

What to expect from Labour's employment law reforms: Key takeaways from The King's Speech 2024

01 August 2024  Raymond Silverstein

Keir Starmer has committed to introducing an Employment Rights Bill within the first 100 days of the new parliament. This initiative, highlighted in the [King's Speech](#), addresses several critical areas including the abolition of zero-hour contracts, the reform fire and rehire practices, additional day one rights and protections for employees, the establishment of a single enforcement body, the Fair Work Agency, and significant revisions to trade union legislation.

These changes are expected to have a profound impact on both employees and employers. It is highly recommended that employers begin preparing for these changes as soon as possible to ensure compliance and smooth transition. Here are a few key takeaways:

Unfair dismissal, day one rights:

One of the most impactful proposals is the introduction of protection from being unfairly dismissed from day one of employment, subject to a probationary period. Historically, there was a mandatory ordinary qualifying period of initially six months which increased most recently to 2-years before an employee could claim unfair dismissal.

What does this mean for employers?

- Revisiting HR policies and procedures:** Employers will need to prepare to update their HR policies and procedures to ensure they are ready to comply with the change. This could include reviewing probationary periods and ensuring fair and transparent processes are in place for post probationary period dismissals regardless of length of employment.
- Revamping recruitment processes:** Employers may need to enhance their recruitment processes to implement a more rigorous recruitment and selection criteria given that many more dismissals will have to be justified as being fair substantively and procedurally after the change has come into effect. Some employers may look to engaging more individuals on a self-employed basis.

Flexibility and zero-hours contracts:

Some sectors rely heavily on flexible working, and the new legislation is likely to significantly impact those businesses and other operations, including hospitals and the care sectors as well as some seasonal workers. The Workers (Predictable Terms & Conditions) Act 2023 is set to come into force this Autumn and will give workers the right to request a more predictable working pattern if their hours are uncertain, thereby ensuring greater stability and predictability in their employment.

- Ban on exploitative zero-hour contracts:** The government's newly announced legislation will aim to curb the use of zero-hour contracts to provide more workers with a baseline level of security and predictability, ending the practice where workers are left uncertain about their working hours and income. It is envisaged that workers will have the right to a contract that reflects the number of hours they regularly work, based on a 12-week reference period.
- Compensation for cancelled shifts:** Employers will need to compensate workers if shifts or working times are cancelled without reasonable notice.

What is this likely to mean for employers?

1. **More fixed term contracts:** The government has assured employers that flexible and seasonal work will still be possible, an example is fixed term contracts.
2. **Stable operations:** Employers may want to explore ways to accommodate these planned changes by looking at its operations to prepare for them by, for example, exploring more stable working patterns.
3. **Scheduling systems:** Investing in scheduling software can assist some employers to manage working hours more effectively to minimise last-minute cancellations thereby avoiding disruption and a compensation penalty once introduced.

Pay:

This encompasses changes to the National Minimum Wage, including the key change that wage levels will be set factoring in the cost of living, median wages, and economic conditions. The planned removal of all age bands is designed to prevent younger workers receiving lower pay than older workers for performing the same work. Statutory Sick Pay (SSP) will be available to all employees, removing the limit that previously excluded low-income workers once the proposed changes become effective.

What does this mean for employers?

1. **Adjust employment contracts:** Consider the impact the changes once implemented are likely to have on your organisation. Plan ahead.
2. **Financial planning:** Employers should anticipate the potential increase in payroll expenses due to, for example, the inclusion of travel time in wage calculations, and the immediate payment of SSP. Budget adjustments may become necessary.

By thinking and acting proactively, employers can effectively navigate the upcoming legislative changes, safeguarding both their operations and their employees. These changes together represent the most significant increase to worker rights in a generation. Preparation is essential for an organisation to successfully transition into this new regulatory environment. A thorough understanding of the changes as the legislation passed through Parliament will enable employers to capitalise on the potential benefits while avoiding pitfalls.

Key contact



Raymond Silverstein

Partner

raymond.silverstein@brownejacobson.com

+44 (0)207 337 1021