New compensation limits for dismissals on or after 1 February 2006

The annual increase in the amount Employment Tribunals can award takes effect from today, 1st February 2006.

For dismissals that take effect on or after 1 February 2006, the amount of compensation that can be awarded is as follows:

The maximum compensation for unfair dismissal is to be increased from £56,800 to £58,400.

The maximum amount of a “week’s pay” (for calculating statutory redundancy pay or the basic award for unfair dismissal) is to be increased from £280 to £290.

For claims for dismissals before 1 February 2006, the old limits will apply, however, if someone is working out their notice period which expires on or after 1 February, then the new limits will apply.

If you have any questions regarding the above, or require information on the other changes then please do not hesitate to contact Lara Crane or Sejal Raja.

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1 February 2006