
EXPLANATORY NOTE

(This note is not part of the Order)

This Order increases limits applying to redundancy payments, to the compensation which can be awarded by industrial tribunals in cases of unfair dismissal, to the guarantee payments employers are required to make in cases of lay-off, and to certain payments the Secretary of State is required to make out of the National Insurance Fund to employees of an employer who has become insolvent.

The maximum amount of “a week’s pay”, used in calculating redundancy payments and basic and additional awards of compensation for unfair dismissal and to limit payments to employees of an insolvent employer is increased to £220.

The maximum amount of the compensatory award payable in unfair dismissal cases and the maximum amount of compensation payable where an order for reinstatement or re-engagement is not fully complied with are both increased to £12,000.

The minimum amount of the basic award where a dismissal is attributable to an employee’s trade union membership or activities, his activities or proposed activities as an employee representative or pension scheme trustee, or his actions in connection with perceived risks to health and safety at work, is increased to £2,900. The minimum amount of the special award in such cases is increased to £14,500, or, where an order for reinstatement or re-engagement is not complied with, £21,800. The maximum amount of the special award in such cases is increased to £29,000.

The maximum guarantee payment payable to an employee in respect of any day on which he is laid-off is increased to £15.35.

The increases apply where the event giving rise to an employee’s entitlement to compensation or other payments occurred on or after 1st April 1998. Limits previously in force (under the Employment Protection (Increases of Limits) Order 1995, [SI 1995/1953](#)) are preserved by article 4 of the Order in relation to cases where the relevant event was before that date.

A compliance cost assessment of the effect that this Order would have on the cost of business is available from Employment Relations 5b, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.