

VINCE CABLE BID TO MAKE IT EASIER TO SACK STAFF



Lib Dem Vince Cable

Saturday September 15, 2012

By Alison Little

MOVES to encourage firms to hire more staff by making it easier and cheaper to sack workers if things go wrong were unveiled yesterday by [business](#) Secretary Vince Cable.

The Lib Dem Cabinet Minister said he was “trying to strike a balance” between protecting workers and helping employers.

Controversial proposals to let firms “fire at will” through compulsory “no-fault dismissal” have been rejected by Mr Cable.

But to smooth the sacking of under-performing workers, “settlement agreements”, where workers get a pay-off and promises such as a good reference if they waive the right to go to industrial tribunal, will be legally binding if the staff member agrees to them.

Workers also face a drastic cut in the compensation they could get for winning an unfair dismissal case. Mr Cable will consult on cutting the current £72,300 limit to a maximum of 12 months’ salary or even less.

Figures show that as few as one or two per cent of cases a year result in the maximum payout, with most settled at around £5,000 or £6,000, and just six per cent at more than £30,000.

“The fear of malicious tribunal claims and an unnecessarily antagonistic dismissal process has a chilling effect on employment”

Adam Marshall of the British Chambers of Commerce

Business leaders welcomed the ideas but called for them to be put into practice quickly.

“The fear of malicious tribunal claims and an unnecessarily antagonistic dismissal process has a chilling effect on employment,” said Adam Marshall of the British Chambers of Commerce.

Ronnie Fox, of the Fox law firm which specialises in employment disputes, warned that without new legislation the changes could not come in before next year.

He said it was also likely that capping maximum claims for unfair dismissal would lead to more claims for unlawful discrimination or for being sacked for whistleblowing on which there are no plans to limit payouts.

Mr Fox concluded: “Many employers will think that these proposals point in the right direction but just do not go far enough.”

Labour Shadow Business Secretary Chuka Umunna said: “We are in a double dip recession due to this Government’s failed economic policies, not because of the protections people have at work.

“Instead of adopting a credible plan for growth, this Government is attacking the rights of every employee in this country. Sacrificing people’s rights at work is not the way to bolster consumer confidence and get our economy moving again.”

Chris Keates, head of teachers’ union NASUWT, said the proposals were “an unprecedented and unacceptable attack” on workers’ rights and that the measures would give employers “licence to exploit, bully and discriminate”.

TUC chief Brendan Barber said: “Making it easier for bad employers to get away with misconduct is not the way to kick-start our economy and will not create a single job.”

Mr Cable yesterday defiantly refused to stop texting Labour leader Ed Miliband, saying it was “adult and grown-up” to deal with people across the political spectrum.

He had been warned by former Lib Dem leader Sir Menzies Campbell that the contacts risked undermining the coalition.