

Statutory redundancy pay limit to rise

On 1st October 2009.

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In the April 2009 Budget, the Government announced that the limit on a week's pay which is taken into account in calculating statutory redundancy payments was to be raised from its current level of £350 to £380. The Government has now confirmed that this increase in the weekly limit used to calculate statutory redundancy pay will come into effect from 1 October 2009. It has also stated that the limit will not rise again in February 2010, as it would normally do. Rather, it will remain at £380 until February 2011 and the annual up rating due to take effect from 1 February 2010 will be suspended. Normally, the annual increases in February track changes in the retail prices index (rounded to the nearest £10) but this one-off increase is taking place without reference to that mechanism.

The increase means that the maximum statutory redundancy payment will increase from £10,500 to £11,400. The Government hopes this will strike the right balance between helping those made redundant without placing undue burden on employers.

The statutory maximum amount of a week's pay is also used for the purpose of calculating the basic award for unfair dismissal and certain other compensation payments, including those due on insolvency. The increase is also expected to apply to these other types of payment.

The increase will come into effect under the Work and Families (Increase of Maximum Amount) Order 2009, made under section 14 of the Work and Families Act 2006.

New Department for Business, Innovation and Skills

The Department for Business, Enterprise and Regulatory Reform (BERR) has been merged with the Department for Innovation, Universities and Skills (DIUS), to create a new Department for Business, Innovation and Skills (BIS). The key role of the BIS will be to build Britain's capabilities to compete in the global economy.

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