

Redundancy situations

Introduction

1. The term redundant includes an agreement between employers and employees to reduce the workforce.
2. The following paragraphs set out:
 - the arrangements that must be followed where possible; and
 - the basic information that must be obtained from the employer when offices become aware of a redundancy situation existing in a business in their locality.
3. If the number of redundant employees is likely to cause difficulties for a Jobcentre, or the employer asks, special arrangements can be made either locally or regionally to deal with the redundancies.
4. Jobcentre Plus must always offer advice and guidance to employers who are involved in reducing their workforce, and the employer's wishes must be met as far as is practicable.

Awareness of a redundancy situation and liaison

5. Offices usually become aware of a redundancy when:
 - an announcement is made in the national or local press, or as a news item on television;
 - an employer notifies a Jobcentre that a redundancy situation is pending;
 - a claimant indicates on when claiming Jobseeker's Allowance (JSA) that their job ended because of redundancy.
6. Once a Jobcentre knows about a redundancy situation they must pass the information to other offices in their district that may be affected.
7. Arrange for the employer to be contacted to establish:
 - the extent of the workforce reduction, if this has not already been done; and
 - which of the employer's establishments will be handling the redundancies.
8. If the employer's establishment handling the redundancies is in the same district, then the Jobcentre that identifies the redundancy situation will become the parent office and will arrange to obtain all the necessary information.
9. If the employer's establishment handling the redundancies is in another Jobcentre Plus district, that district will identify which office will become the parent office
10. If the redundancies are imminent, the parent region may need to provide other affected regions with full written details.

Essential Information

11. In order for JSA claims to be dealt with promptly and consistently, the following information must be obtained from the employer as quickly as possible:
 - Full name of employer;
 - address and telephone number;

- a named contact and telephone extension;
- Extent of employer's business, for example, national, regional, area or local;
- Is there a need to reduce the total workforce?
- How many employees are to be made redundant;
- Will employees be asked to volunteer for redundancy?
- Will there be any compulsory redundancies?
- What date the redundancies will become effective;
- start and end date of any consultation period;
- Will the redundant employees receive notice? If so, on what date will it be received and for what period?
- will the period and date of notice apply:
 - individually; or
 - across the whole of the redundant workforce?
- If a common date of notice is applicable, how much notice will apply under the redundancy arrangements?
- Has a statutory redundancy payment been paid?
- What are the terms and conditions of the redundancy scheme?

12. In the case of large scale redundancies, copies of relevant correspondence and examples of letters must be sent to the Rapid Response team on an information only basis. This will keep them informed of progress, and enable them to advise any Jobcentre that may contact them.

Gathering evidence

13. When large numbers are made redundant the employer may not have sufficient time available to arrange for the completion of form ES85 (the usual way to obtain information) for each individual claimant.

14. In such cases, agreement may be reached with an employer to use an alternative method to provide the required information, such as a termination letter or a redundancy list.

Termination letter

15. In some cases agreement may be reached with an employer to issue each employee with a termination letter. This replaces the need for form ES85. This arrangement can be agreed locally between the Jobcentre and the Labour Market Decision Maker (LMDM) if referral is necessary.

16. Advise the employer that ex-employees must hand in their termination letter when they first attend the Jobcentre.

17. In some cases there may be a complete close down of the employer's business so that there is no contact point for the issue of form ES85. Issuing a termination letter in these circumstances will benefit both the ex-employees and the Jobcentre.

Termination letter produced

18. When a termination letter is produced by the claimant ensure that all relevant information is held, if so, issue of form ES85 will not be necessary.

19. Photocopy the letter and keep it for at least the same period as form ES85.
20. If the claim is referred for DMA action the original termination letter must be attached to the case papers.

Termination letter not produced

21. If the claimant does not produce a termination letter ask if they have received one. If so, ask them to bring or send it in urgently. Explain that without a termination letter payment of JSA may be delayed.

22. If they have not received a termination letter, form ES85 must be issued with a covering note saying 'no termination letter/statement was produced.'

Lists of Redundant Employees

23. The employer may prefer to provide a list of redundant employees, showing details for each individual. Whilst a list can be accepted, it has the following disadvantages:

- it is not an easy way of circulating information over several regions or nationally;
- it would have to be copied for each Jobcentre; and
- there could be delays if a person claimed at a Jobcentre where the redundancy situation was not known

Voluntary Redundancy

24. When it is clear from the information provided by the employer or in a termination letter that there was a need to reduce the workforce, any claimant who has volunteered to accept redundancy will not be treated as having left voluntarily.

25. The information must include the employer's need to reduce the workforce and the agreed date for the end of employment.

26. If this information is not given but a Statutory Redundancy payment has been made, this is a clear indication that there was a redundancy situation.

27. These cases no longer need to be referred to the LMDM for a determination on leaving voluntarily.

Civil Service Early Retirement and Severance Schemes

28. There are 5 categories under which staff can retire or be retired early. These are:

- Compulsory Early Retirement or Severance (CER/CES);
- Flexible Early Retirement or Severance (FER/FES);
- Retirement on Medical Grounds;
- Approved Early Retirement (AER) schemes A and B; and
- Actuarially Reduced Early Retirement (ARER).

29. The term Early Retirement applies to people aged 50 or over and Early Severance applies to people aged under 50.

Voluntary Severance

30. Where the schemes are operated to achieve a reduction in the workforce, or used as a pre-redundancy measure, where management calls for volunteers to avoid a declaration of redundancy, claimants who leave under the terms of the following schemes will not be subject to a sanction;

- CER;
- CES;
- FER;
- FES; and
- AER scheme A.

31. There may be a labour market doubt, such as leaving voluntarily, on the claims of people who leave under the following schemes:

- AER scheme B; and
- ARER.

32. There is a mutually agreed period of notice for those leaving under the above schemes and, provided claimants are employed to the agreed date, claims will not be affected by compensation payments.

33. If there has been liaison with the Personnel Manager of a Government Department or Agency, there will usually be an agreed termination letter or statement which claimants will be asked to present when making their claims.

Compulsory Severance

34. Compulsory severance will apply where management has declared a redundancy situation. Normally the terms of the CER or CES schemes will apply.

35. In a compulsory severance situation, people are entitled to receive 6 months notice of termination of employment, except for certain staff over the age of 60 who have:

- less than 10 years service where 12 months notice is due; and
- between 10 and 25 years service where 9 months notice is due.

36. Any period of notice must not extend beyond the 65th birthday.

37. Where the minimum period of notice is not given, people will be paid compensation in lieu of the unexpired period of notice. Refer these cases to the benefit processing section for consideration of DMA action.

38. Payment of compensation does not apply if a sanction is imposed where:

- the person leaves voluntarily with the agreement of the department before the end of the period of notice; or
- the person is dismissed for disciplinary reasons

Appendix 1 - Termination Letter

Name of employee Type of work

National Insurance number

Place of employment

Period of employment from to

1 The above employee was dismissed as redundant (within the meaning of Section 81(2) of the Employment Protection (Consolidation) Act), under the company's redundancy/early retirement/severance scheme.

2 Payment because of employment ending was/will be paid on

The total payment before deductions was/will be £

redundancy pay under the Employment Protection (Consolidation) Act 1978 £

refund of contributions from an occupational pension £

any normal earnings fordays/weeks/months £

Subtotal £

3 Notice of.....weeks/months was due. This is the longer of contractual or statutory notice

4 Formal notice of the date on which employment would end was received by the employee on

5 The last working day was

6 The full period of notice was/was not worked.

This statement is provided for use in place of form ES85

In case of any query please contact

Telephone number

Signed Date

Name Position in Company

Data Protection Act. The information provided will be put on computer. It will only be used to help a decision to be made about the person's entitlement to receive benefit.

Appendix 2 – Welsh Termination Letter

Enw'r Gweithiwr Math o waith

Rhif Yswiriant Gwladol

Man gwaith

Cyfnod yn gyflogedig o tan

1 Cafodd y gweithiwr uchod ei (d)diswyddo (yn unol ag ystyr Adran 81(2) y Ddeddf Amddiffyn Gweithwyr (Atgyfnerthiad)), o dan gynllun diswyddo/ymddeoliad cynnar/tâl diswyddo'r cwmni

2 Talwyd/telir y taliad a roddwyd/roddir am fod y swydd wedi dod i ben ar

Cyfanswm y tâl heb gynnwys tyniannau oedd/fydd £

tâl diswyddo o dan y Ddeddf Amddiffyn Gweithwyr (Atgyfnerthiad) 1978 £

ad-daliad o gyfraniadau cynllun pensiwn galwedigaethol £

unrhyw enillion arferol am diwrnod/wythnos/mis £

Isgyfanswm £

3 Roedd rhybudd o wythnos/mis yn ddyledus. Y rhybudd contract neu statudol, pa un bynnag sydd fwyaf

4 Hysbyswyd y gweithiwr yn ffurfiol o'r dyddiad y deuai ei swydd i ben ar

5 Y dyddiad gweithio olaf oedd

6 Ni wnaeth/Fe wnaeth y gweithiwr weithio'r cyfnod rhybudd yn llawn.

Darparwyd y wybodaeth yma yn lle ffurflen ES85

Os bydd unrhyw ymholiad, cysylltwch â

Rhif ffôn

Llofnod Dyddiad

Enw Swydd yn y Cwmni

Deddf Diogelu Data. Bydd y wybodaeth a ddarperir yn cael ei rhoi ar gyfrifiadur. Bydd yn cael ei defnyddio'n unig i'n helpu i benderfynu a oes gan y person hawl i dderbyn budd-dâl.