



Employment Rights Act 1996

1996 CHAPTER 18

PART X

UNFAIR DISMISSAL

CHAPTER II

REMEDIES FOR UNFAIR DISMISSAL

Compensation

118 General

- (1) Where a tribunal makes an award of compensation for unfair dismissal under section 112(4) or 117(3)(a) the award shall consist of—
 - (a) a basic award (calculated in accordance with sections 119 to 122 and 126), and
 - (b) a compensatory award (calculated in accordance with sections 123, 124, 126 and 127).
- (2) Where this subsection applies, the award shall also include a special award calculated in accordance with section 125 unless—
 - (a) the complainant does not request the tribunal to make an order under section 113, or
 - (b) the case falls within section 121.
- (3) Subsection (2) applies where the reason (or, if more than one, the principal reason)—
 - (a) in a redundancy case, for selecting the employee for dismissal, or
 - (b) otherwise, for the dismissal,is one of those specified in section 100(1)(a) and (b), 102(1) or 103.

Status: This is the original version (as it was originally enacted).

119 Basic award

- (1) Subject to the provisions of this section, sections 120 to 122 and section 126, the amount of the basic award shall be calculated by—
 - (a) determining the period, ending with the effective date of termination, during which the employee has been continuously employed,
 - (b) reckoning backwards from the end of that period the number of years of employment falling within that period, and
 - (c) allowing the appropriate amount for each of those years of employment.
- (2) In subsection (1)(c) “the appropriate amount” means—
 - (a) one and a half weeks' pay for a year of employment in which the employee was not below the age of forty-one,
 - (b) one week's pay for a year of employment (not within paragraph (a)) in which he was not below the age of twenty-two, and
 - (c) half a week's pay for a year of employment not within paragraph (a) or (b).
- (3) Where twenty years of employment have been reckoned under subsection (1), no account shall be taken under that subsection of any year of employment earlier than those twenty years.
- (4) Where the effective date of termination is after the sixty-fourth anniversary of the day of the employee's birth, the amount arrived at under subsections (1) to (3) shall be reduced by the appropriate fraction.
- (5) In subsection (4) “the appropriate fraction” means the fraction of which—
 - (a) the numerator is the number of whole months reckoned from the sixty-fourth anniversary of the day of the employee's birth in the period beginning with that anniversary and ending with the effective date of termination, and
 - (b) the denominator is twelve.
- (6) Subsections (4) and (5) do not apply to a case within section 96(1).

120 Basic award: minimum in certain cases

- (1) The amount of the basic award (before any reduction under section 122) shall not be less than £2,770 where the reason (or, if more than one, the principal reason)—
 - (a) in a redundancy case, for selecting the employee for dismissal, or
 - (b) otherwise, for the dismissal,
 is one of those specified in section 100(1)(a) and (b), 102(1) or 103.
- (2) The Secretary of State may by order increase the sum specified in subsection (1).

121 Basic award of two weeks' pay in certain cases

The amount of the basic award shall be two weeks' pay where the tribunal finds that the reason (or, where there is more than one, the principal reason) for the dismissal of the employee is that he was redundant and the employee—

- (a) by virtue of section 138 is not regarded as dismissed for the purposes of Part XI, or
- (b) by virtue of section 141 is not, or (if he were otherwise entitled) would not be, entitled to a redundancy payment.

122 Basic award: reductions

- (1) Where the tribunal finds that the complainant has unreasonably refused an offer by the employer which (if accepted) would have the effect of reinstating the complainant in his employment in all respects as if he had not been dismissed, the tribunal shall reduce or further reduce the amount of the basic award to such extent as it considers just and equitable having regard to that finding.
- (2) Where the tribunal considers that any conduct of the complainant before the dismissal (or, where the dismissal was with notice, before the notice was given) was such that it would be just and equitable to reduce or further reduce the amount of the basic award to any extent, the tribunal shall reduce or further reduce that amount accordingly.
- (3) Subsection (2) does not apply in a redundancy case unless the reason for selecting the employee for dismissal was one of those specified in section 100(1)(a) and (b), 102(1) or 103; and in such a case subsection (2) applies only to so much of the basic award as is payable because of section 120.
- (4) The amount of the basic award shall be reduced or further reduced by the amount of—
 - (a) any redundancy payment awarded by the tribunal under Part XI in respect of the same dismissal, or
 - (b) any payment made by the employer to the employee on the ground that the dismissal was by reason of redundancy (whether in pursuance of Part XI or otherwise).

123 Compensatory award

- (1) Subject to the provisions of this section and sections 124 and 126, the amount of the compensatory award shall be such amount as the tribunal considers just and equitable in all the circumstances having regard to the loss sustained by the complainant in consequence of the dismissal in so far as that loss is attributable to action taken by the employer.
- (2) The loss referred to in subsection (1) shall be taken to include—
 - (a) any expenses reasonably incurred by the complainant in consequence of the dismissal, and
 - (b) subject to subsection (3), loss of any benefit which he might reasonably be expected to have had but for the dismissal.
- (3) The loss referred to in subsection (1) shall be taken to include in respect of any loss of—
 - (a) any entitlement or potential entitlement to a payment on account of dismissal by reason of redundancy (whether in pursuance of Part XI or otherwise), or
 - (b) any expectation of such a payment,only the loss referable to the amount (if any) by which the amount of that payment would have exceeded the amount of a basic award (apart from any reduction under section 122) in respect of the same dismissal.
- (4) In ascertaining the loss referred to in subsection (1) the tribunal shall apply the same rule concerning the duty of a person to mitigate his loss as applies to damages recoverable under the common law of England and Wales or (as the case may be) Scotland.

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- (5) In determining, for the purposes of subsection (1), how far any loss sustained by the complainant was attributable to action taken by the employer, no account shall be taken of any pressure which by—
- (a) calling, organising, procuring or financing a strike or other industrial action, or
 - (b) threatening to do so,
- was exercised on the employer to dismiss the employee; and that question shall be determined as if no such pressure had been exercised.
- (6) Where the tribunal finds that the dismissal was to any extent caused or contributed to by any action of the complainant, it shall reduce the amount of the compensatory award by such proportion as it considers just and equitable having regard to that finding.
- (7) If the amount of any payment made by the employer to the employee on the ground that the dismissal was by reason of redundancy (whether in pursuance of Part XI or otherwise) exceeds the amount of the basic award which would be payable but for section 122(4), that excess goes to reduce the amount of the compensatory award.

124 Limit of compensatory award etc

- (1) The amount of—
- (a) any compensation awarded to a person under section 117(1) and (2), or
 - (b) a compensatory award to a person calculated in accordance with section 123,
- shall not exceed £11,300.
- (2) The Secretary of State may by order increase the sum specified in subsection (1).
- (3) In the case of compensation awarded to a person under section 117(1) and (2), the limit imposed by this section may be exceeded to the extent necessary to enable the award fully to reflect the amount specified as payable under section 114(2)(a) or section 115(2)(d).
- (4) Where—
- (a) a compensatory award is an award under paragraph (a) of subsection (3) of section 117, and
 - (b) an additional award falls to be made under paragraph (b) of that subsection,
- the limit imposed by this section on the compensatory award may be exceeded to the extent necessary to enable the aggregate of the compensatory and additional awards fully to reflect the amount specified as payable under section 114(2)(a) or section 115(2)(d).
- (5) The limit imposed by this section applies to the amount which the industrial tribunal would, apart from this section, award in respect of the subject matter of the complaint after taking into account—
- (a) any payment made by the respondent to the complainant in respect of that matter, and
 - (b) any reduction in the amount of the award required by any enactment or rule of law.

125 Special award

- (1) Subject to the following provisions, the amount of the special award shall be—
- (a) one week's pay multiplied by 104, or

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- (b) £13,775,
whichever is the greater, but shall not exceed £27,500.
- (2) Where the award of compensation is made under section 117(3)(a) then, unless the employer satisfies the tribunal that it was not practicable to comply with the order under section 113, the amount of the special award shall be increased to—
 - (a) one week’s pay multiplied by 156, or
 - (b) £20,600,whichever is the greater (but subject to the following provisions).
- (3) In a case where the amount of the basic award is reduced under section 119(4), the amount of the special award shall be reduced by the same fraction.
- (4) Where the tribunal considers that any conduct of the complainant before the dismissal (or, where the dismissal was with notice, before the notice was given) was such that it would be just and equitable to reduce or further reduce the amount of the special award to any extent, the tribunal shall reduce or further reduce that amount accordingly.
- (5) Where the tribunal finds that the complainant has unreasonably—
 - (a) prevented an order under section 113 from being complied with, or
 - (b) refused an offer by the employer (made otherwise than in compliance with such an order) which, if accepted, would have the effect of reinstating the complainant in his employment in all respects as if he had not been dismissed,the tribunal shall reduce or further reduce the amount of the special award to such extent as it considers just and equitable having regard to that finding.
- (6) Where the employer has engaged a permanent replacement for the complainant, the tribunal shall not take that fact into account in determining for the purposes of subsection (2) whether it was practicable to comply with an order under section 113 unless the employer shows that it was not practicable for him to arrange for the complainant’s work to be done without engaging a permanent replacement.
- (7) The Secretary of State may by order increase any of the sums specified in subsections (1) and (2).

126 Acts which are both unfair dismissal and discrimination

- (1) This section applies where compensation falls to be awarded in respect of any act both under—
 - (a) the provisions of this Act relating to unfair dismissal, and
 - (b) either or both of the Sex Discrimination Act 1975 and the Race Relations Act 1976.
- (2) An industrial tribunal shall not award compensation under any one of those two or three Acts in respect of any loss or other matter which is or has been taken into account under the other, or any of the others, by the tribunal (or another industrial tribunal) in awarding compensation on the same or another complaint in respect of that act.

127 Dismissal of woman at or after end of maternity leave period

Where section 84 applies in relation to an employee, compensation in any unfair dismissal proceedings shall be assessed without regard to the right conferred on the employee by section 79.