

REDUNDANCY PAYMENTS SERVICE

RPL2(NI)

REDUNDANCY PAYMENTS

EMPLOYERS IN FINANCIAL DIFFICULTY

INTRODUCTION

Under Part XII of the Employment Rights (NI) Order 1996 employers must by law make a Redundancy Payment to employees who qualify for one when they are made redundant. Broadly speaking, this means employees with two or more years of service. Employees can enforce their rights through an Industrial Tribunal. If you (the employer) do not comply with a tribunal award the Department's Redundancy Payments Service (RPS) will make the payment to satisfy the provisions of the Order. The RPS will then actively seek to recover the payment from you.

However, besides not receiving the payment quickly, this means the employee may have to go through the stress of a Tribunal having already suffered from the loss of their job. It can also cost you time in having to attend a tribunal hearing.

The RPS is aware that in exceptional circumstances you may not be able to make a Redundancy Payment when it is due without jeopardising further jobs, for reasons outside your control. If so, you can apply to the RPS for help in meeting your legal obligation. If the RPS can help, it will pay the employees directly from the National Insurance Fund on the condition that you will repay the money as soon as possible.

This booklet gives basic information on the types of situations where the RPS will consider giving such help, and the information you will need to provide. You can request more information from the RPS whose address is listed at the back of the booklet.

When will the RPS consider giving help?

The RPS will consider giving help only when:

- you have provided documentary evidence that you lack the funds to make the statutory redundancy payments;
- it is clear that by providing help will save a significant number of jobs;
- the help will secure the solvency of the business for the foreseeable future;
- you have clearly shown that you will be able to repay the money within an agreed period of time.

How much can the RPS pay?

Please remember that the RPS can make only the statutory redundancy payments that you must pay under the Order. The amount is the number of weeks' due (see the ready reckoner on page 5) multiplied by the normal weeks' pay, or the statutory limit, whichever is the lower. The statutory limit is at the time of printing £490 per week.

If you agreed to make payments greater than those required by the Order and can cover the extra payments, then you must make the statutory payments first. The RPS will consider helping with a shortfall in the statutory amounts only.

What other help should you consider?

Please remember that under the Insolvency (NI) Order 2005 you may

be able to use other more appropriate sources of aid to help you recover from financial problems. You should consider these sources and seek professional advice.

What information will we need?

As you have the main legal obligation to make redundancy payments, the RPS will need to be satisfied that you cannot fulfil it. You must give us at least the following:

- an explanation of why you need to make the redundancies and why you cannot afford to make the payments;
- an estimate of the value of your redundancy liability;
- your latest management accounts;
- your last 3 months' bank statements. (see the next section on bank statements);
- confirmation of your Bank Credit and Overdraft facilities;
- your last two sets of audited accounts;
- evidence that you have explored other sources of finance without success, such as written confirmation from your bank that they will not provide or increase any overdraft facilities, and why;
- wage and employment details for the individuals concerned so the RPS can calculate the payments due;
- your proposed repayment terms (see section 'How do you repay?')

What kind of bank statements will you need to show?

If you are a sole-trader or a partnership, you must supply your personal bank statements in addition to business statements. This is because as a sole-trader or partner you are personally liable for the redundancy payments.

How do you repay?

You must agree to refund to the RPS any money we pay to your employees, and the RPS will normally require you to complete a banker's order before making any payments. The period of repayment will depend on the financial position but it is essential that you repay as quickly as possible.

If you are part of a group, or have any associated companies, the other companies must accept the obligation to repay in case you fail to do so.

The RPS reserves the right to take legal action if necessary to recover the debt.

How to apply

If you think you would qualify for assistance, you should contact the RPS. An appointment will be made to discuss your application in detail, so please supply as much supporting documentary evidence as possible before the meeting. After the meeting you can send the RPS any more information needed.

Address of the Redundancy Payments Service

Department for Employment and Learning
Redundancy Payments Service
Adelaide House
39-49 Adelaide Street
BELFAST
BT2 8FD
Tel: (028) 90257957, (028) 90257679
E-mail: rpsquery@delni.gov.uk

Help line

A help line is available to answer any of your queries, the number to ring is: 0800 585811.

This booklet provides general information only. Every effort has been made to ensure that the information is accurate, but it is not a full authoritative statement of the law and you should not rely on it as such. The Department for Employment and Learning cannot accept any responsibility for any errors or omissions as a result of negligence or otherwise.

Ready Reckoner

Service (Years)																				
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Age																				
18	1	1½	2																	
19	1	1½	2	2½																
20	1	1½	2	2½	3															
21	1	1½	2	2½	3	3½														
22	1	1½	2	2½	3	3½	4													
23	1½	2	2½	3	3½	4	4½	5												
24	2	2½	3	3½	4	4½	5	5½	6											
25	2	3	3½	4	4½	5	5½	6	6½	7										
26	2	3	4	4½	5	5½	6	6½	7	7½	8									
27	2	3	4	5	5½	6	6½	7	7½	8	8½	9								
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½	10							
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½	11						
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½	12					
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½	13				
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½	14			
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½	15		
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½	16	
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½	
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18	
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½	
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24	
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½	
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25	
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½	
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26	
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½	
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27	
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½	
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28	
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½	
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29	
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½	
61* ¹	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	

*¹ -The same figures should be used when calculating the redundancy payment for a person aged 61 and above.'