



CONFIDENTIAL

P.01472

PRIME MINISTER

Statutory Employment Protections

(E(A)(84)67 and (85)2)

FLAG A

The Secretary of State for Employment has proposed in E(A)(84)67 that the qualifying period for bringing a complaint of unfair dismissal should be increased by Order from one year to two years for all employees (not just, as now, those in firms employing less than 20 people) but that no other changes should be made in employment

FLAG B

protection legislation. In E(A)(85)2 he takes account additionally of the recommendations in this area of the Scrutiny Team on business compliance costs. These support his proposal on dismissal. He will be pursuing some of the minor recommendations but rejects others. He does not propose action other than on the two year dismissal period at present.

MAIN ISSUES

2. The main issues are:

i. whether the qualifying period for bringing complaints against unfair dismissal should be raised to two years for all employees; and

ii. whether any other changes in employment protection should be pursued.

Unfair dismissal

3. On unfair dismissal, the Departmental scrutiny team recommend a requirement for a small cash deposit from all claimants. Mr King thinks this presentationally difficult and unlikely to be effective at levels of deposit low enough to stand a chance of political acceptability. Do

CONFIDENTIAL



CONFIDENTIAL

the Sub-Committee agree?

To note Policy Unit suggestion of a large deposit for those (on either side) who wish to proceed to a full hearing against adverse pre-hearing assessment.

4. The main issue on unfair dismissal is the increase in the qualifying period. The Government will attract criticism for diminishing employees' rights. The Sub-Committee will need to be sure that the potential benefits (an inducement to take on more workers and reducing administrative burdens for firms) outweigh this and that the change can be presented positively.

Other options

5. Of the six options discussed by the Scrutiny Team and described in paragraph 3 of E(A)(85)2, Mr King rejects four and suggests that two (possible amendment of redundancy notification arrangements and changes in the recovery by employers of maternity payments) are being pursued separately. You will wish to establish whether any member of the Sub-Committee favours any of the rejected options or action on any matter not discussed.

Timing

6. The timing of any announcement of action will no doubt have to be considered at a later stage in the context of the paper (or series of papers and statements) on employment.

HANDLING

7. You will want to ask the Secretary of State for Employment to introduce his proposals. The Secretary of State for Trade and Industry or his representative will have views on them, as probably will the Minister without Portfolio.

CONCLUSIONS

8. You will want to reach conclusions on:

CONFIDENTIAL



CONFIDENTIAL

i. whether, as proposed by the Secretary of State for Employment, the qualifying period for complaining against unfair dismissal should be increased to two years for all employees;

ii. whether any other changes in employment protection should be pursued;

A handwritten signature in blue ink, appearing to be 'P L Gregson'.

P L GREGSON

14 January 1985

CONFIDENTIAL