

EMPLOYMENT RIGHTS ACT 1996

LIMITS ON GUARANTEE PAYMENTS:

A REPORT BY THE SECRETARY OF STATE FOR TRADE AND INDUSTRY.

*Required by Section 208(5) of the Employment Rights Act 1996
to be laid before Parliament.*

*Ordered by the House of Commons to be printed
18th February 1998*

LIMITS ON GUARANTEE PAYMENTS: A REPORT BY THE
SECRETARY OF STATE FOR TRADE AND INDUSTRY.

1. This report is laid before Parliament in accordance with Section 208 of the Employment Rights Act 1996, reproduced in the Appendix, which requires me to carry out in each calendar year a review of certain limits contained in the Act. These limits include the limits on guarantee pay. If I decide to vary any of the limits I am required to lay before each House of Parliament a draft Order giving effect to my decision. If I consider that any of the limits should not be varied, I am required to prepare and lay before each House a report giving my reasons.

2. There are three limits to guarantee payments to be dealt with in the review under Section 208. They are:

- (1) the amount of guarantee payment due to an employee in respect of any day, currently £14.50;
- (2) the specified number of days in any relevant period for which the employer is required to make guarantee payments. The current limit is the number of days per week, not exceeding five, which an employee is required to work under his contract of employment; and
- (3) the relevant period which is currently any period of three months.

3. When carrying out the review, I am required to take into account the general level of earnings in Great Britain, the national economic situation as a whole and such other matters as I think relevant.

4. I have carried out the review in accordance with section 208. Interested bodies were consulted and after considering their views and taking account of the above factors, I have decided to increase the monetary limit of guarantee payment (and certain debts payable under the insolvency provisions and the limit on a week's pay). Provision for this is included in the draft Order "Employment Rights (Increase of Limits) Order 1998" which I am laying simultaneously before each House giving effect to my decision. I have taken the view that the other two limits to guarantee payments should not be varied at this time. The consultation revealed no pressure for changes and both these limits continue to provide reasonable minimum standards of protection for employees while maintaining employers' obligations.

9th February 1998

Margaret Beckett
Secretary of State for Trade and Industry.

APPENDIX

EMPLOYMENT RIGHTS ACT 1996

SECTION 208

208.(1) The Secretary of State shall in each calendar year review -

- (a) the limits specified in section 31,
- (b) the limits specified in section 186(1), and
- (c) the limits imposed by subsection (1) of section 227 for the purposes specified in paragraph (a) to (c) of that subsection,

and shall determine whether any of those limits should be varied.

(2) In making a review under subsection (1) the Secretary of State shall consider -

- (a) the general level of earnings obtaining in Great Britain at the time of the review,
- (b) the national economic situation as a whole, and
- (c) such other matters as he thinks relevant.

(3) If on a review under subsection (1) the Secretary of State determines that, having regard to the considerations mentioned in subsection (2), any of the limits specified in subsection (1) should be varied, he shall prepare and lay before each House of Parliament the draft of an order giving effect to his decision.

(4) Where a draft of an order under this section is approved by resolution of each House of Parliament the Secretary of State shall make an order in the form of the draft.

(5) If, following the completion of a review under subsection (1), the Secretary of State determines that any of the limits referred to in that subsection should not be varied, he shall lay before each House of Parliament a report containing a statement of his reasons for that determination.

(6) The Secretary of State may at any time, in addition to the annual review provided by in subsection (1) conduct a further review of the limits specified in subsection 1 so as to determine whether any of them should be varied.

(7) Subsections (2) to (4) shall apply to a review under subsection (6) as if it were a review under subsection (1).

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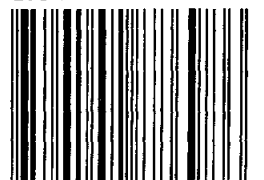
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