

AN ANALYSIS OF EMPLOYMENT AND INSOLVENCY LAW

BACKGROUND

This paper was commissioned by the Committee for Enterprise, Trade and Investment to examine Employment and Insolvency legislation for discrepancies within the law.

In the current poor economic climate a number of companies based in Northern Ireland have ceased trading or become insolvent, resulting in a large number of people becoming unemployed.

During these situations there have been accusations in the media that companies and their administrators have breached insolvency rules and regulations to the detriment of employees.

This paper will discuss any evidence regarding breach of these regulations, using information provided by Industrial Tribunals, Court Cases and other relevant sources.

KEY POINTS

- As stated by DETI there are no major discrepancies between employment and insolvency law, but there does appear to be a skewing within the legislation towards the company as part of the governments focus on enhancing employer survivability;
- Consultations with BIS in GB have found that there are no plans regarding altering employment and insolvency law around the area of company insolvency and employee rights. However, there is currently a drive towards enforcing existing law, especially regarding consultation periods. This includes reiterating the government regulations regarding the process needed to be followed by insolvency practitioners and the potential for prosecuting non-compliant companies, directors and insolvency practitioners;
- United Kingdom and Northern Ireland law provides employees with a degree of protection upon being made redundant;
- It is important to note that in a paper on insolvency for Thompsons Law it was stated:

“In the UK the purpose behind insolvency arrangements is to free the indebted from debt, not to ensure that creditors are paid.”¹

¹ Thompsons Law LELR issue 123 *Insolvency* www.thompsons.law.co.uk/lttext/123-workers-rights-insolvency.htm (first accessed 15/02/2010)

- An employer cannot make any notices of dismissal until the consultation period is completed. If an employer fails to provide the appropriate consultation period they are liable to pay a maximum of 90 days wages to the effected employees;
- Guidelines state that under certain special circumstances an employer does not need to meet the minimum requirements of the consultation process;
- Importantly, there is no definition of “Special Circumstances” within legislation;
- the lack of definition around what Special Circumstances are has led to a number of employment tribunals debating what “Special Circumstances” are;
- A company which has become insolvent is only liable to a maximum of £800 to each employee made redundant;
- In circumstances where this occurs, employees can claim statutory redundancy pay from the government;
- The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) preserves employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new employer;
- Discussions with various groups have identified that this is an extremely complicated area of employment law, with the Workplace Law Handbook stating “*The law in this area is notoriously uncertain.*”²;
- Under TUPE an employee cannot be dismissed because of the transfer itself or for a reason connected to the transfer, unless it is for an ‘economic, technical or organisational (ETO)’ reason;
- If a company fails to carry out the proper procedure regarding Insolvency law (Whether the statutory dispute resolution procedure or collective consultation procedure) it is liable for claims by its employees and fines from the government; and
- There are some proposed changes to employment and insolvency law within Northern Ireland and Great Britain but none that will have a major impact on employee rights.

CURRENT LEGISLATION

Redundancy has, for quite a while, been at a low and stable level across the UK. However, with the financial crisis of 2008/09 causing a sudden and sharp economic downturn, redundancy levels have swiftly risen, creating issues both for employers and employees.

² Workplace Law Group, 2009, ED. Davies, *A Workplace Law Handbook*
Providing research and information services to the Northern Ireland Assembly

By the beginning of 2008, the redundancy rate in the UK had fallen to 4.4 in every thousand. However, by September 2008 this had risen sharply to 6.1, with a flurry of redundancy announcements in late 2008 and throughout 2009.

Table 1 on the page following shows the number of redundancies in Northern Ireland in 2008 and 2009. As can be seen the number of company liquidations have risen relatively steadily during the recession with 574 in the fourth quarter of 2009, a 30% rise on the previous year.

Table 1: Insolvencies in Northern Ireland (not seasonally adjusted)³

							% change – Q4 2009 on
		08Q4	09Q1	09Q2	09Q3	09Q4p	Q4 2008
Company Liquidations		66	57	65	51	74	12.1
of which:	Compulsory	52	34	46	27	57	9.6
	Creditors' Voluntary	14	23	19	24	17	21.4
Individuals		443	446	558	381	574	29.6
of which:	Bankruptcies	293	302	353	200	382	30.4
	IVAs	150	144	205	181	192	28.0

In recent months there have been concerns raised regarding the interaction between employment and insolvency legislation and whether or not there are discrepancies resulting in one group's rights being considered a priority over the other.

This paper will examine the evidence regarding this, including employment law, insolvency law and will attempt to identify examples of breaches in redundancy procedure through academic and case law.

United Kingdom and Northern Ireland law provides employees with a degree of protection upon being made redundant. It takes two main approaches in this area⁴:

- The law requires employers to inform trade unions before redundancies are implemented. As a result employees and unions can work out a strategy when faced with the prospect of redundancies; and
- The law provides for compensation to be paid to redundant employees, the amount of which being dependant on the length of service, employee age and basic wage.

It is important to note that in a paper on insolvency for Thompsons Law it was stated:

*"In the UK the purpose behind insolvency arrangements is to free the indebted from debt, not to ensure that creditors are paid."*⁵

³ Source: Department for Enterprise, Trade and Investment, Northern Ireland (DETINI) and Source: Companies House

⁴ *Digest of Northern Ireland Law*, Belfast 1996

⁵ Thompsons Law LELR issue 123 *Insolvency* www.thompsons.law.co.uk/lttext/123-workers-rights-insolvency.htm (first accessed 15/02/2010)

The paper goes on to state that although employees have rights regarding employment and redundancy, many of these are frozen when a company is declared insolvent.

It is first important to define the circumstances under which an employee becomes redundant. The Employment Rights Act 1996 identified the circumstances under which an employee is dismissed⁶ as part of a redundancy if the dismissal is wholly or mainly attributable to:

- the fact that the employer has ceased or intends to cease –
 - to carry on the business for the purposes of which the employee was employed by him; or
 - to carry on that business in the place where the employee was so employed; or
- the fact that the requirements of that business;
 - for employees to carry out work of a particular kind; or
 - for employees to carry out work of a particular kind in the place where the employer was employed by the employer, have ceased or diminished or are expected to cease or diminish.

If an employer is making over 20 employees redundant at one time they have a responsibility (enshrined in law) to introduce a consultation period. The amount of time applied to this period is dependent on the number of employees to be made redundant.

Consultations must begin at least⁷;

- thirty days before the first of the dismissals takes effect (when the employment contract is terminated) in a case where between 20 and 99 redundancy dismissals are proposed within 90 days or less; and
- Ninety days before the first of the dismissals takes effect in a case of 100 or more redundancy dismissals are proposed within a period of 90 days or less.

An employer cannot make any notices of dismissal until the consultation period is completed. If an employer fails to provide the appropriate consultation period they are liable to pay a maximum of 90 days wages to the effected employees.

To ensure a consultation period is meaningful, the courts make use of a number of tests which include⁸:

- consulting with representatives when proposals are still at a formative stage;
- ensuring adequate information is provided for a basis for the employee representatives to formulate a response;
- adequate time in which to respond; and

⁶ Butterworths *Employment Law Handbook – The Employment Rights Act 1996*

⁷ Department for Business Innovation and Skills, *Redundancy consultation and notification: guidance* <http://www.berr.gov.uk/whatwedo/employment/employment-legislation/employment-guidance/page13852.html> (first accessed 12/02/2010)

⁸ Ibid

- a conscientious consideration by the employer of the employee representatives response.

It is important to note that in guidance produced by the Department for Business Innovation and Skills (BIS) that the definition for 'redundancy' in the circumstances of a company making a collective redundancy differs from that used to "establish entitlement to statutory redundancy payments"⁹.

A consultation must include discussions regarding:

- Ways of avoiding the redundancy situation or dismissals;
- Ways of reducing the number of dismissals involved; and
- Ways of mitigating the effects of the dismissals.

Guidelines state that under certain special circumstances an employer does not need to meet the minimum requirements of the consultation process.

If an employer fails to consult with a trade union or employee representative, a complaint may be presented to an industrial tribunal unless it can be shown that there were special circumstances which made it impractical to comply with the requirements for a consultation period¹⁰.

Importantly, there is no definition of "Special Circumstances" within legislation. Rather there is precedent established in tribunal courts about what are not special circumstances. For example, insolvency alone is not a special circumstance (as found in *Clarks of Hove V Bakers Union* [1979]).

This finding was further strengthened in *GMB V Rankin and Harrison* [1992] which found that there is nothing intrinsically special about an insolvent employer or a receiver.

Examples of Special Circumstances cited in the redundancy of employees include:

- Ernst and Young claimed "Special Circumstances" following the closure of Nortel across the UK in January 2010 without a consultation period.¹¹ This case has yet to be heard in the courts;
- Thomson Construction Ltd made its 50 employees redundant, citing "Special Circumstances" for the lack of a consultation period. A group of 16 workers contested this, with an Employment Tribunal finding the firm had failed to comply with the consultation period and made a protective award of 90 days pay¹²;
- Brooks Service Group dismissed 93 staff in June 2006, again citing Special Circumstances. Although the employers would not state what the

⁹ Ibid

¹⁰ Insolvency Service *Insolvency Proceedings May 1998* www.insolvency.govt.uk (first accessed 22/02/10)

¹¹ Herald Express, January 11 2010 *MP tells of Nortel staff's concerns over pensions and redundancy*

¹² Evening Times April 2008 *Job Claim win for 16 axed labourers*

circumstances were, they did state that it was related to the company's financial position¹³; and

- Mining company UK Coal cited special circumstances for making 350 employees redundant following the flooding of a mine¹⁴. When the case went to tribunal and a subsequent appeal by UK Coal, it was found the company had failed to consult properly with employees and the initial award to workers was upheld. The workers received £2 million compensation¹⁵.

As can be seen above, the lack of definition of 'Special Circumstances' has led to a number of employment tribunals debating what 'Special Circumstances' are. In the case of UK Coal a substantial award was made against the employer.

Discussions with Price Waterhouse Cooper (PWC) found that even insolvency practitioners have difficulty with the vagueness of the term, stating that there is "no clear cut answer [and it is¹⁶] subject to each tribunal."

This seems to be an issue which needs further examination.

Employee Status Following Company Insolvency

Creditors receive the proceeds of company liquidation in a strict order of priority:

1. The fees and charges of the liquidation/bankruptcy;
2. Debts due to preferential creditors. These debts are set out in the Insolvency Act 1986 and include the employees preferential debt as discussed above;
3. In company cases, any creditor holding a floating charge (a Floating charge is a charge over an asset of the company which becomes a fixed charge) over an asset such as debenture;
4. All unsecured creditors;
5. Any interest payable on debts; and
6. In company cases the shareholders.

Initially employees are second in the list to receive payments, however the amount that can be received when a company is insolvent is limited and once the preferential debt limit is reached employees fall back to fourth in the queue for a share of the remaining value of the company.

Within priority 4 there is no order of priority, with the remaining company value divided up equally amongst the remaining unsecured creditors. However, as identified by Professor David Capper, a Reader in Law based at Queen's University Belfast, the amount of company assets remaining at this point is generally under 10%

¹³ Daily Post June 2006 *Sacked workers plan legal action*

¹⁴ Evening Chronicle April 2006 *Pit Chief's snub for tribunal*

¹⁵ BAILLI United Kingdom Employment Tribunal *UK Coal Mining V National Union of Mineworkers* [http://www.bailii.org/cgi-bin/markup.cgi?doc=/uk/cases/UKCAT/2007/0397_06_2709.html&query="UK+and+Coal"&method=boolean](http://www.bailii.org/cgi-bin/markup.cgi?doc=/uk/cases/UKCAT/2007/0397_06_2709.html&query=) (first accessed 23/02/2010)

¹⁶ Added by the author

of its initial worth, with the potential for a large number of unsecured creditors. As a result, any employees making a further claim for their full redundancy package will only receive a small portion of what may be owed. When initially made redundant an employee is considered a secured creditor, as a result of being owed preferential debt. This preferential debt includes¹⁷:

- Wages/salary for the four months before insolvency (including holiday and accrued holiday and sick pay);
- Guarantee payments, remuneration for suspension on medical or maternity grounds and payments for time off for trade union duties, ante-natal care and looking for work;
- Contractual commission or bonus;
- Overtime payments; and
- Maternity pay owned to the employee for the whole (or any part of) the four months before insolvency.

A company which has become insolvent is only liable to a maximum of £800 to each employee made redundant. As can be expected this can fall far below statutory payments and indeed any agreed redundancy package previously negotiated with the employer.

If the employer is declared insolvent, or cannot or will not pay the owed redundancy, and the employee has done everything to attempt to get the payment, they can apply to the Redundancy Service within the Department of Employment and Learning (DEL) for a payment from the Northern Ireland National Insurance Fund.

In order to receive a statutory redundancy payment, an employee must be employed continuously for at least two years by the company. These payments are calculated in accordance with the employee's age, length of service and rate of weekly pay, with length of service capped at 20 years.

The level of redundancy pay is calculated as follows:

- Weekly rate by 1.5 every year in which the employee was 41 years old or older;
- Weekly rate by 1 for every year in which the employee was aged between 22 and 40; and
- Weekly rate by 0.5 for every year in which the employee was between 18 and 21.

The maximum level of pay is currently £380 per week for a maximum of 30 weeks, amounting to a maximum payment of £11,400.

¹⁷ Practical Law Companies 2007 vol 18 *Insolvency and Employees: Hanging them out to dry*
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If an employer fails to make good on redundancy packages as a result of the insolvency, employees can make a claim through the courts as a breach of contract or via an employment tribunal as an unlawful deduction from wages.¹⁸

The Redundancy Service will pay the employee and then claim back against the assets of the business, taking the employee's place as an unsecured creditor. As with the employer, the Redundancy Service will only pay the statutory redundancy amount and will not take into consideration any additional redundancy packages negotiated between the employer and the employee.

In this situation an employer may have a contractually enhanced redundancy programme which is part of an employees contract of employment, or where an enhanced redundancy payment has been applied (i.e., employees made redundant receive a payment higher than the statutory maximum) and subsequently fails to honour this following redundancy. As such, an employee may have a contractual claim against the employer up to a value of £25,000 and will be added to the list of unsecured creditors.

THE TRANSFER OF UNDERTAKINGS (PROTECTION OF EMPLOYMENT) REGULATIONS

The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) preserves employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new employer.

This can occur relatively regularly during the process of one company's insolvency, with another company buying part or all of its operations. Existing staff contracts are transferred across to the new company with the intention that any build up time in service, holiday pay, etc. is maintained.

The 2006 changes to TUPE regarding insolvency focused on saving the target company.

Please note, TUPE is one of the most complicated parts of existing employment legislation and it is not possible to cover all aspects, precedents and judgements made around this area. Discussions with various groups have identified that this is an extremely complicated area of employment law, with the Workplace Law Handbook stating "*The law in this area is notoriously uncertain.*"¹⁹

Under TUPE there are a number of stances which can be taken by the employer and employee, as laid out in regulations produced by BIS²⁰.

The employer's position:

- the new employer takes over the contracts of employment of all employees who were employed in the 'organised grouping of resources or employees' immediately after the transfer, or who have been so employed if they had not been unfairly dismissed by reason of the transfer – this appears in the regulations to prevent employers from dismissing employees immediately before the relevant transfer takes place to make the business more attractive proposition to a purchaser;

¹⁸ Thompsons Law LELR issue 123 *Insolvency* www.thompsons.law.co.uk/lttext/123-workers-rights-insolvency.htm (first accessed 15/02/2010)

¹⁹ Workplace Law Group, 2009, ED. Davies, *A Workplace Law Handbook*

²⁰ Department of Business, Innovation and Skills, June 2009, *Employment Rights on the Transfer of an Undertaking*, www.berr.gov.uk/files/file20761.pdf (first accessed 22/02/2010)

- they cannot terminate contracts and dismiss employees just because the transfer has occurred;
- the new employer takes over all rights and obligations arising from those contracts of employment, except for criminal liabilities and some benefits under an occupational pension scheme. This means that they will inherit any outstanding liabilities incurred by the original employer by his failure to observe the terms of those contracts or for failure to observe employment rights; and
- the new employer takes over any collective agreements made by or on behalf of the original employer in respect of any transferring employees and in force immediately before the transfer.

Employee's Position:

- Employees employed in the original grouping immediately before the transfer automatically become employees of the new employer. However, an employee can object to the transfer if he or she wishes. In that case the objection terminates the contract of employment and the employee is not treated for any purpose as having been dismissed by either the original or new employer. Importantly, the employee is considered to have *resigned* and would therefore not be entitled to a redundancy payment. The new employer may re-engage the employee on whatever terms they agree, though the continuity of employment will be broken;
- An employee's period of continuous employment is not broken by a transfer and for the purposes of calculating entitlement to statutory employment rights the date on which the period of continuous employment started would usually be the date on which the employee started work with the old employer; and
- Transferred employees retain all the rights and obligations existing under their contract of employment with the previous employer and these are transferred to the new employer.

An employee cannot be dismissed because of the transfer itself or for a reason connected to the transfer, unless it is for an 'economic, technical or organisational (ETO)' reason²¹.

ETO has no statutory definition but it is likely to include:

- a reason relating to the profitability or market performance of the new employer's business (an economic reason);
- a reason relating to the nature of the equipment or production process which the new employer operates (a technical reason); and
- a reason relating to the management or organisational structure of the new employer's business (organisational reason).

Dismissals on the grounds of redundancy **are** permitted by TUPE, as they will normally be for an ETO reason, although the new employer will need to make sure the redundancy is **fair** within the employment legislation.

To assist the rescue of a failing business, the regulations make special provision where the original employer is subject to insolvency proceedings:

²¹ Ibid

1. the regulations ensures that some of the original employers pre-existing debts to the employees do not pass to the new employer;
2. The regulations provide greater scope in insolvency situations for the new employer to vary the terms and conditions of the employee's contract after the transfer takes place.

It must be noted that normally the regulations place significant restrictions on new employers when varying contracts because of the transfer or a reason connected with the transfer. These restrictions are in effect *waived*, allowing the original employer, the new employer or the insolvency practitioner to reduce pay and establish other, inferior terms and conditions after the transfer²².

In referral back to an earlier paragraph, if an employee rejects an offered contract by the new employer they in effect resign from their position, leaving the employee without redundancy pay.

However, to further complicate the process, this only applies within certain insolvency situations:

“Regulations 4 and 7 [Which refer to the above process] do not apply to any relevant transfer where the transferor is the subject of bankruptcy proceedings or any analogous insolvency proceedings which have been instituted with a view to the liquidation of the assets of the transferor and are under the supervision of an insolvency practitioner.”

In *Oakland vs Wellwoods (2008)*²³ the claimant took an unfair dismissal case against her former employer under TUPE. The company in question (OldCo) was in financial difficulties. With advice from insolvency advisors, the claimant, who was director and 50% shareholder of OldCo, held discussions with a supplier, the outcome of which was an agreement in principle that the supplier would incorporate a new company (Newco) to acquire the assets of OldCo immediately after OldCo had gone into administration. The assets included the lease of its premises, fridges and vehicles. Newco would also employ five of the seven employees of OldCo, including the claimant, on much reduced pay.

The EAT concluded that on the basis of the Proposals that the administration had been instituted with a view to a liquidation of the assets.

It therefore found that Regulation 8(7) of TUPE applied²⁴ i.e. that regulations 4 and 7 did not apply. Consequently, the claimant's continuity of employment was not preserved under TUPE when he ceased to be employed by OldCo. Instead, the claimant had accepted employment with NewCo following the transfer of the company and so he did not have the necessary qualifying service to bring an unfair dismissal claim. The case was subsequently dismissed.

There are a number of cases regarding TUPE and insolvency, below are two of the most recent:

²² Ibid

²³ Bailli, *Oakland v Wellswood (Yorkshire) Ltd [2009] UKEAT 0395_08_0901 (9 January 2009)* http://www.bailii.org/uk/cases/UKEAT/2009/0395_08_0901.html

²⁴ Sheppard and Wedderburn, *New EAT case on insolvency provisions in TUPE - Oakland v Wellswood (Yorkshire) Limited* http://www.shepwedd.co.uk/index.php?extracted_url_path=knowledge/article/943-2260/new-eat-case-on-insolvency-provisions-in-tupe-oakland-v-wellswood-yorkshire-limited/archive/&page=2

- In August 2009, Zavvi, a high street retail chain, became insolvent, with a number of its shops sold to Head Entertainment. As part of this deal, employees' contracts were transferred between the two companies using TUPE. However, employees were subsequently told by Head that their employment with Zavvi did not transfer; rather they were made redundant by Zavvi and then reemployed by Head the next day. This technical difference meant that staff believes they have lost out on sick pay, holiday and notice pay entitlements and a number of employees have also been made redundant. Employees are taking the case to a tribunal with Zavvi Administrators Ernst and Young stating: "*The employees in the stores transferred to the employment of Head with their existing terms and conditions of employment under the Transfer of Undertaking Regulations [...] TUPE is in force to protect employees rights on the transfer of a business, and the administrators contest that this group of Zavvi have transferred to Head by operation of law.*"
- Visteon, a car plant, split from Ford in 2000. At the time employee contracts were transferred from Ford to Visteon. In 2009, Visteon conducted a large scale restructuring, making 610 staff redundant across Northern Ireland and the UK. The employees claim that as their contracts were transferred under TUPE, they are entitled to redundancy and pension payments from Ford. KPMG, the administrators, stated that the company was insolvent and that there was no legal basis for the employees' claim. This case is currently ongoing.

CONSEQUENCES OF FAILING TO COMPLY WITH LEGISLATION

If a company fails to carry out the proper procedure regarding Insolvency law (Whether the statutory dispute resolution procedure or collective consultation procedure) it is liable for claims by its employees and fines from the government.

For example, if the collective consultation procedure is not adhered to an employee (or employee representative such as a Union) can make a claim for a protective award which can result in a maximum award of 90 days pay per employee²⁵. If a company fails to consult or inform as required it is liable to a fine of £75,000.

If the company has unfairly dismissed employees a claim can also be brought forward. The current maximum compensatory award for unfair dismissal is £63,000²⁶. A basic award can also be made which is based on the same system as redundancy payments.

In addition, if a company fails to follow the statutory dispute resolution procedures, an employment tribunal can increase a compensatory award by between 10 and 50%. Any uplift, however, will not go beyond the statutory maximum.

Employers must inform the necessary department regarding its intention to dismiss at least 20 employees (DETI or BERR). If the employer fails to do so it can be convicted and fined up to level 5 on a standard scale in a magistrate's court.

²⁵ Workplace Law Group, 2007, Davies, Alex, ed *Workplace Law Handbook* Workplace Law Network Cambridge

²⁶ Ibid

DISCREPANCIES IN LEGISLATION

As part of this process a number of consultations were carried out in order to ascertain if experts within the field of employment and insolvency law were aware of any discrepancies or inconsistencies between employment and insolvency law.

David Capper, a Reader in Law at Queen's University Belfast, specialises in Insolvency Law. Discussions with Professor Capper found that he was unaware of any discrepancy between the two sets of legislation, although he did identify that if there were any areas prone to reinterpretation to the advantage or disadvantage of one group or the other it would be in TUPE, which he described as very difficult to understand due to its complexity and it was *"where any potential difficulty lies."*

The Labour Relations Agency (LRA) was also contacted regarding this and asked if they were aware of any discrepancies or perceived discrepancies in the law. The representative contacted stated that the LRA will highlight some issues to government when they become aware of them but that at the current moment in time they had no issues regarding employment or insolvency legislation.

DETI, when asked whether it considered there was any conflict between the two pieces of legislation, stated:

"DETI is satisfied that there is no conflict between insolvency and employment legislation, and that no action needs to be considered to resolve any issues."

Recently (ACAS) conducted research regarding collective consultation on redundancies. As a part of this process it examined how much consultation was occurring and found that claims on failure to inform and consult over redundancy plans increased from April 2007 to February 2008 from 4,480 to 7,382. This is an 80% increase in claims. The paper also established that an Ipsos MORI survey conducted in London found that 49% of all those working in places where redundancies had been announced or carried out did not agree that there was a genuine redundancy situation in their company. In addition, the research found that 19% of respondents whose employer had announced or made redundant more than 20 employees in the last six months said their employer had not consulted with trade unions or employee representatives²⁷.

The legal firm that commissioned the research stated that:

"while these figures do not tell us whether the redundancy exercises actually were genuine, the fact that they were perceived not to be by so many indicate serious problems with the consultation process"²⁸.

PROPOSED CHANGES TO LEGISLATION

There are some proposed changes to employment and insolvency law:

- Review of the DETI website and discussions with DETI personnel have found that there are some changes in legislation proposed but these focus on debt relief for businesses, rather than on employee/employer rights. There is also

²⁷ ACAS policy discussion papers *Collective consultation on redundancies*
www.acas.org.uk/chtHttpHandler.ashx?id=2629&P=0 (first accessed 18/02/10)

²⁸ Ibid

some additional legislation due to bring Northern Ireland Insolvency legislation in line with Great Britain, but the focus is on the process of insolvency and does not have an impact on employee rights;

- DEL has consulted on changes to employment law related to the recruitment industry and paternity leave and pay. They do not impact on employment law during insolvency. In addition, in regards 'Special Circumstances' cited as a reason for insolvency, DEL has no plans to further legislate;
- In UK law there are some proposed changes to employment law. However, these focus around holiday entitlements, statutory pay and increased penalties for failing to pay minimum wage. The proposed legislation does not impact upon situations involving insolvency; and
- Consultations with BIS in GB have found that there are no plans regarding altering employment and insolvency law around the area of company insolvency and employee rights. However, there is currently a drive towards enforcing existing law, especially regarding consultation periods. This includes reiterating the government regulations regarding the process needed to be followed by insolvency practitioners and the potential for prosecuting non-compliant companies, directors and insolvency practitioners.

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