

# **Threshold for triggering collective redundancy obligations**

**TUC response to Department for Business and  
Trade consultation. May 2026.**

# Introduction

The TUC is the voice of Britain at work. We represent more than 5.3 million working people in 47 unions across the economy. We support unions to grow and thrive, and we stand up for everyone who works for a living.

The TUC strongly welcomes the policy intent behind these measures: to reform the collective redundancy process to enable wider consultation with affected employees.

However, we urge the government to consider a far more ambitious second threshold test for collective consultation to ensure that more workers benefit from a collective voice during a redundancy process and that there is more than a token change in the number of consultations taking place.

It is widely accepted that collective consultation leads to better outcomes. We note that Acas currently tells employers that it is “good practice” to carry out collective consultation even where the current law does not require it.<sup>1</sup> A number of employers such as Network Rail and the UK’s largest grocery chain, Tesco, already undertake collective consultation when job losses are less than 20.

This is important because effective consultation often leads to fewer job losses. This, in turn, means less long-term “scarring” to the incomes of those affected.<sup>2</sup> Employers continue to benefit from the skills and experience of workers. And wider society gains as workers contribute to the economy and don’t make a greater call on social security.

The focus of the government’s reforms should be on maximising these benefits, not, as set out in the options paper, a desire to find a threshold that “balances employer and employee coverage”.

It is notable from the figures set out by the government that the lower the threshold, the bigger the net social gain from the policy. It is regrettable that the options paper doesn’t set out figures for net social gain at thresholds below 250 proposed redundancies.

As it stands, the proposals set out in the consultation paper would lead to only a small increase in the number of collective consultation processes taking place. If unamended, this would be a significant missed opportunity to improve outcomes for workers and the wider economy. It would also fail to support the broader drive in the government’s *Plan to Make Work Pay* to give working people a stronger collective voice.

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<sup>1</sup> Acas. (2026). “Consulting employees and representatives: When consultation is required.” [www.acas.org.uk/consulting-employees/when-consultation-is-legally-required](http://www.acas.org.uk/consulting-employees/when-consultation-is-legally-required)

<sup>2</sup> Arulampalam, W. (9 October 2008). “Is Unemployment Really Scarring? Effects of Unemployment Experiences on Wages”, *The Economic Journal*, Volume 111, Issue 475

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

Trade union officials and union workplace representatives have extensive experience of negotiating with employers over collective redundancies and restructuring exercises.

Wherever possible trade unions will seek to identify ways to avoid or reduce the level of redundancies. Where an employer fails to comply with their information and consultation obligations, trade unions will consider applying to an employment tribunal for a protective award.

This work is vital because there is strong evidence that redundancy has a longstanding detrimental impact on the income and well-being of staff who lose their jobs.<sup>3</sup> It also has a negative effect on the sense of security and health and well-being of remaining staff.<sup>4</sup>

Genuine consultation between trade unions and employer can help to ameliorate these effects by saving jobs and ensuring the processes are transparent and fair.<sup>5</sup> The procedure also brings benefits for employers by assisting them to avoid redundancy costs and legal expenses and to retain trained staff. Acas notes that: "Employees will often have good ideas that may help to avoid redundancies."<sup>6</sup> This is of benefit to the wider economy too by keeping more people in work, ensuring that their skills are being fully utilised and reducing unemployment and reliance on social security benefits.

Collective consultation can also produce commitments to support for those who do still end up losing their jobs, for instance accessing training that allows the worker a better chance of securing another role.

Take for example, a recent redundancy exercise at National Trust, a medium sized employer (with around 12,000 employees) across an estimated 120 portfolios and 650 sites. The employer proposed redundancies of 528 full-time equivalent posts to make savings of £26 million. After consultation with the trade union Prospect, the employer

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<sup>3</sup> Bedük, S. et al. (January 2026). "Insurance against risk? Cost and compensation of job loss in different welfare states." *Socio-Economic Review*, Volume 24, Issue 1, Pages 505–527.

<https://doi.org/10.1093/ser/mwaf066>

<sup>4</sup> Stevens (M). (2022). "A netnographic study exploring the impact of consecutive redundancy programmes on employee exhaustion, cynicism and organisational detachment." *CIPD Applied Research Conference 2022*, CIPD. [www.cipd.org/globalassets/media/comms/get-involved/events/impact-consecutive-redundancy-programmes\\_tcm18-109943.pdf](http://www.cipd.org/globalassets/media/comms/get-involved/events/impact-consecutive-redundancy-programmes_tcm18-109943.pdf)

<sup>5</sup> Four out of ten reps responding to a TUC Survey in 2010 reported a reduction in the number of job cuts implemented at the end of the consultation process. TUC. (2012). "Collective Redundancy Consultation."

[www.tuc.org.uk/sites/default/files/tucfiles/callforevidencecollectiveredundancyconsultation.pdf](http://www.tuc.org.uk/sites/default/files/tucfiles/callforevidencecollectiveredundancyconsultation.pdf)

<sup>6</sup> Acas (2026). "Collective consultation for redundancy: how to hold consultation."

[www.acas.org.uk/collective-consultation-redundancy/how-to-hold-collective-consultation](http://www.acas.org.uk/collective-consultation-redundancy/how-to-hold-collective-consultation)

agreed to reduce the targeted cost savings by £2m and remove 76 posts from the redundancies.

Likewise, when a university put 38 jobs at risk across several grades, during negotiation during the consultation, the trade union UNISON was able to ensure that only one staff member at the highest grade remained at risk of redundancy while all of the lowest grade members of staff either maintained their jobs in the new structure, accepted a higher redundancy package, or were redeployed.

The same trade union was able to use a collective redundancy consultation in the energy sector to reduce the number of proposed redundancies at one company from 524 to 462, directly saving 62 jobs, while also negotiating enhanced voluntary redundancy packages, which were taken by more workers, reducing the level of compulsory redundancies further.

In March, UNISON used a collective redundancy consultation period to persuade the Royal Cornwall Hospitals NHS Trust to withdraw its redundancy consultation on clinical administrative jobs. The outcome was that all staff roles were protected and recruitment was undertaken for vacant positions.<sup>7</sup>

Usdaw reports that at Tesco, which routinely conducts collective consultation on redundancy even where it does not reach the current trigger, it has achieved enhancements including:

- improvements behind the existing enhanced redundancy pay
- extended pay protection for workers who avoid redundancy
- one-off payments to compensate where redundancy is deferred by the business
- additional time off beyond the statutory requirement for four half days for interviews, and flexibility to use it for additional purposes, such as training
- extended trial periods beyond statutory requirements where someone takes a job as an alternative to redundancy
- pay in lieu of notice.

The TUC therefore strongly agrees with ministers in their foreword to the consultation document that collective consultations “support fairness and transparency between employers and employees, and benefit both groups by preventing, reducing or mitigating redundancies where possible”.

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<sup>7</sup> UNISON. (19 March 2026). “Cornwall hospital trust backs down on redundancies but staffing fears remain.” <https://southwest.unison.org.uk/news/2026/03/cornwall-hospital-trust-backs-down-on-redundancies-but-staffing-fears-remain/>

It is notable that the evidence shows that there are particular benefits to collective consultation with a trade union.

The Department for Business and Trade report *Findings from the Management and Wellbeing Practices Survey (2023)* found that in three in ten workplaces (30 per cent) where a consultation over potential redundancies had taken place, this had led to a change in managers' original proposals. Changes were more likely where there was a recognised union at the workplace; this applied for 42 per cent of workplaces with a recognised union compared with 33 per cent among workplaces with no recognised union. This is because union reps and officers have the skills and experience to better formulate and articulate alternative plans.<sup>8</sup>

The TUC is therefore disappointed with the limited approach set out in this consultation paper.

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

*Method 1: Fixed Number*

*Method 2: Variable (Percentage-Based Threshold)*

*Method 3: Different fixed numbers applying to different sized businesses (based on number of employees)*

*Method 4: A percentage-based threshold applying to employers who have fewer than Y number of employees), and a fixed number applying to employers who have number of employees or more)*

*None of the above*

*Unsure*

*Other*

We agree with the approach of setting a single additional threshold test, Method 1, rather than a variety depending on the size of employer.

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<sup>8</sup> Department for Business and Trade. (2023). "Findings from the Management and Wellbeing Practices Survey." <https://niesr.ac.uk/wp-content/uploads/2023/06/Findings-from-the-Management-and-Wellbeing-Practices-Survey-1.pdf?ver=AYQEdiOiUdfSailRjLaF>.

This makes it less likely that disputes will get bogged down in arguments about the size of the organisation, the methodologies to be applied and other technicalities rather than seeking to resolve the issues at the heart of the proposal to cut jobs.

It also makes it easier for workers and employers to understand.

**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.**

*Method 1: Fixed Number*

*Method 2: Variable (Percentage-Based Threshold)*

*Method 3: Different fixed numbers applying to different sized businesses (based on number of employees)*

*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*

*None of the above*

*Unsure*

**Other**

*Please explain your answer below.*

Pursuing any other option than one based on the number of proposed job losses makes it easier for employers to manipulate the process.

For example, corporate structures can be altered in a way that appears to reduce the number of employees.

Employers also hold significant advantages of information in establishing things like numbers of workers, on which it is hard for trade unions, let alone unorganised workers, to challenge the data provided.

**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? Please explain your answer.**

*Strongly agree*

*Agree*

*Neither agree nor disagree*

***Disagree***

*Unsure*

*Other*

The range of threshold options is inadequate for extending the reach of collective consultation. If set at 250 proposed redundancies, just 97 more consultations would be expected, representing a 2.5 per cent increase. At 1,000 redundancies, there would be a mere 19 more, a 0.5 per cent rise.<sup>9</sup>

We note that at 250, the net present social value over a ten-year appraisal period is estimated at £2.6b, which drops to £1.2b at 1,000. The options assessment states that: "Employees benefit from increased redundancy pay and wages paid during the consultation period and when redundancies are prevented. These are costs to employers, but net benefits are driven by avoided redundancy pay when redundancies are prevented, avoided hiring costs when redeployment fills vacancies, and gained output." So, while there are some costs to employers from doing more consultation, these costs are small, and they are more than outweighed by the benefits.

It is regrettable that similar assessments were not published for options below 250 so that it was clear whether those net benefits were even greater at lower levels. But it is reasonable to assume that the net social benefits increase the lower the threshold is put.

It is also regrettable that enormous emphasis seems to have been made on avoiding a hypothetical risk of putting large employers in "a constant state of consultation" without any robust analysis of the extent to which any employers would be placed in

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<sup>9</sup> Department for Business and Trade. (2026). "Options assessment: Threshold for triggering collective redundancy obligations."

<https://assets.publishing.service.gov.uk/media/69c55ab54321776215360943/options-assessment-threshold-for-triggering-collective-redundancy-obligations.pdf>

this situation. Nor is there any significant evidence provided of the consequences – both positive and negative - of frequent consultation. As we note below, at Tesco, the UK's largest private sector employer, which routinely conducts collective consultation even where not required by law, such consultations typically occur once a year. Therefore, the government should treat lobbyists' claims of an enormous administrative burden with some scepticism.

To give an example of the importance of this threshold, there was a recent case in the bus industry where Stagecoach created new duty manager positions across the country, while making other positions redundant. This was, in effect, a national scheme at multiple bus garages/locations across England and Wales, but each site had fewer than 20 redundancies, including at sites in South West England and Lancashire, where the RMT has recognition.

Likewise, while the National Trust example cited above did meet the existing single establishment trigger, it is worth noting that its workers are distributed across a large number of sites. This means that even with a second threshold at the lower end of the range (250 redundancies) proposed by the government, the National Trust could make a significant number of redundancies without triggering collective consultation.

Some employers note the weakness of the current statutory regime and enter formal collective consultation even when the total number of potential redundancies at any one establishment is under 20.

One of these is Tesco, the UK's largest private sector employer, employing around 340,000 people and operating out of over 3,000 individual locations. It has a recognition agreement with Usdaw.

Roughly annually a restructuring leaves some staff being put at risk of redundancy. In these situations, Tesco voluntarily enters into formal collective consultation with the union even if the law doesn't require it.

This has allowed staff a collective voice on changes including:

- Stores changes announced on 27 January 2026 that placed 200 roles at risk across 110 stores.
- Distribution Centre changes announced on 27 January 2026 that affected only one or two roles in each centre. This led to a separate collective consultation process.
- Tesco Office, in September 2025, 29 people were put at risk based in different locations around the country.
- Stores changes announced in January 2025 where around 300 staff were at risk, but no individual store had over 20.

Other large employers, such as J Sainsbury, take a similar approach to consultation.

Such an attitude is not confined to retail. For example, the RMT has agreements in the rail sector, covering public and private sector employers that already go beyond the statutory obligations covering the collective redundancy process.

Freightliner in the rail freight sector conducts collective consultation when two or more employees are affected across all locations.

At Network Rail and the rail passenger operators, the longstanding Promotion, Transfer, Redundancy and Re-settlement (PTR&R) policy requires consultation with the RMT whenever any redundancies are sought by the employers.

This should give the government confidence to put in place a second threshold for redundancy threshold that is significantly lower than 250.

**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? Please explain your answer.**

*Strongly agree*

*Agree*

*Neither agree nor disagree*

*Disagree*

*Unsure*

*Other*

The TUC strongly opposes a threshold set at 1,000 proposed job losses. Setting the threshold at such a high level would serve to drastically undermine the policy intent behind these reforms.

As noted above, the government's figures show that net social benefits are larger, the lower the threshold.

The department estimates that setting a threshold at 1,000 proposed redundancies would result in merely an additional 19 consultations annually, which represents a 0.5 per cent increase. This is only a minimal change and risks allowing employers to dismiss many hundreds of workers across sites without engaging in collective consultation. This falls short of the ambition set out in the paper that employers "who make large numbers of redundancies across their organisation are required to undertake collective consultation".

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

*Yes*

*No*

*Don't know*

*Other*

Please see our answer to question 17

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

The key risk is that if the fixed number is set too high, then many employees will not benefit from collective consultation in the event of redundancy proposals.

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

250

500

750

1000

**Another number**

*Unsure*

The evidence shows that collective consultation is of great benefit to workers, employers and the wider economy. We would like to see as many workers as possible benefit from it in the case of redundancy proposals.

We supported the original drafting of the Employment Rights Act 2025 that removed the one establishment rule. This would have had the effect of ensuring collective consultation whenever it was proposed that 20 or more posts be made redundant.

It would be consistent with the government's policy aims to set this second threshold as close to 20 as possible.

We note that employment law already has a definition of a large-scale redundancy in that section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 requires employers proposing to dismiss 100 or more employees to begin the consultation period at least 45 days before the first dismissal takes place.

It would be perverse for the new threshold to start at a higher level than this.

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

Setting a threshold as close to 20 as possible would, according to figures in table 3 of the options assessment published alongside the consultation document, bring virtually all workers in scope.

Even a second threshold set at 100 proposed losses would ensure that coverage applied to 94 per cent of employees but just 40 per cent of businesses, based on the same analysis.

It is disappointing that no analysis is shown of the impact on the number of consultations held if the new threshold was to be set at points below 250.

**Question 29: In your opinion, what would be the impact on employees of using Method 1: Fixed number, at your chosen threshold (as answered in question 27)? Please provide any additional evidence which helps to support your point.**

We have set out above the evidence showing the value 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 provide any additional evidence which helps to support your point**

See our answer to question 16.

**Question 35: Do you believe that the proposals discussed in this consultation will have an impact on individuals with a protected characteristic under the Equality Act 2010?**

*Protected characteristics under the Act are disability, gender reassignment, age, pregnancy and maternity, race, marriage and civil partnership, sex, sexual orientation and religion or belief.*

***Yes***

*No*

*Don't know*

*Other*

Unions report that Black workers are disproportionately likely to be selected for redundancy. For example, in one local authority, Black workers made up just 31 per cent of the workforce but 63 per cent of redundancies. Black women are particularly hard hit. In one example cited by UNISON, at a local authority they accounted for 23 per cent of redundancies but were only 5 per cent of the workforce.<sup>10</sup>

On top of this, there is significant evidence that Black and Minority Ethnic workers and disabled workers find it particularly difficult to find work when they lose a job. Therefore, limiting collective consultation and the scope for workers to put forward proposals to limit or eliminate the need for job losses, will negatively affect them. In contrast, a more expansive policy approach will be of more benefit to workers in these groups.<sup>11</sup>

**Question 36: Where you have identified potential negative impacts under question 35 can you propose ways to mitigate these? Please explain your answer below.**

These risks could be mitigated by putting in place a threshold significantly below the range currently being proposed by the government.

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<sup>10</sup> UNISON. (2017). "Save Our Services: How cuts are hitting Black people."  
[www.unison.org.uk/blogs/2017/02/sos-black/](http://www.unison.org.uk/blogs/2017/02/sos-black/)

<sup>11</sup> Office for National Statistics. (2021). "Which groups find it hardest to find a job following a period out of work?"  
[www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/articles/whichgroupsfindithardesttofindajobfollowingaperiodoutofwork/2021-03-30](http://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/articles/whichgroupsfindithardesttofindajobfollowingaperiodoutofwork/2021-03-30)