



Compensation Limits: Annual Increase

The annual increase in compensation limits for employment claims has recently been announced. These changes will apply to dismissals which take effect after 1 February 2009.

The basic award for unfair dismissal and statutory redundancy payments are both calculated using a capped sum for a 'week's pay'. This capped amount for a 'week's pay' will increase from £330 to £350. The amount of any basic award or statutory redundancy payment is calculated by reference to the same capped 'week's pay' multiplied by a maximum of 20 years' service and the appropriate age factor. The maximum basic award or statutory redundancy payment will now rise from £9,900 to £10,500. It is important to take into account these increases when considering redundancies because the cost will be greater from February 2009.

The maximum compensatory award for unfair dismissal will also increase from £63,000 to £66,200. This award generally covers lost earnings and the value of benefits in the period the employee is unemployed or in new, but lower paid, employment.

In summary:

- A 'week's pay' for statutory awards: £300 to £350
- Maximum basic award/redundancy payment: £9,900 to £10,500
- Compensatory award: £63,00 to £66,200

It is important to note that these compensation changes do not affect claims for discrimination. Discrimination claims have an unlimited level of compensation, which is calculated with regards to the employee's loss of earnings, injury to feelings etc.

NEED SOME GUIDANCE? PLEASE CONTACT US ...

Clive Dobbin	023 8048 2370
David Roath	023 8048 2238
Stephanie Merritt	023 8048 2364
Susy Perry	023 8048 2331
Andrew Browning	023 8048 2121
Kathryn Casey-Evans	023 8048 2361



Paris Smith LLP • Number 1 London Road • Southampton • SO15 2AE
e: info@parissmith.co.uk • t: 023 8048 2482 • f: 023 8063 1835