

Employment Law Update

Spring 2026

Current rates from April 2026

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Employment Protection Awards

The maximum limits on employment protection awards are increased in April each year. From **6th April 2026** the rates are as follows and apply to all dismissals on or after this date:

Award	Current rate from 6th April 2026	Previous Rate Applies to dismissals from 6th April 2025
Unfair dismissal compensatory award (maximum)	£123,543 (maximum or 12 months' pay whichever is lower)	£118,223 (maximum or 12 months' pay whichever is lower)
One week's pay for statutory redundancy pay and basic award	£751	£719
Maximum statutory redundancy payment and basic award	£22,530	£21,750

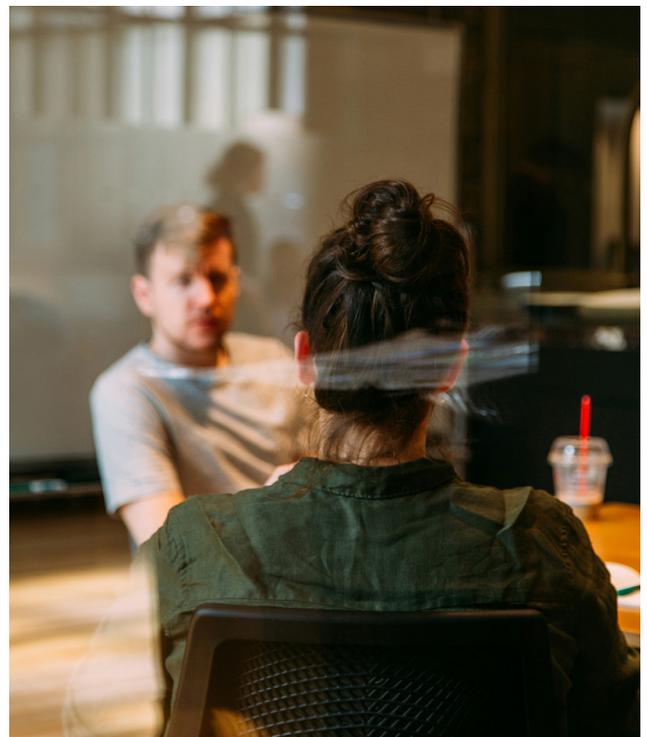
Awards for discrimination claims have no maximum limit.

Changes under the Employment Rights Act 2025 (ERA)

Under the ERA, the maximum limit on compensatory awards will be abolished. This will apply to dismissals occurring on or after **1 January 2027** although the exact date has not yet been confirmed. The abolition of the 'cap' means that the compensatory award for loss of earnings will be unlimited, similar to discrimination claims.

Despite the 'cap', the average award for unfair dismissal claims is around £14,000 * and this is unlikely to change substantially. However, the abolition of the 'cap' is likely to benefit high earners and will, doubtless, be referred to in any settlement negotiations.

*from the latest tribunal statistics.



Discrimination awards (injury to feelings) – Vento Guidelines

If a claimant is successful in a discrimination claim in the Employment Tribunal, they are entitled to an award of compensation for loss of earnings. There is no maximum limit unlike (current) unfair dismissal claims. They may also be entitled to an additional award for injury to feelings. This award is a remedy for the hurt, humiliation or degradation suffered by the employee and is assessed depending on the seriousness of the discrimination with the Employment Tribunal applying the Vento Guidelines. The Vento Guidelines are revised annually by the Courts' and Tribunals' Judiciary.

For claims presented on or after **6 April 2025**, the bands of awards (known as Vento bands) have been increased in line with inflation:

- Lower band (isolated incidents or less serious cases): £1,300 to £12,600.
- Middle band (more serious but not the most serious): £12,600 to £37,700.
- Upper band (most serious cases): £37,700 to £62,900.

Amounts in excess of £62,900 can be awarded in the most exceptional cases but rarely are in practice.



Statutory Sick Pay

SSP is the minimum amount employers must pay employees if they are incapable of work for 4 or more consecutive days. Currently, the SSP rate of £118.75 per week starts from the 4th qualifying day of sickness absence up to a maximum of 28 weeks provided the employee meets the eligibility requirements. The employee must:

- have been incapable of work for at least 4 consecutive working days;
- earn on average at least £123 per week before tax (lower earnings limit); and
- informed their employer that they are unable to work due to sickness or injury within any deadline the employer has set.

Agency, casual and zero-hours workers are also entitled to SSP if they meet the above eligibility criteria.

Changes under the Employment Rights Act 2025

From **6 April 2026**, new regulations will remove both the waiting period for SSP and the lower earnings limit, meaning all workers and employees will be entitled to SSP from their first day of illness.

The SSP rate will increase to **£123.25 per week or 80% of normal weekly earnings, whichever is lower**. The 80% limit will apply to lower earners ie those on less than £123.25 per week who would previously have been ineligible for SSP.

Although the SSP rate is not high compared to average earnings (and is off set against any contractual sick pay), the changes will increase employers' liability for SSP. As medical certificates are not generally available for absences of less than 5 days, employees and workers will need to self-certify for short absences (and not all will be genuine).

National Minimum/Living Wage

New rates to the National Minimum Wage (NMW) and the National Living Wage (NLW) apply from 6th April 2026. These are based on recommendations from the Low Pay Commission and accepted by the Government.

The new rates from **6th April 2026** are as follows:

Age	Apprentices	16 and 17	18 - 20	21 +
National Minimum Wage	£8.00	£8.00	£10.85	-
National Living Wage	-	-	-	£12.71
Previous rates before 6th April 2026	£7.55	£7.55	£10.00	£12.21

Statutory Maternity and Paternity Pay

Statutory Maternity Pay and Statutory Adoption Pay are payable for a period of 39 weeks. Statutory Paternity Pay is payable for a period of 2 weeks. The 2 weeks can be taken either consecutively or as 2 separate weeks at any time during the first 12 months after the birth provided the employee gives 28 days notice (minimum). Under the Shared Parental Leave scheme, it is possible for parents to share up to 39 weeks of the mother's maternity pay.

The rates are increased in April each year and from **6 April 2026** are as follows:

Type of Payment	Current Rate from 6 April 2026	Payment Period	Previous Rate from April 2025
Statutory Maternity Pay and Statutory Adoption Pay (higher rate)	£194.32 per week or 90% of normal earnings, if lower	First 6 Weeks	£187.18 per week*
Statutory Maternity Pay (basic rate)		Next 33 Weeks	
Statutory Paternity Pay	£194.32 per week*	Either two periods of one week or 2 consecutive weeks during the year after birth.	£187.18 per week*

*or 90% of normal earnings, if lower.





Neonatal Care Leave (NCL)

The Neonatal Care (Leave and Pay) Act 2023, which came into effect on April 6, 2025, introduced new rights to neonatal care leave and pay.

NCL applies where a baby is born on or after 6 April 2025 and receives neonatal care commencing within 28 days of birth for 7 continuous days or more. NCL is a 'day one' right, meaning it is available to mothers and fathers from the first day of their employment.

Eligible employees may claim **Statutory Neonatal Care Pay (SNCP)**, payable at the prescribed statutory rate of **£194.32** per week from April 2026 or 90% of the employee's average weekly earnings, if lower for a period up to 12 weeks after the birth.

Type of Payment	Current Rate from 6th April 2026	Payment Period
Statutory Neonatal Care Pay (SNCP)	£194.42 or 90% of normal weekly earnings if lower	Up to 12 weeks after the birth

SNCP is in addition to Statutory Maternity and Paternity Pay. Employees taking neonatal care leave are protected from detriment and dismissal.

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Disclaimer – This update is intended to provide readers with information on recent legal developments. It should not be construed as legal advice or guidance on a particular matter.

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