

## Employer Obligations: Coronavirus and Redundancy

The world of business is changing on a daily basis at the moment due to the Coronavirus pandemic. Unfortunately, this has meant that some businesses are losing work and having to look at redundancies. This factsheet takes you through the stages of a redundancy process.

### **I need to cut costs**

You've lost work and you need to cut costs to keep the business afloat. At this point, you're going to need to review the workload in the business, how many staff you currently employ, and how many you'll need going forwards.

### **Announcing things**

In situations like this, we advise that you call all employees into a meeting and explain the situation to them. This announcement meeting will be the opportunity for you explain to the staff what's going on in the business at the moment.

This meeting is not for detail to be discussed, but to be used to tell all the employees what's going on and advise them that you'll have individual meetings with them to consult on the redundancy situation.

### **Individual meetings**

In this meeting you need to explain to the employee what is happening, why it's happening, inform them of any measures you've already taken to avoid this situation, and ask them if they have any ideas that may help to avoid the need for redundancies.

Ultimately, you're going to need to have an honest conversation with your employees to explain to them why this is being done i.e. all jobs have been cancelled for the foreseeable future.

### **Who qualifies for redundancy pay?**

Employees with over 2 years' continuous service will be eligible to receive statutory redundancy pay.

If someone has been TUPE'd into your business, their length of service will include the time they were with their previous employer.

If you have a company redundancy pay, then your normal rules will apply

### **How much is statutory redundancy pay?**

This will be based on the employee's age and length of service with the company.

Employees will get:

- 1.5 weeks' pay for each full year of employment after their 41<sup>st</sup> birthday
- 1 weeks' pay for each full year of employment after their 22<sup>nd</sup> birthday; and

- ½ a weeks' pay for each full year of employment up to their 22<sup>nd</sup> birthday.

Length of service will be capped at 20 years. This means if you have any employees who have been with you for 25 years, they will only receive statutory redundancy pay based on 20 years' service.

The amount that employees can get is capped at £508 per week (increasing to £525 per week in April). If your employee earns less than this amount, then you would base the calculation on their normal weekly earnings. If they earn more than this amount, then you would cap their earnings at the set limit.

The Government has a helpful [redundancy calculator](#).

### Holidays

If your employee has accrued holidays and not used them then you can pay them for these holidays in their final pay.

If the employee has used more holidays that they have accrued, then make the decision about whether you are going to reclaim the holiday pay back or just let them go without making any deductions.

### Notice

Redundancy is a form of dismissing an employee. This means that you need to give the employees their contractual notice to terminate their employment.

You need to give your employees the correct amount of notice and agree a leaving date with them once you've finished the redundancy consultations.

Check the contract of employment. If there is nothing in there, then you should look at the statutory notice period.

Length of service	Notice you must give
1 month to 2 years	At least a week
2 years to 12 years	A week's notice for every year employed
12 or more years	12 weeks

### I don't have any work for them to do

If you don't have any work for your employees to do, then you can look at paying them in lieu of their notice. You will need to have something in your contract of employment saying that you can do this.

For example, if your employee has been with you for 3 years, you can pay them the equivalent of 3 weeks' notice instead of asking them to work this.

### **What needs to have tax and NI deducted?**

The normal salary payments, pay in lieu of holidays, and payment in lieu of notice would be subject to the normal tax and NI deductions.

Tax and NI do not need to be paid on any redundancy payments that are under £30,000.

### **Financial difficulties**

If you're having financial difficulties and your business would become insolvent as a result of making the statutory redundancy payments, the Insolvency Service's Redundancy Payments Service may be able to help you.


You can contact them on 03303 310 020

### **More information**


There will be daily updates on the [NHS 111 online](#) service and the [Government website](#)



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