

Angela Rayner's Employment Reforms Branded "Stealth Tax" on British Workforce

July 14, 2025

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A new report has warned that Deputy Prime Minister Angela Rayner's sweeping employment reform plans could place an enormous financial strain on employers and result in suppressed wages for workers. The proposed legislation, which aims to introduce stronger job protections and enhanced rights from day one of employment, has been described by

critics as a hidden tax that risks undermining the very people it claims to support.

Labour's proposed New Deal for Working People outlines a range of measures, including day-one protection from unfair dismissal, longer parental leave, the legal right to request flexible working from the start of employment, and enhanced statutory sick pay. While Labour claims this will improve job security, many employers, particularly small and medium-sized enterprises (SMEs), warn that the measures could lead to job losses, reduced hours, or increased prices for consumers.

Professor J.R. Shackleton of the IEA commented that such reforms are "not a gift from the government" but an economic burden that will ultimately fall on employees through lower wage growth and reduced opportunities. He likened the proposals to a stealth tax, indirectly levied on the workforce without transparent public debate. The criticism reflects broader concerns among business leaders who fear Labour's plans may stifle growth and discourage hiring, especially at a time when many firms are still recovering from recent economic pressures.

Facilities management companies have expressed particular alarm, warning the reforms could make service contracts unviable, potentially triggering cutbacks in essential public sector functions. A coalition of 128 firms has appealed to Labour leader Sir Keir Starmer to reconsider the pace and scale of the reforms.

Meanwhile, Rayner's credibility has been dented by growing tensions within her party and its affiliated unions. Unite the Union has moved to suspend her membership amid disputes over local government

redundancies, raising further questions over Labour's ability to balance worker advocacy with responsible economic governance.

There is widespread agreement that Britain's workforce deserves fair treatment and decent conditions. But reforms of this magnitude must be balanced, transparent, and economically sustainable. Imposing inflexible burdens on employers' risks weakening the very foundation of job creation. A more realistic approach, one that is consultative, phased, and targeted, could better protect both workers and the businesses that employ them.