



CONFIDENTIAL

PRIME MINISTER

E(A) COMMITTEE, 15 JANUARY:
E(A)(85)2 STATUTORY EMPLOYMENT PROTECTION

I have just seen this memorandum by Tom King.

He asks the Committee to take decisions now on the employment protection recommendations of the scrutiny which has been done in his Department as part of the seven-department scrutiny of administrative and legislative burdens on firms.

He recommends acceptance of most of the recommendations of the scrutiny, but rejects the important recommendation about requiring a deposit from unfair dismissal claimants. The evidence of the scrutiny showed that small firms sometimes incurred substantial costs from vexatious claimants, and that this was a matter of real concern to small firms generally. I understand that, on average, it may cost a company £750 to £1000 plus a day or two of valuable management time in order to defend a claim. I am asking the central scrutiny team to study these facts further and to see if they can make a firm recommendation that would reasonably redress the balance and discourage vexatious claims.

It would be a mistake, too, to rule out now the option of raising the threshold for reinstatement after maternity leave, which the scrutiny showed is also a burden for very small firms. It would be better to leave a decision on this until the possible outlines of an overall "burdens" package can be discerned from the final scrutiny report, which is due on 8 February.

Finally, there is a suggestion which I shall ask the central scrutiny team to investigate. My objective is to explore whether it could be made possible for employees of the very smallest firms - firms which are really of an "extended family" kind - to waive their Employment Protection Act rights. The scrutiny showed that most of these firms try to be good employers, but that the legislative framework is simply not appropriate to them.

I shall be writing to Tom King with these thoughts on employment protection, together with my other comments on the DE scrutiny, later this week. I hope that whatever is agreed at E(A) you will ensure that the door is left open for further suggestions in this area in the light of the central scrutiny report.

ROBIN IBBS
14 January 1985