

Department of Trade and Industry
REDUNDANCY PAYMENTS SERVICE

P.O. Box 15,
 Exchange House,
 60 Exchange Road,
 Watford,
 Herts WD1 7SP

Tel: 01923 210700
 Fax: 01923 210613



Mr R Pope
 Arthur Anderson
 1 Surrey Street
 London
 WC2R 2Ps

DATE	29 APR 1996
TIME	10:10
FROM	...
TO	...
SUBJECT	...

Our ref:
 Date: 29 April 1996

Dear Mr Pope,

EMPLOYMENT PROTECTION (CONSOLIDATION) ACT 1978

RE: EMPLOYER IN FINANCIAL DIFFICULTY

I am writing in response to your recent request for information about assistance from the National Insurance Fund in making redundancy payments for one of your clients. Enclosed, please find booklet PL808, and RPL 2, which you may find useful in verifying and calculating entitlements, and a number of application forms RP21.

A representative will be required to attend at this office to discuss the matter. They will need to be authorised to sign forms acknowledging liability for the payments on behalf of the business and will need to provide evidence of the business's inability to make the payments. The evidence required is detailed below.

- last three months trading bank statements (also for sole traders and each partner in a partnership - the last three months personal financial statements, to include bank, building society, savings accounts etc.)
- letter from the Bank refusing to extend overdraft facilities and detailing current facilities.
- latest audited accounts / management accounts.

It would assist to have:

- list of debtors and creditors
- cash book / cash flow forecasts
- any Court Summons' / writs, bills from other creditors
- letter from accountant confirming the financial difficulty.

We will also require Personnel records confirming National Insurance numbers, dates of birth, start dates and end dates; the payroll records, for at least the last three months, which we may retain for inspection.

If we are satisfied with the evidence provided, your representative will also, after signing to accept liability, agree proposals for repayment of the resulting debt.

Failure to co-operate with our enquiries may result in claims being rejected and employees being advised of their right to pursue their claims at an Industrial Tribunal.

I would be obliged if you can telephone this office to arrange a convenient appointment and look forward to seeing you or your representative.

Yours sincerely,

Kim Brinkworth

Kim Brinkworth
 for Manager

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Department of Trade and Industry

EMPLOYMENT DEPARTMENT REDUNDANCY PAYMENTS OFFICES

14/08/2003 10:58:44

Areas Covered

Grayfield House
5 Bankhead Avenue
Edinburgh
EH11 4AF
(0131) 458 3322

SCOTLAND
Cleveland, Cumbria,
Durham, Northumberland,
Tyne and Wear.

P.O. Box 15
Exchange House
60 Exchange Road
Watford WD1 7SP
(01923) 210 700

All London Boroughs, Essex,
Hertfordshire, Kent, Surrey,
Sussex.

7th Floor Hagley House
83-85 Hagley Road
Birmingham
B16 8QG
(0121) 456 4411

WALES
All other Counties in England.

A Guide for Employers

**HELP WITH MEETING
REDUNDANCY COSTS FOR
EMPLOYERS IN
FINANCIAL DIFFICULTY**



INTRODUCTION

This leaflet explains what help the Redundancy Payments Service (RPS) can give if you need to reduce your workforce but are unable to meet the cost of statutory redundancy payments without your business becoming insolvent. It also

explains what we will need from you to consider your request for assistance.

The leaflet gives basic information only. Further information is available from any of the Redundancy Payments Offices (RPO) listed at the back of this leaflet.

YOUR LEGAL OBLIGATIONS

Broadly, an employee dismissed as redundant with two or more years' service is entitled to a lump sum payment from their employer calculated according to their weekly pay, age and length of service.

The legal obligation to make this payment lies with you, the employer, and payment should normally be made promptly at the time of the dismissal.

An employee who claims entitlement to a payment but is not paid, or is not paid in full, may make application to an Industrial Tribunal.

If you need further general information about redundancy payments, you should read *Leaflet PL 868, Redundancy Payments* available from RPOs, or contact our free Helpline on 0800 848489.

HOW WE CAN HELP EMPLOYERS IN SEVERE FINANCIAL DIFFICULTY

If you need to make redundancies but cannot finance the payments without running the risk of insolvency we may, subject to certain conditions, be able to

make payment direct to the employees on your behalf. You will be expected to repay the debt as quickly as possible.

WHAT YOU WILL NEED TO SHOW

We expect you to demonstrate that:

- the redundancies are genuine;
- your financial circumstances are such that you cannot make the statutory payments;
- you have explored all other reasonable

sources of finance without success.

We cannot pay sums in excess of those required by the legislation and we will expect you to use all available funds to make such statutory payments as you can before we become involved.

INFORMATION YOU WILL NEED TO SUPPLY

We will ask you to supply at least:

- an explanation of why you need to make the redundancies and why you cannot make payments;
- your latest management accounts, supported by bank statements. Simple evidence of an overdraft will not itself be conclusive;
- your last set of audited accounts;
- evidence that you have explored other sources of finance, without success, eg letter(s) from your bank proving that further overdraft facilities are not available;
- if you are part of a group of companies or have any legally associated companies, information about links between the companies, including shareholdings;
- wage and employment details for the individuals concerned so that we can quantify individual payments.

WHAT ABOUT REPAYMENTS?

We will agree repayment arrangements with you, taking account of your financial position. We normally expect the debt to the NI Fund to be repaid within a 2-3 year period. Repayment terms will be reviewed periodically.

We will normally expect you to complete a banker's order before payments are made. If you are unable to start repayment on

the agreed date or to keep up agreed repayments you should contact us at once to discuss a review of the terms. You should be aware that where we make payment on your behalf we may take legal action if necessary to recover the debt. We also use the services of a commercial agency to recover debts in appropriate cases.

HOW TO APPLY

If you think we may be able to help, please phone the relevant RPO for an appointment to discuss the matter further.

You should collect as much of the

supporting documentation as possible prior to the meeting. We may ask you to send this to the RPO or send one of our officers to visit your premises and inspect records.

HOW LONG WILL IT BE BEFORE YOU GET A DECISION?

That will depend on the availability of the information we need to satisfy ourselves that we can make payment. Generally,

however, decisions are made within a few days of the meeting.