

## Employment & Industrial Relations

### Case update: **Lim Lai Yin v The British Council** (Award No. 1410 of 2025)

On 4 September 2025, the Industrial Court delivered its decision in the case of **Lim Lai Yin v The British Council**, addressing the central question of whether the retrenchment of a sole employee ("Claimant"), the former Business Development Director based in the British Council's ("Council") Penang branch, was carried out with just cause and excuse.

The Claimant's redundancy arose from the Council's global transformation exercise following the economic impacts of the COVID-19 pandemic, which led to a restructuring of roles on a global scale.

The Industrial Court, finding in favour of the Council, adhered to trite and tested principles of law in concluding:

*"In this exercise, this Court is mindful that it would not interfere with the decision of the Council to reorganize its business as it sees fit based on economic and operational purposes in order to sustain its business."*<sup>1</sup>

The issues determined by the Industrial Court were:

#### **1. Was There a Genuine Redundancy Situation?**

The Court examined whether the Council's reorganisation exercise and the Claimant's subsequent retrenchment were justified by actual business needs, more so in the aftermath of the COVID-19 pandemic.

The Industrial Court affirmed that evidence in the form of audited financial reports reflecting declines in revenue suffered by the Council substantiated that the Council suffered significant financial losses due to the pandemic, with audited accounts confirming a drastic drop in revenue and the necessity to streamline operations into regional clusters.

The Industrial Court accepted that these losses constituted "*concrete proof*" of a genuine redundancy situation, stating that:

# Legal Update

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*“The financial statements of the Council were audited by independent auditors in order to verify the truth of the Council’s financial position at the material time.”<sup>2</sup>*

## **2. Was the Claimant’s Position Truly Redundant?**

The Claimant argued that her job functions continued to exist and were taken over by other staff, suggesting her role was not genuinely redundant.

The Court clarified that redundancy does not require the complete disappearance of job functions; rather, it is sufficient if the business requires fewer employees to perform those functions.

The transformation adopted a selection criteria formulated by the Council where the Council’s structure shifted from geographically based roles to cluster-based management, eliminating the need for a dedicated Business Development Director in Penang.

The Claimant was accordingly found to be surplus to the Council’s requirements.

## **3. Was Retrenchment in Good Faith?**

The Claimant alleged discrimination and procedural unfairness, including alleged exclusion and denial of redundancy benefits, and non-adherence to the Last in First Out principle.

The Court agreed with the Council’s position that the Claimant could not be retained as there was no equivalent role for her in the post-reorganisation structure. The Court further took cognisance of the fact that the Council had provided opportunities for the Claimant to apply for alternative roles, which she did not pursue.

The Industrial Court further upheld the Council’s policy in selecting employees to be retrenched, stating *“this is an internal policy of the Council which in my opinion should not be interfered with by this Honourable Court”<sup>3</sup>*.

## **4. Entitlement to Redundancy Payments**

Despite the previous instance of the Council having paid out retrenchment benefits, the Court upheld the principle that past practice does not convert this into a contractual obligation.

The Court found that the Claimant was not entitled to statutory redundancy payments under the **Employment Act 1955** as her salary exceeded the statutory threshold at the

material time. There was also no contractual provision for redundancy benefits in her terms of employment.

The Court hence rejected the Claimant's contention that she was entitled to redundancy payments.

## Conclusion

Ultimately, the Industrial Court found that the Council, having proven a *bona fide* redundancy situation, was entitled to organise its business in the manner it considers best.

The Council was represented by [Ms. Suganthi Singam](#) (Partner, [Employment & Administrative Law](#)) and [Ms. Hannah Subramaniam](#) (Associate, [Employment & Administrative Law](#)).

A copy of the Industrial Court's decision can be found [here](#).

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<sup>1</sup> **Lim Lai Yin v The British Council** (Award No. 1410 of 2025), paragraph 57.

<sup>2</sup> Paragraph 77.

<sup>3</sup> Paragraph 87.