

Secretary of State for Business and Trade
Department for Business and Trade
Old Admiralty Building
Admiralty Place
London
SW1A 2DY

15th December

Dear Secretary of State

We were pleased to take part in the constructive discussions with the government and trade unions that led to the agreement on a six-month qualifying period for unfair dismissal. This outcome came from meaningful, good-faith dialogue that enabled us to reach a consensus that represented a significant step forward which will have a positive impact on growth and opportunities.

For the members we represent, working within an existing framework of qualification periods will make the change to unfair dismissal easier to manage. Government can help make this change a success by supporting employers to ensure they all have robust policies and practices in place. This will allow the 6-month qualifying period to be used effectively to surface any issues of performance or behaviours.

We continue to believe that the structure of the compensation regime for unfair dismissal claims is important for both employers and employees. It helps manage unrealistic expectations about claim values, supports quicker dispute resolution, and reduces pressure on an already overstretched tribunal system.

We confirm our position in agreeing to the removal of the 52-week cap on claims for compensation for unfair dismissal, as this change effectively removes the cap for all but the highest-paid workers. Unfortunately, we have not been able to reach a compromise that satisfies both the unions' request for removal of the cash cap and our position of retaining it while raising the overall limit.

Taken together, these proposed changes will impact how the compensation system works and will exacerbate the challenges facing the tribunal system. The government's commitment to undertake a review into the Dispute Resolution System is welcome and we will engage constructively in that process.

On the Bill more broadly, we believe that the best way forward is to keep working with the government and trade unions to find balanced solutions through secondary legislation. To avoid losing the 6 months qualifying period, we therefore believe that now is the time for Parliament to pass the Bill.

Businesses still have concerns about several other powers in the Bill, but we are confident that workable agreements can be found in due course under a tripartite model. These include issues related to guaranteed-hours contracts, seasonal and temporary workers, thresholds for industrial action, and the practical application of union rules.

We urge the government to affirm its continued commitment to an ongoing tripartite process. This will ensure that the secondary legislation of the Bill is implemented in the spirit of seeking consensus through compromise which has helped achieve the meaningful progress to date.

Sincerely,

British Chambers of Commerce
Chartered Institute of Personnel and Development
Confederation of British Industry
Federation of Small Businesses
Recruitment and Employment Confederation
Small Business Britain

