



Future Workspaces

What the increase in statutory pay rates mean for employers

Various statutory pay rates have been increased, taking effect from April 2023.

Employers are responsible for ensuring that any staff receiving these statutory payments are informed of the change and paid the new minimum rate. For example, if an employee has already been notified of their redundancy which takes place after 6 April 2023, or if they have already commenced their statutory maternity or paternity leave, employers will need to ensure that the new payments are recalculated and notified to the employee to take the increased rate into account.

Employers are also obliged to provide employees with a statement of terms setting out all of the remuneration and benefits to which they are entitled during their employment (section 1 of the Employment Rights Act 1996). This includes details as to the statutory payments that the employee may receive at various times, such as sick pay or maternity pay.

If an employer's contracts or policies currently mention the exact amount of the statutory rate, these will now need to be updated and notified to the employee. We advise avoiding mentioning specific payment rates in contracts and policies, to avoid having to issue updated documentation every year when the changed rates are announced.

The increases relate to the following:

- **1 April 2023 – National Minimum Wage & National Living Wage to increase**

The Chancellor's Autumn Statement confirmed an increase in the National Minimum Wage and National Living Wage rate increase which we discussed in our earlier article [here](#).

- **2 April 2023 – Statutory Parental Payments to increase**

The maximum weekly rate of Statutory Maternity Pay, Statutory Paternity Pay, Shared Parental Pay, Adoption Pay, Maternity Allowance, and Statutory Parental Bereavement Pay, is rising from £156.66 to £172.48 (or 90% of the employee's average weekly earnings, whichever is lower).

- **6 April 2023 – Statutory Sick Pay to increase**

Statutory Sick Pay weekly rate is increasing from £99.35 to £109.40.

- **6 April 2023 – Statutory Redundancy Pay limits to increase**

The statutory limit for weekly pay when calculating redundancy payments and basic awards in unfair dismissal claims will rise from £571 to £643. This applies to any dismissals taking place from 6 April 2023 onwards.

This brings the maximum redundancy payment amount up to £19,290. For unfair dismissal claims, it increases the cap on the maximum compensatory awards from £93,878 to £105,707.

If you would like to discuss these updates, or any other employment law issue, please contact us www.hcrlaw.com

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