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## Employment Rights Bill

Committee stage briefing for committee members  
26 November 2024

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### Introduction

As the voice of 48 unions and 5.2 million workers in every part of the economy, the TUC strongly supports the Employment Rights Bill.

The Bill is a gamechanger for millions of workers, especially those trapped in low-paid and insecure employment. As well as making work pay and boosting living standards, it is a crucial first step towards delivering better-quality employment in every part of the UK.

A landmark piece of legislation, the Bill will deliver the biggest upgrade to workers' rights in a generation. Crucially, it will also give workers a stronger voice at work by making it easier for them to benefit from union representation. And it will repeal anti-union laws that have undermined industrial relations and prolonged disputes.

The Bill is not only good for workers – it is also good for UK economy. The legislation will bring the UK into line with mainstream international practice, boost productivity and create a level playing field for business. This will prevent the decent majority of employers from being undercut by the minority of bad bosses.

Driving up employment standards and modernising industrial relations will bring significant economic benefits. New TUC analysis conducted by Landman Economics suggests the benefits government's package of workers' rights reforms could deliver economic gains worth around £13bn.

The TUC looks forward to working with parliamentarians and ministers to get the Bill's implementation right. Improving the quality of work in Britain is an urgent national mission that will benefit both workers and businesses.

### Why we need the Bill

The UK has a uniquely long tail of low-paid, insecure jobs relative to other OECD countries. Of the near 15 million people living in poverty today, more than half are in employment. And our rate of economic inactivity due to long-term sickness is worryingly high.

In June, the TUC published research showing that one in eight workers are in employment that offers little or no security. The latest labour market data, for example, shows 1.13m people are

currently employed on zero hours contracts. Black people, women, and disabled, LGBT+ and younger workers are far more likely to be in this position.

Workers in insecure work face a severe pay penalty compared to other workers. This is exacerbating the UK's already significant inequalities, and is one of the key drivers of increasing poverty and child poverty. Income inequality in the UK is higher than in any large European country.

Our epidemic of insecure and low-paid work costs the UK economy dear. As well as denying the Exchequer billions in reduced tax revenues, it undermines our productivity, sucks demand out of the economy and slows growth. In 2020, research from the Joseph Rowntree Foundation suggested that "having a significant number of workers in insecure roles limits the productivity of the UK economy. Employers invest less in the skills of their transient staff and the growing use of these forms of work encourages business models that depend on cheap work".

Insecure work has risen nearly three times faster than secure forms of employment since 2011, driving a race to the bottom on employment standards. Scandals like P&O Ferries underline the need for change.

Worker protections in the UK have failed to keep pace with a world of work that is changing fast. The gig economy, tech change and AI are all transforming our labour market at pace, but our rights have not kept pace.

Employment rights in the UK also lag behind other leading economies. Recent research by Cambridge University for the TUC found labour laws here are significantly weaker than many other OECD countries such as France, Spain, Germany and Italy.

## **Strong support for change – from all quarters**

The British people want a fundamental change of direction. There's overwhelming support for stronger workers' rights among voters right across the political spectrum.

Polling conducted by Opinium for the TUC shows there's for the public strongly agree with measures including new day one rights, action on fire and rehire, a ban on zero hours contracts and measures to deliver a real living wage. And by a margin of three to one, voters support stronger rights for unions to access workplaces.

Significantly, the measures in the Bill are also strongly backed by the majority of employers. A separate poll from Opinium for the TUC, IPPR and Persuasion UK has shown that senior decision-makers and middle managers in small, medium and large firms believe the Bill will have a positive impact, bringing substantial gains for employee retention, productivity and health – and ultimately for the bottom line

This polling shows that those who make management decisions at the sharp end of business, and who engage most frequently with employees, feel optimistic about the impact of the new legislation. More than seven in ten managers, for example, support giving employees access to sick pay from day one. Overall, managers believe the proposals will make employees healthier, happier and more engaged, as well as providing workers with more security and predictability. And they think this will bring wider benefits to their businesses and the economy.

Last but not least, there is support for the proposals among managers in sectors most likely to be most impacted by the changes. Over six in ten managers in hospitality, leisure and food say day one protection from unfair dismissal will have a positive impact in their business – with a similar picture in retail.

## **What's in the Bill**

The Bill includes a comprehensive package of measures to address insecurity, unfairness and exploitation at work. These include:

- **A right to guaranteed hours and compensation for cancelled shifts**- this will address the UK's huge problem of one-sided flexibility, with the use of zero hours contracts increasing by 65 per cent in the past decade. Over 80 per cent of people in this position want regular hours.
- **Protection against unfair dismissal** – removing the two-year qualifying period would ensure that workers are not able to be dismissed for unfair reasons, nor without a fair process. Currently, 8.5 million workers do not have protection from unfair dismissal.
- **Fire and rehire** – the Bill is designed to dramatically limit the use of fire and rehire, which has become increasingly common. During the pandemic, one in ten workers was threatened with fire and rehire.
- **Stronger flexible working rights** – four in five workers want to work more flexibly, and the Bill will strengthen the requirement on employers to accept requests for flexible working.
- **Statutory Sick Pay** – stronger sick pay rights, including the removal of the three-day wait and the lower earnings limit, which will benefit the lowest earners, reduce long-term sickness absence, and improve public health.
- **Entitlements to paternity and parental leave** – the Bill removes qualifying periods for paternity leave and parental leave, meaning more dad and partners will be able to take leave with their new families.
- **Protection from harassment** – welcome powers for tribunals to uplift compensation in sexual harassment cases where the employer has failed to take reasonable steps to prevent it, and also strategic enforcement powers for the EHRC.
- **Protections for pregnant employees** – the Bill contains proposals to strengthen dismissal protections for pregnant employees and returning mothers.
- **Collective redundancy** – the Bill includes proposal to ensure that collective consultation is triggered when an employer plans 20 or more redundancies, regardless of the size of the workplace.
- **Collective redundancy notifications: ships' crew** – stronger requirements on employers proposing to make collective redundancies across ships' crew.
- **Public sector outsourcing: protection of workers** – the Bill empowers ministers to direct no less favourable treatment of outsourced workers through a code of practice that can be incorporated into public service contracts.
- **Equality action plans** – we welcome moves to require employers with over 250 staff to publish a plan to address their gender pay gap and support staff through the menopause.

- **School support staff** – we support measures to introduce a School Support Staff Negotiating Body, which will help deliver fairer, standardised pay and conditions.
- **Adult social care fair pay agreement** – negotiated between employers and unions, this will deliver fairer wages, stabilise staff turnover, reduce vacancies and improve the quality of care.
- **Right to statement of trade union rights** – we support measures to ensure that employers provide a written statement of their workers' right to join a union.
- **Right of trade unions to access workplaces** – the Bill will introduce important measures to enable unions to meet, represent, organise and recruit workers, and facilitate collective bargaining. This will prevent employers such as Amazon taking extraordinary steps to stop unions from even speaking to their workforces.
- **Trade union recognition** – the Bill will remove some of the hurdles unions face gaining recognition.
- **Requirement to contribute to a political fund** – we welcome the removal of the Trade Union Act 2016 provision that automatically opts new members out of contributing to a political fund where a union has one.
- **Deduction of trade union subscriptions from wages in public sector** – we welcome the removal of the unnecessary requirement in the Trade Union Act 2016 that greatly restricted public sector employers' use of "check-off" systems.
- **Facilities provided to trade union representatives and members** – we welcome the strengthened obligations on employers to provide accommodation and facilities for union reps to carry out duties.
- **Statutory rights for trade union equality reps** – we welcome measures to deliver paid facilities time for equality reps to carry out their duties.
- **Blacklists** – the Bill includes welcome new provisions to ensure that lists compiled by AI which are used, sold or supplied are captured within the scope of the blacklisting rules.
- **Industrial action ballots: turnout and support thresholds** – the Bill repeals measures in the 2016 Trade Union Act, which puts artificial thresholds in the way of members voting for industrial action.
- **Industrial action ballots: provision of information to members** – we welcome the simplification of the law for unions.
- **Electronic balloting** – we support government plans to use existing legislation to permit the use of electronic and workplace balloting.
- **Industrial action: provision of information to employer** – we welcome the Bill's provisions to return the notice period to seven days.
- **Industrial action: picketing** – we welcome the removal of additional requirements around the supervision of pickets introduced in the Trade Union Act 2016.
- **Protection against detriment for taking industrial action** – all workers and employees will now be protected from specific detriments aimed at preventing them or deterring them from taking lawful industrial action.

- **Protection against dismissal for taking industrial action** – we welcome the removal of the 12-week cap on protection.
- **Repeal of the Strikes (Minimum Service Levels) Act** – we welcome the repeal of this unworkable law.
- **Certification Officer** – we welcome the removal of beefed up powers for the Certification Officer to seek an annual levy and impose fines on trade unions.
- **Fair Work Agency** – the Bill will bring together existing state enforcement agencies, with an advisory board including trade union representatives.

### **Positive impact on workers**

The Department for Business and Trade has set out that ten million workers will benefit from the Employment Rights Bill. And there will be a “significant positive impact” for workers in low-paid, insecure work.

The reforms will help more people stay in work, boost living standards and improve health and wellbeing. Among the main beneficiaries will be low-paid women workers, younger workers, ethnic minority workers and disabled workers.

The Bill will help to tackle race inequality at the heart of our labour market. Presently, one in six BME workers is trapped in insecure work, with BME women almost three times as likely as men to be employed on zero hours contracts.

Action plans for addressing gender pay gaps will be welcomed by millions of women workers, who effectively work for free for two months of the year.

The fair pay agreement in social care, action to tackle maternity discrimination and better treatment for women of menopausal age – who make up over a tenth of the workforce – will also help tackle the UK’s deep gender inequalities.

The Bill will tackle the sexual harassment that three in five women suffer at some point in their working lives.

Stronger flexible working rights will benefit working people from all backgrounds. Currently, over half of new dads and partners entitled to paternity leave who request flexible working do not get the flexibility they ask for, especially those on lower incomes. And women are almost five times more likely than men to be out of work altogether due to caring responsibilities.

Meanwhile, more than seven working people will benefit from day one rights to statutory sick pay – over a quarter of the UK workforce. Women and BME workers in sectors such as social care and hospitality will be among the main beneficiaries. Currently, women are more than twice as likely as men to miss out on SSP.

Young workers have been hit particularly hard by the UK’s epidemic of insecure work, with three-quarters of 16 to 24 year-olds missing out on key rights at work.

More than 400,000 young workers will benefit from the uplift in the national minimum wage, while action to tackle zero hours contract will benefit the near 50 per cent of young workers who are employed in this way.

Finally, stronger trade union rights will make UK workplaces fairer and more equal. While all working people will gain from stronger unions, women and BME workers will feel the benefits most keenly.

## **Social and economic benefits**

The Employment Rights Bill will bring substantial social and economic benefits. The government have set out that, it will be “significantly positive for society” and is likely to have net positive impacts for growth. The government’s analysis sets out benefits the package will deliver including improved workforce health and wellbeing; increased economic activity rates; improving equality; improved industrial relations; and higher productivity.

Evidence suggests that stronger labour market regulation as set out in the Bill will benefit productivity, business performance and the government’s fiscal position. Research from Warwick University’s Knowledge Centre, for example, shows that “poor quality jobs have direct and indirect costs of the Exchequer”.

The OECD also recognises the economic benefits of improved employment protection legislation. In 2018, it concluded: “Countries with policies and institutions that promote job quality, job quantity and greater inclusiveness perform better than countries where the focus of policy is predominantly on enhancing or preserving market flexibility”.

Furthermore, the OECD has noted that collective bargaining between workers and employers is good for productivity and employment. And recent research by Cambridge University shows that stronger labour laws can support the economy.

## **Affordable for employers**

The government’s impact assessment shows the Bill will mean negligible costs for business, with the initial assessment showing that costs will total just 0.4 per cent of total employment costs across the economy with much of this coming from the costs of familiarisation with the new legislation. Meanwhile, improved wellbeing and health will benefit employers. In 2022/23 alone, over 17 million working days were lost to stress, depression and anxiety, equivalent to over £5 billion in lost output.

Most employers treat their staff well and do not use exploitative practices like zero hours contracts and fire and rehire. By levelling the playing field on workers’ rights, the Bill will stop decent firms being undercut by the bad.

The changes will most affect those companies whose business models have been built on low-paid, insecure employment.

As many of our competitors have shown, there is no trade-off between robust employment regulation and a strong corporate sector. The Bill will help the UK break free from its doom loop of low pay, low demand and low investment.

## **Areas for further consideration**

Alongside our strong support for the Bill and the benefits it will bring, the TUC has identified a small number of issues that merit further consideration, including the full repeal of the 2016 Trade Union Act.

The right to guaranteed hours puts in place a relatively complex system for guaranteed hours and notice of shifts, and it will be crucial that workers and employers are able to understand their rights and responsibilities under the new system.

On fire and rehire, it will be important to close loopholes and that following consultation, strong measures are introduced to deter employers from using this practice.

The TUC would also welcome legislative scope to extend fair pay agreements to additional sectors in the future. We are also calling for consideration of wider changes to the trade union recognition process, including the broadening of the scope of recognition beyond pay, hours and holidays.

On sick pay, it will be important that low earners have access to a decent sick pay rate, and also that the legislation ensures none of the lowest earners are any worse off than under the current system.

We would also welcome greater clarity in the Bill in a number of areas including requests for flexible working, timescales for the implementation of stronger rights for pregnant employees and returning mothers, and trade union access rights.

Beyond the Bill, the TUC looks forward to working with the government to deliver its additional *Make Work Pay* commitments.

## **Conclusion**

The Employment Rights Bill offers a historic opportunity to deliver meaningful change at work. By addressing unfairness and insecurity in our labour market, this common-sense package of changes will put better work at the heart of a stronger, fairer economy.

Delivered in full, the measures in the Bill will raise incomes, boost living standards and make work pay right across Britain. After a decade and a half of stagnant wages and spiralling insecurity, it's time to deliver a fair deal for working people.

The TUC urges members of the Committee to support this important legislation and ensure that it is as effective as possible.

**For further information or to speak to a member of our team, please contact Matt Dykes, Public Affairs Manager TUC on 07903 862 028 / [mdykes@tuc.org.uk](mailto:mdykes@tuc.org.uk)**