

# What is Redundancy

## Definition of redundancy

### Entitlement to a redundancy payment

Redundancy has a very precise meaning, narrower in this context than in the context of consultation. For the purposes of entitlement to a redundancy payment, an employee is dismissed by reason of redundancy if the reason for dismissal is:

References: ERA 1996, s 139(1)

- o the employer ceases carrying on the business in which the employee worked
- o the employer ceases carrying on the business in the place in which the employee worked, or
- o the business needed fewer people carrying out work of the kind which the employee performed

This is a question of fact for the tribunal; and attempts to define it more precisely have been resisted. For example, it is not relevant that an employee could be deployed elsewhere in the business under the terms of his contract.

### Work of a particular kind

A business may need the same work to be done, just by different employees at different levels, or on different shifts, or with more general skills, or with more specialised skills. In this situation its requirement for employees to carry out the particular kind of work has changed -- but not ceased or diminished. In these situations, the situation is one of reorganisation but not redundancy. However, there may be a very fine distinction between these situations and a situation where it is a genuinely different kind of work which is now required by an employer, and which would give rise to a redundancy situation.

Sometimes, work of a particular kind may be carried out in many businesses carried on by the same employer. If there is no redundancy situation in the business the employee worked in, there may be one in the wider group.

### Place of work

If there is an issue about the place where the employee worked, this means the place where he worked as a matter of fact, not the places where he could have been asked to work under his contract of employment.

References: ERA 1996, s 139(2)

### Duty to inform and consult -- collective redundancies

Where 20 or more employees are being dismissed as redundant at one establishment in any 90 day period, the employer must consult with representatives of the employees concerned.

References: TULR(C)A 1992, s 188(1)

In this context alone, 'dismiss as redundant' has a much wider meaning than in the context of entitlement to a redundancy payment (see above): it means **a dismissal for any reason or reasons not related to the individual concerned.**

References: TULR(C)A 1992, s 195(1)