

New UK Government: Employment Law Reforms — What Employers Need to Know

July 11, 2024

With a new Labour government comfortably moved into Whitehall, employers across England, Wales and Scotland should expect several employment law reforms to affect everyday business decisions in the coming months. Labour set out their intended reforms in their "[Plan to Make Work Pay](#)." The proposed changes are numerous and vary in significance, but here is a summary of some of the key changes to be aware of:

1. Unfair Dismissal – Day One Right

The new Government has promised to give employees protection from unfair dismissal from the first day of their employment. This will be a monumental shift in employment law, as current protection from unfair dismissal only kicks in after two years of continuous employment. This means employers can only terminate an employee's employment lawfully after identifying a fair reason and following a fair process as prescribed by law.

Whilst this change is seemingly good for employees, this change is likely to make businesses recruit with greater scrutiny and require more formal, extended probationary periods. In the longer term, terminations are likely to be more expensive, and we would expect that the number of tribunal claims will likely increase.

2. Right to Flexible Working – Day One Right

The right to request flexible working became a day one right on 6 April 2024. The Labour Party has now stated that flexible working will be made the default for all workers, except where it is not reasonably feasible, from the first day of employment. The aim is that workers could benefit from flexible arrangements, such as term-time options, with a particular emphasis on flexibility for workers with caring responsibilities (both for children and elderly parents).

3. Statutory Sick Pay – Day One of Sickness Right

Labour will remove the four-day waiting period so that statutory sick pay (SSP) must be paid from day one of sickness, which will increase employers' costs. The Government has not confirmed if it will increase the rate of SSP, which remains relatively low at £116.75-per week, but it does plan to remove the lower earnings limit.

4. Right to Switch Off

The Government has said it will introduce the 'right to disconnect' to promote healthier working practices. Looking to more flexible European models for inspiration, it plans to give workers and employers the opportunity to collaborate on the development of policies or contractual terms that benefit both parties.

5. Family Leave Changes

The Labour Party will review the parental leave system, wanting to make 'parental leave' another day one right. It's unclear if this means parental leave only or other kinds of right for parents to take family leave.

For example, paternity leave currently requires six months' of employment. It seems highly likely that the Labour Party will scrap this.

In addition, a new law was already introduced this year that means pregnant women who are selected for redundancy have the right to suitable alternative employment. The Government wants to go further and prevent the dismissal of those returning from maternity leave, except in specific circumstances (to be defined).

The right to one week's unpaid carer's leave came into force in April 2024. The Labour Party would look at making this a paid entitlement but is not promising to do so.

6. Bereavement Leave

Many employers have a policy of compassionate leave already. The Government wants to make this a statutory entitlement.

7. Increased Protection from Sexual Harassment

From October 2024, employers will already come under a new proactive duty to take 'reasonable steps' to protect employees from sexual harassment. However, the Government plans to further extend the protection by requiring employers to take 'all reasonable steps' to stop sexual harassment, including harassment by third parties, such as customers.

8. More Pay Gap Reporting (for Employers with 250+ Employees)

In addition to gender pay gap reporting (which is going to be extended to include outsourced workers), the Government also plans to make ethnicity pay gap and disability pay gap reporting compulsory for employers with at least 250 employees. This is likely to mean a bigger burden on data handling, diversity and inclusion reporting and HR compliance management.

9. Race Equality Act

The Government wants to extend the right to make equal pay claims to black, Asian and minority ethnic and disabled workers. It also wants to introduce a right to claim 'dual discrimination,' where an individual can claim they have been discriminated against because of having two protected characteristics, such as discrimination based on race and gender.

10. New Single Status of "Worker"

Following consultation, the Labour Party plans to simplify the current multisystem for employment status. It wants to implement a new system where people are designated as either workers or self-employed, eliminating the current legal distinction between 'employees' and 'workers.'

Whilst most will welcome a simpler system, it's not clear how rights such as sick pay and family leave rights would be delineated, or how people will be taxed. 'Workers' are currently taxed as self-employed, but presumably, it wouldn't work to have two groups of workers with identical employment rights who are taxed differently. If the new single-status workers are taxed as employees, employer costs, specifically NICs (depending on whether and how those costs are passed on), might mean more individuals will argue that they are self-employed.

Legislation is expected to be put before Parliament within the first 100 days of the Labour Party's entry into government with respect to many of these proposals, so the finer details of these changes should soon become clear.

CONTACTS

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7/11/24