



Guide to Collective Redundancies, Restructuring and Reorganisation

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What is a collective redundancy?

A collective redundancy situation arises where an employer proposes to dismiss as redundant 20 or more employees within a period of 90 days.

For these purposes the meaning of redundancy is far wider than the meaning of redundancy under the Employment Rights Act 1996 which deals with claims of Unfair Dismissal and Statutory Redundancy Payments. A collective redundancy dismissal is a dismissal which is for a reason not related to the individual employee concerned. A collective redundancy may therefore arise where contracts of employment are terminated:

- on workplace closure or other cases of mass redundancies;
- corporate group restructures or reorganisations;
- reorganisation of the workforce e.g. changes to grading structures, multi-skilling exercises; and
- introducing new terms and conditions of employment to the workforce.

Information and Consultation

Where there are collective redundancies, the employer has obligations:

- where between 20 and 99 employees are affected, to inform and consult with employee representatives for a period of not less than 30 days;
- where 100 or more employees are affected to inform and consult with employee representatives for a period of not less than 45 days;
- in either case, to notify the Secretary of State of the collective redundancies.

These obligations arise under the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA).

The obligations to inform and consult are owed to employee representatives which will be a union where a trade union is recognised and/or other employee representatives elected generally or for the purposes of such information and consultation. Consultation must be meaningful.

Claims to an Employment Tribunal

Failure to inform and consult with employee representatives at all or adequately, can give rise to claims for awards of up to 90 days' pay for each affected employee. Such claims are brought to an Employment Tribunal.

Such claims are very often brought by groups of employees who have all been treated in the same way. Such claims can be very significant as groups of employees are able to share the cost of Employment Tribunal proceedings and an employer may be exposed to significant risk due to the value of multiple claims.

In addition, a failure to properly comply with the obligations to inform and consult can give rise to claims of unfair dismissal. Such claims are also brought in the Employment Tribunal.

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This 'Guide to Collective Redundancies, Restructuring and Reorganisation' is intended as a guide only. Redundancy and collective redundancy is a very complicated area of Employment Law and specific legal advice should be sought in relation to particular circumstances.

If you would like to discuss any of the issues raised in this Guide please do not hesitate to contact a member of our Employment department.