
STATUTORY INSTRUMENTS

2006 No. 246

**The Transfer of Undertakings (Protection
of Employment) Regulations 2006**

A relevant transfer

- 3.—(1) These Regulations apply to—
- (a) a transfer of an undertaking, business or part of an undertaking or business situated immediately before the transfer in the United Kingdom to another person where there is a transfer of an economic entity which retains its identity;
 - (b) a service provision change, that is a situation in which—
 - (i) activities cease to be carried out by a person (“a client”) on his own behalf and are carried out instead by another person on the client’s behalf (“a contractor”);
 - (ii) activities cease to be carried out by a contractor on a client’s behalf (whether or not those activities had previously been carried out by the client on his own behalf) and are carried out instead by another person (“a subsequent contractor”) on the client’s behalf; or
 - (iii) activities cease to be carried out by a contractor or a subsequent contractor on a client’s behalf (whether or not those activities had previously been carried out by the client on his own behalf) and are carried out instead by the client on his own behalf,and in which the conditions set out in paragraph (3) are satisfied.
- (2) In this regulation “economic entity” means an organised grouping of resources which has the objective of pursuing an economic activity, whether or not that activity is central or ancillary.
- (3) The conditions referred to in paragraph (1)(b) are that—
- (a) immediately before the service provision change—
 - (i) there is an organised grouping of employees situated in Great Britain which has as its principal purpose the carrying out of the activities concerned on behalf of the client;
 - (ii) the client intends that the activities will, following the service provision change, be carried out by the transferee other than in connection with a single specific event or task of short-term duration; and
 - (b) the activities concerned do not consist wholly or mainly of the supply of goods for the client’s use.
- (4) Subject to paragraph (1), these Regulations apply to—
- (a) public and private undertakings engaged in economic activities whether or not they are operating for gain;
 - (b) a transfer or service provision change howsoever effected notwithstanding—
 - (i) that the transfer of an undertaking, business or part of an undertaking or business is governed or effected by the law of a country or territory outside the United Kingdom or that the service provision change is governed or effected by the law of a country or territory outside Great Britain;

- (ii) that the employment of persons employed in the undertaking, business or part transferred or, in the case of a service provision change, persons employed in the organised grouping of employees, is governed by any such law;
- (c) a transfer of an undertaking, business or part of an undertaking or business (which may also be a service provision change) where persons employed in the undertaking, business or part transferred ordinarily work outside the United Kingdom.
- (5) An administrative reorganisation of public administrative authorities or the transfer of administrative functions between public administrative authorities is not a relevant transfer.
- (6) A relevant transfer—
 - (a) may be effected by a series of two or more transactions; and
 - (b) may take place whether or not any property is transferred to the transferee by the transferor.
- (7) Where, in consequence (whether directly or indirectly) of the transfer of an undertaking, business or part of an undertaking or business which was situated immediately before the transfer in the United Kingdom, a ship within the meaning of the Merchant Shipping Act 1995⁽¹⁾ registered in the United Kingdom ceases to be so registered, these Regulations shall not affect the right conferred by section 29 of that Act (right of seamen to be discharged when ship ceases to be registered in the United Kingdom) on a seaman employed in the ship.

⁽¹⁾ 1995 c. 21.