

Overview

The Plan to Make Work Pay, developed through close collaboration with business and trade unions, is a manifesto commitment and a core part of one of the Government's five mission-led priorities to grow the economy. The plan is designed to help more people to stay in work, support workers' productivity and improve living standards. One of the first significant delivery vehicles for this plan is the Employment Rights Bill. Once implemented, the Bill will represent the biggest upgrade in employment rights for a generation.

What measures are contained within the Bill?

It will address **one-sided flexibility**, ensuring that jobs provide a baseline of security for workers:

- End exploitative **zero hours contracts** by introducing rights to guaranteed hours, reasonable notice of shifts, and payments for short-notice cancellation of shifts, with corresponding rights for agency workers.
- End unscrupulous '**fire and rehire**' and '**fire and replace**' practices by considering dismissals for failing to agree to a change in contract as automatically unfair, except where businesses genuinely have no alternative.
- Remove the two-year qualifying period of employment for the right to claim **unfair dismissal**, making it a day-one right, while simultaneously enabling employers to ensure the employee is a good fit for the job by establishing a new statutory probation period.
- Strengthen **collective redundancy rights** by ensuring obligations to consult and notify apply when: (a) employers propose 20 or more redundancies at one establishment or; (b) employers propose an amount of redundancies which meets a new threshold to be established in secondary legislation.
- Close the **maritime redundancy notification loophole**, ensuring that operators providing regular services to British ports cannot avoid the collective redundancy notification requirement.

It will ensure **workers get fair pay** for a fair day's work:

- **Strengthen Statutory Sick Pay** by removing the Lower Earnings Limit and removing the waiting period.
- Re-instate the **School Support Staff Negotiating Body** to improve pay and conditions for school support staff in England.
- Provide for the establishment of a **Fair Pay Agreements** process in the adult social care sector in England and social care sectors in Scotland and Wales.
- Strengthen existing **tipping law** by requiring employers to consult with workers when developing or revising their tipping policies.
- Re-introduce the **two-tier code** on workforce matters ensuring that employees from the private sector working on outsourced contracts will be offered terms and conditions broadly comparable to those transferred from the public sector.
- Allow for the creation of a **mandatory Seafarers' Charter**, to protect the working conditions of seafarers aboard ships operating regular services from UK ports.
- Provide powers to maintain compliance with international law by staying up to date with **international maritime conventions**.

The Bill will support **family friendly rights** by improving flexibility and security:

- Make existing entitlements to **Paternity Leave and Unpaid Parental leave** available from 'Day 1' of employment.
- Enable parents to take their paternity leave and pay after their shared parental leave and pay.
- Introduce a new right to unpaid **bereavement leave**, allowing employees to take leave from work to grieve the loss of a loved one.
- Introduce new **protections against dismissal for pregnant women**, mothers on maternity leave, and mothers who return to work for a six-month period after they return to work.
- Strengthen the existing 'day-one' right to request **flexible working**, by requiring employers to explain the grounds on which they've denied a request and adding the requirement that a rejection of a request be reasonable.

The Bill will prioritise **fairness, equality and wellbeing of workers**:

- Strengthen the duty on employers to take 'reasonable steps' to **prevent sexual harassment** of their employees by requiring them to take 'all reasonable steps'.
- Introduce an obligation on employers to not permit **harassment of their employees by third parties**.
- Introduce a power to enable regulations to specify steps which are to be regarded as 'reasonable' for an employer to take in order to prevent sexual harassment.
- Strengthen protections for **whistleblowers**, by making it explicit that sexual harassment can be the basis for a protected disclosure.
- Motivate employers to **improve gender equality** by requiring relevant employers to produce action plans, setting out how they are addressing the gender pay gap issues and supporting employees going through the menopause.

The Bill will **modernise trade union legislation** giving trade unions greater freedom to organise, represent and negotiate on behalf of their workers:

- Repeal the Strikes (Minimum Service Levels) Act 2023
- Repeal the great majority of the Trade Union Act 2016 and bring in a 12-month mandate and 10 day notice period for industrial action.
- Strengthen trade unions' right of access, including providing for digital access.
- Simplify trade union recognition process, including providing better access arrangements for unions and dealing more effectively with unfair practices.
- Introduce new rights and protections for trade unions representatives.
- Introduce a duty for employers to inform workers of their right to join a trade union.
- Broaden the scope of blacklisting protections which may be made in regulations.
- Simplify the information required for industrial action notices.
- Provide protection from detriment on the grounds of industrial action.

Finally, the Bill will improve **enforcement** of employment rights:

- Establish the **Fair Work Agency**, which will bring together the enforcement of domestic agency rules, the National Minimum Wage, licensing of gangmasters, and action against serious labour exploitation. It will also take on additional functions such as the enforcement of holiday pay. Its' new powers will allow it to investigate, inspect and take action against businesses that are flouting the law. These include powers to investigate a wider range of cases of labour abuse, issue penalties, and bring cases to the employment tribunal on the behalf of workers.
- **Increase the time limit** within which employees are able to make an Employment Tribunal claim from 3 months to 6 months.
- Bring **umbrella companies** (payment intermediaries) within scope of the Employment Agencies Act 1973, allowing for their regulation and state enforcement.

Common questions

When will businesses be required to make these changes?

- As is typical for employment legislation, further detail on many policies in the Bill will be provided through regulations, and in some cases codes of practice, after Royal Assent.
- We expect to begin consulting on the majority of these reforms this year, seeking significant input from stakeholders.
- Adjusting to these new reforms will take time and we are committed to ensuring all stakeholders receive appropriate time to prepare for these changes.
- We expect that most reforms in the Bill will take effect no earlier than 2026. Where more time is needed for businesses to prepare for change, this will be taken into consideration. We will also publish guidance where this is appropriate.

How have stakeholders been engaged in the development of policy?

- The Government is undertaking an extensive programme of engagement around the Employment Rights Bill and broader Plan to Make Work Pay. This has been underpinned by a strong commitment to working in partnership with businesses and trade unions to ensure policy is firmly pro-business and pro-worker. The engagement approach has received praise from business and trade unions alike. It will continue throughout and beyond the passage of the Employment Rights Bill.
- Following introduction of the Bill, the Government ran four consultations: applying zero hours contracts measures to agency workers; strengthening remedies against abuse of rules on collective redundancy and fire and rehire; creating a modern framework for industrial relations; and strengthening Statutory Sick Pay. Responses to these initial conversations can be found online at www.gov.uk/government/collections/make-work-pay.

What role do delegated powers play in the Bill?

- The Bill contains a number of delegated powers. Given the large size of the Bill and the breadth of its subject matter, as well as the existing precedents for use of delegated powers in employment law, the Department believes these are necessary and justified. They will enable the Government to remain responsive to the changing needs of the modern labour market and economy, and to ensure the employment rights framework remains relevant to these needs.

Is it true that the reforms in this Bill will cost business £5bn?

- Impact Assessments across the Bill and individual measures are available online at www.gov.uk/guidance/employment-rights-bill-impact-assessments.
- These are based on the best available evidence and consultation with external experts and stakeholders, including academics and thinktanks.
- The £5bn figure from our Impact Assessment is a top-end estimate of the costs - which will largely represent a transfer to the lowest paid in society - with the bottom end of the range close to £1bn. The costs therefore are likely to be under 0.4% of our national wage Bill and could even be as low as 0.1%.
- Improving worker wellbeing, increasing productivity, reducing workplace conflict, and creating a more level playing field for good employers would grant significant benefits worth billions of pounds per year. That is why delivering the benefits of this Bill would offset the costs.