

Your Legal Questions

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Q. I run a business and I am trying to cut costs. I am contemplating redundancies but would prefer to retain talented staff as I believe the economy will pick up. Are there any alternatives?

A. You don't state the size and nature of your business but some or all of the following options may help you to cut costs rather than employees.

- Flexible working - ask employees to work shorter hours or fewer days. However, this may reduce your organisation's ability to respond quickly to an increase in demand when things pick up. Also, an employee who has agreed to a variation of their contract may not wish to revert to their original hours or days
- Salary cuts - ask employees to take a pay cut rather than risk redundancy. Pay is a basic term of employment and this will need careful handling
- Sabbaticals - some employees may be prepared to accept an extended period of absence on part or no pay. However, such arrangements will require detailed drafting and may only appeal to higher paid employees
- Re-training and re-deployment - consider moving employees around the business where one part is doing better than another. This can save both redundancy and recruitment costs
- Secondment - larger employers may be able to second, that is to say transfer temporarily, members of staff to other businesses. Again, such arrangements need to be documented carefully but can be attractive because the temporary "employer" may be able to get the services of a high grade employee at a significant discount.
- All of these arrangements are likely to involve a change in the employee's terms of employment requiring express consent. Accordingly, it is essential to communicate your proposals to the workforce and to consult with them and any union or worker representatives before implementing any changes.

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