

Example Redundancy Policy for a Privatized Railway

[This document is a redundancy policy statement of a privatized freight rail operator.]

Policy for Handling Salaried Staff Redundancies (1998)

1. Scope

This policy applies to all clerical, technical and railway supervisory grades employed by English, Welsh and Scottish Railways. It supersedes all previous contractual arrangements and agreements for the handling of salaried staff redundancies.

This policy is not intended to alter protected staff travel benefits provided to displaced staff under the Railway Staff Travel Ltd arrangements.

2. Policy

It is the policy of the company by careful forward planning to ensure as much security of employment as is reasonably possible for its employees.

However, it is accepted that there will be occasions when redundancies may arise, for example, as a result of a reduction in business; from changes in technology; from reorganisation or changes in work methods; or where it is necessary to relocate business operations.

In the event of a surplus arising every effort will be made to enable staff to find alternative employment. Where a reduction in the workforce is inevitable the company will handle the redundancy in a fair and consistent manner and will seek to minimise any hardship suffered by the staff concerned.

The company undertakes to consult with the appropriate trade union staff representatives at the earliest opportunity with a view to seeking agreement on ways of avoiding redundancies or reducing the surplus and mitigating consequences of redundancy where they are unavoidable.

The following information will be given during consultation:

- the reason for the redundancy
- the numbers affected by the redundancy
- the total number of staff employed
- the method of carrying out the redundancy including the period over which it will take place; and
- the agreed criteria for the selection of staff for redundancy.

The company will commit to make every effort to avoid and minimise redundancy and to seek alternative employment for displaced employees.

Employees affected by redundancy may be offered suitable alternative employment throughout the company which may require relocation and retraining. Where suitable alternative employment cannot be offered and other measures to avoid redundancy are unsuccessful, employees affected will be declared redundant in accordance with the provisions of employment legislation.

Redundancy payment will be based on the EWS standard redundancy terms. (However, this will not preclude special enhanced redundancy arrangements being offered to meet the

particular needs of the business. Staff representatives will be advised when such special arrangements are being offered).

3. Redundancy Arrangements

Where a reduction in the number of salaried staff is necessary to meet the revised business requirements, the following arrangements will apply.

- 3.1 Staff in the activity affected by the reduced workload will be informed of the reductions necessary and advised of vacant posts elsewhere within the company.
- 3.2 All displaced staff will be eligible to apply for consideration for vacant posts within the company. In accordance with the company's desire to mitigate the effects of redundancy, recruiting managers will give proper consideration to applications from displaced staff in filling vacant posts. Displaced staff who are otherwise suitable will not be turned down for a vacancy purely on the basis that he or she will require training. Feedback will be provided to unsuccessful candidates on request.
- 3.3 Where displaced staff do not submit applications for "suitable" vacancies they may nevertheless be offered these posts. Refusal to accept a "suitable" alternative job may result in the employee being dismissed without redundancy pay.

Voluntary Redundancy

- 3.4 The company will seek, where possible, to achieve redundancies through volunteers. With this objective in mind where it is established that there are insufficient or no suitable vacancies, volunteers will be sought for redundancy from amongst the staff directly affected by the redundancy. In the event that there are insufficient volunteers for redundancy from the staff affected, volunteers may be sought from other staff within the company.

If there are more volunteers within the activity affected than are required, selection for redundancy will be determined with regard to retaining a balanced workforce with the requisite skills to meet the future business needs. Selection from amongst the voluntary redundancy applicants will be decided by the departmental/functional manager against the criteria consulted with the staff representatives.

Where there are insufficient volunteers for redundancy from amongst the staff directly affected, volunteers from other areas may be released providing this results in the subsequent appointment of a displaced member of staff. Volunteers will be advised in writing that they have been accepted for voluntary redundancy and of their leaving date.

- 3.5 Where there are insufficient volunteers for redundancy and the company considers that there is little prospect of suitable alternative work being found, salaried staff in the area affected will be placed under notice of redundancy.

Staff will be selected for redundancy on the basis of the criteria consulted with the staff representatives. Staff made redundant will receive the benefits of the severance arrangements in place at the time. Statutory notice arrangements will apply.

- 3.6 The date of redundancy will be determined by the company, with regard to operational requirements and in consultation with staff representatives.

4. Alternative Employment

- 4.1 Employees transferred to a job with a lower rate of pay.

When a member of staff accepts alternative employment in a job which is at a lower a rate of pay as an alternative to redundancy they will retain their base rate (which for staff on restructured salaries will be established at the time of consolidation) of pay for six months. At the end of the six-month period, the employee will be given the option of accepting the rate of pay for the post or leaving the company under redundancy. The existing pension arrangements will continue to apply to staff transferred to a position with a lower rate of pay.

4.2 Retraining and Redeployment

It is company policy to offer, wherever possible, opportunities to train for a job requiring different skills where this will assist in avoiding a potential redundancy situation. An individual who is otherwise suitable will not be turned down for a vacancy purely because he or she will require training.

5. Company Support for Displaced Staff

5.1 The company will provide staff who are under notice of redundancy reasonable time off with pay to seek alternative employment. Consideration will be given to all applications for time off to seek alternative employment in accordance with statutory entitlements and subject to the operational needs of the business. To ensure that this policy is consistently applied, the following procedure will be followed:

- (a) time off must be agreed in advance by the relevant local manager
- (b) at least 48 hours notice must be given, wherever practicable; and
- (c) supporting evidence will be provided of the interview or appointment.

5.2 The company will provide redundancy counselling for displaced staff. Such counselling will include:

- the identification of alternative employment (if any) within the company;
- the company will advise displaced employees regarding redundancy and pension entitlement. In addition, the company will make arrangements to provide guidance in other areas such as investment opportunities, tax, mortgages, state benefit and domestic budgeting; and
- the company will provide additional assistance with CVs and interview techniques, and advice on training opportunities and details of unemployment or social security benefits.

EWS Standard Redundancy Policy for Salaried Staff

EWS will apply a standard redundancy calculator for all staff leaving the company due to redundancy. The standard redundancy arrangements contained in this document will be implemented on 1 April 1998 or on the date of restructuring for staff whose salaries are restructured before that date. Provisions contained in the standard salaried staff's terms and conditions to pay SERPS will fall on the implementation of this policy. This will not preclude the use of special enhanced redundancy arrangements from time to time to meet the particular needs of the business. The representatives of staff affected by the redundancy will be advised when special arrangements apply.

This policy outlines the standard redundancy pay arrangements.

Redundancy Pay Calculations

EWS will apply standard calculator for determining redundancy pay based on length of service, the age band within which service falls, and the basic earnings of the member of staff affected. The annual salary used to determine redundancy pay will be that applicable at the date the member of staff leaves the company's employment. The matrix used to determine redundancy pay entitlement will be based on the formula of twice the statutory redundancy pay matrix without the application of

the upper salary limit. Basic 37-hour earnings (including the appropriate geographical allowances) will be applied to establish an individual's redundancy severance payment entitlement.

The matrix is configured as follows:

- one week's pay for each complete year of service between age 16-21;
- two week's pay for each complete year of service between age 22-40;
- three week's pay for each year of service between age 41-65;
- the last 20 years' service only will be counted for redundancy pay purposes; and
- redundancy pay will be limited to those staff approaching retirement, to basic earnings to be earned in the remaining period of employment.

Using the Matrix

To establish redundancy pay entitlement an individual will refer to the matrix, using current age and length of service (only taking into account the last 20 years of service), to determine the number of weeks' severance pay. This figure will then be multiplied by basic weekly earnings to provide the individual's redundancy pay.

Basic weekly earnings, which will include for standard redundancy purposes any entitlements to geographical allowances, will be established by dividing the 37 hour week basic annual salary by 52.

Example

For example an employee aged 50 with 16 years' service and a salary of £20,000 per annum will be entitled to 41 week's severance pay.

Weekly pay will be determined by dividing £20,000 by 52 which provides a weekly salary of £384.62. The weekly salary is then multiplied by 41 to provide the severance payment, ie $41 \times £384.62 = £15,769.42$.

Notice Entitlement

The company will seek to provide as much notice as is practicable of an impending redundancy. In the event that redundancy is unavoidable contractual notice will be provided. Leaving dates will be determined by operational requirements and, at the discretion of the company, staff may be released with pay in lieu of notice.

Counselling and Support

The company will provide counselling and support services for redundant staff which will aim to assist them with finding new employment and in managing their financial affairs. The assistance will be tailored to meet individual circumstances and may include preparation for retirement, setting up a business or seeking alternative employment.

NB: Gross basic salary will be defined for the purpose of this document as basic pay plus geographical allowances. Where restructured salaries are implemented "basic pay" will be identified.

Source: English, Welsh and Scottish Railways: