

What happens if your employer can't pay you?

BUSINESS MATTERS

In the latest of her expert columns, **Lisa Thomas**, insolvency practitioner at Plymouth-based Neville & Co, looks at what can happen to employees if the company they work for runs into financial difficulties



One of the biggest concerns business owners have when their business is insolvent and runs out of money is what will happen to the employees? I have met some directors who have continued trading an insolvent business simply out of concern for the employees as they do not want to make them redundant and are worried about what will happen to them. Unfortunately, this is not a reason to delay taking action. Trading on whilst insolvent will open the directors up to claims being brought against them for wrongful trading.

What does surprise many business owners is that in fact the employees are very likely to be paid arrears of wages and redundancy by the Government. The employees don't have to go into a social security office either and make a hardship claim – we help them make the claim and the employees will be paid out by a government fund direct. It is one of the first things we do when a business stops trading.

The scheme is run by the Redundancy Payments Office which is a part of the Department for Business, Innovation and Skills (that used to be the DTI – why do they keep changing the names!)

There are four claims an employee can make when a business stops trading because it is insolvent. They are arrears of pay, unpaid holiday, redundancy and notice pay.

The arrears of pay can be up to eight weeks of unpaid wages or salary and the arrears of holiday pay can be six weeks. The claim is capped though to a maximum £450 per week.

Redundancy

Employees with more than two years of continuous service are entitled to claim redundancy pay. The amount depends on their age and length of service and it is a complicated calculation to work it out. As an example a person who is 40 years old and has been working for ten years for the same employer

can claim ten weeks redundancy pay – again this is capped at £450 per week. The maximum redundancy claim is in fact for 20 years.

Notice pay

Notice pay is usually based on what is written in an employee's employment contract. If there is no written employment contract then it is based on a week's notice is due for every complete year they have worked. The maximum claim is capped at 12 weeks. Again the payout is capped at £450 per week.

Notice payments are reduced by any income received by the ex-employee during that notice period, be that from new employment or state benefits.

All payments from the RPO are subject to PAYE and NIC deductions in the usual way, except redundancy pay which is tax free. Usually claims take about two to four weeks to process but can take longer. If notice is due the RPO will wait for the notice period to pass so any mitigation can be dealt with before making any payment.

What if someone buys the business?

If the best option for the insolvent business is for it to be sold as a going concern in most some cases all of the company's employee's rights will transfer across to the new owners. The new owners are then liable for arrears of pay, redundancy and notice pay even if they do not want to take on those employees and the RPO will not pay out. Great care is need here then if you are considering buying an insolvent business.

If someone you know is an employer whose business may be struggling financially and they would like to meet to discuss any of the above or insolvency advice generally

please ask them to get in touch with me on 01752 786800 to arrange a free initial meeting.

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BUSINESS RESCUE
& RECOVERY



Michael Berkley and Christopher Naish, joint heads of Magdalen Chambers, toast the newly merged organisation

Chambers announce a new name – with an historic twist

BY GORDON RICHARDSON

Exeter's largest barristers' chambers has announced its new name at a garden party attended by more than 200 of the region's legal eagles.

Magdalen Chambers was created when two of the city's established sets, Rougemont and Southernhay, merged earlier this month to form the region's largest chambers outside Bristol. The enlarged chambers has 43 members and 15 associate members, as well as an eight-strong team of clerks.

Councillor Rachel Lyons, the Lord Mayor of Exeter, addressed guests at the launch event, heralding the merger as "good for Exeter, good for the region and better than Bristol".

Joint head of Magdalen

Chambers Michael Berkley, who founded Rougemont Chambers in 1997, said: "I am honoured and proud to reveal the name of our new chambers to our clients and contacts. As a merged set we will be able to concentrate its excellence and help to strengthen the region's expert legal offering outside Bristol.

"There is strength in numbers. This strategic move has created an enlarged specialist, civil, family and employment chambers in Exeter. Until now clients have been inclined to look to London and Bristol sets to find these levels of service and skills under one roof."

Southernhay Chambers was the first independent set of chambers established in Exeter and has seen signi-

ficant growth since its inception in 1975. Judge David Tyzack QC said: "As a founder member of Southernhay Chambers I was delighted to learn about the merger and its new name. It makes perfect sense for the region's leading family set to come together with the region's leading civil

'Until now, clients have been inclined to look to London'

Michael Berkley

set and create the biggest chambers in the South West.

"Both chambers should not only be very proud of what they have achieved individually, but also of the even

greater things that will be accomplished as a combined chambers."

Explaining the new name, Christopher Naish, joint head of Magdalen Chambers, said: "Magdalen has a long association with Exeter derived from the St Mary Magdalene hospital for lepers established in the 12th century in Bull Meadow. At the western end of Magdalen Road stand the Magdalen almshouses built in the 19th century, and in 2012 the former eye hospital at the western end of Magdalen Street opened for business as the Magdalen Chapter hotel.

"Now Magdalen Chambers, a new set of barristers' chambers, the largest in the South West outside of Bristol, was opened, based in Victory House in Dean Clarke Gardens."

New Moroccan restaurant opens

The former Bombay Bills Indian restaurant in Exeter city centre has been transformed into a contemporary Moroccan and Mediterranean inspired restaurant.

Casa Maroc, the 100-seat restaurant in Bartholomew Street East, is the brainchild of Mario Souyha and Manuela Tarquini, who have more than 15 years' restaurant experience, having run Italian and North African restaurants in the past, both in Exeter and Torquay.

Manuela, also a fashion de-

signer, admits her love of textiles and design have come in useful when creating the new restaurant, which features a retro Italian themed dining space and a sumptuously decorated harem and kasbah.

"I am very familiar with all things North African," she said. "Mario, my partner, is from Tunisia and this has certainly helped me immerse myself in the culture, colours, fabrics and food and so putting together the creative footprint for the restaurant was great fun."

Construction firm seeks new talent

The South West arm of house-builder Persimmon is recruiting for nine new roles as part of a national employment drive.

Persimmon Homes South West is looking for five new apprentices in brick-laying and joinery, two trainee sales advisors and two graduate/trainee technical staff.

The appointments are part of a national drive by the company to recruit a total of 225 people.

Managing director Simon Perks said he wants to hear

from young people across the region, looking for their first job in the construction industry. "This is a fantastic opportunity for young people to join a thriving business," he said.

"We work hard on our training programmes and enjoy sharing our knowledge with young people and progressing them through the business. Many of our current directors started their careers at 16, and our current chief executive, Jeff Fairburn, started on a Youth Training Scheme."

Insurer wins award for training

Insurance firm Cornish Mutual has won a national award for its in-house training for the second year in a row.

The Truro-based firm's customer service training programme won an award at the Customer Service Training Awards 2013 in a ceremony in London earlier this month.

Employees Abbie Drown and Stuart Gale presented to a live judging panel to win the title.

Sharon Plowright, Cornish Mutual's head of operations, said: "We are delighted to have

won this award for the second year running because it is further recognition of the investment we have made in building a well-qualified, close-knit team at Cornish Mutual through a focus on training for all by all."

All new staff have an intensive induction with a training and customer service programme for existing employees. To support this, every employee in the company, including MD Alan Goddard, has been trained in coaching skills.