

EMPLOYMENT LAW UPDATE
JANUARY 2009

New compensation limits come into force on 1 February 2009. The new rates apply where the event giving rise to compensation or payment occurs on or after that date.

The limit on the amount of a week's pay for the purposes of calculating statutory redundancy payments, and the basic award for unfair dismissal will increase from £330.00 per week to £350.00 per week.

The maximum compensatory award for unfair dismissal will go up from £63,000.00 to £66,200.00.

In the present difficult economic climate, employers need to carefully consider the needs of their business including staffing levels. Redundancy is a potentially fair reason to dismiss, but an employer must also act fairly and reasonably by following a fair redundancy procedure.

The recent Employment Appeal Tribunal ("EAT") decision in *E-Zec Medical Transport Service Limited -v- Gregory*, reminds employers of the importance of following a fair redundancy selection and consultation process. Amongst other points, the EAT highlighted that:

- There should be consultation on the selection process and criteria.
- The selection criteria should be objective and where appropriate capable of verification against written documentation.
- The consultation should be meaningful and the scoring process should involve more than one person.

Failure to carry out a fair and meaningful consultation and selection process could result in a claim for unfair dismissal.

Should you have any questions concerning these issues, or any other employment issue, please contact any member of the employment team at Eaton Ryan & Taylor; Neil Eaton, Andrew Connock and Jill Jack. This note is for guidance only. It should not be regarded as a substitute for taking legal advice from your usual contact at Eaton Ryan & Taylor.

