EXPLANATORY MEMORANDUM TO

THE EMPLOYMENT RIGHTS (INCREASE OF LIMITS) ORDER (NORTHERN IRELAND) 2022

S.R. 2022 No. 135

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for the Economy ("the Department") and is laid before the Northern Ireland Assembly in respect of the above-named Order ("the Order").

1.2 The Statutory Rule is made in exercise of the powers conferred by Articles 33(2) and (3) and 39(3) of the Employment Relations (Northern Ireland) Order 1999 ("the 1999 Order") as amended by section 22 of the Employment Act (Northern Ireland) 2016 ("the 2016 Act") and is required to be laid before the Assembly under Article 33(6) of the 1999 Order after being made. It is subject to a laying requirement but not to any Assembly proceedings.

2. Purpose

2.1 This Order revises the limits on awards and payments under certain employment rights legislation in line with the rate of inflation. It will come into operation on 6th April 2022.

3. Background

3.1 Article 33(2) of the 1999 Order provides that the limits on various statutory awards and payments under employment rights legislation are index-linked. It requires the Department to modify these limits to reflect the annual percentage change in the Retail Prices Index (RPI) between one September and the next. In this instance the Order revises limits in accordance with the change in RPI from September 2020 to September 2021.

3.2 Article 33(3) requires the Department to round sums to the nearest whole pound, taking 50p as nearest to the next whole pound above.

4. Consultation

4.1 Public consultation has not been carried out in relation to the Order; the Department is under a statutory duty both to make the Order and to bring the revised limits into operation on 6th April 2022.

5. Equality Impact

5.1 An Equality Impact Assessment is not considered necessary as implementation of the Order neither involves commencement of a new policy nor change to an existing one.

6. Regulatory Impact

6.1 A Regulatory Impact Assessment is not required as the Order is designed to update an existing regulatory regime in line with statutory requirements setting a pre-determined

formula (the RPI), and involves no changes to the structure of awards, or to employers' management systems.

7. Financial Implications

7.1 The amounts affected by the Order include provisions concerning the limit on a week's pay used in the calculation of statutory redundancy payments; the minimum amount of compensation awarded by industrial tribunals where an individual has been unlawfully expelled from a union in contravention of Article 38 of the Trade Union and Labour Relations (Northern Ireland) Order 1995; the basic award of compensation made by an industrial tribunal for unfair dismissal; the limit on guaranteed payments when workers are not provided with work; and the basic award for unfair dismissal in health and safety cases.

7.2 Successive Statutory Rules corresponding to the Order have been made annually since 2000 and are considered to be of a routine and technical nature.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department considers the Order to be compliant with section 24 of the Northern Ireland Act 1998. It does not alter existing rights or make changes to the way in which they are exercised. It merely adjusts limits on amounts payable to reflect the annual change in the rate of inflation.

9. Parity or Replicatory Measure

9.1 The Department is making the Order in fulfilment of a legal requirement under Article 33(2) and (3) of the 1999 Order. The policy aim is to ensure that certain statutory awards keep pace with changes in the rate of inflation.

9.2 The Order applies to Northern Ireland only. The amendments to the 1999 Order made by the 2016 Act provide for revisions of limits to apply from the same date as that applicable in Great Britain and to use the same method of rounding.

10. Additional Information

10.1 Not applicable.