

Sir Mel Stride MP  
House of Commons  
London SW1A 0AA

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House of Commons  
London SW1A 0AA

**Richard Hughes**  
*Chair*  
102 Petty France  
London SW1H 9AJ  
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4 November 2025

Dear Sir Mel and Andrew,

**Re: Employment Rights Bill – OBR *Economic and fiscal outlook***

Thank you for your letter of 30 October concerning our treatment of the Employment Rights Bill (ERB) in our upcoming *Economic and fiscal outlook (EFO)* that will be published on 26 November.

At the time of the March forecast, the ERB was not sufficiently specified for us to consider its potential impact on our economy and fiscal forecasts. As such, it was highlighted as a policy risk in the first bullet paragraph 3.56 of our March *EFO*, which stated:

*"We are yet to reflect the impact of the **Government's Employment Rights Bill (ERB)** in the forecast. While the ERB outlines the key policy intentions set out in the Government's **Plan to Make Work Pay**, and gives the Government powers to implement additional legislation, there is not yet sufficient detail or clarity about final policy parameters to allow us to robustly assess the economic and fiscal impacts. Many important design elements will only be clarified in secondary legislation following royal assent. Employment regulation policies that affect the flexibility of businesses and labour markets or the quantity and quality of work will likely have material, and probably net negative, economic impacts on employment, prices, and productivity."*

I am unable to comment on policy under development and the content of future *EFOs*.

In line with OBR policy, I will be publishing this reply, along with your letter, on our website.

Yours Sincerely,



Richard Hughes  
**Chair**

Richard Hughes  
Chair  
Office for Budget Responsibility  
14T, 102 Petty France  
London, SW1H 9AJ

Dear Richard,

30<sup>th</sup> October 2025

### **Employment Rights Bill – OBR Economic Fiscal Outlook**

We are writing to ask whether the Office for Budget Responsibility intends to include the fiscal and economic effects of the Employment Rights Bill ('ERB') in the upcoming Economic and Fiscal Outlook to be published on Budget Day.

The Government's own impact assessments for the ERB indicate significant costs of up to £5 billion to businesses and the public sector - although other estimates are significantly higher. This is before further public spending pressures from measures such as the new Fair Work Agency, higher employment tribunal demand, and the Adult Social Care Fair Pay Agreement.

Given the potential scale of these impacts, and their relevance to the Chancellor's fiscal position and 'headroom' under her latest fiscal rules, it would be helpful to understand the OBR's approach to this legislation ahead of the Bill's return to the House of Commons as early as 11th November 2025.

In particular, could you:

1. Confirm the OBR intends to score the ERB's direct fiscal effects as it stated in the last EFO;
2. State whether it will consider the indirect economic effects on growth, employment, or tax receipts.

Given the ERB's potential materiality for the Budget and the credibility of the fiscal forecast, we have copied this letter to the Chancellor of the Exchequer and the Chair of the Treasury Select Committee.

Kind regards,

**Sir Mel Stride MP**  
**Shadow Chancellor of the Exchequer**

**Andrew Griffith MP**  
**Shadow Secretary of State for Business and Trade**