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EBULLETIN

The Coalition Government's plans: Possible implications for employers

Following the formation of the coalition government, this bulletin summarises some of the new government's proposed "headline" policies for employers. Further bulletins will be issued when the details of the policies become clearer.

Work and Families

Both the Conservatives and Liberal Democrats emphasised the importance of family friendly policies before the general election. The Coalition government has now stated the following:

- Shared leave – shared parenting will be encourage from the earliest stages of pregnancy and this will include a system of flexible parental leave
- Flexible working – it will extend the right to request flexible working to all employees
- Ante-natal appointments – it is possible that the government will give fathers time off for antenatal appointments (as stated in the Liberal Democrats manifesto), but the government have not expressly stated that they will adopt this policy

Equality

The government intends to:

- Promote equal pay and take a range of measures to end discrimination in the work place
- Carry out a fair pay review in the public sector to ensure that the highest paid person in the organisation is not paid more than 20 times the amount of the lowest paid person ("20 times" pay multiple)
- Promote gender equality on the boards of listed companies

Equal pay audits – the government may impose equal pay audits on some employers. Prior to the election the Conservatives said audits would be imposed on those found to have discriminated on the basis of gender whereas the Liberal Democrats would impose them on all employers with more than 100 employees. The government have not yet commented on this.

National minimum wage

The government intends to support the national minimum wage.

There is no suggestion that the Liberal Democrats proposal to have a single minimum wage for all workers over 16 will be implemented.

Remuneration in the financial sector

The government has agreed to take robust action to tackle unacceptable bonuses in the financial services sector.

It has been suggested that the Conservatives proposals to transfer responsibility for bank regulation from the FSA to the Bank of England will no longer go ahead.

Public sector

Pay

One of the biggest challenges that the government faces is to reduce public spending. Funding for the NHS will be protected.

The government will:

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- Require public bodies to publish online the job titles of every member of staff and the salaries and expenses of senior officials paid more than the lowest salary permissible in Pay band 1 of the Senior Civil Service pay scale
- Require that anyone working in the centrally funded public sector who is paid more than the Prime Minster must have their salary signed off by the Treasury
- Conduct a pay review in the public sector to implement the "20 times" pay multiple (as mentioned above)
- Require that public sector workers on low incomes will be protected from the effect of public sector pay constraints

Whistleblowing

Whistleblowers in the public sector will be given new protections.

Cooperatives

There will be a new right for public sector workers to form employee-owned cooperatives and bid to take over the services that they provide.

Tax

Further information on tax will be available after the emergency Budget takes place on 22 June 2010 but at present the government has said the following:

- The income tax personal allowance will be significantly increased from April 2011 with the long term objective of raising it to £10,000
- It appears that the proposed 1% increase in National Insurance Contributions will go ahead, but the employer's NICs threshold will go up by £21 a week to reduce the effect of the increase on employers. The increase in the employee NICs threshold has been dropped
- Review IR35 (Intermediaries legislation) and replace it with measures which are less administrative and provide more certainty and flexibility for the self-employed

Pensions

The government will set up an independent commission to review the long-term affordability of public sector pensions, while protecting accrued rights.

The rules and regulations relating to pensions will be simplified to help reinvigorate occupational pensions, encouraging companies to offer high-quality pensions to all employees.

Potential government policies

The following are policies that were put forward by either the Conservatives or Liberal Democrats before the election. Although they have not specifically been addressed by the government, the government has indicated that it intends to review employment and workplace laws to ensure they maximise flexibility for employers and employees while protecting fairness and providing a competitive environment for businesses to thrive. Therefore the following policies may be implemented under this general employment law review.

TUPE

It is possible that the government may restrict the provisions under TUPE relating to service provision changes where they go beyond what is required by the Acquired Rights Directive. This was proposed by the Conservatives before the election.

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Employment tribunals

The Conservatives had proposed to consult on changes to the tribunal system to ensure the system offers 'fast, cheap and accessible justice'. This could include:

- Raising the limit for deposits and/or costs awards to discourage weak claims
- Reviewing the tribunal rules to ensure a balanced and consistent approach across tribunals
- Producing Practice Directions on the management of cases
- Harmonising deadlines and grounds for extending time to bring a claim
- Requiring mediation in some types of claim

Redundancy

The Conservatives had previously stated that:

- Employers will be given incentives to find alternative and suitable employment for potentially redundant workers
- There will be a greater obligation for employees who are at risk of redundancy to seek re-deployment within their existing employer.

Remuneration

The Liberal Democrats stated before the election that they would require all public companies to declare any remuneration of £200,000 a year or more.

Other government policies

- Default retirement age – this will be phased out although it is not clear when
- Working time - the government intends to limit the application of the Working Time Directive in the UK
- Agency workers – The Conservatives had proposed before the election that the Agency Workers Regulations be revoked. There has been no comment about this from the government at present
- Criminal records and information – the scope of the Freedom of Information Act will be extended to provide greater transparency and put an end to the storage of internet and email records without a valid reason
- Human rights – a commission will be set up to investigate creating a Bill of Rights. It is unclear how this will develop as the Conservatives wanted to replace the Human Rights Act 1998 with a Bill of Rights whereas the Liberal Democrats did not want to tamper with the Act

If you have any queries or would like advice on how this will affect your business, please contact Amanda Harvey or Nicola Philp or another member of the Employment Team with whom you usually deal.

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The content of this article is intended to provide a general guide to the subject matter and does not constitute legal advice. Specialist advice should be sought about your specific circumstances. Please contact a member of the team for further assistance.