



New Labour Government HR Regime:

A Business Owner's Impact Assessment Guide



Employment Law Risk Prevention



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For business owners this guide will help you:

***RUN YOUR BUSINESS,
INSTEAD OF YOUR
BUSINESS RUNNING YOU***

Alan Price, BrightHR CEO

Introduction

An assessment conducted by qualified HR and employment law experts

The assessment guide focuses on:

- ✓ The likelihood of the changes proposed being implemented & an expert view on timings
- ✓ The time required to manage the proposed changes
- ✓ The monetary risks to businesses for not making said changes
- ✓ The cost of a qualified HR or employment law specialist to create, amend and/or implement the changes.

Protect your business now & prevent the impending risks that are fast approaching

As part of your **BrightHR 100-day action plan**, this Impact Assessment Guide is designed to help business owners assess the impact of the proposed changes to their businesses, in terms of when our experts see the changes taking place, the time required to make the mandatory changes, as well as the monetary risk to businesses for not making these changes as new legislation is passed.

The incoming legislative changes from the new Labour government will significantly impact business owners. With numerous changes on the horizon, it is crucial for businesses to prepare accordingly. In his recent speech, King Charles III emphasised the government's commitment to enhancing employment rights via the Employment Rights Bill, delivering on policies set out in "Labour's Plan to Make Work Pay", the details of which are set out later in this guide. Business owners must stay informed and remain proactive to navigate these changes effectively.

Lucy Cobb
HR Employment Law Expert



Business owner – Impact Assessment Guide



About this guide

The table on the next page outlines several proposed HR and employment law changes by the new Labour government. For each change, we provide:

1. **An explanation of the proposed changes:** a brief description of what the change entails.
2. **A summary of the potential business risks:** key risks which businesses might face due to the change.
3. **A high-level overview of what will be required to change:** an overview of what businesses will need to adjust or implement.
4. **An assessment of the cost to update the documentation:** estimated costs to update documentation based on the average hourly rate of an HR manager. Please note, this cost assessment does not include expenses for training, procedural, or system changes.

Each potential change has then been assessed by our team of qualified HR and employment law experts and is based on the latest information available as of July 22, 2024. A score has been applied ranging from 1–3 across three areas.

- A scale on the **likelihood of the change to be implemented** based on inclusion in the first 100 days, within this fiscal year or in the new financial year and with a higher likelihood for objection.
- A scale indicating the **time to implement changes** to the necessary HR documentation only. (Implementation and business readiness to manage the changes is excluded from this scale but is referenced later in the guide).
- A scale indicating the **monetary risks involved** with the changes being proposed, based on failure to implement them correctly. This scale considers:
 - **Reputational risk:** the potential damage to the company's reputation.
 - **Likelihood of tribunal and defence costs:** the probability of facing a tribunal and the average costs associated with defending against such claims.
 - **Risk of maximum compensatory awards:** the changes that carry the highest risk of resulting in the largest compensatory awards.



Impact assessment scale

Likelihood scale: probability and expected date that legislation will be introduced

Criteria	Score	Definition
Urgency of the legislation being introduced	3	Legislation expected to be introduced to Parliament within 100 days; - Before or by 13th October 2024 - The Conservative government already enacted some of these changes and they are due to come into force imminently, despite the change of government
	2	Legislation expected to be introduced to Parliament by April 2025
	1	Legislation expected to be introduced to Parliament between April 2025 and March 2026; - Or likely to face heavy objections that will prevent Labour from implementing

Time scale: time required to update documentation

Criteria	Score	Definition
Time to implement (documentation only)	3	Creation of a new policy or several due to the nature of legislative change (7.5 hours – 1.5 days+)
	2	Significant update to existing policy(s) by an HR or employment lawyer (2.5–7.5 hours)
	1	Simple change to existing policy(s) by an HR or employment lawyer (up to 2.5 hours)

Monetary risk scale: potential cost based on failure to implement correctly

Criteria	Score	Definition
Monetary risk (financial risk of failing to implement correctly)	3	Highest risk of compensatory award (maximum of £115,115 or 52 weeks of wages) and most likely to cause reputational damage
	2	Average legal fees for defending a tribunal claim (£8,500)
	1	Reputational risk only (potential loss of staff; cost to recruit; impact on sales)

While the exact changes are unknown, what we do know is that legislative changes are imminent and will impact businesses both in terms of policies and documentation, as well as procedures and processes in terms of how you manage your staff.

The following assessment guide assumes that business owners will have policies already in place for existing regulations that are subject to proposed changes.

If these policies do not exist, the risks and costs associated with the Labour government's proposed changes will increase significantly. Additionally, many of these policies extend recent changes from 2024, further elevating the risk if they are not already implemented.

Sources & disclaimer: the defined "time scale" quantifies only the amendments to or creation of legal documentation and does not include the time that it will take to update procedures, processes and implementation (including training). This is also based on a qualified HR manager conducting the changes or creating the new documents based on the hourly rate calculated from the average salary of an HR manager. The average salary is based on the leading authority on salary trends and employment market conditions. The monetary risks associated with the changes are based on calculations by Peninsula employment law experts, in addition to the costs outlined on the 2024 government schedule regarding HR legislation. This assessment is based on the latest information available as of July 22, 2024.

Impact assessment summary

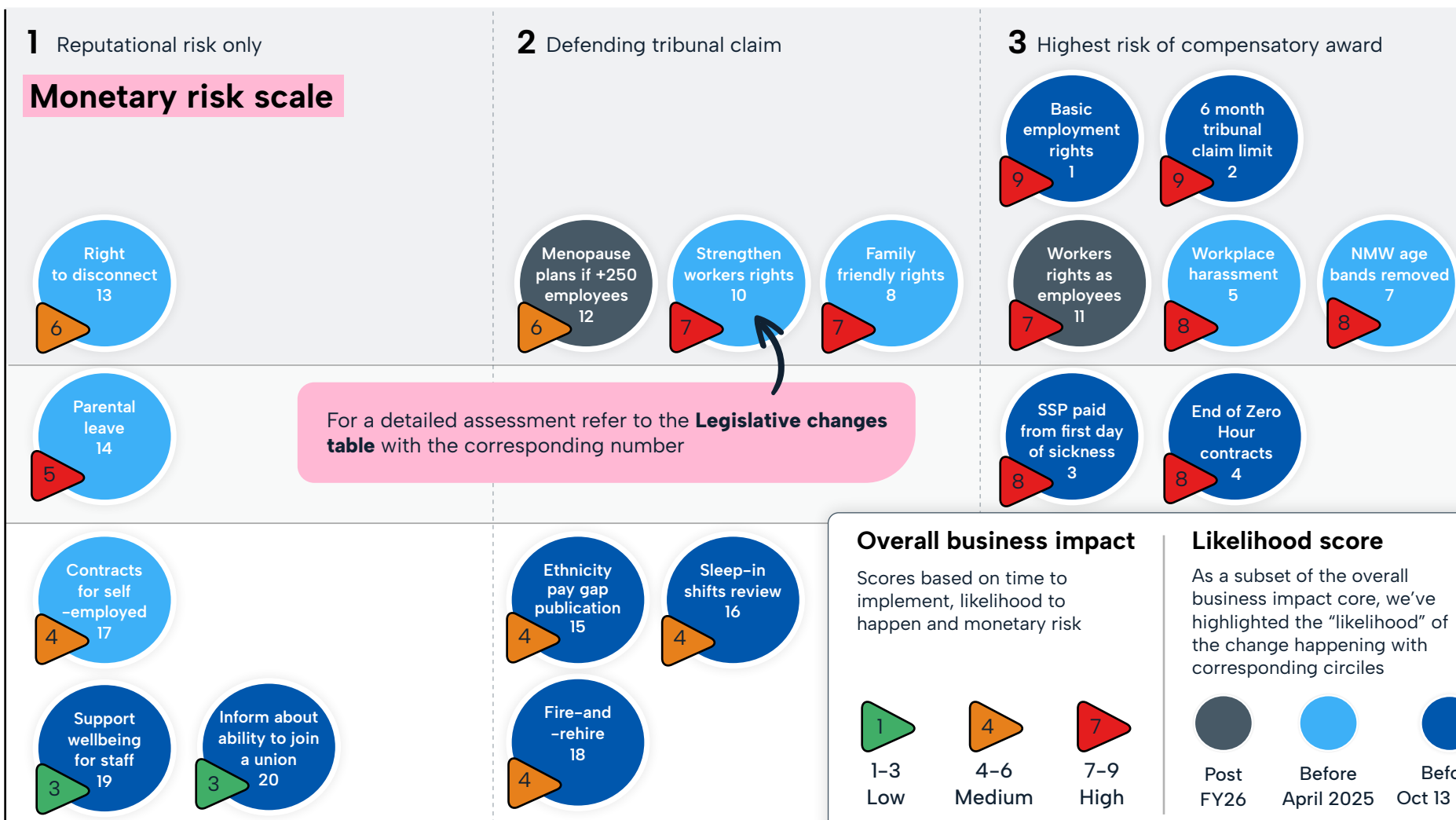
“ There are 7 proposed changes that if business owners navigate incorrectly, puts them at risk of defending against a large compensatory claim, and most likely, reputational damage.

Lucy Cobb, HR & Employment Law Expert



The following provides a summary of the expert assessment of 20 of the proposed parliament changes. The score is out of 10, based on time to implement, monetary risk and the likelihood the change will happen. Below diagram shows the overall business impact score

based on all 3 factors as well as the likelihood score. This diagram is intended to help business owners prepare and mitigate the risk of the impending changes.



*based on a qualified HR manager



Impact assessment breakdown

Legislative changes based on the potential biggest impact on your business

The table below provides a detailed view of each of the 20 proposed changes, including the associated risks and required adjustments for employers. It also indicates the estimated cost to update relevant documents and an impact score for business owners. The items are sorted in descending order of impact.

Changes				Cost	Scale			Score
	Change	Risk	Change requirements	Cost to update documents	Likelihood scale 1-3	Time to implement scale 1-3	Monetary risk scale 1-3	Business owners overall impact score
1	Remove qualifying periods for basic employment rights like unfair dismissal	Employees will be able to claim for unfair dismissal from day one (rather than from 2 years' employment), opening up employers to negative publicity and employment tribunal claims.	Amends to disciplinary policy; employment contracts and employee handbooks; management procedures; training new starters; staff processes & procedures; systems for tracking, implementation & reporting	£350	3	3	3	9
2	Extend time limit for bringing employment tribunal claims to 6 months	Employees will have a longer window to submit claims, which means employers are more exposed to tribunal claims. Increases the potential volume of claims against any business.	Amends to disciplinary policy; employment contracts and handbook; management procedures; training new starters; staff processes & procedures; system for tracking, implementation & reporting	£350	3	3	3	9
3	Make statutory sick pay (SSP) available for all workers on day one of being sick	Employers face higher costs and risk tribunal claims if they pay staff incorrectly. More workers will qualify for SSP, placing more financial strain on business owners	Amends to absence management policy; employee handbooks; return to work policies & documents; management procedures & staff training; systems for tracking, implementation & reporting	£210	3	2	3	8

Changes				Cost to update documents	Likelihood scale 1-3	Time to implement 1-3	Monetary risk scale 1-3	Overall impact 1-9
4	Remove zero hours contracts – ban ‘one-sided’ flexibility. Fair notice of shift changes and compensation for shift cancellations or loss of work	<p>Employers face compensating employees for cancelled or changed shifts.</p> <p>Higher risk of tribunal claims if not managed correctly in the day-to-day running of the business after implementation.</p> <div> <p>NOTE:</p> <p>If you have a lot of zero-hour contracts in place, expect to receive an influx of requests to change – especially for those in the hospitality industry. Read this recent BBC article.</p> <p>Read this recent article ></p> </div>	Amends to existing zero-hour employee contracts	£210	3	2	3	8
5	Require employers to create and maintain workplaces free from harassment	<p>Labour is proposing that ALL reasonable steps be taken to prevent harassment both within the business and by a 3rd party.</p> <p>The shift to “all” reasonable steps significantly increases the risk of tribunal claims.</p> <div> <p>NOTE:</p> <p>Tribunal claims for harassment could cost you & damage reputation. Read this recent article:</p> <p>Read this recent article ></p> </div>	<p>Amends to workplace harassment policies; employee handbooks; management procedures; training new starters; staff processes & procedures; system for tracking, implementation & reporting</p> <p>Plus, agreement, contract changes or a review of their harassment policies with 3rd parties</p>	£350	2	3	3	8
6	Ensure hospitality workers receive tips in full and workers decide how tips are allocated	<p>Risk of tribunal claims if businesses do not have proper policies in place.</p> <p>Risk of unlawful deduction of wages resulting in a breach of contract.</p> <p>Reputational risk, risk of union formation and strikes.</p>	Amends to tip policy; finance system & processes	£350	3	3	2	8

Changes				Cost to update documents	Likelihood scale 1-3	Time to implement 1-3	Monetary risk scale 1-3	Overall impact 1-9
7	Remove National Minimum Wage (NMW) age bandings , increase NMW to £10 & enforce NMW law on travel time	Employers face reputational risks that could hinder recruitment and retention. Paying the wrong amount results in costly penalties & enforcement from the HMRC. Risk of media attention on publicly distributed lists that "name & shame" employers that don't meet NMW.	Review of rates of pay; updates to policies and procedures on travel time and pay deductions	N/A	2	3	3	8
8	Family-friendly rights: introduce right to bereavement leave; examine benefits of introducing paid carer's leave; make flexible working requests available from day one	Risk of tribunal claims from raised grievances for not having the policies and processes in place to support the new family-friendly rights. Plus; potential increases to the volume of claims that can be made against a business due to all workers qualifying for rights. NOTE: Proposed changes require employers to have the system as well as processes in place for workers to apply the flexible working arrangements immediately (as opposed to making the request to the employer). This presents further risks to employers of claims if the process doesn't also support the legislation.	Amends to existing policies such as: <ul style="list-style-type: none">• Paternity leave policy• Maternity leave policy• Parental leave policy• Adoption leave policy• Shared parental leave policy• Flexible working policy• And more... Plus, employee handbooks; management procedures; training new starters; staff processes & procedures; system for tracking & implementation	£350	2	3	2	7
9	Create fair pay agreements in adult social care	Under fair pay agreements, representatives of workers and employers would negotiate minimum standards for pay and conditions for each sector, opening businesses up to financial risk for non-compliance. Damaged reputation, risk of union formation and strikes.	Require payroll management; create new policies; review current contracts, employee handbooks and management procedures; amend staff processes and system for tracking and implementation	£590	2	3	2	7

Changes				Cost to update documents	Likelihood scale 1-3	Time to implement 1-3	Monetary risk scale 1-3	Overall impact 1-9
10	Strengthen existing rights and protections for pregnant workers, whistle-blowers, workers made redundant, workers subject to TUPE processes	Higher risk for tribunal claims with an increase in rights for employees.	<p>Amends to all family-friendly policies such as:</p> <ul style="list-style-type: none"> • Maternity leave policy • Paternity leave policy • Shared parental leave policy • Redundancy policy • And more... <p>Plus, changes to employee handbooks; management procedures; training new starters; staff processes & procedures</p>	£350	2	3	2	7
11	Workers given same rights as employees (only applies if hire workers)	<p>Risk of tribunal claims and breach of contract claims.</p> <p>Changes will enforce that benefits and all policies apply to all but be issued with different contracts.</p>	Amends to statement of engagement; new worker contracts; employment status checks; worker policies; employee handbook; management	£350	1	3	3	7
12	Introduce a policy requiring firms with 250+ employees to have Menopause Action Plans in place	<p>Higher risk for discrimination tribunal claims.</p> <div> <p>NOTE:</p> <p>Be aware. While the change is proposed for businesses of 250+, there is expected guidance to be applied to all businesses of all sizes, which could be an indicator that soon all businesses will be required to have this in place.</p> <p>2/3 of businesses in the UK do not have a menopause policy.</p> </div>	<p>New policy creation; employee handbooks; management procedures; training new starters; staff processes & procedures; system for tracking and implementation</p> <p>(If more than 250 employees)</p>	£590	1	3	2	6



Changes				Cost to update documents	Likelihood scale 1-3	Time to implement 1-3	Monetary risk scale 1-3	Overall impact 1-9
13	Introduce a new right to disconnect and protect workers from remote surveillance	<p>If there are remote workers in the business, this change will affect their rights to disconnect from work to ensure an acceptable level of work-life balance.</p> <p>The legal consequences are currently unclear due to the limited information available from the UK Government.</p> <p>Reputational risk with potential increases to complaints or grievances.</p>	New policy creation; contract review of workers; employee handbooks; management procedures; training new starters; staff processes & procedures; system for tracking & implementation	£590	2	3	1	6
14	Remove qualifying periods for parental leave	<p>Higher risk for tribunal claims if not managed correctly in the day-to-day running of the business after implementation.</p> <p>This is proposed to be a day one right versus a right attained after the first year, which increases the likelihood of tribunal claim with all workers.</p>	Amends to parental leave policies; employee handbooks; management procedures; training new starters; staff processes & procedures	Incl. in family-friendly rights (£350)	2	2	1	5
15	Introduce mandatory publication of ethnicity pay gap for firms of 250+ staff, raise awareness of neurodiversity	Reputational risk both by media reporting on non-compliant businesses or employees to potential candidates raising grievances on information not published and easily accessible.	No policy updates, but will impact data storage reporting system	£70	1	1	2	4
16	Review of payment regarding sleep-in shifts & travel time is paid	<p>Increases in cost for staff and management such as immediate pay with no set place of work or requirement to pay sleep-in-shifts irrespective of whether staff are woken up to conduct the shift.</p> <p>Higher risk of tribunal claims with incorrect systems and tracking in place.</p>	Review of employee contracts, working hours & practices; review systems for monitoring and enforcing workplace practices	£70	1	1	2	4

Changes				Cost to update documents	Likelihood scale 1-3	Time to implement 1-3	Monetary risk scale 1-3	Overall impact 1-9
17	Self-employed individuals have right to be issued a contract	Need to issue contracts for self-employed individuals as a legal requirement. Reputational risk with vendors or other self-employed workers.	Create new contracts for self-employed workers (e.g. vendors)	£1,500	2	1	1	4
18	Strengthen enforcement against 'fire-and-rehire' practices	The previous government introduced changes that make it harder to change an employee's terms without their agreement, including a 25% increase in compensation if the correct process isn't followed. The new government plans to completely ban the practice of firing and rehiring to make such changes.	Amends to termination policies; consultation procedures; employment contracts; management training & new processes	£70	1	1	2	4
19	Support wellbeing of workers and their long term physical and mental health	While there's no specific details as to what this would entail as of yet, there is a targeted reference to long COVID and the need to implement greater workplace support for those affected by its lingering effects, a condition about which much remains unknown.	Create new wellbeing policies; contractual review, management procedures; training; staff processes & procedures	£590	1	1	1	3
20	New duty on employers to inform workforce of right to join a union in their written contract	All new employees recruited from a given date (not yet known) will need a clause in their Statement of Main Terms (SMT) informing them of their right to join a union.	Amend all employees SMTs	£70	1	1	1	3

The hidden costs of a new government

The potential cost to a business owner for updating documentation to comply with the proposed changes is estimated at £4,990.

This estimate assumes that all existing policies are already in place and up-to-date with the employment changes made earlier in 2024. If these policies and procedures are not current, the cost could increase significantly, potentially reaching **£14,970 or more.**

In addition to updating policies, businesses will need to invest in additional e-learning, with **over 20 new or updated HR e-learning requirements for managers and staff.** Updating employee handbooks and contracts will also be essential to ensure compliance with the new regulations.

Assessed cost of policy updates/creation of new:	£4,990
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Assessed cost of e-learning to support the changes:	£1,232
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Assessed cost of creating a single new contract:	£1,500
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Assessed cost of an employee handbook creation:	£1,050
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Average cost defending a tribunal claim:	£8,500
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Assessed cost of reviewing employee contracts:	£280
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* (based on a 10-person business)

Cost to your business:

£17,552

** Based on a 10-person business.



This provides a potential guide to the **cost implications for implementing the required documentation changes.**

However, there are many other operational costs to consider with the proposed changes, including:

- ☐ Documentation and policy updates
- ☐ System changes
- ☐ Reporting changes
- ☐ Staff training
- ☐ Payroll & financial reporting
- ☐ Operational procedures & processes

Sources: cost of documentation, employee handbook and reviewing employee contracts is based on a qualified HR manager conducting the changes or creating the new documents based on hourly rate of the average salary of an HR manager. The average salary is based on the [Hays Salary Guide](#). The compensatory award for unfair dismissal is validated by ACCA Global. The average cost of a tribunal claim is validated by Employment Lawyers at Peninsula. The cost of e-learning is based on an HR manager creating the supporting training needed based on the policy changes – this is also validated in line with the cost of e-learning by [CPD](#). This assessment is based on the latest information available as of July 22, 2024.

Recommended action



Labour's legislative changes are set to **significantly impact your business.**

These changes are likely to bring significant costs, potentially running into the thousands. This includes expenses for updating documentation, revising policies, and other essential tasks to ensure compliance with the new regulations.

We recommend that you begin preparations immediately.

Early actions will help mitigate the risks of tribunal claims and legal fines, safeguarding your business from potential repercussions so you can focus on running and growing your business.

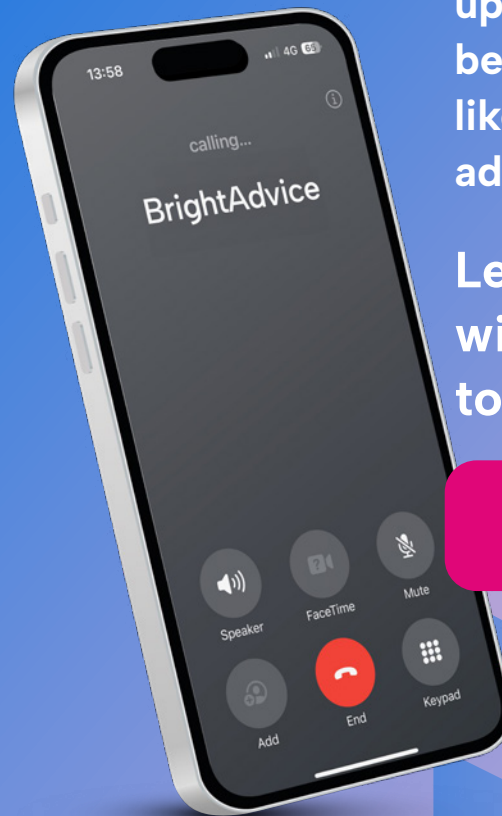


Navigate Labour's first 100 days with expert advice from BrightHR!

Stay ahead with BrightHR, and prepare now so that when laws change, you have all the advice and support you need to update your policies, practices, and processes quickly.

- **Future-proof your business** with 300+ HR documents and templates including expertly written policies on flexible working, menopause, parental leave, parental leave request rules, diversity, equality & inclusion, and parental bereavement leave.
- **Get better peace of mind on changing laws**—unlock expert 24/7 professional employment law advice so you can update your policies fast when rules change and make sure you're paying employees the right pay rate, keeping you safe from fines and costly claims.
- **Ensure a smooth transition with BrightHR's software**—benefit from unlimited online document storage and management software, ensure new policies are understood and accepted with automated read receipts, utilise a comprehensive eLearning management system to minimise disruption of new legislation to your operation, or use integrated HR and payroll software to make changes seamless.
- **And much more...**

*All suggested changes in this document have been based on Labour's current employment law manifesto at time of publication, 22 July 2024



For the latest and most up-to-date advice, it's always best to speak to legal experts, like our expert employment law advice line, BrightAdvice.

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