

Employment rights - new compensation limits and increase in qualifying period for unfair dismissal



Compensation Limits

The annual Employment Rights (Increase of Limits) Order 2011 has been published. The changes set out below will apply where the effective date of termination of employment falls on or after 1 February 2012:

- The maximum compensatory award for unfair dismissal increases from £68,400 to £72,300.
- The statutory cap for a week's pay, most often used for calculating a basic award for unfair dismissal and a statutory redundancy payment, increases from £400 to £430.
- The maximum basic award and statutory redundancy payment therefore rise from £12,000 to £12,900.
- The minimum basic award for unfair dismissal (which applies to dismissals by reason of trade union membership or activities, health and safety duties, occupational pension scheme trustee duties or acting as an employee representative) increases from £5,000 to £5,300.

Unfair Dismissal – Qualifying Period

Following the “Resolving Workplace Disputes” public consultation in January 2011, the Government has stated that, from 6 April 2012, the qualifying period of service for an employee to claim unfair dismissal will increase from one to two years. The UK Department for Business, Innovation and Skills is currently discussing the transitional provisions that will need to be put in place in relation to employees who will have been employed for more than one year but less than two years.

There is no qualifying period of service for unfair dismissal claims alleging whistleblowing or for claims of unlawful discrimination.

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