

REPORT TO PERSONNEL COMMITTEE

EMPLOYMENT LAW CHANGES

Report Reference P-24-06
Meeting Date 9th December 2024
Agenda Item 7
Prepared by Town Clerk



1.0 INTRODUCTION

This report briefs the committee on:

- a) Changes to national insurance payments from 1st April 2025
- b) Forthcoming changes to employment legislation
- c) Proposed changes to the council's Dignity at Work Policy to comply with a new duty to take steps to prevent sexual harassment

Section two is for information only. Section three is to brief the committee on the most relevant changes and to note where future policy revision will be required but no action is required now. Section four explains the new duty and sets out specific changes to existing policy for consideration.

2.0 EMPLOYER NATIONAL INSURANCE

In the Autumn budget, the Chancellor announced changes to the employer national insurance threshold and rate. From 1st April 2025, the threshold at which Employer NICs are paid is reduced from £9,100 to £5,000 and the rate is increased from 13.8% to 15%.

The impact of the changes is two-fold, with the rate increasing 1.2 percentage points and the threshold reduction meaning the council pays contributions on a greater portion of employee's salaries. The effect on this council of the changes is an increased cost of £13,055 on the 2025/26 staffing budget.

The Town Council is not eligible for Employment Allowance, which enables employers to reduce their Employer NIC liability as this is not open to public bodies. Whilst the media reported that the government would compensate public bodies, it has since clarified that this does not extend to town and parish councils.

3.0 EMPLOYMENT RIGHTS BILL

In October, the government announced the Employment Rights Bill. The Bill is currently at the committee stage in the House of Commons and it is expected that much of the detail will be provided through regulations after the Bill achieves Royal Assent and that most reforms in the Bill will take effect from 2026. The most relevant changes for the council are set out below, as the legislation is finalised and enacted, the relevant policies will be brought to the committee for the approval of revisions.

3.1 UNFAIR DISMISSAL PROTECTIONS

Currently, employees with less than two years' service cannot bring a claim of "ordinary"¹ unfair dismissal at tribunal. The Bill will extend protections against unfair dismissal to day one and introduce a statutory probation period (expected to be nine months) during which a less onerous process for fair dismissal for someone unsuited to a job will apply. These changes are not expected to be made until autumn 2026. When these changes are introduced, the council's discipline, performance improvement and sickness absence policies will need to be reviewed to reflect the changes as they currently allow different processes to be followed for staff with less than two years' service.

3.2 PARENTAL LEAVE CHANGES

The Bill will amend rights to unpaid parental leave and paternity leave, removing the requirement to have worked for 26 weeks for paternity leave and one year for parental leave. The legislation will also remove the restriction on paternity leave being taken before shared parental leave. The Staff Handbook refers to the legislative position for parental leave so will not require amending, but the paternity leave (covered under maternity support leave) will need updating to permit it as a day-one right.

3.3 STATUTORY RIGHT TO BEREAVEMENT LEAVE

The Bill introduces a statutory right for unpaid bereavement leave. The detail of what relationships is required between the employee and deceased will be set out in regulations. The council's policy provides paid leave to attend funerals in the immediate family and line managers have discretion to grant additional paid leave for immediate family bereavements. Time off for the funerals of distant relatives and close friends is provided through annual leave with line manager discretion. Subject to the detail of the regulations, the council will need to review the Staff Handbook to reference the right to unpaid leave in addition.

3.4 INCREASED PROTECTION AGAINST DISMISSAL FOR NEW MOTHERS

The Bill will allow ministers to make regulations about enhancing the protections of new mothers from dismissal, this is likely to extend to six months after their return from maternity leave and the detail of how dismissals will be permitted will be detailed in regulations. Again, relevant policies will need to be updated to reflect these changes once introduced.

3.5 CHANGE OF EMPHASIS IN REFUSAL OF FLEXIBLE WORKING REQUESTS

The final notable change is further amendments to employee's rights to submit statutory flexible working requests, whilst the changes do not amend the process nor grounds on which a request can be refused, it introduces a requirement that any refusal is reasonable, requiring the employer to demonstrate the ground for refusal is reasonable and providing an explanation as to why. This is not a major change as the council's policy already sets out that it would explain the reasons for any decision but a minor policy change would be introduced to emphasise the changed statutory position.

¹ Claims can be brought for automatically unfair reasons i.e. discrimination, whistleblowing etc

4.0 PREVENTION OF SEXUAL HARASSMENT

4.1 BACKGROUND

The Worker Protection (Amendment of Equality Act 2010) Act 2023 came into force on 26th October. It places a new duty on employers to take “reasonable steps” to prevent sexual harassment of employees. The duty requires employers to work to proactively prevent sexual harassment, i.e. it must take active steps to prevent it, not merely respond appropriately to any issue which arises.

To comply with the duty, amendments are proposed to the council’s Dignity at Work Policy.

4.2 PROPOSED AMENDMENTS TO DIGNITY AT WORK POLICY

Inset new clause 1.4 The Council has a specific legal duty to take reasonable steps to prevent sexual harassment, this policy also sets out how it will comply with this duty.

Inset new clause 1.7 Sexual harassment is any unwanted conduct of a sexual nature, examples of this are:

- sexual comments/jokes
- displaying graphic pictures
- suggestive looks, staring or leering
- commenting on someone’s looks, dress, gender, or sexual orientation in a derogatory or objectifying manner that makes them feel uncomfortable
- propositions and sexual advances
- making promises in return for sexual favours
- sexual gestures
- intrusive questions about a person’s private/sex life or a person discussing their own sex life
- sexual posts or contact in online communications (including social media)
- spreading sexual rumours
- stalking, intimidating, coercing or threatening another person to get them to engage in sexual acts
- sending sexually explicit emails, text/instant messages
- pursuing or flirting with another person without the other person’s willing participation or at an inappropriate time
- unwelcome touching, hugging, massaging or kissing

The most extreme form of sexual harassment is sexual assault. This is a serious crime and Knutsford Town Council will support employees who want to press charges against offenders.

Inset new Section 5 Sexual Harassment

- 5.1 The Town Clerk shall undertake a risk assessment to identify potential risks to staff of sexual harassment, all staff will be invited to contribute to this, and it shall be reviewed annually.
- 5.2 The Town Clerk shall take reasonable steps to remove or reduce any risks identified in the risk assessment.
- 5.3 All staff and members shall undertake sexual harassment awareness training and all managers will be trained to deal with sexual harassment complaints.
- 5.4 Staff will be surveyed annually to understand if there are any issues of unreported sexual harassment or concerns about the council's policy and procedures
- 5.5 Following the conclusion of any complaint, a lessons-learned review will be held to identify if any further action can be taken to prevent recurrence

5.0 DECISIONS REQUIRED

The committee should:

- a) Note changes to employer national insurance contributions effective from April 2025
- b) Note forthcoming amendments to employment legislation and that proposed amendments to policy will be brought to the committee at the appropriate time
- c) Note the new duty to prevent sexual harassment
- d) Consider approval of the proposed amendments to the Dignity at Work Policy