



A brief guide to redundancy

This is a brief explanation of the main provisions of the legislation* covering redundancy, but should not be regarded as a legal interpretation.

Employers proposing to make operatives redundant should explore all possible alternative employment within their undertaking and begin consultation with Unite the Union, as the recognised Trade Union under the JIB Agreement, at the earliest opportunity. The ECA operates a labour loan scheme and ECA members wishing to use that facility, either inside or outside a redundancy situation, should contact their regional manager.

Where between 20 and 99 employees are to be made redundant at one establishment, the process of consultation with the Union must begin 30 days before the first redundancy takes place.

Where 100 or more employees are to be made redundant at one establishment, consultation must begin 45 days before the first redundancy.

Employers proposing to make more than 20 employees redundant at one establishment are also required to notify the Department for Business Innovation and Skills.

Employees with two or more years' continuous service are entitled to Redundancy Pay on termination when:

- their employer has ceased, or intends to cease, carrying on the business by which the employee was employed
- their employer has ceased, or intends to cease, carrying on the business in the place where the employee was employed
- the requirements of their employer's business for them to carry out work of a particular kind has ceased, diminished, or are expected to cease or diminish
- the requirements of their employer's business for them to carry out work of a particular kind in the place where they were employed, has ceased, diminished or are expected to cease or diminish

Employees will NOT be entitled to Redundancy Pay if they:

- have had less than two years' continuous service with their employer or
- leave their job of their own accord or
- have their employment terminated for reasons other than redundancy
- have just completed their apprenticeship and are not retained by their employer

Redundancy pay entitlement is based on the following scales:

- Employees up to the age of 21, half a week's pay for each year of reckonable service
- Employee between the ages of 22 and 40, one week's pay for each year of reckonable service
- Employees aged 41 and over, one-and-a-half weeks' pay for each year of reckonable service.

Reckonable service is calculated by working backwards from the effective date of dismissal, and only complete years (12 calendar months) count. In any instance where an employee was in a higher age group for just part of a year, that year will count towards service in the age group immediately below. Reckonable service is restricted to the last 20 years before redundancy, and earnings above a specified limit are not taken into account. Currently the limit on a week's pay is **£643** as of 6th April 2023. Prior to the 6th April 2023 the limit was £571.

(In Northern Ireland the limit on a week's pay is £669 as of 6th April 2023, up from £594).

Redundancy payments up to £30,000 are not subject to tax or National Insurance deductions. For any sum over that amount, advice should be sought from the local tax office. Employees with two years' or more continuous service who are given notice that they are to be made redundant are entitled, before the expiry of that notice, to reasonable time off with pay during working hours to look for new employment or make arrangements for training for future employment. The employer is required to pay up to two days' wages. Where the time taken is more than two days, regardless of the length of time allowed, this is two days pay only.

If an employer's business becomes insolvent, a form can be obtained from the liquidator or receiver appointed to manage the assets of the business. Once the form is completed, it will enable a claim to be made to the Secretary of State for payment from the Redundancy Fund.

More detailed information is available in Section 6 of the JIB Handbook and further advice may be sought from the JIB Industrial Relations Department, The Electrical Contractors' Association Employee Relations Department, Unite the Union, or the Department for Business Innovation and Skills.

The JIB National Working Rules make no provision for lay-off ie the temporary suspension of employees at a lower rate of pay or with no pay because of shortage of work. Lay-off is therefore only permissible in accordance with Section 7 (Item 2 Lay-off) of the JIB Handbook on occasions where industrial action by other trades prevents work being carried out by electrical contractors.

*The Redundancy Payments Act 1965; The Employment Rights Act 1996; Handling Redundancies (Part IV Employment Protection Act 1975) as amended by the Trade Union Reform and Employment Rights Act 1993; Trade Union Labour Relations (Consolidation) Act 1992; and The Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 1995 and 1999.

*In Northern Ireland The Contracts of Employment and Redundancy Payments Act (Northern Ireland) 1965 as amended by The Industrial Relations (Northern Ireland) Order, 1976.