**Layoff Policy**

**[Insert Date]**

# Purpose

Given certain extenuating circumstances [such as, insert here], [Organization] may need to engage in workforce cost-reduction strategies, including, but not limited to, employee reduction, hour reduction, resource limiting, hiring freezes, etc. This policy outlines the procedures associated with workforce reduction activities.

# Audience

All hiring departments within the organization and all managers with hire/fire authority. This policy could also apply to senior management teams and the HR team.

# Scope

This policy applies to all permanent full-time, part-time employees, contract employees, and consultants.

This policy is intended to aid managers to engage in workforce reduction initiatives. Managers are encouraged to redeploy employees wherever possible in a fair, ethical, and effective manner. Temporary and permanent layoffs will only be executed when redeployment is not possible and/or when the costs of paying the employees in question exceeds the organization’s revenue and/or emergency funding.

The redeployment or laying-off of exempt, unionized, and contracted employees may be different than the redeployment and laying-off of non-exempt, non-unionized, and non-contracted employees. We will always comply with the law.

# Definitions

Working remotely: Staff working at satellite offices or remote worksites away from core office buildings.

Working from home: Staff working in their own residence.

Redeployment of employees: A transfer of employees from one role to another suitable role.

Furlough/temporary layoff: Employment is terminated temporarily with the intention of a rehire of the same employee.

Permanent layoff/termination: Employment is terminated permanently.

Voluntary leave: The employee chooses to take time off. The organization can specify whether roles will be held so that the employee can rejoin the organization after time off.

Hiring freeze: The organization does not hire any new employees.

Work sharing: Work is redistributed in a team so that all members remain employed, but all employees’ hours are reduced. Pay may be adjusted.

Hour reduction: An employee remains employed, but their hours are reduced and their pay may be adjusted accordingly.

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# Policy Statements Regarding Cost Cuts

1. **Working remotely or working from home**  
   It is the policy of the organization that wherever possible, an employee can work remotely during times of physical closure or shifting economic factors. Working remotely or working from home is acceptable during these circumstances:
   1. An employee’s essential job duties can be accomplished effectively without being physically present.
   2. There is no change to the demand for the employee’s essential job duties.
   3. There are sufficient collaboration tools available to the employee and the organization to effectively communicate on an ongoing basis.
2. **Redeployment of employees**   
   It is the policy of the organization that when demand for a specific role or skill decreases, an employee will be redeployed wherever possible.

Redeployment is defined as a transfer of a single employee from one role to a suitable and relevant alternative role within the organization. The new role should have enough overlap in skills that a realistic transfer can be accomplished within four weeks.

The organization takes responsibility for the administration, training, and development of the transferred employee.

Managers must do a thorough examination of key employees and qualifications to ensure efficiency with a reduced workforce.

1. **Work sharing or hours reduction**

It is the policy that employees will share work using reduced hours, but without any layoffs. Usually, the employees involved in work sharing all have similar roles and have agreed to share their workload. Should an employee not work in group, or the implementation of work sharing is not appropriate, the organization may still choose to reduce work hours and wages.

1. **Bonus cuts/resource cuts**

Managers must examine their budget to evaluate any means for workforce reduction, shall it be vendors, additional resources, employee perks, and/or bonuses. The organization may suspend or retire bonus initiatives or any additional perks [insert here] for employees.

1. **Hiring freeze**

The organization will suspend any recruitment and hiring activities. The organization will choose whether to honor existing offers, depending on the situation. The hiring freeze may or may not be organization wide or departmental specific.

1. **Furlough/temporary layoff of employees**It is the policy of the organization that temporary layoffs will only occur when necessary to cover a short period of decreased revenue to cut costs and remain profitable.

It is the policy of the organization to explore all forms of alternative funding, such as government economic stimulus incentives in periods of economic turmoil or recession, to retain employees and

avoid periods or unemployment and rehiring.

1. **Permanent layoff/termination of employees**   
   It is the policy of the organization that permanent layoffs will only occur when working remotely, redeployment of employees, and temporary layoffs are not viable.

Once completed, and if determined that layoffs must be carried out, all managers and staff must follow consistent procedures.

# Policy Statements Regarding Temporary and Permanent Layoffs

**Selecting employees for layoff**  
When layoffs are necessary, the organization will select employees for layoff according to the following criteria:

1. Years of service: More recent hires will be considered first
2. Level of performance: Lower performers will be considered first
3. Employee status: Part-time and contingent workers will be considered first
4. Forecast for demand: Diminishing demand will be considered first
5. Current workload: Lower current workloads will be considered first
6. Exceptions: Exceptions can be made in extreme circumstances or when dictated by law (e.g. CBAs)
7. Governing laws and regulations: Decisions will be made in alignment with municipal, provincial/state, and federal laws where applicable
8. Additional objective criteria can be added at the discretion of your organization

Should you need to reduce headcount as a cost-cutting measure, consider the following:

1. Will these be furloughed employees/temporary layoffs?
2. Will these be permanent layoffs/terminations?

Employees affected by layoff may be given a [XX week/months working] notice period. The notice period provides employees with the opportunity to transition work, say goodbye to their colleagues, etc. It also affords the company and the employee more time to find a suitable redeployment option in an attempt to mitigate job loss. Employees will have the choice to accept the [XX week/months working] notice period or decline it and end employment immediately. Employees who accept the [XX week/months working] notice period are required to report to work during this period.

The following may be included in the termination package, but financial ability may necessitate a change to this list, provided all legislated minimums are paid:

1. Salary
2. Salary terminations pay and/or gratuitous termination pay
3. Variable compensation payout
4. Benefits continuance
5. Additional continuance (car, etc.)
6. Outplacement.
7. Other legislated requirements

# Exceptions

Exceptions will be made in extreme circumstances or when dictated by law.

# Governing Laws and Regulations

Any municipal, provincial, state, and federal laws as applicable.

# Non-Compliance

Clearly describe consequences (legal and/or disciplinary) for employee non-compliance with the policy. It may be pertinent to describe the escalation process for repeated non-compliance.

Please note: this policy is in addition to our previous communications regarding preventing the spread of COVID-19. All company advice on remote work and social distancing remain in place. Please continue to practice social distancing even when wearing a mask.

Thank you.

*This is a rapidly changing situation, and we are well prepared. The best place to find detailed updates and answers to frequently asked questions is [our internal website, regular email correspondence, your team leader, etc.]. Please contact [Employee Name] if you have any questions or feedback on this policy.*