



Employers - Managing a Redundancy Programme in Ireland

Twitter, Stripe, and Meta / Facebook, some of the largest employers in the technology sector, have announced large-scale redundancies recently.

Redundancy is not something any employer wants to face. With uncertainty and many people worried about what this means for their future career prospects, it is important to get the right legal advice when contemplating a redundancy programme.

Employers employing Irish employees must understand their legal obligations under Irish employment legislation. We frequently work with employers to ensure a fair, transparent and legally compliant process.

So what are the key considerations you need to establish before getting started?



What is redundancy?

A redundancy occurs when an employee's position no longer exists and the employee is not replaced. Within Irish employment legislation, there is provision for different scenarios which constitute a redundancy situation. Where an employer decides to carry on its operations with fewer employees is an example of one scenario.

What is collective redundancy?

A collective redundancy occurs where multiple redundancies are affected within a 30-day consecutive period. The number of redundancies which must be affected to be considered a "collective redundancy" depends on the size of the workforce. The applicable thresholds are as follows:-

| Size of the workforce | No of redundancies for a collective redundancy |
|------------------------------|---|
| 21-49 | 5 or more |
| 50-99 | 10 or more |
| 100-299 | 10% or more |
| 300 or more | 30 or more |

What are the differences between a collective redundancy situation and an individual redundancy situation?

In a collective redundancy situation, there are additional obligations for employers to adhere to, which include:

1. Notifying the Minister of Enterprise Trade and Employment of the proposed collective redundancies 30 days prior to effecting any redundancies; and
2. Engaging in a consultation process with employee representatives. The minimum period of consultation is of 30 days. No employee can be made redundant during this consultation period.

What selection criteria can be applied?

Where a certain number of employees within a particular department (e.g. 10 employees within a department of 20) are being made redundant, the employer must apply objectively justifiable selection criteria to select the employees who will be made redundant. Examples of objectively justifiable selection criteria include adopting the approach of “last in, first out”, or selection criteria may be based on an employee’s qualifications.

How much notice should be given?

In a collective redundancy situation, no employee can be made redundant during the consultation period.

Once the consultation process has concluded and notice is issued, an employee who has at least two years’ service and is selected for redundancy must be given at least two weeks’ notice of the redundancy. Where an employee’s contractual notice is greater than two weeks, the employer must provide the employee with their contractual notice. An employer may pay an employee in lieu of their notice period. However, the employee must be permitted to work during two weeks of their notice period.

What is statutory redundancy?

Employees with over two years' service are entitled to a statutory redundancy payment which is calculated as two weeks' pay for every year of service (capped at a maximum of €600.00 per week) plus one additional week's pay.

Employers may decide to pay their employee's an ex gratia payment over the statutory requirements. It is good practice where employees are receiving an ex gratia payment that they be expected to sign a severance agreement in which they waive their right to take any future claims against their employer. Employees should obtain independent legal advice in advance of signing a severance agreement. Employers should get advice in drafting severance agreements to ensure that they are effective and enforceable.

Redundancy entitlements

Should you have to consider implementing a redundancy programme, our Employment team can advise you on the relevant compliance requirements to ensure it is managed legally.

Key considerations include:

- Entitlement to statutory redundancy
- The lawfulness of the redundancies
- Timeframes of employment contracts
- Any TUPE considerations
- Considerations around ex gratia payments.



How can we help?

We understand employers are anxious and keen to comply with employment legislation in this market but sometimes are unsure what that means for their particular structure with their teams here.

We regularly work with employers to ensure a fair and legally sound outcome.

With a deep understanding of employment legislation in Ireland, we will guide you through the process with good advice, sensitivity, legal compliance, and with commercial interests central to achieving the optimal outcome.

We have the expertise to ensure both employee and employer rights and entitlements are clear and that, where redundancy cannot be avoided, the process is managed in a legally compliant manner so employees and their families have a foundation to start the next chapter.

For guidance on redundancy or a collective redundancy process, please contact our Employment team.



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