

Insolvency Service Redundancy Payments Service Fact Sheet
for
Employees made redundant by an insolvent employer
For issue with RP1 form

When an employer becomes insolvent employees are often owed money. The Redundancy Payments Service (RPS) was established to provide a way in which ex-employees could receive some of the payments they are due in a much shorter timescale than if they had to wait for the assets of the employer to be realised before any payments can be made. These payments are made from the National Insurance Fund (NIF) and are subject to statutory limits.

This fact sheet is not a full statement of the law on insolvency and redundancy payments. It provides basic information on what you can claim from the NIF and how to claim. For further information our guide, "Redundancy and Insolvency: A Guide for Employees", is available on our website on the following reference <http://www.insolvency.gov.uk/guidanceleaflets/Guides.htm#Information%20about%20redundancy%20procedures>

Basic information

An insolvency practitioner (IP) or Official Receiver (OR) is appointed to look after your employer's affairs.

- If the OR is appointed please contact the RPS directly for a claim form (RP1), contact details are listed at the end of this fact sheet. Completed claim forms in OR cases should be returned to the RPS at the address at the back of the form.
- If an IP is appointed they should give you the form RP1 to claim the payments you are entitled to from the NIF.
- Your completed form should be returned to the IP at the address stamped on your form.
- If you are owed more than you can claim from the NIF, the IP or OR will consider the rest of the debt separately, as part of the insolvency proceedings.
- The IP will pass the completed forms to the RPS for payment processing.
- RPS aims to pay 78% of claims within 3 weeks and 92% of claims within 6 weeks of receiving the claim.
- As soon as you become unemployed you should claim any state benefits or allowances you may be entitled to. **See end of fact sheet for contact details.**

Completing the form

- The forms are only available in paper format and are designed so that the claim information can be scanned for automated input into our payment system in order to speed up processing and payment timescales as far as possible.
- There are no electronic, or any other, versions of the form available.
- Please do not use photocopied forms as the scanners will not be able to read the information and this may delay the processing of your claim.
- The claim form contains instructions for completion. Please follow them carefully.
- Ensure you use black ink, use capital letters and write within the boxes.
- If any questions do not apply, leave the answer boxes blank - do not cross them out or put lines through them.

Arrangements for payment

- The RPS will acknowledge receipt of your claim and give you a unique reference number and contact details.
- The RPS will make payments to your nominated bank account.
- If you change your bank account please notify us immediately. Contact details are at the end of the fact sheet.
- You will also receive a statement of how your payments were calculated. If you disagree with the amounts paid to you please contact the RPS.

What you can claim

The main claims RPS can consider are statutory redundancy pay, arrears of pay, outstanding holiday pay and unpaid statutory notice pay.

- All payments made by the RPS are subject to maximum limits imposed by law.
- These apply to the maximum number of weeks that can be taken into account.
- They also apply to the monetary cap on the amount that can be paid for any week.
- The monetary cap on a week's pay is reviewed annually by the Department for Business, Innovation and Skills (BIS) and is £400 a week (at the time of writing). However, up to date details of the current weekly rate of pay are available on the Direct.gov website www.direct.gov.uk.

Redundancy Payment

- You must have 2 years continuous service with your employer to qualify for statutory redundancy pay.
- The number of weeks used to calculate your redundancy payment depends on your age and length of service.
- Full guidance on redundancy entitlement and calculations is available on the Direct Gov website, www.direct.gov.uk.
- If you log on to the following Direct Gov website and enter your details it will automatically calculate your statutory redundancy entitlement: <http://www.direct.gov.uk/redundancy.dsb>.

- There is also a Ready Reckoner at the back of the form to help you calculate your statutory redundancy pay. The amount of the payment is the number of weeks shown multiplied by your normal weekly wage up to the statutory cap on pay (£400 a week at the time of writing). If your normal weekly wage was above the maximum, £400 a week will apply. Any contractual provision for more than the statutory payment will be claimed separately in the insolvency proceedings.
- Redundancy pay under £30,000 is not taxed or liable to national insurance but other payments may be.

Notice

- If you do not work your full notice or do not get notice from your employer, you can claim for your statutory notice period only. Any contractual notice should be claimed separately in the insolvency proceedings.
- You will be entitled to one week's notice after one month's service, two weeks after two years, then one week for every complete year you worked. The statutory maximum is 12 weeks.
- The part of your notice which you have worked but not been paid, is paid like wages, capped at the statutory limit and subject to tax and national insurance deductions at the basic rate of tax.
- The part of your notice that you have not worked is a damages claim for breach of contract and is calculated like a compensation payment. This means that any wages you get from a new job or any benefits you were entitled to (even if you did not claim them) will be deducted.. This part is not taxable, although basic tax is taken into account when calculating the amount due to you.
- **You must do everything you can to reduce your loss especially by claiming all the state benefits and allowances to which you are entitled - for example Jobseeker's allowance should be claimed immediately your job ends as you may not be able to back date your claim. See end of fact sheet for contact details.**
- The RPS will send you a claim form (RP2). You will not receive this until after the end of your notice period.

Holidays

- You can be paid outstanding holiday pay for up to 6 weeks, again up to the limit on a week's pay.
- Income tax and national insurance at the basic rate are deducted from this amount.
- Holiday pay includes holidays taken and not paid, or holidays you have become entitled to but have not taken, during the 12-month period before your employer became insolvent.
- Holidays must be taken during the relevant leave year. The RPS cannot consider payment of holidays carried forward from the previous year unless this is allowed under your contract of employment.

Wages owed

- You can claim up to a maximum of 8 weeks unpaid wages.
- Wages include; guaranteed pay days, statutory payments for time off work or suspension from work on medical or maternity grounds and a protective award made by an employment tribunal where your employer has failed to consult your trade union or elected representative about 20 or more redundancies within a 90 day period.
- If you have part weeks claims, you cannot add them together to make a full week. For example, a claim for 1 day's overtime uses up a whole week of the 8-week allowance.
- **Please note** – there is no time limit for making a claim for payment from the NIF. You can choose **any** week that is most beneficial to you – they do not have to be consecutive weeks. They can include weeks that may become payable at a future date under a protective award.
- Think carefully before choosing your unpaid weeks as once we have paid, you cannot change your mind

Maternity, paternity, adoption and sick pay

You cannot claim unpaid maternity pay, paternity pay or sick pay from the RPS under the insolvency rules. You can claim maternity pay from Her Majesty's Revenue and Customs (HMRC) and sick pay from the Department of Work and Pensions (DWP). For more information about these claims, please contact **HMRC** via their Employee Helpline on **0845 3021479**.

CONTACTS:

1. **RPS** Telephone: Helpline **0845 145 0004** if you need general advice on anything mentioned in this factsheet. However, once you have sent us your claim form you will need to contact the Redundancy Payments Office (RPO) dealing with your claim. You will find the details on the claim acknowledgement letter the RPS sends to you.

email: redundancyclaims@insolvency.gsi.gov.uk

2. **Jobcentre Plus** Telephone: Helpline **0800 0 55 66 88** or via **Directgov** for claiming benefits
3. **ACAS** Telephone: Helpline **08457 47 47 47** For advice on all other employment rights matter you should contact the Advisory, Conciliation and Arbitration or visit their website www.acas.gov.uk
4. **HMRC** Telephone Helpline **0845 3021479**
5. **Direct Gov** website is the main source of information for all employment rights and other government assistance available www.direct.gov.uk