

FactSheet: Drama Departments

Executive Summary

- Handling redundancies is not only a dramatic and traumatic “human” process for your people, it also requires careful technical planning to minimise legal risks.
- Fortunately, the number of redundancies planned is steadily declining across the UK.
- All possible alternatives to forced reductions must be considered in advance of going ahead with consultation.
- Consultation with staff is a legal requirement, though the formality and nature of such consultation varies according to circumstances.
- In addition to the technical/legal issues, you should give careful consideration to the “soft” side of the process.



0207 060 1646 (Tel)
0207 060 1647 (Fax)

Info@PinnaclePerformance.co.uk
www.PinnaclePerformance.co.uk

Restructuring - Painful. *Business Restructuring and Reorganisation*

Handling redundancies is a complex process involving all the elements of high drama. Emotions, conflicts between commercial vs moral pressures and the development of a “good guy vs bad guy” (employees vs management) culture are elevated by feelings which to some employees seems like a life-or-death situation. Redundancies affect self-esteem, shake family relationships, incite fear and, of course, threaten a staff member’s standard of living. In the workplace it can have a negative impact on morale, motivation and productivity.

The legal risks push the stakes higher. Penalties to your business can include Employment Tribunal awards for unfair dismissal, discrimination in the selection process, failure to consult staff appropriately or for unpaid redundancy entitlements. This is not to mention the embarrassment and damage to your organisation’s reputation as a result of potential bad publicity associated with such cases.

Fortunately, in an Autumn 2004 survey of 1,455 leaders by the Centre for Labour Market Studies at the University of Leicester and the Chartered Institute of Personnel and Development, business leaders in all regions and nations of the UK reported that the current level of planned redundancies is low. The labour market remains tight, however, and 17% of the employers surveyed do plan redundancies in 2005, mostly due to reorganisation of working practices but also to save costs.

If you are considering embarking on a redundancy programme, in the first instance, consider all possibilities to avoid forced reductions. This includes voluntary redundancies, a ban on recruitment, a ban on overtime, retraining staff, voluntary early retirement and ending fixed term contractors.

If the decision is taken that redundancies are unavoidable, careful planning should follow covering communications (including how to communicate with the “survivors”), elections for employee representation (if necessary), arrangements for helping staff to find alternative positions, notification of the Department of Trade and Industry (if necessary; it may not be in some circumstances) selection criteria and the settlement amounts themselves (unless something is already in place for your organisation).

So far in this Factsheet, we have talked about the technical issues of dealing with redundancies, but give due consideration to the “soft” sides of managing such a delicate situation as well. The following can lead to make/break in terms of maintaining employee morale during and after any staff leave your organisation.

- Notify the relevant parties, including the Government if required, well in advance.
- Ensure that communications are carefully planned for consistency and sensitivity. **Give training to givers of bad news so the reasons for decisions are understood and communicated clearly.**
- It is a legal requirement that you consult with employees (though the formality and length of time required to consult varies according to the circumstances). **Offer training to front line staff on seeking feedback, listening to and recording the views of potentially affected staff.**
- Offer counselling support to help redundant staff. **Third party counselling can work to the mutual advantage of staff and the business.**
- Plan for “survivor care” at an early stage. **While clearly the first priority is to ensure that the redundancy process is handled fairly and sensitively, think about how to deal with remaining employees whose morale and motivation may be negatively affected.**



This Factsheet is for guidance and should not be regarded as a complete or authoritative statement of the law. Readers should be alert to the possibility of developments in case law which may affect the provisions described. Pinnacle Performance Associates make no representation or warranties regarding the outcome or the use to which the information on this Factsheet is put and do not assume liability for any claims, losses or damages arising out of the use of this information.

© 2005 Pinnacle Performance Associates
Pinnacle Performance Limited, trading as Pinnacle Performance Associates
Registered Office Gladstone House, 77-79 High Street, Egham, Surrey TW20 9H
Company Registration 5326486