cease immediately when an employee leaves a company through redundancy, although some items with annual renewal dates – such as insurance cover – might continue until the current term expires. Some employers give staff the option of continuing certain benefits at their own cost. For example, employees are often able to buy their company car at the market rate.

The tax position

Where an employee has been made redundant, the first £30,000 of any ex gratia payment – including any statutory redundancy payment – is exempt from tax. Only the balance is taxable – at the employee's marginal rate of income tax. However, the tax may be payable on the full sum if the employee's contract allows for compensation.

Seeking new employment

Granting time off

Employees under notice of potential redundancy are entitled to reasonable time off during work

Notifying the Department for Business Innovation and Skills

Employers have a statutory duty to notify the Department for Business, Innovation and Skills (BIS) if they propose to dismiss 20 or more employees as redundant at one establishment within a period of 90 days. This is so that government departments and agencies and the JobCentre Plus Rapid Response Service can be alerted and prepared to take any appropriate measures to assist or retrain the affected employees.

BIS must receive notification of the redundancies a specified minimum time before the first dismissal takes effect:

- at least 30 days if between 20 and 99 employees are likely to be dismissed as redundant at one establishment within a period of 90 days or less
- at least 90 days if 100 or more employees may be dismissed as redundant at one establishment within a period of 90 days or less.

The notification must be submitted using a standard, two-page HR1 form. This requires employers to provide the following details:

- contact address and numbers
- establishment where the redundancies are proposed
- reasons for redundancies
- the number of staff employed at the site and the number of possible redundancies
- timing of the redundancies
- method of selection
- consultation details.

Further information is available from www.bis.gov.uk

hours to look for alternative work or to make arrangements for training for future employment. Employers may also allocate some training funds to help employees 'skill up' or retrain for a specific job or trade.

While there are no strict rules about how much leave should be granted, the length of time should be 'reasonable'. This can depend on the circumstances – for example, how difficult it is to find a job in certain areas, or the distance of travel required to attend interviews.

However, the statutory entitlement to payment for time off to search for alternative employment is limited to two-fifths of one week's pay – ie up to two days if the employee works a five-day week. Any reasonable time off required above and beyond this entitlement to paid leave can be taken unpaid.

Outplacement assistance

Many employers arrange outplacement assistance to further support employees who are made redundant and help them deal with the challenge of finding another job. This is typically arranged through a third-party outplacement provider.

The main goals of an outplacement service are to improve employees' job search skills, provide them with some career advice and help them to find a suitable vacancy. This can be particularly valuable for staff who have been with the company for a long time and are suddenly faced with having to find a new job – they may not have updated their CV or attended a job interview for years.

Workshops and seminars

Key elements of any outplacement provision are the seminars and workshops offered to employees. These can be general group sessions or more focused one-to-one meetings. Typical seminar or workshop topics include:

- coping with redundancy
- job-search processes
- completing application forms
- CV preparation
- interview techniques
- presentation skills
- body language
- writing letters/using the phone
- assessment centres
- financial planning
- effective networking
- starting your own business
- pre-retirement planning.

Additionally, some providers offer training courses in change management for those managers who are responsible for breaking the news of redundancies. These generally cover practical issues, such as carefully scripting announcements, and dealing with employee questions and reactions.

Providing counselling

Many outplacement providers offer counselling services to help support staff throughout the redundancy process. They are often able to be on site immediately after a redundancy announcement to provide a 'pick up' counselling service. This is intended to help employees come to terms with the news, offer them reassurance, listen and address their concerns, and generally help them get through the first few days. After this, employees affected by redundancy – whether directly or indirectly – may be given access to a confidential helpline or may be able

to refer themselves for one-to-one meetings with counsellors.

Analysing skills and experience

An important first step in helping employees find alternative employment is to identify their skills and experience. Many providers will offer to meet staff to carry out a detailed personal skills analysis to evaluate the transferable skills that employees possess. In some cases, psychometric tests or aptitude assessments may also be given. The resulting profile can often highlight possible education and training opportunities individuals may wish to pursue if they are considering starting a new career.

Improving job search skills

Nearly all outplacement providers run group workshops to offer guidance on general job search skills, including preparing CVs and application letters. Some also provide more in-depth training, such as role-playing exercises aimed at improving interview techniques.

Offering access to available vacancies

The majority of outplacement providers should have access to a wide selection of up-to-date job vacancies. These lists should be monitored and positions no longer available should be removed regularly. Many suppliers either have their own databases of job opportunities or have links to third-party systems that hold these details. Searchable databases of vacancies are typically available online, enabling employees to search for jobs under many different criteria, including job type, location and starting salary. Staff may also choose to opt to receive e-mail alerts of any suitable new vacancies as soon as these are added to the system.

An on-site presence

For major redundancy programmes or site closures, it is common for employers to arrange for an outplacement specialist to have an on-site presence for the duration of the exercise – as at Komatsu, for example. On-site support affords employees easy access to training and development workshops, as well as any job-searching resources provided by the firm.

Wider benefits

By arranging outplacement support, organisations not only offer practical assistance to those who are being made redundant; they also send the right signals to those who remain. In addition, arranging such support can help protect the corporate brand during a time of negative press and help demonstrate to existing

and prospective employees that, despite making redundancies, the organisation aims to support its staff at all times.

Generally, the cost of providing outplacement assistance is small in relation to the overall severance costs associated with a redundancy exercise and most employers consider it money well spent.

Maintaining employee morale

Due to the effect on employee morale and well-being, a large-scale change programme or redundancy exercise can often have a negative impact on efficiency and business performance. Therefore, organisations may consider introducing measures to boost employee engagement and provide additional motivation to those staff still in post. Cambridge Building Society, for example, implemented a new performance management system following its major change programme to help employees perform to the best of their abilities in their new roles. It also rolled out annual career reviews to ensure staff are provided with encouragement and opportunities to progress.

Avoiding survivor syndrome

Following a redundancy programme, companies need keep in mind the potential impact on those who are left behind. Staff who have kept their jobs often experience survivor syndrome. This

can have a major impact on motivation and performance levels and, in the most serious cases, lead to stress and depression.

Organisations can seek to minimise the impact on remaining individuals by engaging in honest, open and regular communication during the process and beyond. It is also important that the redundancy selection process used is fair and objective, and line managers are provided with training and support to help them deal with any concerns or identified problems in their teams. The worst affected employees may be directed to occupational health or an employee assistance programme for help.

Preparing for the upturn

Employers must also be wise to the danger of being perceived as too opportunistic during a time of economic recession. If staff feel that the company has made unnecessary job cuts or handled the process unfairly, this is certain to have a harmful effect on engagement and morale. Moreover, in such circumstances, individuals are more likely to leave their employer when the economy is out of recession. If they are to retain skilled and experienced members of staff in the long-term, it is important that organisations are seen to do all they can to minimise the number of job cuts necessary and explain why any measures to reduce expenditure have to be taken.