

Redundancy prior to a claim

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Introduction

Redundancy is when an employer reduces their workforce because a job or jobs are no longer needed. The Department supports employees under threat of redundancy and employers when faced with redundancy situations, as well as claimants who have been made redundant.

The Redundancy Scenario product provides examples of working with claimants dealing with redundancy.

Rapid Response Service

If an employer is considering making redundancies, DWP can provide support and advice to both employers and employees through its Rapid Response Service offer.

The Rapid Response Service is all about working in partnerships to address the effects of job losses on individuals and on the local community. Their aim is to:

- work with employers to deliver flexible, timely, and appropriate support for them and their employees
- help people secure a job or move into self-employment quickly and ideally without the need to claim welfare benefits

Support could include:

- helping people facing redundancy to write CVs and find jobs
- providing general information about benefits
- helping people to find the right training and learn new skills
- helping with costs like travelling to work expenses

Rapid Response eligibility

Rapid Response Service support is available to any paid employee at the discretion of the district. Support covers those who have lost their job or had their contract terminated because of workforce management measures.

Rapid Response support can start:

- when people are under threat of redundancy
- during their period of notice

DWP may also provide on-site support for large scale redundancies. Staff can find more information regarding the Rapid Response Service Support available in their local area by contacting their District Rapid Response Service co-ordinator.

Where people have not found alternative work before they lose their job, Rapid Response Service support can continue for a further 13 weeks whether they make a claim for benefits or not.

Scotland

Partnership Action for Continuing Employment (PACE) is the Scottish Government's partnership framework, helping people dealing with redundancy. Phone the Scottish redundancy helpline on 0800 917 8000 or refer to Redundancy Scotland.

Wales

The Welsh Government's redundancy action scheme (ReAct) is aimed to help people dealing with redundancy. There are various sources of help available. Phone the ReAct helpline on 0800 028 4844 or refer to Career Wales Unemployment and Redundancy

What effect does redundancy have on claiming benefits?

Being made redundant may affect entitlement to benefit.

If a contribution-based benefit such as New Style Jobseeker's Allowance is claimed, any redundancy payment received will not affect entitlement.

Pay after redundancy could affect Universal Credit in two different ways:

- payment in lieu of notice and holiday pay is treated as earned income which could result in the claim being closed
- redundancy payments are treated as capital in the assessment period in which it is received, the amount of capital could affect whether a claimant is entitled to Universal Credit or if their payment will be reduced

Anybody volunteering, or accepting an employer's proposal for redundancy in a workforce management situation, is not considered to have left their job voluntarily.

See Earnings section for information if the claimant disputes the amount of income taken into account for Universal Credit.

Help to Claim

From April 2019, Citizens Advice and Citizens Advice Scotland have been delivering a Help to Claim service for claimants making a new Universal Credit claim, see Complex Needs.

District Provision Tool

The District Provision Tool provides access to the full range of provision and support delivered by Jobcentre Plus, providers, local authorities, independent and volunteer / charitable organisations.

Further information

Employers and employees can be signposted to these sites for further information:

Redundancy: Your Rights on GOV.UK for employees

Making Staff Redundant on GOV.UK for employers

Being made redundant: finding work, claiming benefits and managing debts on GOV.UK

Insolvency Service - acts as an impartial source of information for the public on insolvency and redundancy matters

Acas – provides help for employers managing redundancies in their organisation, and advises employees on what their rights are if they are being made redundant.

Money Helper: Provides free and impartial money advice

DWP has developed redundancy factsheets which can be emailed or posted to employers or employees. These are available on the Customer Content Portal. For more information, see Useful links