

REDUNDANCY

Factsheet

Redundancy can be a very difficult and stressful situation, but no matter how hard it may get, there is help and support at hand.

What is redundancy?

Redundancy is a form of dismissal, and can happen when an employee's job no longer exists. Being made redundant is often a life-changing experience. It can happen when an employer needs to reduce their workforce, close the business, or when particular work is no longer needed. If an employee is made redundant they are usually eligible for certain rights, such as time off to look for alternative employment, a redundancy pay package, a notice period and a consultation with their employer.

The effects of redundancy

People who are faced with redundancy often have to re-organise their lives, and therefore may encounter immediate problems, such as paying household bills. Losing a job can cause a range of feelings but the most common are feelings of shock, worthlessness, loss of purpose or confidence. In some cases it can lead to the development of symptoms of depression and anxiety. Older people may be particularly vulnerable to feelings of loneliness or isolation.

Legal rights

If somebody is faced with redundancy, their employer must treat them fairly and act in accordance with their employment contract and legal redundancy rights. That includes making sure they are consulted, following the right selection process and giving them a proper notice period. If not, then there could be a claim for unfair dismissal, or claim for compensation for lack of consultation. These legal rights are outlined below.

Right to a fair process

When planning for a redundancy an employer must use a fair and objective way of selecting job roles to be made redundant, and tell the employee what that is. If an employee thinks they have been selected unfairly (say, on the grounds of age, race or gender), or an employer has acted unfairly in other ways, they can normally appeal. If the employee is still not satisfied they can take their employer to a tribunal.

Right to a minimum notice period

A notice period is the amount of time between when an employer tells an employee that they will be made redundant and their last working day. According to redundancy law, they're entitled to a minimum notice period of:

- 12 weeks' notice if employed for 12 years or more.
- At least one week's notice if employed between one month and two years.
- One week's notice for each year if employed between two and 12 years.

Pay in lieu of notice

If an employer does not want an employee to work their notice period they can offer the employee a lump sum instead – called pay in lieu of notice. Pay in lieu of notice is taxed in the same way as ordinary pay.

Gardening leave

An employee might be asked to serve out their redundancy notice away from work. This is known as 'gardening leave' and it means that, although they are not actually working, they are still legally employed and will receive their normal salary and benefits. The following conditions still apply:

- The employee has to stick to the rules of their contract.
- They might be called back to work if they are needed.
- They cannot start a job with a new employer.

Right to consultation

Employers always have to consult with employees before dismissing them on the grounds of redundancy. In short, an employer must tell an employee what is going on and give them a chance to ask questions and raise objections. As part of the consultation process, employers have to:

- Consider alternatives to redundancy.
- Look at ways to reduce the number of redundancies.
- Look at how they can reduce resulting hardship.

The process an employer has to follow will depend on the number of redundancies planned.

Right to time off to look for work

If an employee has worked continuously for their employer for at least two years they have to pay them up to 40% of a week's pay to cover time off. For example, if an employee works a five-day week they can take two days off in total to attend interviews and the employer will have to pay them for this time.

If an employee takes any more time off than this, the employer does not have to pay them for it. Some employers are more generous so it is worth discussing it with them.

Leaving a job early

If an employee is offered a job and the new employer wants them to start before their redundancy notice ends, they should speak to their employer to see if they can leave early without losing their redundancy pay. They should put their request to leave early to their employer in writing saying when they would like to leave. If an employee leaves early without their employer's permission, they could lose some or all of their redundancy pay.¹

Find out more

The following list is a small selection of the wide range of organisations which provide support and publish information on redundancy. *The MCF does not endorse or recommend any of the organisations listed.*

- **ACAS (Advice, Conciliation and Arbitration Service)**

Provides free and impartial information and advice to employers and employees on all aspects of workplace relations and employment law.

0300 123 1100

www.acas.org.uk

- **Citizens Advice**

Provides free, independent, confidential and impartial advice on rights and responsibilities.

0800 144 8848

www.citizensadvice.org.uk

- **Direct Gov**

Locate government services and information.

www.gov.uk/redundant-your-rights

- **MoneyHelper**

Provided by the Money and Pensions Service and set up by the Government, offers free and impartial advice to help people to manage their money.

0800 138 7777 (England)

0800 138 0555 (Wales)

www.moneyhelper.org.uk/en

Other information

Masonic Charitable Foundation

The MCF provides grants and support for Freemasons and their family members. A wide range of help is available for daily living costs; health, care and wellbeing; and education-related costs for children and young people.

Call 0800 035 60 90 or visit www.mcf.org.uk

¹ (Source: MoneyHelper)

<https://www.moneyhelper.org.uk/en/work/losing-your-job/your-legal-rights-when-facing-redundancy?source=mas>

MCF Factsheets

You may also be interested in the following factsheets:

- **Debt**
- **Mental health**
- **Loneliness**

Scan the QR code below or visit mcf.org.uk/resources/almoner-resources



Whilst every care has been taken to verify accuracy, the information in this factsheet is for guidance only.

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