

The UK government has today published its [“Good Work Plan”](#), setting out how it intends to take forward the majority of the recommendations made by Matthew Taylor in his [Review of Modern Working Practices](#).

The government has described its proposals as “the biggest package of workplace reforms for over 20 years” and there is certainly quite a lot in there for employers to take on board.

Key changes include:

Employment Status

- New legislation to try and improve the clarity of the employment status tests. Such legislation is likely to place more emphasis on the degree of control a business has over an individual and less emphasis on whether the individual has the right to send a substitute.
- Proposals to align the employment status frameworks for the purposes of employment rights and tax to ensure that the differences between the two systems are reduced to an absolute minimum.

Holiday Pay

- New legislation to extend the holiday pay reference period from 12 to 52 weeks, together with new guidance to support the interpretation of holiday pay rules.

Transparency

- A new “day one” right for all workers (i.e. not just employees) to have a written statement setting out details of their terms and conditions. Such a statement will have to include additional information, including how long a job is expected to last; details of types of paid leave, e.g. maternity and paternity leave; duration and conditions of any probationary period; details of all remuneration (not just pay); which specific days and times workers are required to work; how much notice an employer and worker are required to give to terminate the agreement; and details of eligibility for sick leave and pay.

Agency Workers

- Repeal of the so-called “Swedish Derogation”. Currently, agency workers can exchange their right to be paid equally to permanent counterparts in return for a contract guaranteeing pay between assignments. The government is concerned that this derogation is being abused and it will, therefore, ban this type of contract.
- All employment businesses will be required to provide agency workers with a Key Facts Page that will include the type of contract the worker is employed under, the minimum rate of pay they can expect, how they are to be paid, if they are to be paid through an intermediary company, any deductions or fees that will be taken and an estimate of what this means for their take home pay.

Miscellaneous

- Lowering the threshold required for a request to set up information and consultation arrangements from 10% to 2% of the workforce.
- A new right for all workers to request a more predictable and stable contract after 26 weeks’ service.
- Legislation to ban employers from making deductions from staff tips.
- Extending the time required to break a period of continuous service from one week to four weeks, to make it easier for employees to access certain rights linked to continuity of service.

Enforcement

The government has also responded to the Labour Market Strategy set out by Sir David Metcalf, the Director of Labour Market Enforcement. Its proposals concerning new enforcement measures include:

- Creating a new single labour market enforcement body
- New legislation to enforce payment of holiday pay
- New enforcement protections for agency workers who have had pay withheld or unclear deductions made by an umbrella company

Proposed reforms to the employment tribunal system include new legislation to increase the penalty that employment tribunals can impose in instances of aggravated breaches from £5,000 to £20,000, and legislation to include an obligation on them to consider the use of sanctions where employers have lost a previous case on broadly comparable facts.

There is no indication yet as to timings for these proposed changes. We will be analysing the government's proposals and commenting on them in more detail via our *Employment Law Worldview* blog, so [sign up](#) to receive these updates directly in your inbox.

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