



**Make Work Pay: Threshold for triggering collective redundancy obligations**

Submission to the Department for Business & Trade



## About CIPD

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years.

It has 160,000 members across all sectors and sizes of organisation and provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers. It also seeks to promote and improve best practice in people management and development and to represent the interests of our members.

## Response

**Question 6:** What is your assessment of the benefits of a collective redundancy consultation?

If done well, there can potentially be significant benefits from carrying out a collective redundancy consultation. These include the more direct benefits of engaging and consulting with employees to genuinely and thoroughly explore alternatives to redundancy. Involving employees and employee/trade union representatives can encourage more creative alternatives, as well as collaboratively agreed solutions, that an employer may not have previously considered. This provides the opportunity for management to gain valuable insights that can help inform its restructuring plans and support organisational objectives, including business improvements.

Conducting a consultation exercise that affords the opportunity for collective concerns and feedback to be heard can also encourage a sense of fairness that can be very important to building a healthy employment relations climate built on trust and transparency. If a collective consultation exercise is done well, with effective communication and wellbeing support throughout, affected employees are more likely to feel able to cope with the impact of job insecurity and change. It can also help to maintain employee commitment and morale going forward. A compliant and compassionate approach will also help to build a positive employment relations climate for the future and avoid litigation. Other organisational benefits could include employee retention and an avoidance of increased sickness absence as well as reduced performance.

**Question 7:** In your experience, how effective are collective redundancy consultations at preventing or reducing redundancies?

The effectiveness of a collective redundancy consultation in preventing or reducing redundancies will very much depend on the individual circumstances affecting the need for redundancies, including the organisation's financial position. However, a number of our members have reported instances where a significant investment in conducting an



effective collective consultation process has resulted in a small number of compulsory redundancies being saved through alternatives such as shorter working hours or redeployment.

**Question 8:** What is your assessment of how effective collective redundancy consultations are at increasing redundancy pay?

Depending on the circumstances affecting the organisation's need to carry out a redundancy exercise, including the financial situation, a collective redundancy consultation can be effective at increasing redundancy pay. This will also depend on other factors such as presence of trade unions and effectiveness of trade union/employee representatives in negotiating more generous voluntary severance packages above the statutory minimum. The risks of employers failing to consult properly in terms of potentially facing penalties could also act as a lever to encourage higher financial settlements.

**Question 9:** What is your assessment of the extent to which running collective redundancy consultations are burdensome for employers?

The consensus from our senior HR and ER professionals is that running an effective and thorough collective consultation exercise demands a considerable investment from the employer in terms of HR/management time. Ensuring compliance with the complex raft of statutory and case law alone carries significant responsibility and resource. The process will be especially daunting for those employers that don't have easy access to HR and/or employment law advice and guidance. There should also be training for employee representatives where these are appointed in the absence of trade union reps, as well as the need to ensure line managers are informed and guided throughout the process.

However, conducting an effective collective consultation should go beyond the law and the [CIPD's guidance](#) for HR professionals covers in-depth advice on the additional care and compassion that employers should invest in the process. This good practice approach may well involve more resource, planning and management/HR time but the organisation will reap the benefits in terms of maintaining employee morale and commitment. This should involve putting in place the training and support, as well as open and regular communications, to ensure that the organisation handles redundancies in a humane and compassionate way. Employees should be treated with dignity and respect throughout, and health and wellbeing support, such as employee assistance programmes and outplacement programmes, should be available.

The responsibility and demands associated with conducting a collective redundancy consultation should not be underestimated. It is one of the biggest tests for an organisation's employment relations climate and can be very challenging for the HR teams and managers involved in overseeing it, as well as the employee/union representatives and wider workforce. How well the employer handles it through the collective framework will have a lasting legacy on the organisation going forward.

**Question 12:** On average, how many redundancies does your organisation make in a three-month period? Please write in a number below.

This question is relevant for individual employers. However, the CIPD's quarterly [Labour Market Outlook \(LMO\)](#) tracks future changes to the labour market around recruitment, redundancy and pay intentions. Based on a representative survey of more than 2,000 employers, the most recent report (Winter 2025/26) finds that:



- Overall, one-fifth (21%) of employers planned redundancies in the three months to end of March 2026
- Public sector employers were significantly more likely to plan redundancies than private sector employers (27% versus 20%), reflecting the wider falling employment intentions in parts of the public sector - currently an assortment of voluntary exit, voluntary and compulsory redundancy schemes, and several recruitment freezes across government
- Planned redundancies in the public sector have not been as high since Spring 2019.

**Question 13:** Based on your experience, to what extent do employers currently monitor the number of redundancies that happen across their business? Please explain your answer.

The statutory requirement for employers to notify the Secretary of State for Business and Trade (via the Insolvency Service and HR1 form) of potential redundancies above a certain number means that the majority of employers will monitor the number of redundancies although, of course, until the ERA 2025 this has applied to 'at one establishment'. The strong enforcement regime, whereby employers can face fines/criminal prosecution, also acts as a driver to maintain records in this area.

However, this does not mean that employers necessarily maintain accurate numbers of redundancies across the whole of its employing entity, particularly where very large employers could be operating diverse types of businesses across multiple sites. In such a scenario, different businesses could operate independently and carry out redundancies as part of their ongoing operations without a central tracking system in place for the overall organisation.

**Question 14:** Based on your experience, how easy is it for employers to monitor the number of redundancies across their organisation?

Once actual redundancies have been implemented it should be straightforward but the new threshold test will require many employers to develop and implement a new system to track proposals to make redundancies, or they could risk non-compliance. For very large organisations operating across multiple sites, this could be a deceptively complicated and resource-intensive exercise, depending on the systems they already have in place.

### **Section 1: Threshold methods**

**Question 16:** Which of the methods for determining the organisation-wide threshold do you consider the most appropriate? Please explain your answer.

We consider that **Method 1: Fixed Number** would be the most appropriate method to determine the organisation-wide threshold. This is essentially because it represents the most straightforward approach for all parties to understand, and would be the least burdensome on employers to implement.

A tiered approach as outlined in some of the other potential threshold methods could be perceived as being fairer in reflecting organisation size. However, implementing a new, additional trigger for collective redundancy obligations will represent a considerable shift for employers in how they plan and manage redundancy exercises, and could require significant additional resource for some. Therefore, the consensus from our ER specialists



and senior people professionals is that the importance of clarity and simplicity outweigh other considerations. This will also support better compliance with the new statutory requirement. Further, the majority of other employment law in this country is not implemented in a tiered fashion according to organisation size. Until now the ‘at one establishment’ approach has applied to all organisations, regardless of size, for example.

**Question 17:** Which of the following methods for setting the organisation-wide threshold do you consider to be the least appropriate? Please explain your answer.

We consider the least appropriate method to be **Method 4: A percentage-based threshold applying to employers who have fewer than X number of employees), and a fixed number applying to employers who have X number of employees or more**

Proportionality may be a sound principle but applying this method in most organisations would carry with it a considerable degree of complexity and demand significant additional resources. Combining both variable and fixed numbers including percentages within a tiered approach would be a difficult formula for all parties to understand including employers, trade unions and employees. In workplaces undergoing a challenging restructuring and redundancy exercise, with all the expected employment relations sensitivities and tensions that could arise, the potential for unnecessary disputes would be magnified. This complexity would also not support compliance with the new regulatory requirement.

**Question 18:** To what extent do you agree that a tiered approach to the organisation-wide threshold, which applies a different threshold based on the number of employees an employer has, could create unfair outcomes for employers (and their employees) near the margins of a tier? Please explain your answer.

**Agree.** Those employers that are very close to the edge of a higher tier because of their size could feel unfairly subjected to an additional compliance obligation compared with other employers that fall just below the edge of that tier. Conversely, workers and trade unions could feel unfairly disadvantaged if they are not eligible for the collective consultation rights if the organisation’s obligations are not triggered due to not quite reaching the required threshold. There would also be another layer of complexity for employers to navigate in terms of having to calculate workforce size in order to identify which tier they sit in. Further, a tiered approach could potentially unintentionally encourage some employers on the edge of falling into a higher tier to manipulate a redundancy process to avoid triggering the threshold for collective redundancy obligations.

**Question 19:** Do you foresee any challenges for a business when calculating the number of employees the business employs? Please explain your answer.

**Possibly.** Most employers, particularly large, should have in place the HR information systems to know how many employees they employ. These systems should serve as a central database that is accessible and should provide the organisation with real-time data. Even many SMEs would have systems in place for payroll which should provide them with headcount. However, very large organisations (with thousands of employees) can typically operate as distinct business units even if part of one employing entity. They could be operating across multiple sites and experience almost daily fluctuating headcount numbers across the organisation due to normal resourcing activity.



Therefore, in practice calculating precise workforce numbers could be quite a fragmented process and represent a deceptively complicated exercise for some employers, especially where people have different types of employment status (eg casual staff or self-employed contractors), or could be on a fixed term contract. Also, it's not always the case that recruitment, payroll and HR systems are integrated to provide straightforward data on headcount. Further, HR and finance systems are not always aligned. Some organisations can experience rapid workforce expansion or shrinkage that would represent further challenges for accurate headcount calculations. Therefore, the ease or difficulty with which a business can calculate the number of employees it employs will depend largely on how significantly it has invested in a robust and integrated HR technology system.

**Question 20:** In your view, are there any certain types of employees that should be excluded when working out the total employee numbers an employer has?

While broadly it's important to include all employees with a contract of employment when calculating total employee numbers for collective redundancy consultation purposes, there are some important specific exclusions to take into account for an accurate workforce headcount. These would include agency workers (if not classed as employees of the employer, ie 'end hirer'), casual staff, self-employed contractors and those on fixed-term contracts that are due to end naturally.

## **Section 2: Threshold levels**

**Question 23:** To what extent do you agree that the organisation-wide threshold should not be set at a number which is lower than 250 redundancies?

**Strongly agree.**

**Question 24:** To what extent do you agree that the organisation-wide threshold should not be set at a number which is higher than 1,000 redundancies?

**Agree.**

## **Section 3: Proposals**

**Question 25:** Do you agree with the preferred method to make the organisation-wide threshold based on a fixed number (Method 1)?

**Yes.** (See response to Question 16 above.)

**Question 26:** Are there any concerns or risks that should be considered with the preferred method (Method 1: Fixed Number)?

Yes - but these are outweighed by the need for clarity and reducing the administrative and employment relations challenges of implementing methods with a greater level of complexity (see responses to Questions 17 and 18 above).

**Question 27:** In your opinion, which of the following do you think would be the most an appropriate threshold for an organisation-wide fixed threshold?

We agree that it is important to avoid any disproportionate regulation on small and medium sized businesses by not setting the organisation-wide threshold too high. On



balance, we consider that **750** or **1,000** redundancies would be an appropriate threshold for an organisation-wide fixed threshold.

**Question 28:** If answered Question 27, please explain the reasoning behind the threshold level you selected for the organisation wide fixed threshold.

Setting the threshold level at the higher end of the range offered in the consultation paper would still grant strengthened collective redundancy protections for a considerable number of employees whilst avoiding a low threshold that could leave some very large employers in a perpetual situation of collective consultation.

**Question 31:** In your opinion, are there any concerns or risks you think should be considered with the alternative proposal (Method 3: Tiered Fixed)?

Please see response to Question 18 above.

**Question 32:** In your opinion, what would be the impact on employees of our alternative option (Method 3: Tiered Fixed)?

Please see response to Question 18 above.

**Question 33:** In your opinion, what would be the impact on employers of our alternative option (Method 3: Tiered Fixed)? Please provide any additional evidence which helps to support your point.

Please see response to Question 18 above.