Which steps do I follow when I have a Redundancy?

|  |  |
| --- | --- |
| **Steps** | **Supporting material** |
| **PLAN** |  |
| Understand the business and the context for the planned redundancy   * Research the company * Discussion with client |  |
| Go through Employee Metrics Redundancy Questions with the client. | Employee Metrics Redundancy Questions |
| Assist client to prepare the Business Case for restructure - how will the new structure support the business strategy. |  |
| Determine whether this is a genuine redundancy situation and there are no other options for the role/roles i.e.   * The employer decides that it no longer wishes the role that the employee holds to be performed by anyone * This is not due to ordinary turnover of labour * The decision means the employee is no longer employed by the organisation * The termination is not due to any performance issues * Substantial reduction in duties, responsibilities or reporting lines * Change in the location of the position * Sale or transfer of the business * Significant financial pressure on a business to reduce costs | Fair Work Redundancy guidelines |
| Develop a proposal which includes:   * Reasons for restructure * Timeframe * Before and after organization charts showing new reporting lines, if applicable * Job descriptions for new and changed positions * Names, titles of employees to be affected by changes i.e. changes to role, elimination of role, physical relocation, or reduction in time * Redeployment options for affected employees * Order of potential retrenchments * Notices to go to unions * A communication plan   + Identify the different groups who will need communication and the different messages/information they will need   + Determine series of review and update meetings with management   + Determine schedule of informational meetings with employees   + Set up individual meetings with affected employees   + Plan communications outside department to announce restructure | Communication and Consultation Pack |
| Decide on the approach for identifying roles that are redundant eg. seek voluntary applications for redundancy or nominate individuals to be made redundant |  |
| Decide on the selection process if a reduction of employee numbers is necessary eg. a Spill and Fill.  A Spill and Fill is a process undertaken when economic or other operational circumstances require a reduction in employee numbers. This method involves declaring all the affected positions vacant and requiring all the affected employees to reapply for the positions which remain available.  Steps:   * Determine skills needed for each position * Compare current skills with what is needed * Determine training needs and resources |  |
| Consider whether you wish to offer an Outplacement Service |  |
| Ensure that you understand your consultation requirements, verify this in the Modern Award, Enterprise Agreement, Employment Contract |  |
| Check that there are no other associated companies involved as this may affect your headcount and therefore your need to consult, it may also determine whether or not you need to consider redeployment options within the associate companies |  |
| Check all the redundancy provisions that may apply to the employees concerned e.g. notice period, severance pay, verify this with [Fair Work](https://www.fairwork.gov.au/ending-employment/redundancy/redundancy-pay-and-entitlements#) in the Modern Award, Enterprise Agreement, Employment Contract.  This would include annual leave and Long Service Leave for applicable employees (relevant in your State)  Some small businesses (defined as fewer than 15 employees) don’t have to pay redundancy pay when making an employee redundant (unless specified under an Award with industry coverage redundancy requirements). You need to verify this with the relevant Modern Award if applicable. |  |
| Prepare all the documentation for each individual employee i.e. individual letters, calculation of monetary entitlements, other procedural issues | Redundancy Pack |
| Ensure that you plan which stakeholders you will communicate with and when | Communication and Consultation Pack |
| If there are multiple employees to be made redundant, consult with them in a group situation and then individually as appropriate | Communication and Consultation Pack |
| **COMMUNICATION / CONSULTATION** |  |
| Initial meeting with affected individual(s):   * Invite each individual employee to a 1-2-1 consultation meeting * Offer each individual employee access to a support person, if they would like to have one present * Meet with each individual employee to advise them that their role is at risk of redundancy * The employer needs to let them know they are considering whether there are redeployment opportunities for the employee and ask whether the individual has any thoughts around this. Even if it is highly unlikely, this is an important step in following due process * At this point the employer should share with their employees an indicative redundancy package in the event the redundancy progresses * In the event that the employee confirms they see no other alternative roles, the employer might be able to finalise the redundancy discussion in the one meeting. If not, they can arrange to meet the next day to consider the employee’s suggestions. If any roles are considered viable, the employer might look to transfer them to another role, otherwise the redundancy can be finalised. * Facilitate communication by remaining open to suggestions and concerns. | Redundancy Pack ( Scripts) |
| Give employee Role at Risk of Redundancy letter with indicative redundancy package.  This letter should be given the day following the initial meeting. | Redundancy Pack (Template letter) |
| Second meeting:   * Meet with employees to consider the employee’s suggestions. If any roles are considered viable, the employer might look to transfer them to another role, otherwise the redundancy can be finalised. |  |
| Give employee Confirmation of Redundancy letter with indicative redundancy package.  This letter should be given the day following the second meeting. | Redundancy Pack (Template letter and Benefit statement) |
| Have someone available to answer any questions the affected employee may have |  |
| Consider conducting an exit interview, if appropriate |  |
| On the employee’s last day, meet with them individually |  |
| Redundancy payouts must be paid on or before the next regular payday. |  |
| Notify other relevant parties, such as superannuation fund, workers compensation and other insurers, Centrelink ((if >15 employees being retrenched at one time, Centrelink has to be notified) |  |
| Arrangements made for all company property to be returned before the final day eg. keys, access pass |  |
| Arrangements made for system access to be deleted as well as any reference to the employee on phone lists or websites |  |