

*Draft Order laid before Parliament under section 15(8) of the Enterprise and Regulatory Reform Act 2013, for approval by resolution of each House of Parliament.*

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DRAFT STATUTORY INSTRUMENTS

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**2013 No. 0000**

**TERMS AND CONDITIONS OF EMPLOYMENT**

The Unfair Dismissal (Variation of the  
Limit of Compensatory Award) Order 2013

Made - - - - \*\*\*  
Coming into force - - - - \*\*\*

A draft of this Order was laid before Parliament in accordance with section 15(8) of the Enterprise and Regulatory Reform Act 2013<sup>(1)</sup> and approved by a resolution of each House of Parliament.

The Secretary of State, in exercise of the powers conferred by section 15 of the Enterprise and Regulatory Reform Act 2013, makes the following Order:

**Citation and commencement**

1. This Order may be cited as the Unfair Dismissal (Variation of the Limit of Compensatory Award) Order 2013 and comes into force on the day after the date on which it is made.

**Limit of compensatory award for unfair dismissal claim**

2.—(1) Section 124 of the Employment Rights Act 1996<sup>(2)</sup> is amended as follows.

(2) In subsection (1) for “£74,200” substitute “the amount specified in subsection (1ZA)”.

(3) After subsection (1) insert—

“(1ZA) The amount specified in this subsection is the lower of—

(a) £74,200, and

(b) 52 multiplied by a week’s pay<sup>(3)</sup> of the person concerned.”.

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(1) 2013 c. 24.

(2) 1996 c. 18. Section 124(1) was amended by S.I. 2012/3007 and section 124(1A) was inserted by the Employment Relations Act 1999 (c.26), section 37(1).

(3) For these purposes a week’s pay falls to be calculated in accordance with Chapter 2 of Part 14 of the Employment Rights Act 1996 (c.18).

### Consequential amendment

3. In section 226(3) of the Employment Rights Act 1996(4) for “or 121” substitute “, 121 or 124”.

### Transitional provision

4.—(1) Articles 2 and 3 do not have effect in any case where the effective date of termination is on or before the date on which this Order is made.

(2) In this article “effective date of termination” has the meaning given by section 97 of the Employment Rights Act 1996(5).

Date

*Name*  
Parliamentary Under Secretary of State for  
Employment Relations and Consumer Affairs  
Department for Business, Innovation and Skills

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(4) Section 226(3) was amended by the Employment Act 2002 (c. 22), Schedule 7, paragraphs 24 and 46, and by the Employment Relations Act 1999 (c. 26), section 44 and Schedule 9.

(5) 1996 c.18. Section 97 was amended by S.I. 2002/2034 and by the Employment Relations Act 1999, section 44 and Schedule 9.

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends the limit on the compensatory award for unfair dismissal claims by introducing an additional, alternative limit. In an unfair dismissal claim the limit on the compensatory award shall be the lower of a set amount (which is currently £74,200) and the product of 52 multiplied by a week's pay of the employee concerned.

The transitional provision contained in this Order means that the additional, alternative limit for the compensatory award (of 52 weeks pay) will not apply in cases where the effective date of termination is on or before the date the Order is made.

A full regulatory impact assessment is available and a copy can be obtained from the Department for Business, Innovation and Skills, Labour Market Directorate, 1 Victoria Street, London, SW1H 0ET. Copies have also been placed in the libraries of both Houses of Parliament.