



Number of planned redundancies in the UK drops 86% from pandemic peak a year ago

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1st December 2021

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The number of redundancies UK businesses have told the Insolvency Service they are going to make has seen an 86% drop in Q3 2021 compared to the same period in 2020, says GQ|Littler, the specialist employment law firm.

The number of planned redundancies peaked at 290,000 at the height of the first lockdown (Q3 2020) but has dropped with every subsequent quarter, reaching a low of 40,601 between July and September 2021.

GQ|Littler says the drop suggests that before the spread of the Omicron variant UK employers have become increasingly confident about the state of the economy. However, the firm warns that the informal lockdown created by the Omicron outbreak could put businesses under greater financial pressure, which could in turn lead to more redundancies.

The data on planned redundancies is drawn from information that employers are obliged to submit to the Insolvency Service if they intend to make 20 or more employees redundant.

Raoul Parekh, Partner at GQ|Littler says: “The steady drop in planned redundancies suggests employers had been taking an optimistic view of the future. However, the rapid emergence of the Omicron variant has knocked that confidence especially in the retail and hospitality sectors.”

“Employers will be waiting with bated breath to see what further action the Government takes.”

GQ|Littler warns that employers who opted to make employees redundant rather than make use of furlough could potentially find themselves facing unfair dismissal claims in the future.

Raoul Parekh says: “Given the sudden shock to the economy caused by the pandemic, it’s not surprising that the immediate response by some employers was to make cuts. Nobody knew how long lockdown would last for.”

“However, employers who jumped the gun and didn’t consider furlough before making cuts could find themselves being brought in front of an employment tribunal. Employers in that situation will need to prove that the position was unviable and that it followed a fair redundancy procedure.”

About GQ|Littler

GQ|Littler is a leading specialist law firm for employers in the UK and Ireland. Offering risk-based contentious and non-contentious advice, our legal service includes employment, immigration, data privacy and employee tax and incentives. Our client base spans a wide range of sectors including financial services, technology, healthcare, professional services and luxury goods, in the UK and internationally. GQ|Littler is recognised as a leader in its field by both Chambers & Partners and Legal 500, which describes the firm as an “excellent team with strength and depth in every aspect.” For more information, visit www.gqlittler.com.