Redcar Steelworkers Score £6.25m Collective Redundancy Victory

A trade union has successfully claimed £6.25m on behalf of 1,100 dismissed steelworkers after their employer failed to consult over planned redundancies.

SSI, a Thai-owned company, shut its Redcar steel plant in September 2015, leading to 1,700 job losses. The Community trade union brought an Employment Tribunal claim on behalf of its members over the employer's failure to meet its collective consultation obligations (s188 Trade Union and Labour Relations (Consolidation) Act). It appears that SSI failed to provide the required information about the proposed dismissals to employee representatives, to consult the trade unions about the dismissals, or for the required 90 days to elapse between the provision of that information and the dismissals taking effect.

Earlier this month, an Employment Tribunal found in favour of the union. The amount due would have exceeded £14m (90 days' uncapped pay per employee), but because the employer is insolvent, the employees will have to recover the amounts from the Government's National Insurance Fund. This recovery is subject to a limit of 8 weeks' pay at a maximum of £475 per week, and amounts to the lower £6.25m amount. The employees can attempt to recover the outstanding amounts from the liquidated company, but given the volume of other creditors, they are not expecting to succeed.

The scale of the potential award demonstrates the real danger to employers in disregarding their consultation duties. Hopefully few solvent employers would be as flagrant as SSI in their breaches of their collective consultation obligations, but significant awards at a lower level are a real risk if significant failings are made.

For insolvent employers, the lessons are less clear: presumably it would not have been possible for SSI to continue trading for the 90+ days needed to meet their employment law obligations. Breaching TULR(C)A and waiting for the Government to pick up the bill may well have been the safest choice.