

EMPLOYMENT BILL HIGHLIGHTS LABOUR'S LACK OF READINESS FOR NO 10

An independent impact assessment has flagged a number of weaknesses in the legislation.

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An independent scrutiny body flashed a red card at the government's Employment Rights Bill a fortnight ago. The Regulatory Policy Committee issued a "red rating" for the impact assessment, finding eight of the 23 individual assessments "not fit for purpose".

Impact assessments aim to outline policy objectives, costs, benefits and risks to guide ministers and parliament in decision-making. The committee's role is to ensure these assessments are robust.

The bill attracted other negative comments after its launch, in particular for the timetable outlined for implementing the proposed changes. The much vaunted "day-one unfair dismissal rights" will not be implemented until at least autumn 2026, leaving new employees reliant on completing two years' service to qualify for these rights. This is very different from Labour's manifesto proposal, which was widely understood to propose changes taking effect within the first 100 days in the life of this government.

The committee's assessment disputes government costings and highlights overlooked employer responses, such as wage cuts or benefit reductions. It warns of potential negative effects on recruitment and increased reliance on artificial intelligence, citing insufficient evidence for key proposals and low confidence in estimates.

This is a damning view, and it states further that it has a low level of confidence in the estimated direct impact suggested by ministers. It particularly flags that evidence is insufficient in relation to key proposals in addition to day-one unfair dismissal rights, such as repealing minimum service obligations during periods of strike action, wider rights to flexible working and employer liability for workplace harassment of employees by third parties.

Focusing just on the flagship rights proposed, the committee notes that in relation to the introduction of dismissal rights, the impact assessment carried out by the government considered few options.

No consideration was given to reducing rather than abolishing the two-year qualifying period beyond stating that this would fail to achieve policy objectives. That is surprising given that the 1997 Labour government reduced the period to one year – and for a time in the 1970s it was as short as six months. Proper assessment of other options should have been carried out.

It is not the committee's role to comment on whether legislation proposed by a government is desirable – but the report surely creates further embarrassment for ministers given that it has essentially been sent back to the drawing board in terms of impact assessment of one of its flagship bills.

At the very least it creates a picture of a party whose preparation for government was simply not thorough enough.

IN CASE YOU HAVE ANY QUESTIONS, PLEASE CONTACT:



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