

## **Woolworths – The Administrators' Closure Plan**

No buyer has been found for the business as a going concern. The Administrator intends to close all stores and the Distribution Centres on 27 December and staff will be paid to 31 December. All stores will go in a phased closure by 4 January. Everyone will be made redundant.

### **Phased Store Closure**

Which stores will close when will depend on stock levels. Those with the lowest stock levels will go first. The Administrator has said that they will give affected stores 10 days notice. Stores will be closed in tranches of about 200. Staff will be retained for 2-3 days after closure to the public to clear up. The Administrators have not yet decided which stores will close when but the first announcements are due on 17 December.

### **Sale of Leases - No Transfer**

The Administrator has found a buyer for some of the leases. This will be an assignment of the leases and nothing else related to the business will be sold. This means that there will be no TUPE transfer and no staff will be taken on with the lease. If new businesses open up on the site staff can apply as an ordinary member of the public but with no continuity or preservation of terms.

### **Claiming Redundancy Payments**

The government guarantees certain payments. The Administrators will help you make a claim to the Insolvency Service Redundancy Payments Office and you should work with the Administrators to make the claim.

The Administrators will give you a form to complete and return to Woolworths HR Department in London who will be working to the end of January to help you process your claim.

The Insolvency Fund is setting up a special team at their Edinburgh Office to process the Woolworths claims and they are hoping to make the payments within 6 weeks.

You should submit your form as a matter of urgency.

If you have a dispute with the Insolvency Fund about the amount they pay you then you must lodge a Tribunal Claim on Form ET1 within 3 months less one day of the date of their decision.

## **Guaranteed Payments on Termination**

The main payments which are guaranteed by the Insolvency Fund in this way are:

- Arrears of pay.
- Holiday pay.
- Statutory redundancy pay.
- Statutory notice pay.

There are limits on the amount of a week's pay which are £330 per week for weeks before 1 February 2009, and £350 per week for weeks after 1 February 2009.

The Insolvency Service will also set off certain State benefits.

## **Arrears of Pay**

Pay includes:

- Wages.
- Bonuses.
- Commissions.
- Overtime.
- Sick pay (company).
- Maternity pay (company).

A week's pay is subject to the limit of £330 and a maximum of 8 weeks. You should claim for the best 8 weeks.

Usdaw advises you to add any banked holiday claim and outstanding annualised hours claims. Statutory Sick Pay and Maternity Pay are claimed through the [HMRC Tax Office](#).

## **Holiday Pay**

Accrued holiday will be guaranteed up to a maximum of 6 weeks and provided that it has been accrued in the last 12 months and is subject to the weekly pay limits. Holiday taken but not paid is also covered, including banked holidays.

## **Statutory Notice Pay**

Any shortfall in statutory notice will be guaranteed, subject to the weekly pay limits and an offset if you find other paid employment in the notice period.

Your statutory notice entitlement depends on years of continuous service as follows:

<b>Period of Continuous Employment</b>	<b>Minimum Notice</b>
Under 4 weeks	NIL
4 weeks - 2 years	1 week
2 years - 12 years	1 week for each complete year
Over 12 years	12 weeks

### **Statutory Redundancy Pay**

Any employee who has worked for Woolworths for at least two years will qualify for statutory redundancy pay.

This is calculated based on age and continuous service. Weekly pay is calculated gross (before stoppages) but is subject to the weekly pay limit of £330.

When calculating length of continuous service you are entitled to add the statutory notice period which you should have been given.

A week's pay stays capped at £330 whenever the statutory notice period would have expired.

<b>Age</b>	<b>Entitlement for each complete year of employment</b>
Up to age 21	½ week pay
22 - 41	1 weeks pay
42+	1½ weeks pay

### **Termination Payments Not Guaranteed**

If the guaranteed payments from the Insolvency Office are less than your outstanding monetary claims, then you will be a Company Creditor for the balance and should notify the Administrators of your claim.

You will be classed as a preferential unsecured creditor for the part of your claim which relates to holiday pay and pay, but whether you will receive any payments will depend on whether there are any funds left over after paying off the secured creditors. This will take quite a long time to sort out and we are not optimistic about payment. Preferential creditors are paid before other unsecured creditors.

Preferential debts in respect of pay is capped at £800 and any balance will become an unsecured claim.

In Pay and Holiday Pay claims Usdaw members who earn more than the weekly cap will be affected and members who have more than £800 in pay arrears.

Usdaw members will not be preferential creditors in respect of the Company Redundancy Agreement and the amounts of the enhanced payments which are greater than the state redundancy payments (state payment levels will be guaranteed as above).

Banked holidays and annualised hours claims may also fall into this category. Usdaw will be issuing more advice on these claims later.

### **Leaving for Another Job - Members Under Notice**

If you have been given a formal redundancy notice with a leaving date and you find another job and want to leave before the dismissal date, you should do the following:

- Write a letter and give it to your manager and keep a copy.
- Make sure that you give as much notice as you can.
- The letter should be dated and should contain your name and address.
- It should be headed 'Redundancy Counter Notice'.
- The letter should say "You have given me a redundancy dismissal date of \_\_\_\_\_ (insert date). I have found another job and I would like my contract to end on \_\_\_\_\_ (insert proposed leaving date). Please confirm that you accept this as my date of dismissal".

We would expect the manager to agree this and we will be pressing the Administrators to agree that members who have found other work shall be allowed to leave before the dismissal date and their redundancy payment will be unaffected.

If you are refused an early leaving date and are served with a counter notice by Woolworths then you will have a difficult choice to make and should contact the Union for more advice. If you have no choice but to leave early to take up your new job despite Woolworths refusal to release you, you can apply to the Employment Tribunal to consider your claim if your redundancy payments are withheld. Ensure you lodge a grievance with the company before you leave. However given that time is now so short the best thing to do is to persuade your new employer to wait if you can.

### **Leaving for Another Job - Members Not On Notice**

If you have not been given formal notice of redundancy dismissal and a specific leaving date, you must be very careful. Even though you are at risk of redundancy if you leave early to go to another job, you will not be considered as dismissed and you will lose your redundancy entitlement if you just resign.

If you want to leave because you have found another job, go and see your manager and ask them to dismiss you by reason of redundancy on the date you want to leave and issue you with a dismissal notice to that effect.

We will be asking the Administrators to support this approach and instruct managers to grant this request.

If Woolworths refuse to co-operate then you will be forced to make a very hard choice between the new job and the redundancy package.

We hope you will not find yourself in this position, but if you do please contact the Union for further advice. We are asking our Legal Department to consider whether we can take any legal action to help you. Their advice at the moment is that success in a claim to the tribunal in these circumstances cannot be assured.

### **Financial Worries**

We realise what a worry this is for you all and highlight some key pointers to help you arrange your finances.

### **Mortgages**

Please go and see your building society immediately and explain your current difficulties and ask them to advise you and help you to make arrangements to get you through this difficult time. Building societies and banks can do lots of things to help, including interest only payments, deferring payments, rescheduling the loan, etc. They will give you most help if you go before you get into trouble and if you work with them to plan ahead.

### **Rent**

If you pay rent you may be entitled to housing benefit. That is a means-tested benefit administered by your local council. Please contact your local authority housing benefit office for advice on how to make a claim.

### **Tax Credits**

If you have children you may be able to claim Child Tax Credit. Child Tax Credit is paid to low or middle income families who are in or out of work. If you have a partner who works at least 16 hours a week you might also be entitled to claim Working Tax Credit. Contact the Tax Credit Helpline for more information and details about how to make a claim.

If you do not have children you can also claim tax credits provided you are over 25, have earnings below £12,700 (single), £17,200 (couple) and you or your partner work at least 30 hours a week.

To claim tax credits you have to fill in a claim form. You can order a tax credits claim pack from the Tax Credit Helpline on 0845 300 3900, or textphone 0845 300 3909 or visit [www.hmrc.gov.uk/taxcredits](http://www.hmrc.gov.uk/taxcredits) for more information.

## **Benefits Advice and Claiming Benefits**

Contact your local JobCentre Plus office for advice about the benefits available to you and how to make a claim.

The key benefits are Income Support, Job Seekers Allowance. You can also make a telephone claim on 0800 055 6688.

If you lose your job you may need to claim benefits. The information below is an outline of the benefits you may be entitled to. More detailed information is available on the websites listed below. Everybody's circumstances are different and for individual advice you will need to contact an independent advice agency.

- If you are single you need to claim Jobseekers Allowance
- If you live with your partner and your partner also works, provided you have paid national insurance, you will be able to sign-on and claim contributions based Jobseekers Allowance. You will qualify regardless of your partner's earnings. It may also be worth claiming Working Tax credit which is designed to top up low income.
- If you live with your partner and they do not work you will need to claim Jobseekers Allowance as a couple.
- If you are a single parent you can claim Income Support
- If you have children you probably already claim Child Tax Credit. Notify the Revenue of your changed circumstances and they should increase the amount of your Child Tax Credit. If you have children and don't already claim Tax Credits claim now.
- You can get help with your rent and council tax by claiming Housing and Council tax Benefit from your Local authority
- You can get help with your mortgage from the Department for Work and Pensions. The rules are complicated and due to become much more generous in April 2009.

## **Sources of advice on the internet**

Government websites -

[www.direct.gov.uk](http://www.direct.gov.uk)  
[www.dwp.gov.uk](http://www.dwp.gov.uk)

Citizens advice bureau website  
Website that calculates

[www.adviceguide.org.uk](http://www.adviceguide.org.uk)

entitlement to means-tested benefits -

[www.entitledto.co.uk](http://www.entitledto.co.uk)

## **Independent advice agencies**

Most towns have a Citizens Advice Bureau  
Many cities and larger towns have a Law Centre

Many Local Authorities offer benefits advice via a Welfare Rights team which is usually part of social services or the Chief Executives department

## **Debt Advice**

### **Redundancy, Your Debts and Outgoings**

**There are two basic rules to this:**

- If you can't pay someone, tell them before the deadline and try to arrange something. It might be the opposite of what you want to do but it will nearly always make it much easier to sort out.
- If you don't know what to do, get advice from a local advice centre, a Citizens Advice Bureau, or some one else who can help you. Help is almost always available free but there is often a queue so don't leave it to the last minute.
- Usdaw has a new affinity partner - Consumer credit counselling who may be able to help - contact them through the Usdaw website - Usdaw Debt Remedy link.
- The National Debtline is a very good source of help - 0808 808 4000. Their website address is [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk) - make sure that you are on this address.

### **Who is it most important to pay?**

Don't pay the people just because they send you most letters or ring you up, some payments are more important than others - simply because of what can happen if you don't.

- **Mortgage or Rent** - most mortgage lenders and social landlords do not want to throw you out. If you approach them in time and are honest about your problem, they will usually come to an arrangement with you that works for everyone.
- If you have a **secured loan**, it is like another mortgage but the law is slightly different and you may want to get advice about that.
- **Council Tax**
- **Utilities** - gas and electricity supplies can be cut off if you cannot pay for them but.
  - You may be able to get them cheaper by changing suppliers
  - All companies must offer a range of ways to pay so you can pay smaller amounts regularly and avoid getting into arrears
  - If you do get into arrears, the companies must let you pay them off a rate you can afford

If you can pay all of these, others like credit cards, money lenders, catalogues and most bank loans will have to wait their turn if you can't pay them for a period. If you can't, write to them to explain your problem, tell them you are getting help and get advice to help you sort it all out. These people might take you to court but it is not a crime to owe money and the court will not order you to pay money you can't afford to pay - get advice straight away if you get letters about going to court.

### **Benefits and Tax Credits**

The more money you have coming in, the less likely you are to have trouble with your payments. There are so many benefits and credits that it would be impossible to explain them all here but if you are earning less, have caring responsibilities, have a disability, are out of work or have children there may be help available for you. Ask one an advice agency or Job Centre+ to do a full benefit check for you.

### **Harassment**

People who you owe are not allowed by law to harass you -or chase you in an unreasonable way - like ringing you repeatedly at unreasonable times or making threats. If you feel this is happening, get advice.