

# REDUNDANCY GUIDE

A legal and business approach to redundancy



Redundancy is never simply a legal process. Instead it is a decision that has the potential to reshape the future of a business, its people, and even the community in which the business operates.

Here in the South West, the pressures faced by businesses are often peculiar to the region and its dynamics. Seasonal fluctuations, rising operating costs, supply-chain disruption, recruitment challenges, and rapidly evolving customer demands mean that South West businesses are often navigating change in ways and cycles that differ from the rest of the UK.

In this environment, getting redundancy right isn't just about compliance. It's about positioning your business for long-term sustainability, supporting employee wellbeing and, critically, protecting your organisation's reputation.

Whether you are restructuring to remain competitive, consolidating sites across counties, adapting to new technology or competition, or responding to financial constraints, the way you plan and manage redundancies will determine whether you can move forward effectively.

The consequences of mismanaged redundancy can be catastrophic, both financially and reputationally. For this reason, accessing expert legal advice should be an essential part of your approach.





## MANAGING REDUNDANCY EFFECTIVELY

This guide is designed to give you, an employer in the South West, a clear, practical roadmap through every stage of a redundancy process. It sets out your legal obligations, highlights regional considerations, and offers best-practice advice to help you carry out redundancies fairly, sensitively, and confidently.

Whatever kind of business you run, from an SME taking its first steps into formal restructuring to a larger regional employer managing collective consultation, this guide offers practical guidance on key legal and procedural areas, including:

- Understanding redundancy law, when redundancy applies and what counts as fair.
- Carrying out a fair process, including consultation, pooling and selection.
- Legal entitlements, redundancy pay, notice periods and avoiding unfair dismissal.
- Communicating with employees and managing messaging at every stage.
- Avoiding common pitfalls, including procedural errors and discrimination risks.
- Exploring alternatives, such as redeployment, reduced hours or voluntary exits.

## A MODEL APPROACH TO REDUNDANCY

### 1. UNDERSTAND WHAT COUNTS AS REDUNDANCY – AND WHAT DOES NOT

In employment law, redundancy has a very particular meaning. It is not a means of 'letting go' staff who, for whatever reason, do not fit or who are deemed to be underperforming. Genuine redundancy typically happens when:

- The business closes (temporarily or permanently)
- The workplace – a site or outlet – closes or relocates
- The employer needs fewer employees to do certain work
- Technology or restructuring changes the nature of work required

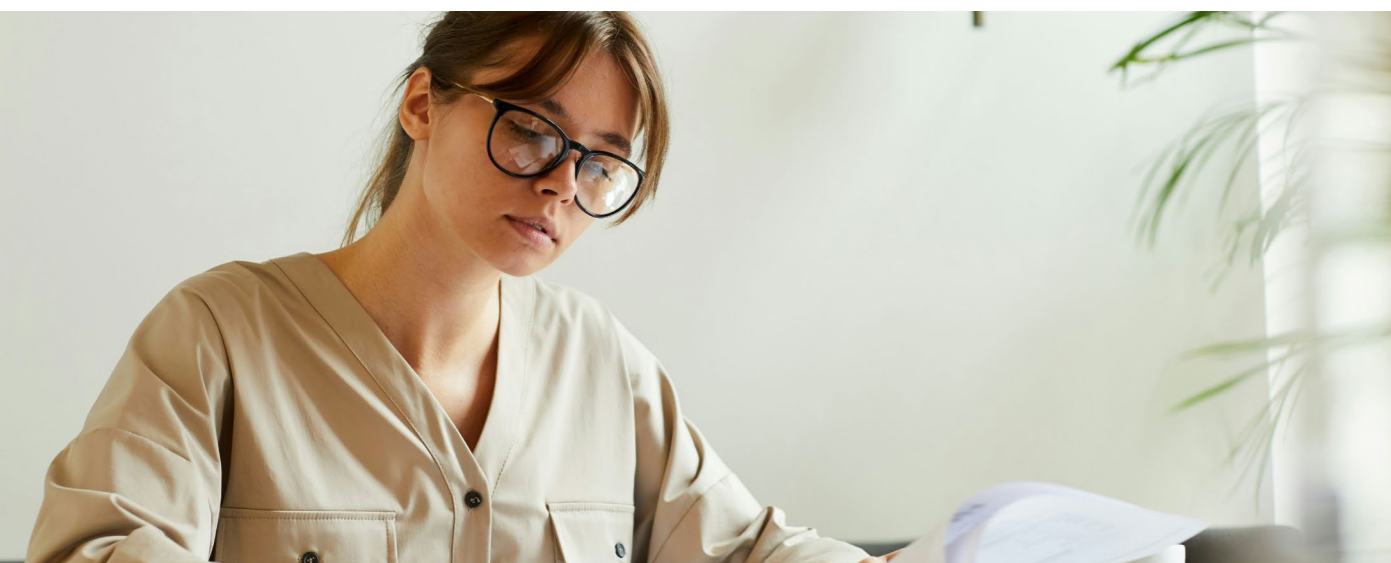
Any employee who has worked for you for two years or more has the right to make a claim for unfair dismissal if the correct process is not followed (this is due to change in October 2026).

In some cases, such as whistleblowing or pregnancy, they may do so even if they have been with you for less than two years.

Getting legal advice at this initial stage will give you the best chance of avoiding disputes and claims further down the line.

It is essential to understand that individual or group poor performance or misconduct does not count as grounds for redundancy and that treating it as such may result in costly and damaging legal challenge.





## 2. OUTLINE THE BUSINESS RATIONALE

Redundancy is a big step and will inevitably lead to some disruption and discontent, both among staff and, potentially, customers and suppliers. So, it should be approached only after careful consideration. Redundancy should be the last option.

The key to an effective and successful redundancy process is planning. Before doing anything, you should:

**Assess the business case** – why is redundancy under consideration?

- Financial pressures (e.g. post-tourism season downturn, loss of contracts, cost inflation)
- Organisational restructure (e.g. merging sites across counties)
- Efficiency or technology changes
- Demand reductions (common in agriculture, hospitality, and visitor-based businesses)

**Consider alternatives** – review the actions you could take to avoid redundancy and assess their likely impact:

- Reduced hours
- Redeployment
- Recruitment freezes
- Temporary layoffs
- Voluntary redundancy – see Step 2 Consultation below
- Retraining or upskilling

It is important to document your reasoning in addressing each of these points – this will be valuable in any future challenge to your plans.



## 3. FOLLOW A FAIR REDUNDANCY PROCESS

It is essential that your redundancy process is fair at every stage – and that you can demonstrate this if challenged. Failure to do so not only risks the effectiveness of your plan but may lead to lasting reputational damage and further erosion of employee morale.

### STEP 1: IDENTIFY THE 'AT RISK' GROUP

Define the pool of employees doing similar work, for example 'all customer service staff across Devon sites', or 'all warehouse operatives in Bristol', and ensure this maps back to your business rationale for considering redundancy.

The number of positions you are seeking to make redundant will depend on the size of the business and the reasons for starting the redundancy process. It can be fair, in some circumstances, to select just one person where that person is in a standalone role, but you should seek advice on this. If your business employs several people to perform the same or similar roles, you should include all of these individuals in the pool of people at risk of redundancy. Similarly, make sure that you include anyone in a parallel role in a different team or location.

If you are making more than 20 employees redundant within a 90-day period, you will need to follow a collective redundancy process. Your lawyer can advise you on the additional requirements, which include the need to notify the Secretary of State and for representatives, often from a trade union, to be involved. For redundancies of more than 100 positions there are further legal requirements.

It is important to note that an obligation to collectively consult does not remove the requirement to individually consult outlined below.

When considering redundancy, from a business and legal perspective it is helpful to think in terms of 'positions' rather than 'people' – you are making 'positions' redundant rather than individual 'people'. However, in consultations and communications, it is equally important that you present a human face and recognise the impact redundancy will have on individual people.

**STEP 2: CONSULT WITH YOUR EMPLOYEES**

There are two types of consultation:

- Individual consultation required for all redundancy situations, regardless of numbers
- Collective consultation – required for 20+ redundancies
  - 20–99 employees in 90 days – consult for 30 days
  - 100+ employees – consult for 45 days

You are legally required to begin internal consultations as soon as possible and before decisions are finalised. This is likely to involve a meeting(s) with all those who are at risk of redundancy and should be meaningful, covering:

- Reasons for redundancy – explain the business rationale for redundancy
- Alternatives – outline the alternatives you are looking at or have looked at. In some instances, employees may suggest/offer voluntary redundancy that will resolve/help to resolve the issue.
- Selection criteria (see below)
- Redeployment – you must search for alternative 'suitable roles' for individuals across sites/locations or within other companies within the group. Employees on maternity leave should be given priority for redeployment. It is important to take legal advice on what constitutes a 'suitable role' – this is generally assessed from the employee's perspective.
- Support options – assistance for employees looking for an alternative job
- Timeframes – outline the proposed roadmap for redundancy highlighting key dates such as the end of the consultation period

**STEP 3: USE FAIR SELECTION CRITERIA**

Once you have established your pool for potential redundancy, you should decide on the criteria that will produce a final list. Common fair criteria include:

- Skills and qualifications
- Performance (based on evidence)
- Disciplinary record
- Attendance (excluding disability-related or pregnancy-related absences)

Under the Equality Act 2020, it is illegal to select staff for redundancy based on protected characteristics such as age, gender, disability, part-time status, maternity leave, etc. That does not, however, mean that employees with these protected characteristics should be excluded from the pool of potential redundancies.

Employers can easily find themselves at risk of claims for indirect discrimination if they fail to follow these rules, so it is vital to get specialist legal advice to ensure your selection criteria are appropriate.

**STEP 4: CONFIRM REDUNDANCY**

Once all options have been explored, redeployments agreed you must confirm the redundancies individually. This includes providing:

- A final consultation meeting
- A written outcome letter
- Notice period details (see below)
- Redundancy payment information (see below)

**4. REDUNDANCY PAY AND NOTICE REQUIREMENTS**

It is essential that your redundancy process is fair at every stage – and that you can demonstrate this if challenged. Failure to do so not only risks the effectiveness of your plan but may lead to lasting reputational damage and further erosion of employee morale.

**STATUTORY REDUNDANCY PAY (IF 2+ YEARS' SERVICE)**

Employees with more than two years' service are entitled to statutory redundancy pay based on:

- Age
- Length of service (capped at 20 years)
- Weekly pay (statutory cap applies)

If an individual has been offered and declined the opportunity to take an alternative 'suitable role', they may not be eligible for a statutory redundancy payment, though you may decide to offer it anyway.

Statutory redundancy pay is a legal minimum – you may offer more favourable settlement at your discretion.

**NOTICE PERIODS**

Employees are entitled to paid notice periods based on length of service, regardless of whether you require/expect them to work this time. The statutory minimums are:

- 1 week: 1–2 years' service
- 1 week per year: 2–12 years' service
- 12 weeks: 12+ years' service

Employers may offer payment in lieu of notice (PILON).

Notice periods may be higher depending on the contractual terms in their employment contract.



## 5. SUPPORT FOR EMPLOYEES

Redundancies generally, and especially in the South West, can have a profound impact on families and local communities. Wherever possible, employers should follow best practice in providing support for employees facing redundancy, including:

- Free CV and job-search workshops
- Access to local employment support (e.g., DWP, Growth Hubs, LEPs)
- Mental-health support or counselling
- Time off to attend interviews (statutory for employees under notice)

## 6. SPECIAL CONSIDERATIONS FOR THE SOUTH

### SEASONAL INDUSTRIES (TOURISM, HOSPITALITY, AGRICULTURE)

Redundancies should not be used to terminate employees before seasonal rehiring. This can lead to damaging claims of unfair dismissal.

### RURAL WORKFORCE

Redeployment obligations still apply even where travel is difficult. Document why roles in other counties may not be "suitable".

### MULTIPLE SITES ACROSS COUNTIES

Employers should clarify "place of work" clauses in contracts, especially for Devon/Cornwall split sites or Bristol/Gloucestershire cross-boundary operations.

### UNIONISED WORKPLACES

Trades union membership is common in the region's manufacturing, aerospace, and public services sectors. Ensure that you engage union representatives early and provide clear communication throughout the process to minimise the risk of costly industrial action.



## REDUNDANCY DOCUMENTATION CHECKLIST

To minimise the risk of legal counter claims, industrial action and negative publicity, you should maintain detailed records at every stage of the redundancy process. This includes:

- Business rationale for redundancy
- Risk assessment of affected roles
- Consultation minutes
- Selection scoring sheets
- Redeployment search log
- Outcome letters
- Payment calculations

This will help protect against Employment Tribunal claims from employees who feel that they have been unfairly dismissed.



## COODES BUSINESS SERVICES TEAM

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