Factsheet: Collective Redundancy

Department for Business & Trade

What changes has the Act made to the law?

The Act strengthens collective redundancy rights and protections by making three changes to the collective redundancy framework:

1. **Changes to the protective award:**

   The maximum period of the protective award (the remedy a tribunal can award when an employer fails to meet its collective redundancy consultation obligations, requiring the employer to pay remuneration to employees) will be doubled from 90 to 180 days' pay. The government intends to bring this change into force from April 2026.

   Doubling the maximum period of the protective award will deter unscrupulous employers from deliberately seeking to avoid their collective consultation obligations. Employment Tribunals still have discretion to make awards for such a period as is just and equitable in all the circumstances having regard to the seriousness of the employer's default. This means that where an employer has taken, or not taken, some steps to comply, or where there were circumstances preventing full compliance, this will be taken into account to determine the length of the protected period.

2. **Introducing an organisation-wide threshold:**

   The current law requires employers to carry out certain collective redundancy obligations when they propose to dismiss as redundant 20 or more employees at one establishment within a period of 90 days or less. In some cases, this can allow employers to be able to make large numbers of redundancies without being required to undertake any collective redundancy obligations in relation to the affected employees. This has led to situations where large numbers of employees at an organisation are made redundant without being collectively consulted, and without the proposed redundancies being reported to the government, as the redundancies are spread across multiple sites below the current threshold.

   Therefore, The Act introduces an additional organisation-wide threshold for collective redundancy obligations and grants the government a power to set it through secondary legislation. The government intends to consult on the level at which this threshold should be set. Once the organisation-wide threshold has been set in regulations, employers will be required to undertake collective redundancy obligations when it proposes to make redundancies which meet or exceed that threshold number across their entire organisation over a 90-day period. This organisation-wide threshold will apply in addition to the current threshold of 20 proposed dismissals at one establishment.

3. **Strengthening protections for seafarers:**

   Finally, 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 will require employers to provide collective redundancy notification where the employees affected work on ships operating regular international services that call at a harbour in Great Britain (entering a port 120 or more times per year),

or on any domestic service operating between Great Britain and another place in the UK, even if the ship is registered outside Great Britain.

How is this different from the previous legislation?

1. **Changes to the protective award:**

   Under the current law, if an employer fails to comply with their collective redundancy obligations, an employee, trade union or other employee representatives (as applicable) may bring a claim to an Employment Tribunal. If the Tribunal finds that the employer failed to comply with its collective redundancy obligations, it can make a protective award in respect of each affected employee. Currently, a protective award may be made up for to 90-days' pay for each affected employee.

   The Act will double the maximum period of the protective award to 180 days' pay.

2. **Introducing an organisation-wide threshold:**

   Currently, employers are only required to undertake collective redundancy obligations when they propose 20 or more redundancies at one establishment within a 90-day period or less.

   Employers must 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. Consultation must begin at least 30 days before the first dismissal where 20-99 redundancies are proposed, or 45 days where 100 or more redundancies are proposed. The consultation must be undertaken with a view to reaching agreement on ways and means of avoiding the dismissals, reducing the numbers of dismissals, or mitigating the consequences of those dismissals.

   Employers 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. Notification must be provided at least 30 days before the first dismissal where 20-99 redundancies are proposed, or 45 days where 100 or more redundancies are proposed. Employers who fail to notify the Secretary of State as required may be committing a criminal offence and could be liable to prosecution and an unlimited fine.

   The Act will introduce an additional organisation-wide threshold which will trigger these collective consultation and notification obligations. This will apply alongside the existing single establishment threshold. This ensures that employees are better protected and can benefit from collective consultation when either 20 or more redundancies are proposed at their establishment or where a larger threshold number of redundancies are proposed across the entire organisation. This will be particularly impactful for those employees who work for large employers, but who work at establishments with fewer than 20 employees. Under the current law, those employees would never be required to be collectively consulted before being made redundant.

3. **Strengthening protection for seafarers:**

   In the case of employees aboard ships registered outside of Great Britain, notification is currently only required to be provided to the authority of the state where the ship is registered, instead of to the Secretary of State.

The Act introduces a requirement for employers proposing collective redundancies aboard ships registered outside of Great Britain to notify the Secretary of State as well as the competent authority of the state where the ship is registered.

We are also clarifying the law so that employees are not excluded from these protections simply because they spend any amount of time working outside of Great Britain. They must instead be employees who *ordinarily* work outside Great Britain, and employment onboard a GB linked ship will be treated as work ordinarily carried out in Great Britain.

When will these changes come into force?

Measure	**Expected Commencement**
Doubling of protective award period	April 2026
Changes to collective consultation threshold	2027 (after consultation in Winter/Early 2026)
Maritime collective redundancy notification	2 months from Royal Assent

What further detail will be consulted on and when?

The Government will consult on the collective redundancy organisation-wide threshold number as part of its Winter/Early 2026 consultation package.

Following this consultation, the Government will prepare regulations to implement the new organisation-wide threshold number. We intend to set this new number at a level that aims to balance the needs of business and protect the rights of employees.

Key Stats

In the year to November 2025, approximately 3,900 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, Employment Tribunals 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, December 2025 Edition'. Figure is for period December 2024 – November 2025 (inclusive).
[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. Note the Employment Tribunal transitioned to a new Employment Case Management system which does not currently permit to update this statistic.