

News story: New guidance to support staff engagement during insolvencies

Following responses to a call for evidence, the [government will publish guidance](#) to help insolvency practitioners' and employers consult with staff facing redundancy as a result of their employer's insolvency.

When an employer is proposing to make more than 20 employees redundant within any 90-day period, they have a duty to consult with staff or their representatives over ways to mitigate the impact of the job losses.

The employer must also notify the Secretary of State in writing at least 30 days before the redundancies are made.

To better understand the difficulties employers face when proposing to make many people redundant in an insolvency process, the government launched a call for evidence in March 2015.

Responses were received from a range of groups including lawyers, insolvency practitioners and trade unions and these were captured in a document published in November 2015.

Respondents understood that legislation aims to encourage constructive engagement with employees, as well as ensuring the appropriate support mechanisms are available to staff losing their jobs.

However, it was acknowledged that the legislation around collective redundancy consultation can be difficult to apply in a real-life insolvency situation where decisions need to be made quickly, there is little money available, options are limited and attention is focused on attempts to rescue the business.

Additionally, this may be the first time employers have ever dealt with a collective redundancy situation, which can be daunting while navigating both insolvency and employment law, all while the business is in financial distress.

In response, the government has approved a package of non-legislative measures to help insolvent employers and insolvency practitioners engage with staff when proposing large scale redundancies.

New guidance will set out minimum expectations for insolvency practitioners to:

- notify the government in advanced of collective redundancy proposals
- comply with the requirement to consult when seeking to rescue or wind up a business
- provide information on how to ensure legal compliance when electing employee representatives