

Bulletin 191

January 2011

LIMITS FOR AWARDS IN UNFAIR DISMISSAL CLAIMS SET TO INCREASE

The Employment Rights (Increase of Limits) Order 2010 (the ERO) increases the financial limits for various tribunal awards (including those for unfair dismissal) from 1 February 2011.

In particular, the ERO confirms that the following new rates will apply:

- Maximum Basic Award for unfair dismissal £12,000 (rising from £11,400)
- Maximum Compensatory Award for unfair dismissal £68,400 (rising from £65,300)
- Maximum limit on a week's pay £400 (rising from £380)
- Minimum Basic Award for certain types of unfair dismissal* £5000 (rising from £4,700)

(*e.g. for reasons of trade union activities, health and safety duties and acting as an employee representative)

An employee who successfully brings a claim for unfair dismissal against his / her previous employer is entitled to request financial compensation. An Employment Tribunal must then consider whether to award financial compensation to the employee through a Basic and / or Compensatory Award.

The ERO affects both the Basic and Compensatory Awards in unfair dismissal claims. A Basic Award is calculated by reference to the employee's length of continuous service, age and the amount of pay that an employee is due each week for the purposes of the Employment Rights Act 1998 ("a week's pay"). You will note that the maximum weekly amount that an employee can claim as "a week's pay" will increase to £400.

A Compensatory Award is based on the amount that the Employment Tribunal considers just and equitable (a fair amount) in all the circumstances and taking into account the loss suffered by the employee as a result of the dismissal (to the extent that such loss flows from the action taken by the employer). The ERO increases the maximum Compensatory Award to £68,400.

The maximum amount that an Employment Tribunal may award an employee for unfair dismissal is £80,400 (Basic and Compensatory Award inclusive).

The amended figures will apply to dismissals which take effect after 1 February 2011.

If you require any specific advice in connection with the material contained in this bulletin, or on any other Employment Law issues, please contact: Paul Chamberlain in Manchester on 0161 836 8864, Andrew Cross in Liverpool on 0151 600 3062 or Kevin James in Preston on 01772 229847.

If you no longer wish to receive the bulletin please let us know by return e-mail to kimberley.malcolm@brabnerscs.com

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