

Good communication protects you and your firm's reputation

ERA claims can be daunting for those involved and employees value updates, even if there is no new information. Silence often leads to mistrust or panic, says **Paul Milton**

When a company enters insolvency, it is a stressful and uncertain time for everyone involved, none more so than for the employees. Alongside the emotional toll of potential job loss, they face the added challenge of understanding what they are entitled to and how to make a claim under the Employment Rights Act 1996 (ERA).

Poor communication during this period can lead to confusion, delays in claim processing, and damage to professional reputations. On the other hand, timely, honest, and well-structured communication can help employees feel supported, even in difficult circumstances.

Insolvency moves quickly, and employees are often the last to know. As soon as it is appropriate and legally possible, insolvency professionals should hold a meeting or issue a formal announcement to explain the situation. Be honest about the business's status and what will happen next. While it may be tempting to soften the message, clarity is more important. In my experience, employees will handle bad news but will always struggle with uncertainty. Employees deserve to know where they stand, and timely communication builds trust and avoids speculation.

The ERA claims process

For most employees, this will be their first experience of claiming through the Redundancy Payments Service (RPS), so it is important to provide a clear overview that covers:

- What the ERA entitles them to (for example, redundancy pay, unpaid wages, holiday pay, statutory notice), and the statutory limits that apply.
- Who pays what (the RPS via the National Insurance Fund – not the employer).
- How to claim (completing the RP1 form online).
- What documents or information they will need.
- The timescales from dismissal to payment.

An initial group briefing (in person or

virtually) is beneficial using simple language and followed up by written guidance wherever possible. Tailored factsheets or FAQs can reduce the volume of follow-up queries your team receives. A dedicated contact line or inbox for employee queries and optional one-to-one sessions for complex or sensitive cases can also be really helpful.

Clarity and consistency across all channels of communication are crucial, ensuring everyone on your team (including third-party agents) is aligned on the process and messaging.

Employees are likely to have detailed questions about their rights, especially regarding how and when they'll be paid. Having someone from your team on hand to explain the process can go a long way to instilling confidence.

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This is not just good practice, it helps reduce the risk of incorrect data being submitted on RP14A forms, which can cause delays in RPS payments and unnecessary complaints. We have seen many instances of confusion and miscommunication around the production of a company's final payroll run. It is crucial to understand firstly, whether the final payroll has been run and, secondly, whether the required submissions have been made to HMRC. The circumstances here will determine whether the employees' claims for wage arrears should be submitted gross or net to the RPS. Getting this wrong will impact the employees' personal tax positions, and will create an additional problem

for them to resolve at what is already a difficult time.

Upfront support saves time

While the process may be routine for an insolvency firm, it is anything but routine for the employees involved. It impacts livelihoods, families, and personal wellbeing. Acknowledging the emotional toll and signposting support services such as ACAS, Citizens Advice, or mental health charities should always be a consideration. A little empathy goes a long way.

For many employees, especially those who have not experienced redundancy before, the RPS claim process may feel daunting. Offering support with the data required to complete their online applications and providing clear guidance on the process can help to avoid missed deadlines, incorrect details, or misunderstandings about what can be claimed.

A small investment in upfront support saves time in correcting avoidable errors later.

Maintain communication

Communication should not end after the initial briefing. Employees value updates, even if there is no new information. Silence often leads to mistrust or panic. A brief update letting employees know what stage the process is at, and what happens next, is often all that's needed.

As an insolvency professional, you are not just administering the closure of a business, you are managing a human process that affects real lives, and good communication is not only a courtesy – it's a core part of the process that protects you, your firm's reputation, and the integrity of the outcome.

An ERA claim handled well reduces confusion, smooths claims to the RPS and reflects positively on your professional reputation. Above all, it ensures that employees are treated with the dignity they deserve at a time when they need it most.



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