

# Why does Vince Cable think employers need to be able to fire staff “without fear of tribunal”?

Vince Cable's new initiative to free employers to dismiss under-performing staff "without fear of tribunal" was quite a sly move I think, in part to redress the imbalances caused by October's implementation of the Agency Worker Regulations.

Under AWR any PAYE temp worker gains the same rights to paid holiday, overtime, and equal working hours, breaks and training as your permanent staff, after just 12 weeks with your company.

This means that whether a temp is on direct payroll or through a recruitment agency, somewhere down the line someone is going to have to pay up to 25% more to use a temp. Originally proposed to support agency workers, its scope was increased to all short term workers. This is causing major problems in the public sector and with companies that need seasonal or project by project staff.

When the hoo-ha settles down there can only be two possible outcomes; either temp pay rates will drop to compensate for the increased costs, or companies will have to foot the bill.

So is the government trying to stimulate perm employment by removing the business advantage of temps? Or is it just about raising more tax revenues, dressed up as employment rights for workers?

Conversely Vince's announcement could be construed to make it easier to hire and fire perm staff that would have been hired as temps, particularly useful in jobs where it is hard to use performance-led disciplinaries.

I think this is an Each Way Bet by Government; a good sound bite for business and an increase in tax revenues. However it won't be so clear for any employer that wants to hire additional help in the office or out on site. In which case, talk to HR or your agent, and decide whether it's just a lot, lot easier to hire someone on a permanent basis.

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