

Consultation on Employment Tribunal Qualifying Periods and Maximum Awards

Closing Date: 29th November 2024

Douglas City Council Response

QUALIFYING PERIOD FOR COMPLAINTS OF UNFAIR DISMISSAL

Do you think that the qualifying period for the right not be unfairly dismissed should be a day one employment right?

No.

Making unfair dismissal a 'day one' right would have the potential to improve equity and support vulnerable workers it could also raise concerns about the potential for it to be abused, raising costs and reducing employer flexibility. Employers currently use the qualifying period to assess an employee's suitability for the role and manage any performance issues.

Extending the qualifying period from 'day one' could lead to higher legal costs for employers if more claims are brought.

COMPENSATION FOR UNFAIR DISMISSAL

Do you have any views as to whether the maximum amount of compensation for unfair dismissal should be increased, and if so, to what level?

Increasing the compensation limit in the Isle of Man would provide a fairer restitution for employees who have been unlawfully dismissed. The current limit may not adequately reflect the financial and emotional impact of losing a job, particularly for those employees with long service or specialised skills.

Updating the compensation limits considering inflation and the cost of living would ensure that the compensation remains relevant and meaningful to those affected by unfair dismissal.

However, increasing compensation limits could lead to a rise in frivolous or vexatious claims, which could see employees exploiting the system by seeking higher payouts without just cause.

Increased compensation limits could lead to more disputes and litigation, an increased administrative burden resulting in longer resolution times and increased costs associated with legal proceedings.

If the maximum amounts were to be increased, they should be in line with those applied in the UK.

Do you have any views as to whether 'the maximum amount of a week's pay' used to calculate the basic award of compensation and redundancy payment should be increased, and if so, to what level?

Yes.

Do you think that £732 is a fair level for the maximum amount of a weeks pay specified for the purpose of the basis award for unfair dismissal and for other purposes listed above?

Neither.

Whether £732 is a fair maximum amount of a week's pay in cases of unfair dismissal depends on various factors, including economic conditions, industry standards and expectations regarding worker protections.

This amount may be considered inadequate as it may not reflect the financial realities faced by the employee who has been unfairly dismissed. Those with higher earnings or long service, the amount may not compensate for loss of wages or emotional distress.

On the other hand, raising the maximum compensation limit could lead to higher costs for the employer and it could encourage abuse and exploitation of the system by an increase in frivolous claims against the employer.

Do you think that £76,128 is a fair level for the maximum compensatory award?

Neither.

Whether £76,128 is a fair level for the maximum compensatory award depends on various factors, including economic conditions, industry standards and expectations regarding worker protections.

A higher cap would provide more meaningful compensation for lost earnings and emotional distress. However, raising the maximum compensation limit could lead to higher costs for employers.

Do you think that the maximum amounts referred to above should be increased in line with the retail price index as in the UK?

Neither.

While indexing the maximum amounts for a week's pay and the maximum compensatory award for unfair dismissal to the Isle of Man's Retail Price Index (RPI) could help maintain the real value of these limits over time, it is important to consider the potential impact on businesses and the need for a fair balance between worker protections and employer obligations.

Adopting a similar approach to the UK could promote consistency and fairness between the two jurisdictions.

In some cases, indexing the limits to RPI may result in compensation amounts that are disproportionately high compared to the actual losses suffered by the employee. This could be seen as overcompensating for unfair dismissal.

Do you have any other comments?

No.