

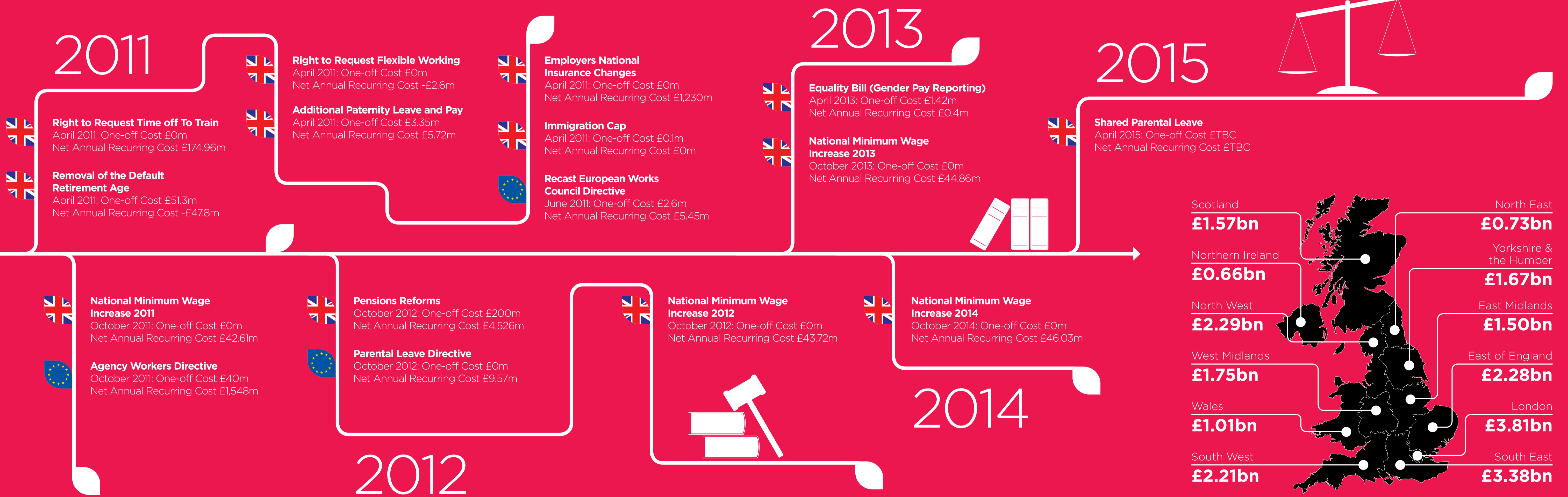
Employment Legislation: Holding back growth and jobs?

Can the private sector create the jobs necessary to mitigate the effects of public sector job losses and high youth unemployment? The British Chambers of Commerce's second annual employment legislation timeline shows that although the cost to employers of the 1% NICs rise in April 2011 is greatly reduced, following government action, the Government has failed to stem the flow of new employment legislation – and, indeed, they have added to it. Unusually, this Government has claimed that two of its regulatory interventions (the removal of the Default Retirement Age and an extension to the Right to Request Flexible Working, both in April 2011) are actually net benefits to UK businesses, even though the business view is that the stated benefits will not materialise. The promised reform of the Employment Tribunal system is welcome, but as yet there is no timescale for its implementation – and the potential cost savings to business are dwarfed by new burdens.

Will this Government continue to make it more expensive to employ people – or enable businesses to take on staff and create new jobs?

Technical Notes

- The timeline shows the employment legislation landscape for the forthcoming four years. April 2011 is used as a start date because it is the first of two annual "Common Commencement Dates".
- The cumulative total is the sum of the listed regulations' net one-off costs and net annual recurring costs to business, from the date of their inception up until April 2015.
- Costs are counted between April 2011 and April 2015. Where only half a year needs to be counted, i.e. from October 2014 to April 2015, the cost is halved. Where business realises a "benefit" from the regulations, it is included as a negative cost.
- All figures, aside from National Insurance Contribution (NIC) increases and National Minimum Wage increases are derived from Government Impact Assessments (IAs), which accompany the regulations.
- All Government Departments are required to complete IAs that evaluate the risks, costs and benefits of any new regulatory proposal that has an impact on business.
- The figures show the costs to businesses, net of benefits accruing to businesses from the regulatory changes. Where a range of costs or benefits are provided, the mid-point of the range is taken.
- Where different costs are imposed over different years, the cumulative total of the costs of the regulation are summed and then divided by the time period it will be enforced to give an annual average total.
- Figures cited in the 'to be confirmed' section are not included in the final total. The implementation of these regulations is not yet definite, but has been touted.
- The cost of NIC changes includes the NIC holiday, increase in the Secondary Threshold and rise in the Employer Headline Rate. Equally, the pensions reforms include recent changes to the 2008 Pensions Act.
- The cost of NMW increases are estimated based on the average increase of the different rates over their recent history. This increase is offset by average earning increases, and the remaining portion of uplift is attached to hours and employee data to generate a range value, of which the mid-point is given in the timeline. This is based on IA methodology.



To Be Confirmed	Key		
	UK Regulation	EU Regulation	
<p>Pregnant Workers Directive One-off Cost: £0m Net Annual Recurring Cost: £2.45m</p>	<p>Workplace Disputes Reform Package One-off Cost: £5.2m Net Annual Recurring Cost: -£88m</p>	<p>Extension of Right To Request Flexible Working For All One-off Cost: £TBC Net Annual Recurring Cost: £TBC</p>	<p>Equality Bill (Dual Discrimination Amendment) One-off Cost: £4.86m Net Annual Recurring Cost: £2.42m</p>

Cumulative cost to business 2011-2015:

£22.87bn