

UK government to limit employment protection

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A report, commissioned by Prime Minister David Cameron and authored by venture capitalist Adrian Beecroft, proposes to curtail existing regulation and employment laws in the interests of the employers.

Chancellor George Osborne is set to include the measures from Beecroft that the government favours in his autumn statement to Parliament.

The report includes 20 recommendations, stating that the European Union agency workers directive should not have been signed by the UK as it gave part-time workers better employment law protection. Among a number of “exemptions for small businesses”, Beecroft proposes, is an exemption from new laws that all firms have to provide some form of compulsory pension.

The centrepiece of the report is that workers should have any remaining right to claim unfair dismissal removed. The final draft of the report, now being discussed by the Conservative-Liberal Democrat coalition, states that the central issue facing British firms is “the terrible impact of the current unfair dismissal rules on the efficiency and hence competitiveness of our businesses, and on the effectiveness and cost of our public services”.

Leaked to the *Daily Telegraph*, the report states that the sacking of workers must be made easier. Rules have made public bodies “reluctant to dismiss unsatisfactory employees... [They] therefore accept inefficiency that they would not tolerate if dismissal of unsatisfactory employees was easier”.

Only the threat of being sacked without any legal recourse can end a situation whereby “A proportion of employees, secure in the knowledge that their employer will be reluctant to dismiss them, work at a level well below their true capacity; they coast along.”

Beecroft complains, “The rules both make it difficult to prove that someone deserves to be dismissed, and demand a process for doing so which is so lengthy and complex that it is hard to implement. This makes it too easy for employees to claim they have been unfairly treated and to gain significant compensation.”

Beecroft’s proposals were foreshadowed by a speech that Cameron gave to the Conservative Party annual conference last month in which he declared that any regulations standing in the

way of businesses making profits would be scrapped. The government was “doing everything we can to help businesses start, grow, thrive, succeed. Where that means backing off, cutting regulation—back off, cut regulation,” he said. “When firms need to adapt quickly to win orders and contracts, we can’t go on with rigid, outdated employment regulations.”

The legal right of workers to claim unfair dismissal is, from the standpoint of the ruling elite, one of these “rigid, outdated employment regulations” that must be scrapped.

Well aware that his proposals are to be imposed at a time when tens of millions of workers in the UK face cuts that will inevitably provoke opposition, Beecroft warned that his proposals on unfair dismissal would be “politically unacceptable”. But he suggests they could be implemented via new regulation he calls Compensated No Fault Dismissal. Under such legislation employers would still be able to sack staff with basic redundancy pay and notice.

Beecroft’s report notes that although a “downside” of such legislation was that workers could be sacked if their employers “did not like them”, “I believe it is a price worth paying for all the benefits that would result from the change.”

According to figures obtained by the *Telegraph*, employers are ordered by the courts to pay out around £1 billion to employees in unfair dismissal cases. It states the “average tribunal case costs firms about £8,500 to defend, and £5,400 to pay off an employee.”

The five most common claims made by workers are in relation to working hours (95,200 claims), unauthorised deduction of wages (75,500), unfair dismissal (57,400), breach of contract (42,400) and claims for equal pay (37,400).

Sections of the media have sought to present comments from Norman Lamb, chief adviser and parliamentary private secretary to the deputy prime minister and Liberal Democrat leader, Nick Clegg, as being indicative of his party’s concern with defending workers rights.

Lamb made a few criticisms of Beecroft’s proposals on unfair dismissal on the basis that “it could be very damaging to consumer confidence,” but pointed out that employers already have substantial rights to sack workers. “The existing law gives employers far more rights than many actually recognise, and it’s easing the way to use those existing rights much more

easily that I think is the right way forward,” he said.

The *Financial Times* spoke with approval of the Lib Dems having recently “devised some reforms helpful to business”. It praised their proposal to cut the “the overlong 90-day consultation period for mass redundancies,” stating they “deserve their own place in new employment legislation”.

The ending of the right to unfair dismissal is part of an overall drive by the government to erode social gains that have been won by the working class in more than a century of struggle. As far as the financial aristocracy, is concerned, despite a 30-year period in which the working class has faced a continuous onslaught on its social and working conditions by successive Conservative and Labour governments, there are still regulations on the statute books that represent an impediment to their ability to accrue huge profits.

The multi-millionaire Beecroft is a long-time donor to the Conservative Party and has given £530,000 while Cameron has led it. Estimated to be worth between £50 and £100 million, he was made wealthy through venture capital firm Apax Partners that now manages over £20 billion in global assets. Retiring from Apax in 2008, he now chairs Dawn Capital that includes the company Wonga.com. Wonga exploits the fact that millions of workers in the UK are in poorly paid jobs by offering short-term loans to people. The consumer group *Which?* found that Wonga quoted £36.72 interest on a 30-day loan of £100—equivalent to a 4,394 percent annual interest rate.

Beecroft is a regular advisor to the government and this year, according to the *Independent*, he told the prime minister’s office that cuts to the National Health Service “would have to go deeper; and research support for charities like Cancer Research was unaffordable.”

The *Independent* noted that Apax, “owns or manages healthcare companies such as General Healthcare which stand to benefit from the increased use of the private sector inside the NHS.”

Big business rushed to give its unanimous approval to Beecroft’s proposals. British Chambers of Commerce director-general, John Longworth, said the abolition of unfair dismissal legislation should be introduced “without delay”—“Over 70 percent of firms see dismissal rules as burdensome to their business. At a time when we need all the business growth we can get, these fears must be removed quickly”.

Simon Walker, director general of the Institute of Directors said, “The IoD strongly supports radical change to employee dismissal processes and fully backs ‘Compensated No Fault Dismissal’ as part of a solution.”

The attitude of the super-rich was summed up by in an article in the *Financial Times* headlined, “How to sack slackers and end free lunches for layabouts”.

Author Luke Johnson runs the private equity firm, Risk Capital Partners. He wrote, “I cheered loudly when I read that the British government plans to change the law so bosses can sack idlers. I have spoken to hundreds of entrepreneurs in

recent years about obstacles to progress. Their biggest single complaint has been about the minefield of employment legislation.”

He soon got to the essential reason why big business requires the eradication of what remains of legislation protecting employees rights—the need to lower wages and conditions to the level of China and India.

“Many countries in the west have indulged a compensation culture that is unaffordable in the 21st century”, Johnson wrote, whilst “The hyper-competitive rising superpowers such as China and India probably look at such shenanigans and laugh”. He added, “If investors face added uncertainties of draconian legislation, then they will not deploy capital here – they will turn to places in Asia and Latin America that offer growth, lower costs and lighter touch regulation.”

“Most of Europe and America have been living beyond their means for some time and now is the reckoning. We have ageing populations and high-cost welfare structures. We cannot afford to delay, or remain in denial about these issues.”

Johnson insisted, “For European companies to compete they need to be ultra flexible and adaptable, which can be almost impossible given the shackles the European Union imposes on employers. Free lunches for layabouts must become a thing of the past.”

The trade unions have no intention of apposing this drive. Trades Union Congress General Secretary Brendan Barber meekly commented, “The clue is in the name. Employers already have plenty of powers to make fair dismissals,” while Len McCluskey, the leader of the Unite trade union, observed, “UK workers are already the cheapest and easiest to sack in the European Union.”

That this is the case is entirely the responsibility of these rotten organisations. Indeed, even prior to Beecroft’s report, the government had already begun to undermine unfair dismissal rights, with not so much as a peep from the trade unions. Under new legislation, from April 2011, those applying for protection against unfair dismissal must have been in their job for at least two years before being able to make a claim.



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