



The Insolvency
Service

Inspector General and Chief Executive
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Rt Hon. Liam Byrne MP
House of Commons
London
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By email: taylorag@parliament.uk

Our ref: ACE/07/2024
e-mail: Chief.Executive@insolvency.gov.uk
Date: 22 March 2024

Dear Rt Hon. Liam Byrne MP,

Thank you for your letter of 13 March 2024 to the Insolvency Service regarding the administration of the Body Shop International Limited (“The Body Shop”).

I understand that this is a difficult time for the former employees of The Body Shop. The role of Insolvency Service’s Redundancy Payments Service (“RPS”) is to ensure that employees do not lose out as a consequence of the business failure by ensuring they can claim statutory redundancy and related payments quickly. Claims are paid by the National Insurance Fund and comprise a number of components, which will include arrears of pay, pay for loss of notice and holiday pay.

The Insolvency Service has set up a dedicated GOV.UK page to assist former employees and creditors of The Body Shop [\[https://www.gov.uk/government/news/the-body-shop-in-administration-information-for-employees-and-creditors\]](https://www.gov.uk/government/news/the-body-shop-in-administration-information-for-employees-and-creditors) and the RPS stands ready to support the employees as redundancies occur.

Turning to your questions:

1. How many employees are eligible for statutory redundancy, compensatory notice pay and holiday pay:

The Body Shop had 2,389 employees, of which 458 have been made redundant to date. All employees made redundant will be eligible for one or more payments from RPS, which will, as set out above, include statutory redundancy pay, pay for loss of notice and holiday pay.

2. How many Body Shop employees have made an application for statutory redundancy pay, compensatory notice pay and holiday pay to date:



The Government Standard

As of writing, 365 former employees have made claims to RPS.

To date RPS has paid:

- 211 claims for redundancy pay (employees must have at least 2 years continuous service to be eligible);
- 172 claims for loss of notice pay; and
- 306 claims for holiday pay.

RPS continues to work with The Body Shop administrators to ensure employee claims are processed and paid as soon as possible. Claims are currently being processed within 7 days of receipt.

3. Any relevant data produced internally or from administrators FRP Advisory on the number of redundancies expected in the future:

The administrators have confirmed that over the course of this month there will be a further 75 store closures, with an additional 489 redundancies.

Information with regards to employment grade, location, contract type, and protected characteristics under the Equality Act 2010, is not gathered by RPS.

In relation to the matter of the handling of the redundancy process, employers are required to consult the employees' representatives about proposed redundancies. If the employees consider that the consultation requirements have not been met, they may make a complaint to an Employment Tribunal. If the complaint is upheld, the Tribunal has discretionary power to make a Protective Award, in compensation, of up to 90 days pay for the employees affected.

Turning to your further questions:

1. The role of the Insolvency Service in overseeing the conduct of administrators during the redundancy process:

Administrators are licenced Insolvency Practitioners, regulated by one of four Recognised Professional Bodies (RPB). The Insolvency Service acts as the oversight regulator of the RPBs, ensuring their effectiveness in licensing and regulating Insolvency Practitioners.

The lead administrator of The Body Shop is Anthony Wright of FRP Advisory who is licenced by the Institute of Chartered Accountants in England and Wales (ICAEW). Any matters of conduct by the administrators would be a matter for the ICAEW.

2. Whether FRP Advisory is under investigation for any alleged breaches of the redundancy process:

As set out above, it would be for ICAEW to determine if an investigation into the conduct of the administrators is appropriate.

If former employees or their representatives believe that the administrators for The Body Shop have not acted in accordance with their statutory or regulatory requirements, they should in the first instance raise their concerns directly with the

administrators. If this fails to resolve the matter, then a complaint can be made through the Complaints Gateway operated by the Insolvency Service on GOV.UK.

My officials inform me that ICAEW is aware of the press reports you have helpfully footnoted.

Failure to notify the Secretary of State of proposed redundancies within the statutory timeframe is an offence under Section 194 of the Trade Union and Labour Relations (Consolidation) Act 1992 ("TULRCA"). In November 2023 the United Kingdom Supreme Court (UKSC) handed down its judgement in the matter of *R Palmer v North Derbyshire Magistrates' Court*, which held that an administrator is not an officer of the company and therefore cannot be prosecuted under s194(3) of TULRCA.

As a consequence of the Palmer judgement, the Insolvency Service is working with the RPBs to issue guidance to Insolvency Practitioners that any failure to comply with TULRCA could still be considered by the office-holders' regulatory bodies for investigation and, if merited, disciplinary action.

3. *What notice of impending redundancies, in line with requirements, was received by the Redundancy Payments Service before the first redundancy:*

The Body Shop entered administration on 13 February 2024. RPS received notification from the administrators on 15 February 2024, with the first dismissal taking place on 20 February 2024.

I trust you will find this information useful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Beale', written in a cursive style.

Dean Beale
Chief Executive