



Communications

Date: 20th December 2011

New compensation limits announced for 2012

The Employment Rights (Increase of Limits) Order 2011 has been published and will come into force from 1 February 2012. The Order increases the limits applying to certain awards of employment tribunals and to other amounts payable under employment legislation. The main changes are:

Maximum amount of a 'week's pay' for the purpose of calculating a redundancy payment or the basic or additional award of compensation for unfair dismissal or payments to employees in the event of insolvency – increases from £400 to £430.

Limit on the amount of compensatory award for unfair dismissal – increases from £68,400 to £72,300.

Limit on the daily amount of statutory guarantee payment – increases from £22.20 to £23.50.

The increases apply where the event giving rise to the entitlement to compensation or other payment occurs on or after 1 February 2012. The date is determined differently depending on the type of claim brought. In unfair dismissal claims, this date is the effective date of termination of employment. In guarantee payment claims, it is the day in respect of which the payment is due.

The increases reflect an increase of 5.6% in the retail prices index from September 2010 to September 2011.

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