

What the Labour government means for you as an employer



The advent of a Labour government will mean a dramatic shift in the law governing employment, your obligations and the rights of your people. Having given us a foretaste of the “new deal for working people”, we set out below the main changes signalled in the manifesto for which you need to start planning.

1. All workers to be treated like your current employees and given broader rights

Many organisations currently engage freelancers, “consultants”, temps, and contract staff as workers. They are usually put on the payroll, but benefit from lesser protections (minimum wage, holiday pay and pension) than employees receive. A central Labour theme is to provide greater stability and protect the more vulnerable from exploitation. Zero hours contracts will be banned and all workers will be treated as employees and benefit from sick pay, family leaves, redundancy, TUPE and dismissal protections (subject to any qualifying periods). The key concern for businesses will be the cost of this provision.

2. The right from day 1 of employment to claim unfair dismissal

This is the most radical reform. The combined effect of these two points is that a wider number of people will have the right to claim they have been unfairly dismissed and they will no longer need 2 years’ service to bring that claim. The possibility of additional claims inevitably leads to the risk of additional cost for employers and speculation that hiring will reduce if the dismissal can be contested. It is proposed that the period to start a claim



will be extended to 6 months and that right to claim will be deferred from day 1, until after the employee completes their probationary period. That would allow organisations to test out an employee out. Whatever the qualifying period, you will need to ensure they have a fair reason to dismiss and adopt a fair process, which is well documented.

3. Support to minimise sickness absence and improved sick pay

The Labour manifesto stressed the desire to support employees back to work and to speed up Access to Work applications. This will assist organisations in a tight employment market. Additionally, the minimum level of sick pay will be payable from day 1 of absence, rather than the current position of no payment until 3 days have passed. The level of statutory sick pay is not indicated to change so this will mean a slight increase in employers' costs.

4. Shift in redundancy consultation

The government wants to expand the duty to consult employee representatives about redundancies before any redundancies are made. Currently, this requirement is triggered where a certain number of potentially redundant employees is reached in a single establishment. The plan is to trigger consultation where that number of employees is reached across several locations, which will mean more organisations will need to build in a longer process before staff reductions take effect.

5. Fairer wages

A central theme is that work must be fair. The plan is that people of all ages will get the same amount of minimum wage, removing the different age pay bands. Unpaid internships will be banned and there is a promise to strengthen the protections for maternity leave and during menopause. Carers are to receive paid leave, (unpaid) parental leave will be a day 1 right and bereavement leave will be introduced (although unpaid). For those employers with 250 + employees, Labour will be introducing new duty to report on ethnicity and disability pay gaps and introduce Menopause Action Plans.

What do you need to do now?

We anticipate the draft legislation will be published in the Labour government's first 100 days. The best use of this time is to audit your contracts and look at the different groupings in your population so that you're ready to make changes. The key change will be to start collecting ethnicity and disability information and considering what categories you will use. Reviewing your contracts, handbooks and policies will need to be done in the next year, so budget for that and the possible pay changes in an Autumn budget.

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