



BRITISH
WOODWORKING
FEDERATION

Guidance on Redundancy

The Purpose of this Guide

Whilst we are doing everything we can to help members navigate the financial challenges the woodworking and joinery manufacturing industry are facing, including a reduction in consumer spending, uncertainty in the housing market and the cancellation of some contracts, it is likely that some members will need to consider the structure of their business.

Unfortunately, this may mean that some of our members will have no choice but to make redundancies to ensure that their business is in the strongest position to survive.

Redundancy is never a pleasant topic, and it is certainly one that requires careful consideration and expert guidance. We know members are already starting to seek advice from the BWF on where they stand, so we have put together a checklist of six key things you'll need to think about before embarking upon a redundancy process.

Our Aims

- To help members navigate the complexity of making redundancy decisions
- To ensure the staff feel the process has been fair and transparent
- To give some generic **guidance** to members to help with the redundancy process
- To provide some helpful **tips** and **suggestions** based on advice from HR experts when making redundancy decisions
- To offer a **simple checklist** for members to help structure thier redundancy programme if they have to embark upon the process

1. Do you have a clear business case for making staff redundant?

It is really important at the start of the process to ensure you have **clearly set out the reasons why you're proposing to make these changes** – this makes sure that employees fully understand the challenges that the business faces.

A clear case for redundancy will help if your redundancy process is scrutinised further down the line.

It is also useful in keeping your **process on track** as a reminder that although these measures are difficult and unwelcome, they may be unavoidable unless an alternative solution can be found.

2. Make sure you are familiar with your Employment Terms & Conditions and the projected cost to the company

As part of your preparation for making redundancies and looking at the business case, it is advisable to check on your current **Employment Terms and Conditions** in relation to your own **Policies and Procedures**.

This will ensure you are aware of your obligations as an employer, such as **notice periods** and any additional **redundancy payments** if they are included in your policies.

Finally, make sure you know how much it may **cost the business** to implement a redundancy programme. HMRC have a Redundancy Cost Calculator to help calculate each individuals redundancy pay - <https://www.gov.uk/calculate-your-redundancy-pay>



Statutory Redundancy Pay(SRP) is based on age, weekly pay and number of years in the job (**capped at 20 years**).

it is important to know that an individual will only qualify for **SRP** if they have worked for the company for atleast **2 years**.

3. Have you considered how many roles will be affected?

If you're planning to make 20 or more employees at one establishment redundant within a 90-day period, statutory rules on consultation will apply. These include minimum periods of consultation:

30 days for 20 or more employees;

45 days if the number of redundancies is 100 +.

If you're making less than 20 redundancies, the collective consultation rules will not apply which means that you do not have a minimum consultation period to follow but you must still consult, and that consultation must be full and meaningful.



Complete an HR1 form notifying the Department for Business, Energy & Industrial Strategy of the redundancies to avoid a potentially unlimited fine.

It's important to remember that for the purposes of these government rules, redundancy is not limited to people actually leaving your business, but will also include people subject to changes to their terms and conditions and people you plan on moving to alternative roles following a restructure or redundancy exercise.

It's essential to comply with the rules regarding collective consultation as a failure to do so can result in each affected employee being granted a protective award of up to 90 days' pay.

(BWF_Redundancy_January2025)

4. Have you got a plan for consulting with your employees?

If an Employment Tribunal can see that redundancies have arisen from a genuine business need, they will not try to substitute your decisions with their view on how you should run your business.

Instead, they will focus their attention on whether you have followed a fair process in implementing the changes.

Having a clear plan will be the foundation for consulting with your employees on the proposals before reaching any decisions.

Share the plan with employees and keep it simple to understand.



Throughout this time it must be clear that the redundancies are **simply proposed** and **no final decision will be made until after consultation has ended** (otherwise you risk the process being viewed as unfair because the consultation was a sham).

5. Have you got a fair and reasonable plan for selecting who to choose?

The selection process should be fair, especially if you are losing roles from a larger group carrying out the same or very similar job function.

Make sure you plan for selecting who to choose and ideally the selection should be based on the following three criteria:

1. **Objective** – for some roles this is easier than others. If there's no alternative but to include some subjective criteria, try to ensure that it is backed up with some evidence which can be referenced to justify scoring (for example, previous appraisals).
2. **Aligned to the needs of the business** – think back to your business case in point 1. Can you show that you've selected criteria which is consistent with what you have set out in your business case?
3. **Non-discriminatory** – for example, if absence levels are included, ensure that this does not discriminate against any employees who, for example, have disabilities that have caused higher levels of absence. The proposed selection criteria should be put to the employees for comment before scoring as part of the consultation process.



Methods you could choose for selection:

- Shortest length of service
- Ask for volunteers
- Recent disciplinary records and any performance issues previously raised
- Skills, qualifications and experience

6. Make employees aware of alternative vacancies?

It's very important to keep employees **informed** of any **alternative roles** which may be available within the business (or in any associated company).

It's best practice to provide information on **all** vacancies rather than withholding information on some because you believe they would not be suitable for the employee.

Employees offered an alternative role have a legal right to a **4- week trial period**. You can agree a longer trial period with the employee if some element of retraining is required, as long as this is agreed in advance of starting the role and the agreement is clear as to when the trial period will end.



Where an employer offers a redundant employee what they consider to be a suitable alternative employment within the business and the employee unreasonably refuses to accept this, **they can lose their entitlement to redundancy payment**.

Summary - 6 Step to Redundancy

1. Have a clear business case for making someone or many redundant.
2. Make sure you are familiar with your own company's Employment Terms and Conditions
3. Consider how many roles will be affected – as this will define the length of the consultation period.
4. Have a clear plan for consulting with your employees and communicate this effectively.
5. Make sure you have a fair and reasonable selection process and a plan to follow.
6. Make employees aware of alternative vacancies in your organisation and offer the opportunity to apply.

Additional Resources

We have a number of additional resources available in the Member Section – Employment Support of the BWF website:

<https://www.bwf.org.uk/publications/employment-support/>

HMRC has a Redundancy Calculator <https://www.gov.uk/calculate-your-redundancy-pay>

Disclaimer:

Please note that it is down to the individual company to refer to their own Employment Terms and Conditions for any specific company requirements.

This document is intended as guidance only, which may or not apply in individual workplaces.