

# The company's measures in the event of a reduction in activity

**In the event of a reduction in activity – specifically in view of a possible decision to terminate permanent employee contracts due to lack of work, the company has a duty to initiate several measures.**

## Contents:

- General
- Reduction in activity
- Lack of work
- Reassignment (or relocation)
- Co-determination in the Workplace Act
- The right to exclude two employees from the order of selection
- Notice of termination to the Swedish Public Employment Service and adherence to notice regulations in accordance with the Swedish Act Concerning Certain Measures to Promote Employment
- Notice for white-collar workers
- Notice for blue-collar workers
- Section 15 of the Co-determination in the Workplace Act, and Section 2a of the Act Concerning Certain Measures to Promote Employment
- Penalties for not giving notice in due time

### General

The employer's actions in the event of an activity-reduction process has been summarised in the attached action plans. These can provide support for the company's handling of activity-reduction situations both for blue-collar and for white-collar workers. The figures in each "box" in the diagrams refer to comments on the back of each action plan.

### Reduction in activity

"Reduction in activity" refers to a situation that leads to redundancies due to lack of work.

### Lack of work

Termination by the employer shall be based on objective grounds. When determining whether a lack of work exists, the employer's assessment generally applies. However, objective grounds do not exist if the employer can offer alternative measures by reassigning the employee(s) to other positions in the company.

### Reassignment (or relocation)

The first step for the employer is to investigate whether any internal reassignment possibilities exist in order to justify their lack of work assessment in Co-determination in the Workplace negotiations with a local union representative.

Any reassignment offers must be presented to the employee in a manner that describes the alternative position clearly. Both the employer's offer and the employee's position should be stated in writing to avoid any misunderstandings between the parties.

### Co-determination in the Workplace Act

Before making an activity-reduction situations decision, the company has a duty to initiate primary negotiations with the appropriate local union representatives in accordance with Section 11 of the Swedish Co-determination in the Workplace Act.

An activity-reduction situations decision must not be made before these primary negotiations (local and, where applicable, central negotiations) have concluded. The information required by the union is specified in Section 15 of the Co-determination in the Workplace Act. In some situations, it is appropriate that the local Co-determination in the Workplace negotiations are preceded by the provision of information in accordance with Section 19 of the Co-determination in the Workplace Act.

### **The right to exclude two employees from the order of selection**

Companies with a maximum of ten employees (blue-collar and white-collar workers, incl. managers) may exclude a maximum of two employees from the order of selection. When determining the number of employees, the circumstances on the redundancy date apply. All employees are included, regardless of their form of employment and length of service. The excluded category in accordance with Section 1 of the Swedish Employment Protection Act, such as the CEO and employees who are members of the employer's family, are not included.

The employer decides which employees are excluded. However, the employees who may be excluded from the redundancy process must "play a vital role in business continuity."

This refers, for example, to supervisory employees, or employees who have established customer relationships that are particularly significant for the employer. Other examples include specialists, or employees who have performed better than others.

It must not be possible to bring any legal claims against the employer for unfair dismissal. However, appeals against the selection may be reviewed under discrimination or leave legislation, such as parental leave for example.

The maximum exclusion of two of the company's employees in a redundancy situation applies regardless of selection criteria, selection categories, selection pools or similar. Should the employer need to make new redundancies at a later date, the maximum exclusion of two employees shall once again apply.

### **Notice of termination to the Swedish Public Employment Service and adherence to notice regulations in accordance with the Swedish Act Concerning Certain Measures to Promote Employment**

Employers proposing to implement a reduction in activity that will affect a certain minimum number of employees (20 blue-collar workers and/or five white-collar workers) must provide the Swedish Public Employment Service with notice of termination in writing. Instead of giving notice, the employer may provide written notification that activity-reduction negotiations have commenced in accordance with the Co-determination in the Workplace Act. The same rules apply to notification as to notice of termination as regards dates and contents. The employer reports that notice has been given via the Public Employment Service's website [www.arbetsformedlingen.se](http://www.arbetsformedlingen.se).

The purpose of the notice regulations is to give the Public Employment Service time to plan and introduce the measures required to facilitate the transition for those impacted by the reduction in activity.

The National Labour Market Board of that time granted construction employers an exemption from some of the provisions of the Act Concerning Certain Measures to Promote Employment (Sections 1–3 and 6) in relation to blue-collar workers under regulation AMSFS 1996:7. The exemption provisions greatly simplified the handling of notice and significantly reduced notice periods compared with the Act Concerning Certain Measures to Promote Employment. However, the Act Concerning Certain Measures to Promote Employment applies in full to white-collar workers. Refer also to each action plan.

Please note that the union organisations are not parties to matters concerning application and interpretation of the notice regulations under these exemption provisions, nor the provisions of the Act Concerning Certain Measures to Promote Employment.

### **Notice for white-collar workers**

Redundancy proceedings for white-collar workers and supervisors are solely subject to the provisions of the Act Concerning Certain Measures to Promote Employment. When determining the obligation to give notice and the notice period, only the number of white-collar workers and supervisors affected by the reduction in activity are included in the calculation. An obligation to give notice exists if the reduction in activity applies to five or more white-collar workers/supervisors. Refer also to the attached action plan.

### **Notice for blue-collar workers**

The exemption provisions, entailing exclusion from Sections 1–3 and 6 of the Act Concerning Certain Measures to Promote Employment, apply to blue-collar workers covered by the employment protection agreement between the Swedish Construction Federation and the Swedish Building Workers' Union or SEKO, respectively.

The provisions only apply to the dismissal of permanently employed workers. The number of redundancies for which notice must be given is calculated separately for each selection pool. An obligation to give notice does not exist for any form of furloughing, or for the termination of fixed-term contracts, and so forth. Nor does an obligation to give notice apply to apprenticeships.

An obligation to give notice applies if the number of redundancies in a single county includes at least 20 workers in the same order of priority over a continuous 90-day period. All redundancies in the order of priority are totalled for the entire 90-day period.

Since an obligation to give notice exists under these provisions, the notice period is limited to two months prior to the first reduction in activity. Therefore, the statutory notice periods of four and six months are never applicable under the rules for blue-collar workers.

The term 'prior to the first reduction in activity' always refers to the date on which the first worker/s leave their employment at the end of the notice period.

**Section 15 of the Co-determination in the Workplace Act, and Section 2a of the Act Concerning Certain Measures to Promote Employment**

With exception for the exemptions from Sections 1–3 and 6 of the Act Concerning Certain Measures to Promote Employment in accordance with the regulations, all other provisions of the Act Concerning Certain Measures to Promote Employment apply unchanged. In addition to this Act, certain formalities pursuant to Section 15 of the Co-determination in the Workplace Act also apply, in regard to the primary responsibility to negotiate prior to redundancy due to lack of work. When an obligation to give notice exists under the “exemption provisions,” the employer shall also provide the other party with a copy of the notice submitted to the Public Employment Service.

Regarding the information required in such a notice, reference is therefore made to Section 2a of the Act Concerning Certain Measures to Promote Employment which is essentially consistent with the rules in Section 15 of the Co-determination in the Workplace Act, including information about the reasons for the planned redundancies, the estimated number of employees being made redundant and their employment categories, the number of workers who are normally employed and their employment categories, and the period of time in which the redundancies are proposed to take place.

**Penalties for not giving notice in due time**

Employers who do not inform the Public Employment Service in due time may be liable to pay a breach of notice period fee per commenced “non-notice week” ranging from SEK 100 to SEK 500 for each employee affected by the reduction in activity. The Public Employment Service may apply for a court order to enforce the payment of this fee by employers who have breached the notice regulations intentionally or due to gross negligence.

In view of the above, we recommend that companies, as soon as they see a risk of redundancies of the number of employees subject to the obligation to give notice, make a careful estimation of the number of employees who could be affected by the lack of work and duly notify the Public Employment Service.

**You can find step-by-step guides for lack of work and templates for notice, reassignments and redundancies on Arbetsgivarguiden.**

[Read more here](#)

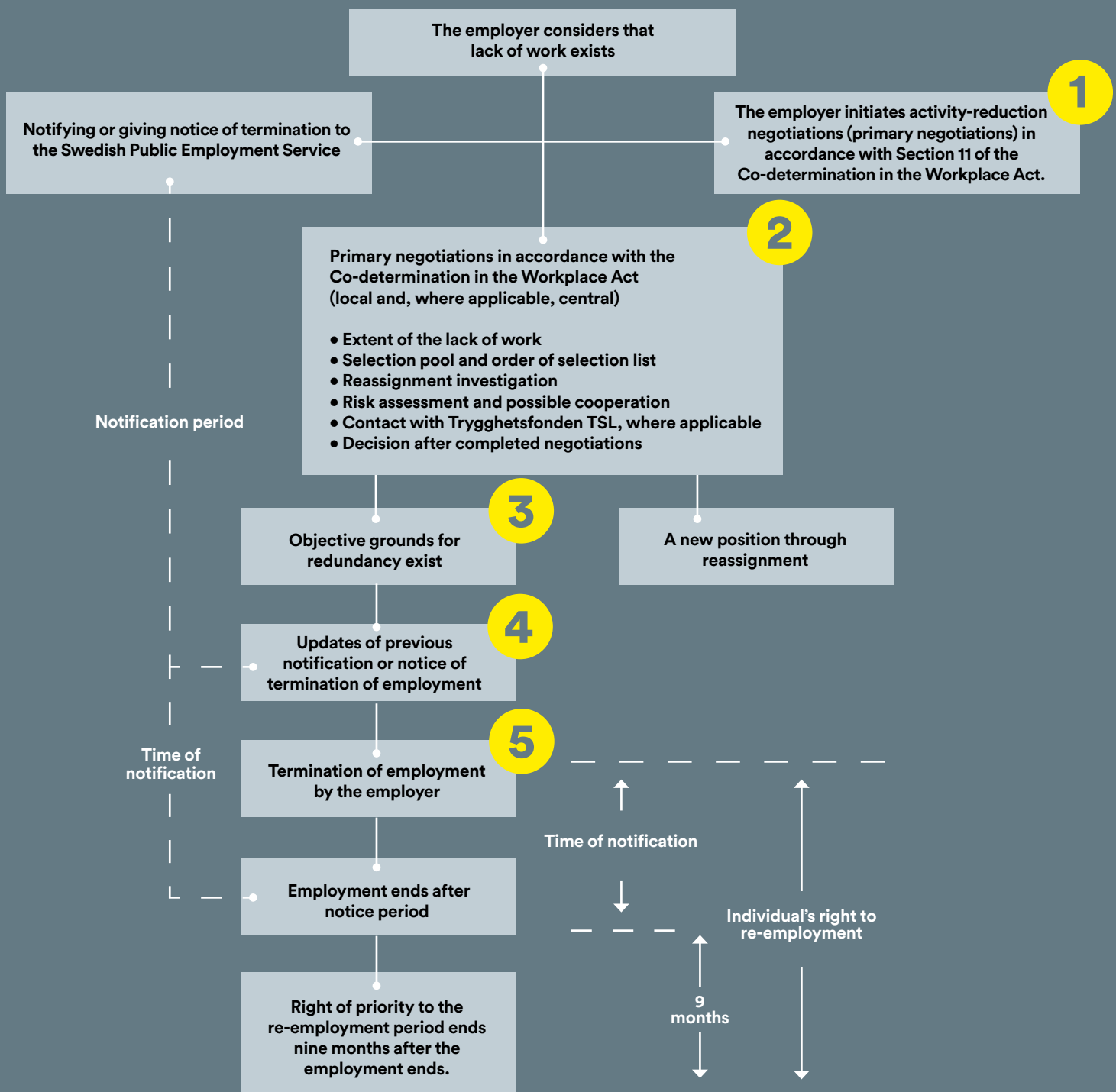


**Do you have any questions about the contents of this document?**

**Contact our advisory service by calling: +46 10 451 64 80**

# Simplified activity-reduction action plan – Blue-collar workers

Comments on the next page



# Simplified activity-reduction action plan – Blue-collar workers

## Comments on action plan

**1 Primary negotiations**  
The company shall initiate negotiations with its local union representative.

### **Collective agreements for the Swedish Building Workers' Union and Swedish Construction Federation**

The relevant Co-determination group/contact person in the company, otherwise the local department of the Swedish Building Workers' Union.

### **Collective agreement for Väg & Ban**

Relevant union club/Co-determination group/contact person in the company, otherwise SEKO's local department.

### **When should local negotiations take place?**

Negotiations should commence as soon as possible and – unless otherwise agreed by the parties – be completed within ten working days of when the local employee representative received the negotiation request.

### **Request for Co-determination in the Workplace negotiations**

The primary negotiation request should describe the matter to be addressed and the reason for the negotiations, such as "Primary negotiations regarding reduction in activity at..." Under Section 15 of the Co-determination in the Workplace Act, the documents outlining the reason for the employer's proposed activity-reduction decision shall be attached to the negotiation request.

**2 Primary negotiations (local Co-determination in the Workplace) implementation**

The duty to negotiate means that a party is required to take part in the negotiations and listen to the other party's views. The company's assessment of whether or not a reduction in activity is necessary applies. This assessment is based on the work situation at the end of the notice period, which means that any redundancies must be able to take effect when the lack of work actually arises.

### **Order of selection**

The order of selection is determined for each selection category (professional group) in the operational area (selection pool). An agreement on the selection pool is reached with the employer and union club/Co-determination group/contact person, or otherwise with the local union organisation based on the company's organisational structure.

A deviation from the order of selection can be agreed upon in negotiations with the Co-determination group.

Companies with no more than ten employees may exclude a maximum of two employees who play a vital role in business continuity from the order of selection.

### **Trygghetsfonden TSL**

A company and a local union organisation may lodge a joint application for transition support, see [www.tsl.se](http://www.tsl.se).

### **When should central negotiations be requested?**

A local employee representative should inform the company of their intention to call for central negotiations as soon as possible, and within five calendar days of the conclusion of local negotiations. The request for central negotiations should be lodged by the Swedish Building Workers' Union or SEKO as soon as possible, and within 15 calendar days of the conclusion of the local negotiations. If the employee representative fails to observe the five or 15-day deadline, the employer may make their decision.

### **The employee does not accept a reassignment offer**

If an employee does not accept a reasonable reassignment offer within the agreed reassignment area, the employer is not required to offer the employee any other reassignment. An employer who wishes to release the employee from their contract of employment may then dismiss the employee in accordance with the applicable negotiation and dismissal regulations.

### **Notice of termination to the Swedish Public Employment Service**

For redundancies in a selection pool of no more than 19 workers over a 90-day period, notice of termination to the Public Employment Service is not required. For redundancies encompassing 20 or more employees in the selection pool over a 90-day period, an advance notice period of two months is required. Other regulations apply to notice for white-collar workers.

### **Written letter terminating employment**

Termination of employment by the employer must be in writing and include information about the employee's right to make an unfair dismissal claim, or claim compensation (notice of right of appeal). Failure to include a notice of right of appeal means that the deadlines for the employee's right to claim unfair dismissal are extended and do not expire until one month after the date on which their employment ended.

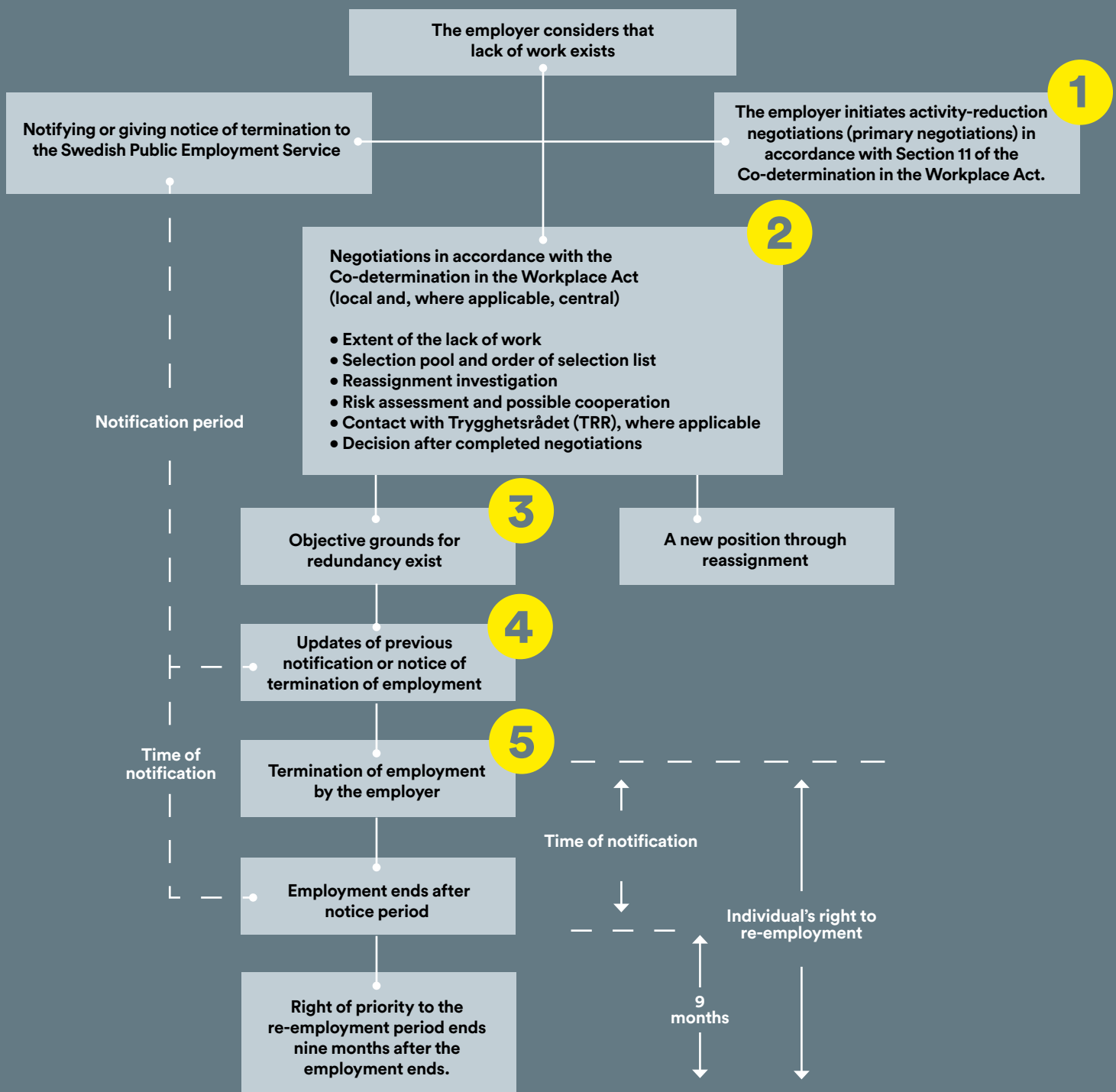


**Do you have any questions about the contents of this document?**

**Contact our advisory service by calling: +46 10 451 64 80**

# Simplified activity-reduction action plan – White-collar workers

Comments on the next page



# Simplified activity-reduction action plan – White-collar workers

## Comments on action plan

- 1 Primary negotiations**  
The company shall initiate negotiations with its local union representative.

### Local white-collar representative

According to the Co-determination in the Workplace Act: UNIONEN, the Swedish Association of Management and Professional Staff, the Swedish Association of Graduate Engineers or designated contact person for each white-collar union, otherwise the local department of each union.

**In other cases:** Local union collaboration, if in place, otherwise UNIONEN, the Swedish Association of Management and Professional Staff, the Swedish Association of Graduate Engineers, otherwise the local department of each union.

### When should local negotiations take place?

Negotiations should commence without undue delay and with the urgency required by the circumstances.

### Request for Co-determination in the Workplace negotiations

The negotiation request should describe the matter to be addressed and the reason for the primary negotiations, such as

“Primary negotiations regarding reduction in activity at...”

Under Section 15 of the Co-determination in the Workplace Act, the documents outlining the reason for the employer’s proposed activity-reduction decision shall be attached to the negotiation request.

- 2 Primary negotiations (local Co-determination in the Workplace) implementation**

The duty to negotiate means that a party is required to take part in the negotiations and listen to the other party’s views. The company’s assessment of whether or not a reduction in activity is necessary applies. This assessment is based on the work situation at the end of the notice period, which means that any redundancies must be able to take effect when the lack of work actually arises.

### Order of selection

The order of selection is determined for each operational category of the collective bargaining area affected by the redundancies. If there are several operational units in the same locality, the local white-collar representative has the right to demand that an order of selection list be compiled jointly for all units in that locality.

Deviations from the order of selection are subject to Section 11, paragraph 2:2 of the White-collar Worker Agreement.

Companies with no more than ten employees may exclude a maximum of two employees who play a vital role in business continuity from the order of selection.

- 3 The employee does not accept a reassignment offer**  
Prior to the termination of white-collar workers, the company has a duty to investigate possible reassignment alternatives. If an employee does not accept a reasonable reassignment offer, the employer

is not required to offer the employee any other reassignment. An employer who wishes to release the employee from their contract of employment may then dismiss the employee in accordance with the applicable negotiation and dismissal regulations.

- 4 Notice of termination to the Swedish Public Employment Service**

5–25 WCW: at least two months’ notice prior to reduction in activity  
26–100 WCW: at least four months’ notice prior to reduction in activity  
<100 WCW: at least six months’ notice prior to reduction in activity

Only white-collar workers (incl. supervisors) are included. Other regulations apply to notice under collective agreements for the Swedish Building Workers’ Union, Swedish Construction Federation and Väg & Ban.

- 5 Written letter terminating employment**  
Termination of employment by the employer must be in writing and include information about the employee’s right to make an unfair dismissal claim, or claim compensation (notice of right of appeal). Failure to include a notice of right of appeal means that the deadlines for the employee’s right to claim unfair dismissal are extended and do not expire until one month after the date on which their employment ended.



**Do you have any questions about the contents of this document?**

**Contact our advisory service by calling: +46 10 451 64 80**