

CCCS Redundancy Guide

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Introduction

At CCCS, we provide free, impartial advice to people in financial difficulty.

Redundancy can be a stressful and confusing process. If your employer has announced possible redundancies or requested volunteers for redundancy, it is very important that you understand your rights and entitlements and that you're prepared for what is to come.

If you have been made redundant, you may be finding it difficult to cope. As well as practical advice to help you manage your finances and pay your bills, you may need legal and emotional support to help you deal with the effects of being made redundant.

The important thing to remember is that you are not alone and there are many places to get help and support.

This guide explains:

- your rights,
- what redundancy pay you are entitled to,
- how to manage your finances,
- what your next steps are, and
- where to find the information and support you need.



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Facing redundancy

If you are facing redundancy, it is vital that you understand your rights and entitlements.

You may be in a position where your employer has announced possible redundancies or asked for volunteers. It is important that you understand what your rights are and what redundancy package you may be entitled to. You also need to be aware of the correct procedure your employer must follow.

This section of the guide will help you understand your basic entitlements. It will explain what redundancy pay you may or may not be entitled to and what to do if your employer fails to pay. It will also discuss the various options that could be available to you, and direct you to other organisations that can advise you on redundancy.



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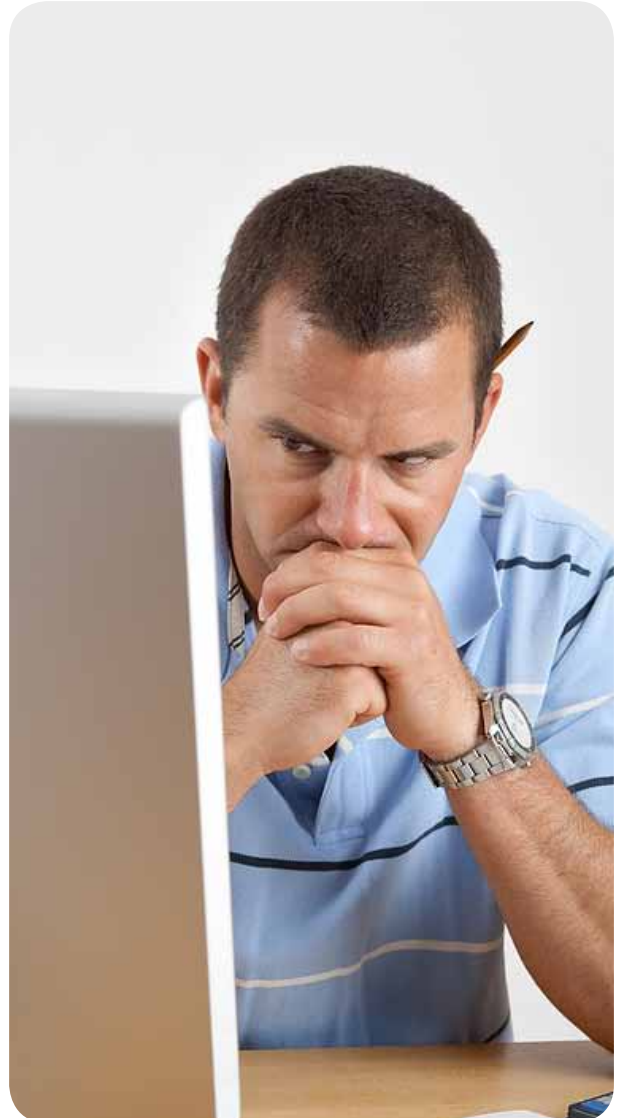
Consider all your options

If you are facing redundancy, you may have a number of options to consider:

- taking voluntary redundancy (where appropriate),
- accepting an offer of redeployment within the same company,
- retraining,
- applying for a new job or,
- setting up your own business.

Whichever option you take could mean big changes for you and your family. Seeking advice may help you make the right choice.

Talking about your situation with friends and family can also help you come to terms with your redundancy and decide what to do. It is important to keep calm and not to rush into any decision.



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Facing redundancy

Your rights

Your employer must treat you fairly and follow the correct procedure when making you redundant. Here are your rights and entitlements:

Consultation period

There should be a consultation period of usually 30-90 days before any redundancies are made, depending on how complex the situation is.

This consultation should allow:

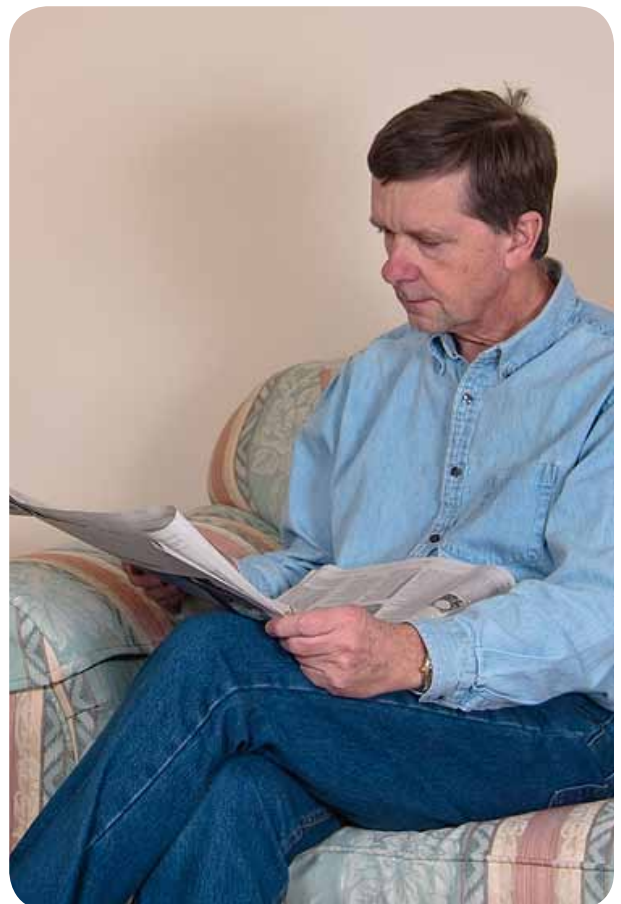
- your employer to explain the reasons for your provisional selection for redundancy,
- you to discuss your views on redundancy or raise any questions you have, and
- you and your employer to discuss any appropriate alternatives, where they exist.

Individual consultation must take place before your employer gives you notice of redundancy.

Redundancy selection

The decision to select you for redundancy is based on many areas, such as your skills, experience and competence.

Your employer cannot select you for redundancy based on the grounds of age, gender, race, religion, disability or trade union membership. Selection on such grounds constitutes unfair dismissal and you would be able to challenge their decision to make you redundant.



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Facing redundancy

Notice periods

If you are selected for redundancy you must be given a notice period.

Unless your contract of employment states otherwise, the statutory redundancy notice periods are:

- A minimum of 1 week's notice if you have been employed for between 1 month and 2 years.
- 1 week's notice for each year of employment if you have been employed for between 2 and 12 years.
- 12 weeks' notice if you have been employed for 12 years or more.



Time off

You are entitled to take 'reasonable' time off to look for work and attend job interviews as long as you have worked for your employer for 2 years by the end of your notice period.

your employer the opportunity to decide if the new role is appropriate. Your entitlement to redundancy is protected during the length of the trial. For example, if you decide the new role is not for you, the redundancy offer is still valid.

Trial period

If you are offered a new role with your existing company under a different contract, you are entitled to a statutory 4-week trial in your new role. This trial period allows you and

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Redundancy pay

It is important that you understand your redundancy pay entitlements.

Your employer is required by law to pay you statutory redundancy pay if you have worked for them continuously for at least 2 years, or if you are on a fixed-term contract for 2 years or more which is not renewed because of redundancy.

How much are you entitled to?

The amount of statutory redundancy pay you are entitled to is calculated according to your age, your weekly pay* and the length of continuous service. You are entitled to:

- ½ a week's pay for each full year of service if you are aged under 22.
- 1 week's pay for each full year of service if you are aged over 22 but under 41.
- 1½ weeks' pay for each full year of service if you are over 41.

* There is a maximum limit to the amount of weekly pay, and this changes each year. Visit www.direct.gov.uk to find out this year's maximum limit.

Only complete years of service are taken into account when calculating your entitlement, up to a maximum of 20 years.



Check your employment contract as it may offer you more redundancy pay than the statutory minimum. All redundancy pay up to £30,000 is tax-free.

A written statement

Your employer must provide you with a written statement showing how your redundancy payment has been calculated and must confirm the date of your employment ending in writing.

Facing redundancy

When will you be paid?

Your employer should pay you on or soon after the date of your last day of employment and issue you with Income Tax form P45.

Other entitlements

During your notice period you are also entitled to:

- your normal pay and benefits,
- payment in lieu of notice, and
- accrued holiday pay for holiday which has not been taken.

If your employer fails to pay

If your employer cannot pay any redundancy pay because they have been declared insolvent you may be able to claim what you are owed from the appointed insolvency practitioner. If this is not possible, you can apply for a direct payment from the National Insurance Fund on **0845 145 0004**.

If your employer fails to pay or claims that you are not entitled to a redundancy payment, you may take your claim to an employment tribunal.

When are you not entitled to redundancy pay?

You will not be entitled to a statutory redundancy payment if:

- your employer offers you suitable alternative work and you unreasonably refuse it, or
- you are dismissed by your employer on the grounds of misconduct.

You may not be entitled to any redundancy payment if:

- you leave your job to start a new one, or
- you go on strike before the end of your notice period.

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Where to get help

If you feel that you need professional and impartial advice on any of the above subjects, we recommend you contact one of the following organisations:

The Advisory, Conciliation and Arbitration Service (ACAS)

ACAS can help with all employment rights issues. Call **0845 747 4747** (8am-8pm, Monday to Friday and 9am-1pm, Saturday) or visit www.acas.org.uk.

Law Centres

Your local law centre can give free legal advice and representation to disadvantaged people. Visit www.lawcentres.org.uk to find your nearest law centre.

Community Legal Advice

Community Legal Advice can help with employment rights issues. Call **0845 345 4345** (9am-8pm, Monday to Friday and 9am-12.30pm, Saturday) or visit www.communitylegaladvice.org.uk.

The Labour Relations Agency

The LRA can help with all employment rights issues in Northern Ireland. Call **0289 032 1442** or visit www.lra.org.uk.

DirectGov

This site provides general online advice about redundancy selection, consultation, redundancy pay and notice periods, and an online redundancy calculator.

Visit www.direct.gov.uk.

The Redundancy Payments Helpline

Telephone **0845 145 0004** for advice and information on all aspects of redundancy entitlement in England, Scotland and Wales.

Citizens Advice

Your local Citizens Advice Bureau may be able to offer you free and impartial advice. You can search for your local office at www.citizensadvice.org.uk or look in your telephone directory. If you live in Wales, you can call their national telephone service on **0844 477 2020**. Advice is also available at www.adviceguide.org.uk.

Facing redundancy

If you are struggling with the emotional effects of redundancy and are suffering from sleepless nights, depression or anxiety there are various people you can turn to for help:

CCCS Wellbeing

Access our CCCS Wellbeing service through CCCS Debt Remedy. This will help determine if you are suffering from depression or anxiety and give you practical and helpful advice on how to deal with these conditions.

Your GP

Your GP can assess the nature and extent of your symptoms and can prescribe short-term medication where appropriate or refer you for further help such as counselling.

NHS Direct

Call **0845 4647** for advice.

Samaritans

Call their 24-hour helpline on **0845 790 9090** for confidential emotional support. You can also email them, write to them or talk to someone face to face in one of their branches. For more information, visit www.samaritans.org.

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Managing your money

If you have been made redundant or if you're facing redundancy, your main priority is to sort out your finances so you can manage until you have found another job.

Review your finances

Unless you already have redundancy insurance, income protection or some other money to support you financially, you will probably be faced with some hard choices and you may need to cut back on your non-essential spending until you are back in work.

This section will give you advice on:

- budgeting,
- increasing your income,
- reducing your spending,
- prioritising your bills,
- what to do about mortgage or rent payments,
- managing any debt you might have, and
- where to get extra help.



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Managing your money

Budgeting

It is important that you do a budget, showing your income and spending, to see if you can still afford to pay your bills after being made redundant.

Work out your outgoings

Make a list of all your household spending but do not include any unsecured debts – these are things like credit cards, store cards, loans, overdrafts and catalogues.

Remember to put some money in your budget to cover the costs of looking for work.

Be honest and don't underestimate your spending. Keep a record of everything you spend, no matter how small, to make your budget as accurate as possible.

This process will show you:

- exactly what your priority bills are,
- how much you pay each month,
- if you can afford to continue paying them after being made redundant, and
- areas where spending can be reduced and savings made.

Create your personal budget

Once you have a good idea of how much you spend each month, you can work out your monthly budget. Follow these steps:

1. List your take home pay and any other income you have.
2. List your regular household bills such as mortgage or rent, Council Tax, electricity, water and gas.
3. List what you are spending each month on normal living expenses including food, clothing and transport.
4. Record what you spend each month on occasional items such as the dentist, hairdressing, opticians.
5. Add up your income and your spending to see if you have enough money coming in to cover all your costs.
6. If you don't have enough income, review and adjust your non-essential spending to help balance your budget.

If you think that you may struggle to pay your bills on time, you are using credit to live on, or you already have arrears on your priority bills, visit CCCS Debt Remedy, our online debt counselling service. Debt Remedy will help you create a budget online and give you more advice on how to prioritise your bills.

Managing your money

Increasing your income

You should be prepared to claim benefits until you find another job.

There are two types of Jobseeker's Allowance:

Contribution-based Jobseeker's Allowance

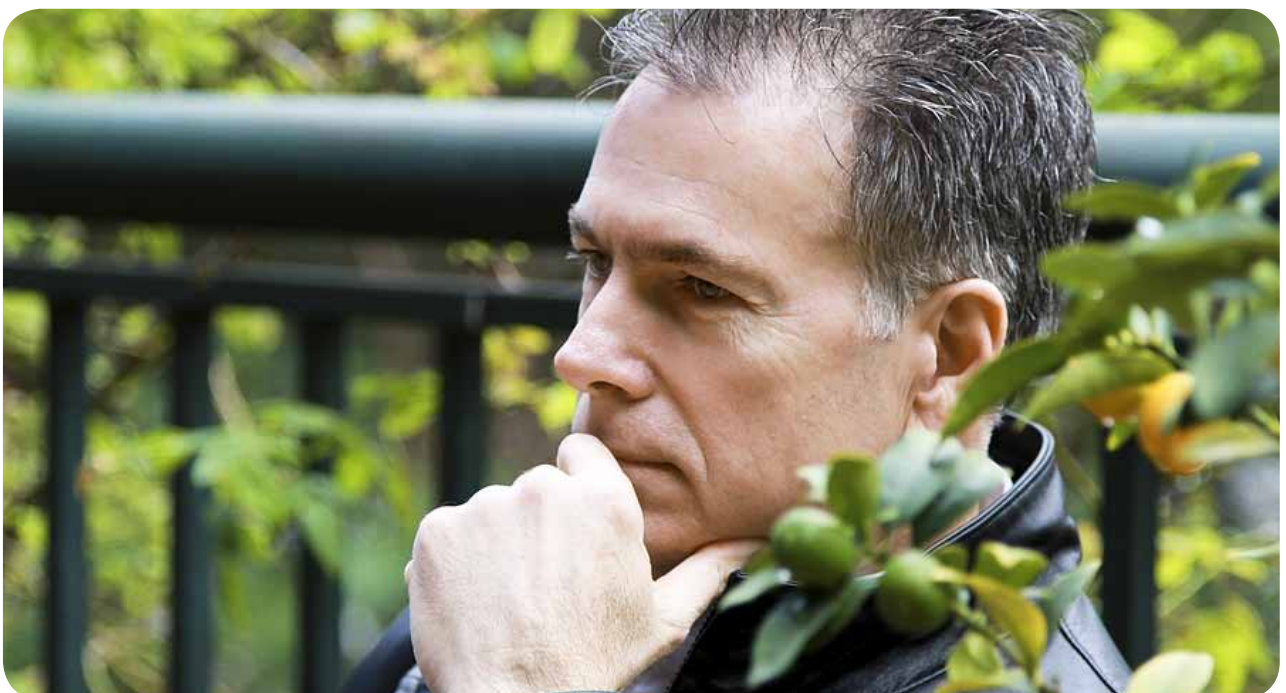
If you have paid enough National Insurance contributions you may be entitled to make a claim. This benefit is not means tested, so will not be affected by any redundancy payment you have received.

If eligible, you can be paid this allowance for up to 6 months and after this time, if you are still unemployed, you may be able to claim Income-based Jobseeker's Allowance.

Income-based Jobseekers Allowance

This is based on your income and savings. You may get this if you have not paid enough National Insurance contributions and you are on a low income.

This benefit is means tested. Any redundancy payment you receive might affect your entitlement. For example, if you have more than £16,000 of savings, you are not eligible to claim. However, it is still important to continue to sign on at the Jobcentre to protect your National Insurance contributions.



Managing your money

Other benefits

You may also be able to claim Council Tax Benefit and, if you are renting your home, you may be able to claim Housing Benefit. Again, any redundancy payment you receive might affect your entitlement. If you have more than £16,000 of savings, you are not eligible to claim.

If you are a homeowner you may also be able to get help from the schemes mentioned in the 'Paying your mortgage' section on page 18. If you receive Child Tax Credits, these will also need to be recalculated.

Further advice regarding benefits can be found by visiting www.direct.gov.uk.

To find out if you are eligible for other grants and benefits you can contact Action for Employment (A4e) on **0800 345 666** or visit their website at www.mya4e.com.

Tax rebate

If you pay tax under the PAYE (Pay As You Earn) scheme and the date of your redundancy was not the end of the tax year (usually the 1st week in April), you may be entitled to a tax rebate. Contact your local tax office or visit www.direct.gov.uk to find out how much rebate you may get.

Other ways to increase your income

There are other ways to improve your income. For instance:

- Can you obtain a short-term job until you find a long-term position? This may be on a much lower salary than you are used to but will help you to manage.
- Can another member of your household earn extra income by taking on a second job or weekend work?
- Do you have a spare room that you could rent to a lodger?
- Is everyone who is living with you and earning a wage contributing to the household income?

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Reducing your spending

Look at where you spend your money and think about what you can cut down on.

Here are some ideas of ways to reduce your spending:

- Only buy things you really need rather than things you want.
- Switch to a discount supermarket or choose own-brand products.
- Can you change energy suppliers or switch tariffs to save money? Online comparison websites can help you shop around and compare prices.
- Pay bills by direct debit where a discount is offered.
- Downgrade packages on items such as telephone, mobile phone, television and internet where possible.
- Do you need your car? Can you use public transport instead?



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Prioritising your bills

Some bills and debts are higher priority than others.

Priority debts

- mortgage
- rent
- Council Tax
- utilities (water, gas and electricity)
- court fines
- any debts secured on your property

These are all classed as priority debts, either because you have to pay them by law or because they meet basic living requirements for every individual or family. If you cannot pay these bills, you may lose the property or service.

Because of this, they are a higher priority than your unsecured debts.

Unsecured debts

- credit cards
- store cards
- catalogue debts
- unsecured loans
- bank overdrafts

If you have received redundancy pay, we recommend you use it to pay for essential household bills only. This is because you don't know how long it may take to find a new job.

Make sure you put your redundancy pay into a bank account where you do not owe money. If you don't, the bank may take it to repay any money you owe them.

You may want to continue to pay your National Insurance contributions while you are looking for work. If you are able to claim certain benefits, the government will pay the contribution on your behalf. But if you cannot claim benefits, you can make the payments yourself to complete your qualifying year. For more information visit www.direct.gov.uk.

Managing your money

Paying your mortgage

If you are a homeowner, and you have a mortgage payment insurance policy, make a claim as soon as possible.

If you don't have insurance and think you may struggle to afford the mortgage payment, there are a number of options to take.

Contact your lender

Contact your lender to explore the possibilities of moving to an interest-only loan, taking a payment holiday or extending the term of the mortgage. These options allow you to reduce your monthly payment.

Support for Mortgage Interest (SMI)

If you are a homeowner and get certain benefits, such as Jobseeker's Allowance, you may be able to apply for Support for Mortgage Interest (SMI) payments and Council Tax Benefit.

SMI can be paid after 13 weeks of unemployment on mortgages up to a maximum of £200,000. Further information regarding SMI can be found by visiting www.direct.gov.uk.

If you're in arrears

If you are already in arrears with your mortgage and you haven't contacted your mortgage company, they may apply to the county court for possession of your home. You need to contact your mortgage lender as soon as possible to find out what options you have.

For more information visit <http://mortgagehelp.direct.gov.uk>.

Selling your property is something you may also need to consider.



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Paying your rent

If you are renting your home and think you may struggle to keep up with the payments, there are a number of things you can do.

Benefits

If you are receiving certain benefits such as Jobseeker's Allowance, you may be able to apply for Housing Benefit and Council Tax Benefit to help you stay in your home until you have found a new job.

Some local authorities also provide a discretionary housing payment if you qualify.

Reduced payments

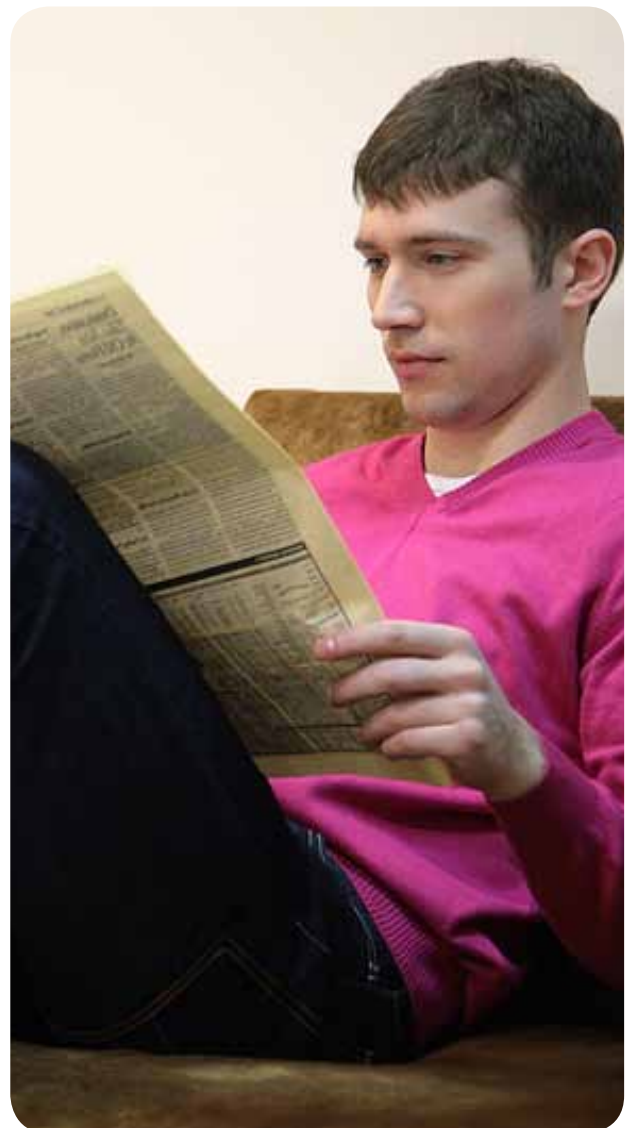
If you are already in arrears with your rent and have not contacted your local housing authority or landlord, you must contact them as soon as possible to find out what options you have. You may be able to arrange a short-term reduced payment.

You may be at risk of eviction if you choose to ignore the problem.

Moving

Moving to a cheaper rented property is something you may also need to consider.

Further advice regarding your rights and solutions to housing problems can be found from Shelter. Visit www.shelter.org.uk or call **0808 800 4444**.



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Managing debt

If you are struggling to make your repayments and worried about your level of debt, make sure you get professional debt help as soon as possible.

Seeking early advice to deal with your debts will help you to feel more in control and may help to lessen any feelings of anxiety.

This is where we can help. You can use our online tool CCCS Debt Remedy which gives you a complete and confidential debt counselling session on the internet. It only takes about 20 minutes to complete and will provide you with a recommended solution to your debts. It is anonymous and free of charge.

Alternatively you can call our freephone helpline on **0800 138 1111** (8am to 8pm Monday to Friday) to speak to an advisor direct.

Your advisor will tailor a debt solution for you and provide you with a booklet setting out what you need to do. We can also give you expert advice on alternative courses of action.

No matter how hopeless you feel your situation is, we can help you.

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Next steps

Getting back to work

It is important to start looking for a new job as soon as possible, but do take some time to think about how you can apply your strengths and experience to different jobs.

Weigh up all your options

Take a look at the job market to see what the most common types of job vacancies are.

Looking for a job in the same field may not be the best course of action if all similar jobs have been affected, for example, by the economic downturn.

Don't forget to talk to old contacts and friends. A lot of people get jobs through informal means rather than by responding to job advertisements.

A fresh start

Redundancy does not have to mean the end of your career. It may give you an opportunity to use your skills and talents to open doors to new possibilities.

Redundancy could be the change that allows you to reassess and evaluate your key strengths and to decide where you want to take your career.

Training and job search

Seek advice on alternative jobs you may be able to apply or retrain for through one of any of the following:

Direct.gov

This is Britain's largest database of job vacancies: www.direct.gov.uk. There is also a link from this site to the **Business Link** website; an excellent source of information if you are thinking of setting up your own business.

Jobs4U

This is available at your local Connexions centre. Contact Connexions Direct on **0808 001 3219** or visit www.connexions-direct.com.

Next Step

This is a careers advice service where you can search courses, view job profiles, assess your skills and get CV tips. Call them on **0800 100 900** or visit www.direct.gov.uk/nextstep.

A4e

For help with retraining and developing your skills, contact A4e on **0800 345 666** or visit www.my4e.com.

Remploy

For extra support looking for work due to a disability, contact Remploy on **0845 155 2700** or visit www.remploy.co.uk. They provide training, help with job search and preparing your CV.

Careers Scotland

If you live in Scotland, call Careers Scotland for careers advice on **0845 850 2502** or visit www.careers-scotland.org.uk.

Northern Ireland Careers Service








If you live in Northern Ireland call, you can get careers advice from the Department for Employment and Learning's Careers Service. Telephone **0289 032 1442** or visit www.lra.org.uk.

Next steps

Getting your finances back on track

Once you are back in work, it's important that you look at your finances and start to get them back on track.

Use this checklist to help you:

	<p>Review your finances Put together a new budget. Keeping your essential household bills up-to-date is your top priority.</p>
	<p>Clear your arrears Clear the arrears on your priority bills. Put an arrangement in place to clear them over a reasonable period.</p>
	<p>Use CCCS Debt Remedy If you need help and advice on how to pay your unsecured debts, use our online service, Debt Remedy, or call our freephone helpline on 0800 138 1111 to speak to an advisor.</p>
	<p>Start saving Ideally, we recommend you build up to a minimum of three times your net monthly salary over time. Keep the money somewhere you can access it quickly and easily, as you may need to use it to pay bills or buy food at short notice.</p>
	<p>Consider taking out insurance Think about getting mortgage payment protection or income protection insurance. If you would like further advice on these please visit CCCS Money Matters for free tailored advice on financial products that may be relevant to you. If you decide to take out any insurance, take advice and be clear on what the policy will, and will not provide.</p>
	<p>Pay annual bills up front Paying your yearly bills, like water rates or car insurance, up front will give you some breathing space until the bill comes around again.</p>
	<p>Contact the Pensions Advisory Service Find out if your redundancy has affected your pension, by visiting www.pensionadvisoryservice.org.uk or by calling 0845 601 2923.</p>

Managing your money

Contact us

If you would like more advice and help with the issues discussed in this guide, visit CCCS Debt Remedy, our free, anonymous and confidential online debt counselling service.

Contact us

Debt Remedy will ask you some straightforward questions about your circumstances and give you tailored advice and a personalised budget.

You won't have to give any personal information or make any commitments. Debt Remedy is available 24 hours a day.

If you prefer to speak to someone confidentially, call our free Helpline on **0800 138 1111** to arrange a telephone appointment.

Foundation for Credit Counselling
Registered Office – Wade House,
Merrion Centre, Leeds LS2 8NG
Registered in England No 2757055
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