

No. 152

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Redundancy pay limit to rise to £380 on 1st October 2009

The Government has confirmed that the increase in the weekly limit used to calculate statutory redundancy pay, from £350 to £380, will take place on the 1st October 2009. It has also stated that the limit will not rise again in February 2010, as it would usually do, instead remaining at £380 until February 2011.

The Government announced a one-off increase in the limit of £30 in the 2009 Budget. The increase is intended to provide a stronger safety net for employees in the recession without placing too heavy a burden on employers. Since 1999, an annual uprating formula has been applied each February to raise the limit on a week's pay in line with the Retail Prices Index rounded to the nearest £10. This uprating will be suspended in 2010. The weekly limit also applies when calculating certain other types of payment, such as the basic award for unfair dismissal - it appears that the increase will also apply to these other kinds of payment.