Factsheet: Collective Redundancy

Department for Business & Trade

What is the current policy/legal framework?

Part IV, Chapter II of the Trade Union and Labour Relations (Consolidation) Act 1992 establishes the employer's obligations when proposing collective redundancies. When an employer proposes 20 or more redundancies at one establishment within a 90-day period or less, the employer shall consult the appropriate representatives of the employees who may be affected by the proposed dismissals or may be affected by measures taken in connection with those proposed dismissals. The consultation must be about the dismissals including ways of avoiding, reducing or mitigating the consequences of those dismissals.

The employer must also notify the Secretary of State (in practice, the Insolvency Service on their behalf) of these proposed redundancies before giving notice to terminate an affected employee's contract, and at least 30 days before the first dismissal takes effect. Employers who fail to notify the Secretary of State as required may be committing an offence and could be subject to prosecution and an unlimited fine. However, in the case of employees aboard ships registered outside of Great Britain, notification must be provided to the authority of the state where the ship is registered, instead of to the Secretary of State. The notification requirement does not apply where an employee works outside of Great Britain except for in specified circumstances.

Policy Intent

The Government is bringing forward legislation to strengthen collective redundancy rights and protections by ensuring the right to redundancy consultation is determined by the number of people impacted across the business, as well as proposed redundancies taking place in one workplace or establishment. We are also doubling the maximum period of the protective award which a Tribunal can make where an employer is found not to have complied with their collective redundancy consultation obligations from 90 to 180 days.

We are also strengthening and clarifying the law to better protect seafarers by requiring that notification of proposed collective redundancies is provided to the Secretary of State (in practice, the Insolvency Service on his behalf) even when the employees affected work aboard ships registered outside of Great Britain, where those ships frequently enter or trade predominantly here. This gives time for support to be put in place for those facing redundancy.

How will it work?

The changes the Government is putting forward in the Employment Rights Bill will provide that collective redundancy obligations will be triggered where:

- 20 or more redundancies are proposed at one establishment (as is the case under the existing law); or
- A threshold number of employees are proposed to be made redundant across the employer's organisation.

This threshold number will be set in regulations following detailed consultation with all those with a stake in good employer-employee relations. We will set the thresholds for this new requirement at a level that balances the needs of growing business and protecting the rights of employees. We are similarly amending notification requirements so that employers must also notify the Government when they are proposing to make employees redundant across their business when they meet this new threshold.

Our measure to double the maximum period of the protective award will mean that whenever an employer fails to fulfil their collective redundancy obligations and a complaint is made, an

Employment Tribunal will be able to award up to 180 days' pay against the employer, rather than the current 90 days maximum. This will make it more difficult for a small and unscrupulous minority of employers to ignore their collective redundancy obligations.

The strengthened protections for seafarers will require employers making collective redundancies aboard ships registered outside of Great Britain to notify the Secretary of State, in addition to the authorities of the state where the ship is registered. It will require employers to provide this notification where the employees affected work on ships operating regular international services from ports in Great Britain (entering a port 120 or more times per year), or on any service operating between Great Britain and another place in the UK. We are also clarifying the law so that employees are not excluded from some protections simply for spending any amount of time working outside of Great Britain; they must be *ordinarily* working outside it.

Key Stats

In 2024, approximately 3,500 employers in Great Britain notified that they were initiating a collective redundancy process at a single establishment[1].

While most employers comply with their collective redundancy consultation obligations, there have been cases where employers have not fulfilled their obligations on collective consultation. In 2022/23, the Employment Tribunal received 5,026 cases where employers failed to inform and consult on redundancies[2].

Common questions

How will these changes benefit working people?

Collective consultations are an important part of ensuring fairness and transparency between employers and employees. They ensure that affected employees can input into the redundancy process with a view to reducing or avoiding redundancies wherever possible and they help employers to retain skilled workers and reduce the risk of disputes.

Under the current rules, these obligations don't apply in scenarios where employers are proposing to dismiss employees in different workplaces if there are fewer than 20 redundancies at each establishment, even if they propose to dismiss thousands of employees overall. We don't think that is right. The changes the Government is putting forward are intended to extend the consultation obligations to apply to redundancies happening across an organisation where the threshold is met.

What is the benefit of doubling the protective award, and why is it better than removing the 'cap' entirely?

The protective award can be awarded by an Employment Tribunal where an employer has failed to undertake their collective redundancy consultation obligations. The maximum period for the protective award is currently set at 90 days. Doubling the protective period to 180 days will increase the amount that employers who deliberately ignore their obligations may be liable to pay.
The Government believes that increasing the maximum period of the protective award to 180 days is the most proportionate response to address scenarios where employers cynically choose to ignore their legal obligations.

[1] Office for National Statistics. 'HR1: Potential redundancies, February 2025 Edition'. Figure is for period January 2024 – December 2024.
[2] Ministry of Justice, 'Tribunals statistics quarterly: July to September 2023', published 14 December 2023. This figure refers to cases received, a volumetric term covering the acceptance of a case by a HMCTS Tribunal. It does indicate whether a claim was successful or not.