



briefing

Employment, Pensions and Benefits - February 2009

Increase in compensation limits and statutory payments

February – April 2009

The annual increase in compensation limits and statutory payments, such as statutory maternity pay, have been announced.

1 February 2009

The annual increase in compensation limits takes effect on 1 February 2009 and the main changes are:

- increase from £63,000 to £66,200 maximum compensatory award for unfair dismissal
- increase from £330 to £350 limit on a week's pay which, for example, is used in the calculation of statutory redundancy pay
- increase from £9,900 to £10,500 maximum redundancy payment and basic award
- increase from £20.40 to £21.50 limit on a guarantee payment

It is important to note that the new rates apply where the event giving rise to the entitlement occurs on or after that date. So for unfair dismissal claims, the relevant date is the effective date of termination.

For example, where the date of dismissal is before 1 February then the old limit applies, even if compensation is awarded by the Employment Tribunal in June 2009.

6 April 2009

- The new weekly rates for statutory maternity, adoption and paternity pay increases from £117.18 to £123.06 (the prescribed rate).

- Remember that in relation to statutory maternity and adoption pay, the first six weeks will be paid at 90% of the employee's average weekly earnings (the earnings related rate).

- The new weekly rate for statutory sick pay increases from £75.40 to £79.15

April will be a busy month for employers and managers as they get to grips with a range of important employment law developments.

- The most significant is the repeal of the statutory dispute resolution procedures on 6 April 2009. Almost universally, the procedures were criticised for being too complex, carrying a high administrative burden for employers and employees alike.
- There will be a new ACAS Code of Practice on Disciplinary and Grievance procedures which is also introduced on 6 April 2009. Although the Code is not compulsory or legally binding, Employment Tribunals will be able to increase or reduce awards by up to 25% if either party unreasonably fails to comply with it. The Code sets out the principles of fairness and best practice and is supplemented by extensive practical Guidance.
- The Working Time (Amendment) Regulations 2007 provided for an increase in statutory holiday entitlement from 20 days a year to 28 days for a full time worker. This was introduced in two stages: 20 to 24 days from 1 October 2007 and the second increase from 24 to 28 days from 1 April 2009.
- There was some uncertainty about whether or not the extension of the right to request flexible working to parents of children aged 16 and under would go ahead because of the economic climate. The new right will come into force in April 2009 as originally planned, although the exact date is not known.

We will provide further updates on these key employment law developments in due course.

More information

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