

BASIC EMPLOYEE ENTITLEMENTS – payable by the redundancy payments service



Arrears of pay:

- weekly limit £643 (with effect from 6 April 2023);
- maximum claim – eight weeks;
- can include overtime, bonuses, commissions;
- can be the most beneficial eight weeks (not necessarily consecutive); and
- tax and NIC are deducted.

Holiday pay:

- weekly limit £643;
- maximum claim – six weeks (accrued within the 12 months preceding insolvency); and
- tax and NIC are deducted.

(For carried forward holiday, RPS will only accept max. of 1.6 weeks – anything over will be the employee's residual claim.)

Statutory notice pay:

- based on length of service:
 - one week if employed for at least one month but less than two years; and
 - one week for each complete year of service up to a maximum of 12.
- notice is mitigated by income earned or received in the statutory notice period (earnings / benefits);
- tax and NI contributions are deducted; and
- the weekly limit (currently £643).

Note: Attachment of Earnings – claimed within arrears of pay limits

Redundancy pay:

- claims are limited to £643 per week;
- no deductions for tax and NI contributions;
- employees must have two years' service; and
- entitlement is based on age and number of years' service.

Pension contributions:

- employees' unpaid contributions for the 12 months prior to insolvency;
- employers' contributions – the lower of:
 - unpaid contributions for the 12 months prior to insolvency;
 - the amount needed for the scheme to meet its liability on dissolution, as certified by an actuary; and
 - 10 per cent of the employee's total pay for the 12 months prior to insolvency.

Ranking of claims:

Preferential

- arrears of pay if accrued within four months preceding insolvency and limited to £800;
- holiday pay; and
- pension arrears – employee contributions for four months prior to insolvency.

Unsecured

- arrears of pay accrued more than four months preceding insolvency and amounts in excess of £800;
- notice pay;
- redundancy pay;
- pensions arrears (employer contributions); and
- expenses (not paid by RPS).

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