

Industry Leaders Demand Commons Back Lords' Amendments to Employment Rights Bill

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Seven of Britain's leading business groups, including the Federation of Small Businesses (FSB), the British Retail Consortium (BRC), and UK Hospitality, among the 'Big Five' organisations, have urged MPs to back a range of House of Lords amendments to the Employment Rights Bill. These groups, representing a broad swathe of UK commerce, warn that the proposed reforms are already stifling job creation and economic growth.

The amendments, tabled during a recent report stage debate in the Lords, aim to temper the bill's more onerous provisions. A key Lords amendment would replace proposed day—one unfair dismissal rights with a six—month qualifying period, followed by a simplified dismissal process during an initial period of employment. Another amendment retains the existing 50 per cent turnout threshold requirement for legal validity in union ballots on industrial action. These changes, described as “positive, practical, and pragmatic” by Helen Dickinson, chief executive of the BRC, in a recent interview with *City AM*, are seen as critical to aligning the bill with the country's stated goal of economic revival.

David Hale, Government Affairs Director at the FSB, told *City AM* that adopting the Lords' proposed six—week qualifying period before rights kick in is “essential” to prevent undue strain on small businesses. Similarly, Jane Gratton of the British Chambers of Commerce (BCC) urged MPs to back the amendments, arguing they are vital for fostering economic growth and job opportunities.

Measures such as banning “fire and rehire” practices have garnered support from unions and some businesses. However, other reforms such as granting workers extensive rights from their first day and mandating statutory sick pay from day one have raised alarm. A survey by the Institute of Directors found that over 70 per cent of its members believe the bill, as currently drafted, will reduce hiring and undermine the government's economic growth ambitions.

Matthew Percival, CBI's Future of Work Director, told *City AM* that the Employment Rights Bill is already chilling labour market activity with fewer jobs, increased disputes and a slowing pace even before it comes into force. He praised the Lords' amendments for addressing business concerns while still aligning with broader economic goals. Kate Nicholls of UK Hospitality echoed this, calling the proposals “sensible and helpful” for minimising harm to businesses and jobs.

Peers voted to delay the right to request guaranteed hours for zero—hours and low—hours workers until after 26 weeks' service, designed to maintain flexibility for employers and those whose roles suit variable hours. Jamie Cater, head of employment at Make UK, told *City AM* that this approach, alongside a “light-touch” process for fair dismissals, would help employers retain necessary flexibility.

Critics, including Lord Wolfson, chairman of retail group Next, have warned that the bill is progressing too rapidly through Parliament without sufficient scrutiny by both Houses of

Parliament. The amendments reflect ongoing tensions, with industry leaders arguing that the current draft risks costly litigation and reduced competitiveness. A government spokesperson responded: “These changes would undermine new rights for millions of workers, which is why they were rejected. Our landmark Employment Rights Bill is designed through fair implementation to deliver for more than 15 million workers and make work pay.”

As the bill returns to the Commons, industry leaders are united in their call for MPs to adopt the Lords’ amendments to safeguard jobs and economic stability.