



STEP BY STEP...
your guide to
handling redundancies

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Welcome!

At LawPlus we are all about **making legals simple** for SMEs and employers.

A big part of that philosophy is giving you the guidance you need to make **informed decisions** on issues within your business and to **empower** you to make those decisions and to carry them out correctly.

That is why we put a lot of time and effort into our series of 'Step by Step' Guides on a range of topics that challenge small business owners and employers.

Our Step-by-Step Guides set out a practical, easy to follow step by step action plan, including letter templates and checklists, to help you handle that specific issue with confidence.

All of our guides give you a clear procedure to follow so that you minimise any future risk you may face when taking action.

Enjoy the read and remember we are here to advise and support you when you need us.

Image of Karl Hutchinson

Karl Hutchinson
Co-Founder
LawPlus Solicitors

1. Introduction

Making an employee redundant can be very difficult, for everyone involved.

It is not a pleasant topic to have to discuss at any time.

But it is important that you understand your obligations and that when faced with a redundancy situation you follow the correct procedure.

Because **procedure is everything** when it comes to implementing a redundancy.

You get that wrong and you face a potential claim for unfair dismissal before the Workplace Relations Commission (WRC).

Whatever the reason for your decision, it's important you're clear on what's happening from the start.

In this guide we have set out a practical action plan, including a series of redundancy letter templates and checklists, to help you handle the process.

Our focus is on non-collective redundancies as this is generally the situation that applies to most small businesses.

Consider the business case for reducing the number of employees and decide whether the employees concerned will be redundant, according to the **legal definition**.

2. What is Redundancy?

Definition

The definition of redundancy in Ireland is set out in the [Redundancy Payments Act 1967](#) and amended by the Redundancy Payments act 1971 and 2003 –

an employee who is dismissed shall be taken to be dismissed by reason of redundancy if for one or more reasons not related to the employee concerned the dismissal is attributable wholly or mainly to –

- a) the fact that his employer has ceased, or intends to cease, to carry on the business for the purposes of which the employee was employed by him, or has ceased or intends to cease, to carry on that business in the place where the employee was so employed, or*
- b) the fact that the requirements of that business for employees to carry out work of a particular kind in the place where he was so employed have ceased or diminished or are expected to cease or diminish, or*
- c) the fact that his employer has decided to carry on the business with fewer or no employees, whether by requiring the work for which the employee had been employed (or had been doing before his dismissal) to be done by other employees or otherwise, or*
- d) the fact that his employer has decided that the work for which the employee had been employed (or had been doing before his dismissal) should henceforward be done in a different manner for which the employee is not sufficiently qualified or trained, or*
- e) the fact that his employer has decided that the work for which the employee had been employed (or had been doing before his dismissal) should henceforward be done by a person who is capable of doing other work for which the employee is not sufficiently qualified or trained.*

There are two critical factors to be gleaned from this definition:-

1. The redundancy should arise from the doing away with the job, not the person. This is a critical aspect to any redundancy. ***It is the job you are making redundant, not the person doing it.***
2. Change must arise as a result of change in the workplace which might range from closing down the business to a simple reduction in the number of employees.

Can I make someone redundant if I can't afford them?

Before making staff redundant, it's important to check any alternative options.

For example, could you consider reducing your employee's hours if you're going through a temporary work shortage?

Can they be laid off for a period of time or placed on short time?

If you've considered all of your other options and you can't find a way to keep your employee, it's likely you'll need to make a redundancy.

Your Conduct as an Employer

As an employer you must be aware of the Unfair Dismissals (Amendment Act), 1993 as this act holds that if your conduct is unreasonable in carrying out a redundancy then it may amount to unfair dismissal.

So, it is vital that you act reasonably in carrying out any redundancy.

A principal factor in how reasonable your behaviour was will be how you select your employee(s) for redundancy and whether there were other alternatives to redundancy such as alternative employment or some other type of work in your business.

It is important that you are able to point to the reasonableness of your conduct when faced with the necessity for redundancy.

As well as the *reasonableness test*, you would be well advised to carry out the following steps before making any final decision:

1. You should consider all options before deciding redundancy. Are there alternatives? You should record this decision-making process.

2. Is alternative employment an option for the employee?
3. Has the selection process for redundancy been fair? (see below)

Your ability to be able to point to a paper trail of how the decision to carry out redundancies was arrived at can prove invaluable at a later date, for example at a WRC hearing.

So, make sure that you keep a record of everything you do and why.

Because the onus is on you, the employer, to justify the selection for redundancy

Quick Tip: Keep written records of your decision process

Fair Selection Process for Redundancy

The key point for you is to be able to demonstrate that people were selected fairly for necessary redundancies and that you acted reasonably at all stages of the process.

This obviously only arises in circumstances where your employee is made redundant and there are other employees in similar employment who were not dismissed.

The selection of employees for redundancy has led to many employers paying quite a high price at a later date before the WRC.

Unfortunately, there are no criteria laid down in legislation for the selection of employees.

It is up to you to set your own criteria for selection for redundancy.

Factors you should consider include:

- Attendance record
- Ability
- Disciplinary record
- Skill level

Many employers employ a policy of “last in, first out”.

If there is a procedure in place in your workplace to deal with redundancy, then it is important that you follow that procedure when selecting each employee to be made redundant.

Fair Procedure and Reasonableness

Fair procedure is essential when selecting employees for redundancy.

Clear communications with staff are also vital.

Employees should be encouraged to come forward with their own ideas as to how the business might be run more efficiently and consideration should be given to temporary layoff or short week options.

You need to consider if such options are allowed for under the employee's contract of employment.

Any ideas brought forward by an employee to reduce costs should be given fair consideration.

Objective and fair selection criteria should be used to select what positions are to be made redundant and regard may be had as to whether the dismissal was an unfair one or not by looking to *the reasonableness or otherwise of the conduct (whether by act or omission) of the employer in relation to the dismissal*, (Section 6 Unfair Dismissals Act 1977 as revised)).

When applying criteria to assist with selection for redundancy it is up to you to choose, and you may apply different criteria for different parts of the business.

The onus is on you, the employer, to justify the criteria you choose on objective grounds.

A good way for you to approach a scenario where your employees might be seen to be equally at risk is to use a **'skills matrix'**.

This involves setting out the skills needed to keep the business going.

Then, your employees at risk of redundancy are measured against this matrix and those who score lowest are made redundant.

This is a legally defensible way to ensure a redundancy decision is not later held to be an unfair dismissal on the grounds of unfair selection.

3. Redundancy process step-by-step

Once you have made the decision to make an employee(s) redundant following the correct process is crucial when making a redundancy.

The guidance below gives you the tools you need, from a redundancy letter and other support materials to a **redundancy pay calculator** and legal redundancy advice, helping you make the process as smooth as possible.

Alongside this support, we strongly recommend you get expert legal guidance when making a redundancy. This will help you avoid mistakes that could cause an unfair dismissal claim, or other difficulties.

Two key redundancy scenarios to be aware of

Length of service of employees you're making redundant is an important factor to bear in mind.

Less than two years' service

If your employee has been with you for less than two years, you don't need to go through the full redundancy process.

Instead, you can give them notice using the normal terms of their contract.

However, it's important that you follow a compliant, fair dismissal procedure.

Use your redundancy policy to make sure you're getting the basic principle right, as well as any employment contract terms that might apply.

More than two years' service

If you've gone ahead and checked other options for keeping your affected employee (or employees), and you're confident the redundancy decision is valid, you'll need to give them formal notification with an **at-risk of redundancy letter** (see below).

For the rest of this guide, we'll assume you've checked all your alternative options and decided to go ahead with the redundancy.

Letter or conversation?

Where possible, try to have a conversation with your employee(s), before they receive your letter.

Explaining things clearly, and the process you're going to follow, will usually come best from you, and shows your employee that you're determined to be fair and approachable.

It also gives you both an important opportunity to try to find an alternative solution.

How quickly can I make someone redundant?

Your redundancy consultation could be done in a matter of weeks.

However, it's really important that you take the time you and your employees need, avoiding the pain of any future claims.

Are Directors entitled to redundancy pay?

The short answer is yes. Provided a director is an employee of the business, s/he can claim a redundancy payment after dismissal, but the same procedural process must be followed.

Keep Records

To make sure you don't turn a difficult situation into an even worse one, it's good business practice to maintain good supporting records of *all* redundancies and all redundancy payments you make.

A clear paper trail is important if you ever have to prove what payments you made and the process you followed in the event of an unfair dismissal claim in the Workplace Relations Commission.

Redundancy letter templates (plus other essential materials)

You'll need some or all of these templates and tools when making a redundancy.

Check through the list, read over each template and get to know the communications you'll be working with.

- your company's [redundancy policy](#)
- Template [letter warning employees of a potential redundancy situation](#)
- Template [letter inviting applications for voluntary redundancy](#)
- The [redundancy calculator](#), helping you to work out what affected staff may be entitled to as payment from you, if you do make them redundant
- Template [redundancy consultation and provisional selection letter](#)
- Template [second redundancy consultation and confirmation letter](#)
- Template [letter informing employee of redundancy and employment termination](#)
- Template [invitation to appeal hearing \(after redundancy\) letter](#) – responding to an employee appeal against a termination
- Template [decision on appeal \(after redundancy\) letter](#)
- [Redundancy Checklist](#)

4. Put your redundancy policy in place

Redundancy Policy

Every redundancy process should be run according to your redundancy policy.

Ideally, this should be in place when you start recruiting staff for your business.

If you don't already have one, you can use our [template redundancy policy](#) to get one in place ASAP.

If your redundancy policy is in place, your next step will be the [at-risk of redundancy letter template](#), to move the redundancy process forward.

What does a redundancy policy contain?

A good redundancy policy will:

- **make clear that it only applies to your employees**, not any other form of worker.
- **not have contractual status in any employment contract** that you have put in place, (but your employment contracts should all reference it, make it clear that you expect all employees to comply with it and give you the right to update or revise it, at your discretion and when you want to);
- **include all statutory requirements** for running a redundancy process, as well as any optional elements for you to consider;
- **describe in detail the process that you will follow** if a redundancy situation arises within your business; including the alternatives that you will consider to try to avoid having to let staff go, how employees can contribute constructively to discussions to also help avoid redundancies, and what happens if any employee wants to appeal any redundancy decision that you may ultimately make.

All steps that you take next should be guided by, and consistent with, the redundancy policy that you have put in place for your business.

5. Template Letter 1 – warning employees of a potential redundancy situation

You should use this letter when you are facing a situation where you may have to let some employees go and will not be replacing them.

When is an employee at-risk of redundancy? An employee is at-risk when they're placed under warning of redundancy, for example if their role isn't needed or affordable for the business.

'At-risk' doesn't mean they'll definitely be made redundant, however, and you should consider re-deploying them instead, where possible.

Letter warning employee of a potential redundancy situation

This is the first letter you should send in any redundancy related communications with employees who you have identified at risk of redundancy.

Your at-risk employee group should receive this letter before you begin any individual consultations.

Warn employees verbally first if at all possible

Ideally, before you send any letters, you'll have a chat with your employees first, so that the news comes from you.

The start-to-finish process is likely to be less stressful, for you and your employees, if your people can see you behaving in a human, approachable way.

What to say

The at-risk of redundancy letter and your conversation with employees needs to make clear:

- why you may need to make redundancies
- why particular jobs may be affected
- how you've tried to find alternative options, and
- that you'd like employees to put forward any suggestions for avoiding these redundancies

Explaining why the situation has arisen

You will see that the template letter prompts you to make this clear to your staff.

The circumstances leading up to a contemplated redundancy should always be fact-sensitive to your situation.

Much of your success in managing your redundancy process successfully is in communicating with your employees.

The alternatives you've looked into

Use the letter template as a guide here, as it's a critical point to make clear to your employees.

You'll need to show you've considered as many of these alternatives as possible:

- recruitment restrictions
- offering alternative roles somewhere else in the company
- retraining
- voluntary early retirement
- voluntary redundancy
- short-time working and overtime restrictions
- strategic reorganisation
- sale of a business or investment

You can invite people to put themselves forward for voluntary redundancy or early retirement.

If you decide to do this, you'll need to make it an option for everyone who's at-risk, rather than individual employees.

Who's at-risk?

Your template letter also prompts you to set out which 'pool' or group(s) of employees is at highest risk of redundancy.

It might be that all staff are at risk if you are a small business.

Selection criteria for redundancy

You'll need to apply 'fair and quantifiable' criteria, when deciding who will be at-risk of redundancy selection.

This must be impartial, with good records kept alongside it, showing your assessment process.

If dealing with a trade union, you'll need to work with them on your criteria, but you'll usually base your decision on things like:

- length of service
- performance
- qualifications
- skills
- experience
- attendance (with reasons for absence taken into account)
- disciplinary record

It's legally unfair to identify someone for redundancy using any of these criteria:

- maternity, paternity, adoption, parental leave, or time off for dependents
- membership of a trade union
- part-time or full-time status
- age, race, gender, sexual orientation, disability, religion or marital status

Remember, you may need to have more than one conversation with your employee about their redundancy, before any final dismissal takes place. Use the redundancy letter templates (plus other essential materials) list above to plan and structure these.

6. Template Letter 2 – Invitation to staff to request voluntary redundancy

Although you are not legally obliged to offer employees the opportunity to apply for voluntary redundancy, providing it can bring costs and time-savings for you.

This letter sets out your invitation to affected employees to consider putting themselves forward for consideration.

Invitation letter to employees to request voluntary redundancy

If any employee accepts voluntary redundancy this may well resolve the problem for you and curtail the need for you to make any compulsory redundancies.

The terms of the voluntary redundancy package

You'll see that our template steers you to set these out.

You need to provide this detail.

This is an area where we definitely recommend you taking some expert advice.

You will need to explain in this communication, and in the wider ongoing discussions with your employees, that you'll be considering, for example:

- **affected employees' length of service and age** (this information is necessary in order to calculate entitlement to statutory redundancy pay)
- **the redundancy pay calculation.** You may decide to simply offer statutory redundancy pay, or offer a higher sum, at your discretion.

If you're going to offer more than the required legal minimum, you should probably make this clear, as it can act as a bigger incentive to volunteer.

(You can use the government's handy redundancy pay calculator to help you work this out, when you come to actually calculating the sum applicable to each individual – obviously you won't be able to specify that in this general communication.)

- **The employee's contractual notice entitlement** – and any employee-favourable revisions to this that you may be prepared to offer/agree
- **Payment of the employee's outstanding holiday pay**
- **Any additional 'sweetener' payments** (typically called 'ex gratia payments') that you may be prepared to offer in your discretion, again, as an incentive for employees to step forward and take up the offer.

If you offer any optional payments or agree any other positions to which the volunteer employee is not contractually entitled, just remember to treat all similar employees in the same way – unless there are exception reasons that justify you not doing so.

This way, you can ensure you are not discriminating between redundancy candidates in a way that could lay you open to a claim by a disgruntled employee who feels they've been less favourably treated than other colleagues.

Date for applications to be received

A reasonable time frame must also be given here.

Some of this decision will be driven by the circumstances of your redundancy situation and you may not have lots of time to spare.

14 days (10 working days) is typically considered a reasonable period for applications to be received, once the letter has been sent to your affected employees.

The 'hard-stop date'

You'll need to state the deadline date for changes of mind amongst applicants for voluntary redundancy.

There is no set rule for how long this time frame should last.

It needs to be sufficiently lengthy for the volunteer employee to find out all that they need from you and to consider whether they remain willing to complete the process.

A reasonable time period would typically be 14 days (10 working days).

You are not obliged to accept a request for voluntary redundancy

But if you have requested applications, you must consider each fairly and according to objective criteria that you have set in place for this decision-making process.

Below we have set out a termination agreement in case just such a situation arises.

Termination agreement on acceptance of voluntary redundancy

7. Template Letter 3 – redundancy provisional selection and consultation letter

You should use this letter when you have provisionally selected an employee for redundancy, and you need to consult with them individually about this for the first time.

Redundancy provision selection and consultation letter

This is typically the first of the one-to-one communications that you'll have with your at-risk employees.

This will be the first time that an affected employee has had it confirmed that their particular job is at risk.

As before, if you can discuss this with your employee before you hand them this letter, the more you can ensure that they understand what it means for them and that they are not feeling unfairly singled out.

Following on from your initial warning letter, you'll see that this letter prompts you to reiterate:

- **the reasons/events etc** that have led to your business concluding that it is necessary to make redundancies, and
- **the effect of this conclusion** on the relevant part/location/division or department of your business
- **the steps you've taken so far to try and avoid** making compulsory redundancies

Explain what you've considered to avoid making employees redundant

In relation to the final point above, you may be considering a number of steps here, such as:

1. placing restrictions on recruitment activities
2. offering alternative employment to staff at risk of redundancy elsewhere in your company

3. re-training employees to be able to work differently and therefore remain in employment
4. offering voluntary early retirement
5. voluntary redundancy
6. short-time working and/or
7. restricting overtime

It's helpful to list in this letter all the options that you've considered and to explain that in spite of your efforts to make any of these options, alone or in combination, work to address the challenges faced by your business, you have not been able to avoid redundancies.

Explaining the criteria you've used to select the pool of affected employees

The template also guides you through your explanation of your redundancy selection criteria too.

The earlier guidance on which criteria is appropriate is very relevant to what you say here.

You are not obliged to disclose any specific scores attained by an affected employee.

It can help to discuss the employee score, however.

Because though the employee may not like the score that you have reached, explaining it now may help prevent more time-consuming and protracted challenges later on, as it provides the opportunity for a full understanding by your employee of the decision-making process, and ensures a more robust and defensible process for you, as a result.

No final decision has been reached

The template makes this clear and encourages the employee to contribute ideas to the discussion to see whether their redundancy can be prevented.

Details of a consultation meeting

You'll see that the template contains suggested wording to help you describe next steps in the process and to manage your employee's expectations.

This template also reassures your employee that they can have a companion at this meeting in a supporting role.

This person can assist them but cannot speak for the employee.

In a redundancy situation you're not obliged to allow the presence of a trade union representative or other companion/work colleague, but it's considered good practice to permit it.

Quick Tip: Make sure that your consultation meeting is minuted and detailed notes are maintained

Next steps

After the initial news about redundancy selection has been discussed, the first thing that employees often want to understand is what they will be paid as a result of their redundancy.

The template contains suggested wording as well as guidance to you about how the payment elements work and which components you'll need to tackle.

Additionally, it helpfully covers what are called '*ex gratia*' payments i.e. optional payments that you are not legally obliged to make, but which you might choose to make.

There's more guidance about calculating redundancy pay further on in this guide.

8. Template Letter 4 – Second redundancy consultation and confirmation

You should use this letter when you have provisionally selected an employee for redundancy, and you have already consulted with them individually once already about this for the first time.

Second redundancy consultation and confirmation letter

This letter assumes that you have sent the earlier letters in the redundancy suite.

It provides the employee with feedback on the process so far, and informs them that in spite of your efforts, you have so far not been able to identify an alternative to making them redundant.

The wording also makes clear that you have not yet reached a firm conclusion and you are continuing with your process - meaning that you are still open to suggestions or ideas from the affected employee.

Are you obliged to offer suitable alternative positions to the employee?

As an employer, you have an ongoing duty to continuously explore ways to avoid a redundancy situation, including by looking at alternative roles within the organisation.

You don't have to explicitly say this within the letter though it does often help to generate goodwill and to reassure the employee that you are treating them fairly and respectfully.

If there is suitable alternative employment, this avoids a redundancy situation and therefore means that the employee will not be entitled to statutory redundancy pay.

It's helpful to make this clear to the employee, as they may otherwise have the expectation of getting some money *and* staying employed.

Invitation to a further consultation meeting

There is a general duty in a redundancy exercise for the employer to have 'meaningful consultation' with the affected employees.

This could just mean having one consultation meeting.

These template letters have been drafted based upon 2 (or more) meetings being held with the affected employees.

This is in line with recommended good practice.

Details about what happens if the redundancy is confirmed

Finally, the letter also covers what the employee can expect if you ultimately conclude that there is no other option but redundancy in their case.

9. Template Letter 5 - Redundancy Termination

You should use this letter when you have reached a decision to terminate an employee's contract with you, because of a redundancy situation.

Notice of termination of employment (redundancy) letter

This is the final letter that an employer would send in a redundancy situation unless the employee appeals the decision.

The letter recaps the process that you have followed, explains the conclusions that you have reached and sets out, in detail, what this means for the individual employee in terms of their notice period and rights.

Your duty to keep looking for alternatives

You'll see that the template explains your continued commitment to trying to find an alternative to making the employee redundant, even while the employee is serving out their notice period.

The employee's right to appeal

The employee has a right to appeal your decision, you should inform them of this, and you should be prepared for them to appeal. If you've run a good redundancy process to date, you should be in a good position to defend your decision without external reproach.

10. Template Letter 6 - Invitation to redundancy appeal meeting

You should use this letter when an employee/worker has appealed against a decision that you've taken during your redundancy process.

Invitation to redundancy appeal hearing

The invitation sets out the logistics for the appeal hearing and provides an opportunity to attach any documentation that you are relying on to justify your decision that the employee must be made redundant.

This documentation may include materials that the employee has previously seen, such as your selection criteria, the employee's score against those criteria, any notes or correspondence (including emails) you have with other colleagues about the possibility of finding the employee a role within another part of your business, redundancy pay calculations, etc.

It's important to present a complete picture of your process and all the steps that you have taken in relation to your staff and the affected employee who has appealed.

Who should chair the meeting?

It's good practice to have the appeal hearing chaired by someone other than the person with whom most of the redundancy discussions have taken place. This may not always be possible, but where you can achieve this with someone of suitable management authority and experience, it is recommended.

11. Template Letter 7 - Outcome of appeal (redundancy)

You can use this letter to confirm your final decision on the employee's redundancy position, following the appeal meeting.

Decision on employee appeal (redundancy)

Giving the reasons for your redundancy decision – in all cases

The WRC Code of Practice recommends that an employer should inform the employee of the outcome of the appeal in writing as soon as possible after the hearing.

There are no formalities about the content of this letter.

Nevertheless, it is advisable to make clear the reasons for your decision in a reasonable level of detail.

The decision taken at the appeal stage is equally open to scrutiny as the original decision.

It should never be viewed as a rubber-stamping exercise.

Take care to ensure that you have addressed each ground of appeal that the employee has raised.

Employers aren't legally obliged to follow the code, but not following it (or not running a process that is consistent with it) is likely to negatively influence the WRC's attitude towards you as an employer, if you end up defending yourself against an employee claim in a WRC hearing.

Apart from consultation, what other rights do employees have?

Redundancy rights for eligible employees include:

- time off to look for work
- a notice period (or payment in lieu of notice)
- a payment in place of accrued but unused holiday entitlement

- a consultation with their employer, and
- redundancy pay (if the employee has served at least 2 years' they are entitled to statutory redundancy pay).

The ability to seek out other work

You should offer redundant employee's alternative employment within your business where possible.

The offer should be unconditional, in writing, offered before their current contract ends, and it should start within 4 weeks of their current contract ending.

The employee is entitled to accept the new role on a trial basis for 4 weeks and may still be entitled to redundancy pay if they decide the alternative job isn't for them.

If an employee unreasonably refuses an offer of suitable alternative employment, they will lose their right to a statutory redundancy payment - and you should make them aware of this.

You should also give redundant employees time off when needed for job seeking, interviews, and/or training.

A notice period

Notice period entitlements vary:

- if the employee has worked for you between 1 month and 2 years, this should be at least 1 week.
- for employees who've worked for you for over 2 years, you should give them 1 week for each year to a maximum of 12 weeks.

You should also refer to any notice periods in your employee(s)' contracts, which may mean they're entitled to a longer notice period (or payment in lieu of their notice period).

Period of service	Notice required
Between 2-5 years	2 weeks
Between 5-10 years	4 weeks
Between 10-15 years	6 weeks
Over 15 years	8 weeks

Payment in place of serving out their notice period

If you have a clause in the employee contract that permits this, employees can leave the role earlier if you offer them payment instead of notice.

The usual deductions must be made.

This payment must have PAYE and PRSI tax deducted and must include pension contributions and any other agreed benefits.

You should also consider whether the employee is due a payment in place of any accrued but unused holiday entitlement. If so, any such payment would be subject to the usual deductions for tax and National Insurance.

Redundancy pay

The statutory redundancy payment is a lump-sum payment based on the pay of your employee. All employees who've worked *continuously* for you for at least 104 weeks (2 years) and are over the age of 16 are entitled to statutory redundancy.

In deciding whether your employee has worked continuously for you for at least 104 weeks (2 years) the following situations will not break the continuity of their service:

- they were on maternity leave, paternity leave, adoptive leave, parental leave or carer's leave. Check out our [Employers Guide](#) for more details on leave
- they were off work through illness, agreed absence, holidays or lay off

- they were dismissed due to redundancy before reaching 104 weeks' service and then taken back by you within 26 weeks of that dismissal
- they have been re-employed within 4 weeks of dismissal by an associate company
- they have been voluntarily transferred to another employer and it is agreed that the continuity of their service will not be broken
- there has been a transfer of your business to a new owner

All eligible employees are entitled to:

- Two weeks' pay for every year of service they have with you since they were 16 and
- One further week's pay

So, if an employee has exactly three years' service, they have an entitlement to:

- $3 \text{ years} \times 2 \text{ weeks} + 1 \text{ bonus week} = 7 \text{ weeks of statutory redundancy pay}$

There is a ceiling of €600 per week (€31,200 per year) on the maximum statutory redundancy payment. Statutory redundancy pay cannot exceed this limit.

So, if an employee with three years' service earned €800 a week, then their statutory redundancy has a cap at $(7 \text{ weeks} \times €600) = €4,200$.

The government has a handy [redundancy calculator tool](#) which can help you work out what you're legally obliged to pay your affected employee(s).

Tax-free elements of redundancy pay

The **statutory lump-sum** payment is always **tax-free**.

Any non-statutory redundancy payments your employees receive are taxable but there may be tax reliefs available to the employee depending on the circumstances.

If you're providing an ex-gratia payment in excess of the statutory redundancy payment, you'll have to assess the relevant tax liability, deduct it from the lump sum and account to revenue for the relevant tax liability under the PAYE system.

Read more about [taxation of lump-sum payments on redundancy](#)

Always make the redundancy pay the first element in any calculation of overall payment due.

You're free to give your employees more than the statutory amount, or if you have employees who've worked fewer than 2 years for you, you're also able to give them redundancy pay at your discretion.

Professional tax advice should be sought to confirm the extent of any tax liabilities associated with redundancy payments.

The right to appeal

If an employee doesn't agree with a decision to make them redundant, they are entitled to appeal.

The employee, their representative, employer and a note-taker should attend an appeal hearing where the employee can challenge the redundancy decision.

This will run just like any other appeal, which you can read more about in our [guide to grievance hearings and appeals](#).

To invite your employee to the appeal hearing about their redundancy position, you can use our [invitation to an appeal hearing](#) template letter.

What happens if you can't afford the redundancy payment?

In the first instance it is up to you as the employer to pay the statutory redundancy lump sum to all eligible employees.

However, where you are unable to pay, your employee can apply to the Department of Social Protection for direct payment from the Social Insurance Fund.

In order for your employee to do this you should follow the steps below:

- Complete and submit an RP50 form online
- Print a copy of the completed Form and both you and the employee sign it

- Post the signed form to the Redundancy and Insolvency Section of the DEASP. You must include a letter with the form from your accountant or solicitor stating that you are unable to pay the redundancy lump sum and accept liability for 100% of the lump sum owing to the Social Insurance Fund. Documentary evidence such as audited accounts should also be included.
- The Department will then pay the statutory payments to employees and recover the debt from you at a later date

Note: You have a liability to discharge this sum into the future and the Department of Social Protection will expect this liability to be paid by you when you are in a position to do so.

12. Conclusion

1. Follow the statutory dismissal and discipline procedure:
 - set out in writing for each individual the reasons for the proposed dismissal on the grounds of redundancy;
 - send a copy of this statement to each employee and invite him/her to a meeting to discuss the issues;
 - allow the employee time to consider his/her response;
 - hold a meeting with the employee to discuss the issues, the proposed course of action and any suitable alternative positions
 - allow the employee to be accompanied at the meeting by a work colleague or trade union representative. If it is not practicable for the employee or his/her chosen representative to attend the meeting, arrange an alternative time for the meeting;
 - if the decision is to dismiss the employee, inform the employee of the decision and of his/her right to appeal. Confirm this in writing. Your letter should include the amount of any Statutory Redundancy Pay and the method of calculation.
 - If the employee appeals, hold an appeal hearing at which a more senior manager reviews the decision and confirm the outcome of the appeal in writing. Remember that, if an employee is dismissed and is then re-employed or re-instated on appeal, his/her continuity of employment is preserved.
2. Where an alternative job has been identified, offer it to the employee and confirm the details in writing. If the job differs from the old job, confirm the 4-week trial period.
3. Allow redundant employees paid time off during their notice period to attend interviews or for training purposes.
4. Assist with the preparation of CVs. Provide references.
5. Keep good records of any redundancy situation clearly showing the process followed and any payments made.

Redundancy Fair Procedures Checklist

Procedure	Yes/NA
1. Has the employee been advised <u>in person</u> that their position is being considered for redundancy and that a consultation process is to take place?	
2. Has the employee been notified <u>in writing</u> that their position is being considered for redundancy and that a consultation process is to take place?	
3. Have there been consultation meetings held with the employee?	
4. Has the employee been given an opportunity to make representations in relation to potential alternatives to redundancy at the consultation meetings?	
5. Have alternatives to the redundancy been explored by the employer and the reasons the redundancy is still necessary detailed <u>in writing</u> ? (e.g. pay cuts, reduced hours, redeployment, career breaks, extended time off or any other cost saving measures)	
6. Have all potential alternative roles been identified by the employer and recorded <u>in writing</u> ?	

7.	Have the selection criteria for the particular role to be made redundant been clearly identified and advised to the employee in writing ?	
8.	Can the employer objectively justify the reasons the particular role has been selected for redundancy (these reasons should be recorded)?	
9.	Can the employer clearly show that the selection criteria were applied to all employees consistently and fairly?	
10.	Has the employer reviewed the selection criteria to confirm they do not constitute discrimination under the Employment Equality Act? (9 grounds – gender, marital/civil status, family status, sexual orientation, religion, age, disability, race or membership of the travelling community)	
11.	Has the employer reviewed the company history to ascertain if there is a custom and practice or collectively agreed procedure in relation to the selection criteria and redundancy process?	
12.	If the employer has ascertained a custom and practice or agreed redundancy procedure and identified a reason to deviate – has this deviation been objectively justified and communicated to all relevant employees?	
13.	Are there any key skills the employer wishes to retain that should be identified as part of the selection criteria?	

14.	If there are key skills to be retained have these been communicated to the relevant employees and recorded <u>in writing</u> along with the justifiable reasons for retaining these key skills?	
15.	Have <u>all</u> alternative roles been advised to the employee to consider at the consultation meetings (even if the alternatives do not appear suitable on the face of it)?	
16.	Have all offers of alternative roles to the employee been notified to the employee <u>in writing</u> ?	
17.	If the employee refuses the alternative role – has this refusal been recorded <u>in writing</u> ?	
18.	Has there been a <u>written note</u> taken of all the matters discussed with the employee at the consultation meetings?	
19.	Have the written notes of all the matters discussed at the consultation meetings been provided to the employee as soon as possible after the meetings took place?	
20.	Have all queries raised by the employee throughout the consultation process been dealt with and responded to by the employer <u>in writing</u> ?	
21.	Once the consultation process is concluded and it is clear that the redundancy is necessary – has the final decision to make the role redundant including the reasons been communicated to the employee <u>in writing</u> ?	

22.	Has the employee been given the opportunity in writing to appeal the redundancy decision within a specific timeframe and in writing setting out the grounds for appeal?	
23.	<p>Has the employee been given the correct notice period? This will be the longest period of:</p> <ul style="list-style-type: none"> -any notice period set out in the contract of employment -the Minimum Notice and Terms of Employment legislation (depends on service) -the Statutory Redundancy Notice Period (2weeks) 	
24.	Has the employee been notified in writing of their redundancy entitlements, the date they will cease work, whether they are required to work out their notice, the tax treatment that will apply to any payments and when the employee will be paid?	
25.	<p>If an enhanced redundancy package is being paid and the employee is signing a compromise agreement – has the employee:</p> <ul style="list-style-type: none"> -been given sufficient time to seek legal advice and -confirmed in writing as part of the settlement agreement that they received legal advice? <p>(It may be appropriate for the employer to provide a contribution towards legal advice to ensure the employee avails of it.)</p>	