



Employment matters

What the new Government means for your business

5 July 2024

Following the Labour victory in the 2024 General Election, we are anticipating a number of new employment measures to be included in the King's Speech on 17 July 2024.

A key offering in the Party's manifesto was a commitment to reforming a number of areas of the world of work, setting out to deliver a "new deal for working people". Labour committed to introducing legislation in the first 100 days of government, although a number of the proposals will require consultation and/or secondary legislation before becoming law. It's therefore crucial that employers stay close to the detail as legislation is rolled out in the coming weeks and months, to get clarity on the impact of the changes on their business.

Given the wide ranging nature of these changes, we have summarised the key proposals, under two themes:

- making work pay and addressing fairness, and
- employment rights and Trade Union reform.

We have also included what employers should be doing now to understand the impact of these changes and how to prepare for them.



Making work pay and addressing fairness

Building on the introduction of the National Minimum Wage (NMW) in 1999, the new Government has said it will create a 'Genuine Living Wage' that people can live on, that covers all adult workers. To do this, they will change the remit of the Low Pay Commission.

In addition, a new Single Enforcement Body (SEB) will be created to police employment rights and work with His Majesty's Revenue & Customs (HMRC) to ensure the Genuine Living Wage is properly enforced, including penalties for non-compliance.

The Government has also proposed that all workers get reasonable notice of any change in shifts or working time, with compensation that is proportionate to the notice given for any shifts cancelled or curtailed.

The new Government plans to introduce a 'Fair Pay Agreement' (FPA) for the Adult Social Care sector. This will empower workers and Trade Unions to negotiate fair pay and conditions, including staff benefits, terms and training.

FPAs will also mean that Trade Unions can, in a 'regulated and responsible manner', access workplaces for recruitment and organising purposes. While the Government has promised to consult widely on the design of the FPA they have also said that once implemented they will assess to what extent FPAs could benefit other sectors which struggle with similar labour market challenges.

The Government is also committed to going 'further and faster' to close the Gender Pay Gap, requiring large employers (those with 250+ employees) to publish plans to close their gaps.

In addition they plan to extend pay gap reporting to cover ethnicity and disability and also introduce a new regulatory and enforcement unit for equal pay with involvement from Trade Unions.

Actions to take now

1

Review your current NMW and Holiday Pay compliance and assess the potential impact of any material increases in pay rates on your workforce model.

2

Understand what drives your gender pay gap, what actions you could take to help close it and how you can collect and improve the diversity data to prepare for disability and ethnicity reporting.

3

Undertake an equal pay review to assess the level of risk that you are currently carrying, so you can ensure this is addressed ahead of any compliance activity.



Proposals that impact employment rights

The Government envisages a 'step change' in how working people exercise control over their working lives and proposes a wide range of new employment law measures to achieve this. For instance, the use of zero-hours contracts will be banned, ensuring that employees have guaranteed hours that reflect their regular work patterns over a 12-week period. Additionally, from the very start of employment, workers will benefit from immediate access to rights such as protection against unfair dismissal, eligibility for sick pay, and parental leave, without the need for a qualifying period.

In an effort to simplify employment classifications, the Government intends to eliminate the current distinction between 'workers' and 'employees' granting all individuals the same employment rights and aims to provide a clearer framework for identifying genuine self-employment.

New rules are proposed that will offer stronger consultation safeguards in situations of collective dismissal, and limiting the controversial practice of 'fire and rehire' to circumstances where, for example, business viability is at stake. The Government also proposes to bolster protections against harassment, including from third parties, and for whistleblowers.

To support their vision for a more family-friendly and wellbeing-oriented work environment, they have signalled a wholesale review of the parental leave system, enhancing rights for pregnant women, carers, and the bereaved, as well as expanding access to flexible working arrangements. Furthermore, they plan to introduce a 'right to switch off' outside of work hours, modernise health and safety laws, and provide greater protections against workplace surveillance and the misuse of technology.

Underpinning these increased employment protections is a proposal for stronger enforcement mechanisms, including extending the time limits for tribunal claims and making it easier for employees to raise collective grievances.

Actions to take now

1

Consider the steps needed to operationalise these changes to avoid potentially significant disputes and litigation.

2

Assess which changes might lead to increased business costs.



Trade Union representation

Another key area for the Government is strengthening collective bargaining and increased unionisation across UK workforces.

To achieve this the Government proposes to 'modernise' Trade Union legislation, requiring employers, on a regular basis, to inform workers of their right to join a Union and simplifying recognition procedures, reducing the current thresholds needed for statutory recognition and repealing recent legislation which increased the thresholds required for industrial action.

The Government is also seeking to modernise balloting arrangements with a view to increasing participation, including allowing for electronic ballots. Increased rights of workplace access for unions is also envisaged to allow unions to organise and recruit, as well as measures to ensure that officials have sufficient facilities and better protections in relation to their Trade Union activities.

Actions to take now

1

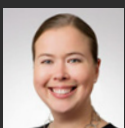
Consider your industrial relations and people engagement strategy and whether there is an opportunity to strengthen the voice of your workforce.

2

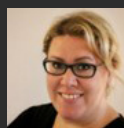
Review existing collective agreements and consider the impact that the proposed changes may have.

The above is a brief summary of the main proposals but there are a number of other changes that will also impact employers over the coming years. To better understand the extent of the proposed changes and their potential impact on your business please contact one of the following or your usual PwC contact.

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