

Does Your Client Need Financial Assistance With Redundancy Payments?

Despite signs that the UK economy is recovering from recession, our experience tells us that there will be some tough times ahead and that further cost-cutting and business restructuring may be necessary in order to allow continued trading in some cases. Companies often need to consider redundancies for many reasons including lower order levels and more efficient working practices. Sometimes a redundancy programme is the only viable way to stay in business and some jobs have to be sacrificed to save the others.

The Redundancy Payments Office may be able to help with making redundancy payments on behalf of an employer. The primary objective of this financial assistance scheme is to save jobs based in the UK by helping a business to fund the costs of redundancy, costs of which could potentially add further financial risk to the continuation of a business and therefore jeopardise those jobs of its remaining employees.

Direct payments are made to redundant employees from the National Insurance fund where an employer's application has successfully met the qualifying criteria. Once an application is approved, the employer enters into a formal undertaking with the Department to repay the debt in fixed monthly instalments. The repayment amount and the term are negotiable and no interest will accrue on the debt owed.

The criteria for a company which wishes to make an application are:

1. The business will continue to trade after roles are made redundant
2. The business can save some of the jobs of its workforce by making some roles redundant
3. The business can demonstrate it can repay the resultant debt in full
4. The business has been refused a loan by their Bank
5. The business can provide documents to support it has no funds from which to make the redundancy payments itself
6. The business can confirm that it has undertaken all possible cost saving exercises
7. If the business is part of a group, it would have to provide evidence that there are no funds within the rest of the group to assist with redundancy costs and the RPO would need a guarantee from the group.

A decision may take up to 4 weeks from the date of receipt of all the relevant information.

Corporate Strategies would be happy to assist clients who may find this of interest. Contact your local LCBSG office or Ric Miller directly on 07764 158212 / ric.miller@corporatestrategiesplc.com for more details.