

## Employment Alert No 183: Increase in Employment Protection Awards 2011

January 4, 2011

The compensation limits on Tribunal awards will increase from 1 February 2011. The key changes are set out below.

### Statutory redundancy pay

The maximum amount permitted for calculation of a week's pay will rise from £380 to £400.

### Basic Award

The current maximum amount for a week's pay will rise from £380 to £400.

### Maximum Compensatory Award

The maximum Compensatory Award a Tribunal can award in most cases of unfair dismissal will rise from £65,300 to £68,400 (maximum unfair dismissal compensation plus maximum basic award (which would be awarded to an employee aged 61+ with 20+ years service) - £80,400).

### Minimum Basic Award for defined dismissals

The minimum Basic Award a Tribunal can award for certain dismissals (relating to certain employee representative, health and safety and working time cases) will rise from £4,700 to £5,000.

### What does this mean for employers?

The changes will take effect on 1 February 2011 and will be applicable to dismissals taking effect on or after that date.

It is important for employers to note that if an employee:

- is given notice prior to 1 February 2011, but the notice period will expire on or after 1 February 2011, then the new limits set out above will apply to that dismissal;

- is paid in lieu of notice the effective date of termination (“EDT”) is the actual date plus the amount of statutory notice applicable to the employee (ie 1 week per year of employment up to a maximum of 12 weeks). If the statutory notice would take the EDT to or beyond 1 February 2011, then the new limits will apply.

Employers’ exposure in the event of an unfair dismissal claim will rise and should be factored into decision making about litigation or settlement strategy.

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