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Dear Liam,

Making Work Pay: Consultation Package

As you know, the Government's Plan to Make Work Pay is part of this Government's pro-worker, pro-business agenda, setting out a significant and ambitious programme to ensure workplace rights are fit for a modern economy. It is a core part of the mission to grow the economy, raise living standards across the country and create opportunities for all.

We have today published the Impact Assessment for the Employment Rights Bill, which can be found on: <https://www.gov.uk/guidance/employment-rights-bill-impact-assessments>.

We have committed to working with all stakeholders on how to best put these measures into practice. As trailed in the Government's *Next Steps to Make Work Pay* document (published 10 October), the Deputy Prime Minister, Work and Pensions Secretary and I are today launching four 6-week consultations. Subject to the outcome of these consultations, we will consider whether there is a need for any Government amendments to the Employment Rights Bill.

Consultation 1: The application of zero hours contracts measures to agency workers

The Employment Rights Bill includes measures to deliver our commitments to end exploitative zero hours contracts by introducing:

- a. A right to a contract with guaranteed hours that reflects the number of hours regularly worked, based on a twelve-week reference period; and
- b. A right to reasonable notice of shifts, and proportionate payment for short notice shift cancellations and curtailment.

The Government believes that all workers – including agency workers – should have the right to guaranteed hours which reflect the hours they regularly work. The Government's intention is that agency workers should also have a right to reasonable notice of shifts and receive payment for shifts that are cancelled or curtailed at short notice. The unique tripartite relationship between agency workers, employment agencies and hirers makes

the application of these measures to them particularly complex. The zero hours contract measures create new responsibilities for employers. For agency workers we need to decide whether these responsibilities sit with the employment agency, the end hirer, or both. The first consultation being launched today seeks to understand how these measures can best apply to agency workers.

Consultation 2: Creating a modern framework for industrial relations

The Government is committed to a new partnership approach of cooperation and negotiation that sees employers and trade unions working with government to tackle the challenges affecting our economy. Workplaces and working practices have changed significantly over the last decade and trade union legislation which underpins industrial relations is in need of modernisation. Poor industrial relations have held the UK back from reaching its potential. In 2022, 2.5 million working days were lost due to strikes in the UK. In 2023 it was close to 2.7 million; the most in any year since 1989.

We are committed to developing a framework for industrial relations that will stand the test of time. This consultation is taking those first steps forward, to help us build positive, modern framework for our industrial relations.

The Government is seeking views on a number of changes to modernise and hardwire negotiation, engagement and dispute resolution into industrial relations. The consultation includes proposals on simplifying the amount of information unions are required to provide in industrial action notices, strengthening provisions to prevent unfair practices during the trade union recognition process, securing a mandate for negotiation and dispute resolution, requirements on political funds, extending the expiry of the strike mandate, reducing the industrial action notice period, updating the law on repudiation and prior call, and seeking views on the enforcement mechanism for right of access.

Consultation 3: Strengthening remedies against abuse of rules on collective redundancy and fire and rehire

The Employment Rights Bill expands protections for employees in fire and rehire and collective redundancy scenarios. It does this by banning fire and rehire practices other than when the employer genuinely has no alternative and by ensuring the right to collective consultation is determined by the number of people impacted across the entire business, rather than in one workplace.

The Government is also committed to reforming the law to provide effective remedies against abuse of the rules on fire and rehire and collective redundancy. The third consultation being launched today seeks views on doing that by increasing the maximum period for the protective award for scenarios where employers haven't complied with their collective redundancy obligations, and adding interim relief to collective redundancies and unfair dismissals in fire and re-hire scenarios.

Consultation 4: Strengthening Statutory Sick Pay

The Employment Rights Bill includes measures to strengthen Statutory Sick Pay for those who need it most, by removing the existing requirements to serve waiting days and extending eligibility to those earning below the Lower Earnings Limit. The Department for Work and Pensions is therefore launching a consultation to support this ambition, and ensure that the safety net of sick pay is available for those who need it most.

The changes introduced within the Bill will mean that for some lower earners, including those earning below the Lower Earnings Limit, their rate of Statutory Sick Pay will be calculated as a percentage of their earnings instead of the flat weekly rate. This consultation is seeking views on what this percentage should be, to ensure it provides a fair earnings replacement when these employees need to take time off work. A copy of the relevant Equality Impact Assessment will be deposited in the Libraries of the House once available.

Next Steps for consultation

This package represents the first phase of formal consultations on how best to put our plans into practice.

As is typical with employment legislation, further detail on many of the policies in the Employment Rights Bill will be provided through regulations, and in some cases codes of practice, after Royal Assent. We expect to begin further consultations on these reforms in 2025, seeking significant input from all stakeholders, and anticipate most reforms will take effect no earlier than 2026.

As outlined in *Next Steps to Make Work Pay*, there are also commitments in the Plan to Make Work Pay that we will deliver via existing powers and non-legislative routes, as well as those which will take longer to undertake and implement. We will begin consulting on some of these measures before the end of the year, including launching a Call for Evidence on tightening the ban on unpaid internships.

As part of our consultation, we will welcome innovative ideas on how to ensure businesses get the right advice on any upcoming changes. The Government will also ensure that, where appropriate, guidance is published to ensure all stakeholders have the information required to make necessary adjustments.

Implementation of the Government's Plan to Make Work Pay will represent the biggest upgrade in employment rights for a generation. We are working hand in hand on these changes with business, trade unions and civil society in a spirit of partnership to get Britain moving again.

I would be happy to engage with the Committee further on this important agenda, and look forward to members' input and scrutiny as the Employment Rights Bill progresses through Parliament.

Best wishes,



THE RT HON JONATHAN REYNOLDS MP

Secretary of State for Business & Trade and President of the Board of Trade