

OUR GUIDE TO REDUNDANCY FOR DIRECTORS AND EMPLOYEES

Depending on your situation, you can apply to the government for:

- redundancy
- holiday pay
- outstanding payments like unpaid wages, overtime and commission
- money you would have earned working your notice period ('statutory notice pay')

You may be eligible for unemployment benefits if you lose your job. If you do not apply for benefits after you lose your job, you might get less money in your statutory notice pay payment.

If you're made redundant

The person who is dealing with the insolvency (the 'insolvency practitioner') must tell you how your job is affected and what to do next.

They'll also give you a:

- RP1 fact sheet
- 'CN' (case reference) number to use when you apply for money you're owed

Employment Tribunal

You can make a claim to an employment tribunal if:

- you were dismissed unfairly ('basic award')
- there was not a consultation about your redundancy ('protective award')

You'll be claiming against the Secretary of State for Business & Trade and your former employer.

If you continue working after the insolvency

You might be asked to continue working for your employer after they become insolvent.

You'll still be eligible to claim for redundancy pay and other money you're owed if you're made redundant later.

NOTE: You cannot claim holiday pay, wages, bonuses or commission that you're owed between the day of the insolvency and the day you were dismissed. You will need to come to ask the insolvency practitioner how you are to be paid.

If you're transferred to a new employer

You cannot claim any money from the government if you were transferred before your former employer became insolvent.

If you were transferred afterwards, you can apply for redundancy pay, statutory notice pay and outstanding payments such as holiday pay, wages, commission and bonuses.

Redundancy pay

Pay is capped at £643 per week. Length of service is capped at 20 years.

The maximum amount of statutory redundancy pay is £19,290.

Years of service or earnings over these amounts aren't included in the calculation.

You can't get less than the statutory amount, but you may get more if your employer has a redundancy scheme. Redundancy pay up to £30,000 is tax-free.

You get:

- 0.5 week's pay for each full year worked when you're under 22
- 1 week's pay for each full year worked when you're between 22 and 41
- 1.5 week's pay for each full year worked when you're 41 or older

Loss of notice pay

You're entitled to a paid notice period when you're made redundant, even if it is not in your contract.

You can claim for statutory notice pay if you:

- did not work a notice period
- worked some of your notice period
- worked an unpaid notice period

Your statutory notice pay is worked out as one week's notice for every year you were employed, up to a maximum of twelve weeks.

Payments are capped at £643 per week.

Wages and other money you're owed

You can apply for unpaid wages and other money you're owed by your employer, for example bonuses, overtime and commission.

You're only entitled to money that's in your employment contract.

You'll get up to 8 weeks of money you're owed. It counts as a week even if you're only owed money for a few days.

Example *If you are owed £30 of overtime per week for the last 10 weeks, you'll get £240 (£30 x 8 weeks).*

Payments for wages and other money you're owed are capped at £643 a week.

You pay income tax and National Insurance when you get unpaid wages and other money you're owed.

You might be able to claim a tax refund if you've paid too much.

Holiday pay

You can get paid for:

- holiday days owed that you did not take ('holiday pay accrued')
- holiday days you took but were not paid for ('holiday pay taken')

You're only paid for holidays you took or accrued in the 12 months before your employer became insolvent.

You'll only get payments for up to 6 weeks of holiday days. Holiday pay is capped at £643 per week.

You pay income tax and National Insurance on your holiday payment. You might be able to claim a tax refund if you've paid too much.