

The top 4 most common
**redundancy
mistakes**



and how to
avoid them

1.

Making someone redundant instead of firing them

It's worth making one thing clear, straight off the bat – for a redundancy to be genuine, you'll need to be able to demonstrate that the employee's job no longer exists or is no longer needed.

There is an important difference between these two concepts:

- **Termination** (when you fire someone for performance or misconduct reasons. Usually someone else is hired into their position to complete the tasks they were doing)
- **Redundancy** (when a role is no longer needed at a company).

Confusing the two can lead to serious legal issues, so you need to tread carefully in these areas.

You can only make team members redundant in a limited number of circumstances, which depend on:

- The reasons behind your decision
- Whether the role you're making redundant fulfils (or not) your business needs
- Your plans for hiring or moving people across the business

2.

Making redundancies instead of trying to avoid them

Before you get as far as making someone redundant, there are all sorts of measures you need to consider to see if they can be avoided. If saving money is the objective, then there are all kinds of ways of cutting costs that don't extend to letting people go. Cheaper office space, withdrawing perks and benefits or Learning and Development budgets are all valid options.

There are also methods of cutting staffing costs that don't go as far as making full-on redundancies. That could mean:

- Reducing your use of freelancers or casual labour
- Slowing down recruitment in other areas of the business
- Reducing or eliminating overtime
- Moving the employees whose jobs no longer exist into other areas of the business
- Short-time working (when an employee works reduced hours)
- Offer some employees early retirement (with incentives to encourage them to take the offer)



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3.

Forgetting about non-compulsory redundancy (or voluntary redundancy)

Non-compulsory redundancy is where you ask your employees if they'd like to volunteer for redundancy.

For some people, at certain stages of their life, voluntary redundancy might be an attractive option. They could be contemplating a career change, for example. In any case, giving people who are open to redundancy the chance to take it helps you protect the team members who are depending on these jobs more.

So perhaps think about including it as an option – bear in mind, however, that this usually applies to large waves of redundancies and that there usually is an incentive (such as a large package) to choose to be made redundant.

4.

Hiring new employees straight after redundancy

There are no hard and fast rules around how long you should wait after making redundancies before you hire someone else. It's a slightly murky area, and for that reason, it's worth thinking carefully before you hire anyone again.

The needs of startups and small businesses are ever-changing, so while there's no specific law that prohibits you from rehiring after a redundancy, you could get in trouble if you are misusing the redundancy process to get rid of someone and hire someone else.

The redundancy process is designed to allow businesses to let people go when there is no longer a business requirement for the role – if the redundancy happens for any other reason, it is not a genuine redundancy and the employee could take you to court for wrongful dismissal.

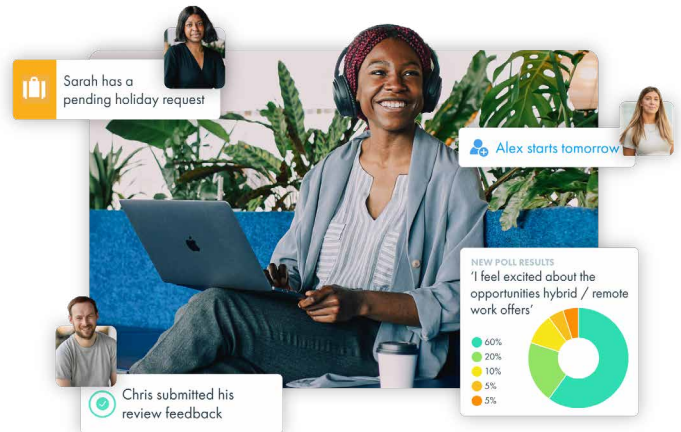
That's why you should carefully look at new roles you want to hire for on a case-by-case basis, and flag if any of them may breach the redundancy regulations. Perhaps bring someone in from the outside for advice.

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