



# Get ready for workforce change

Government policy is set to transform the employment regulation and cost landscape. Make sure you're prepared for the new reality.

A guide for business.

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KPMG Tax & Legal







The Government’s Employment Rights Bill and all of the change associated with its Make Work Pay agenda will reset the employer/ worker relationship. The ambitious overhaul of employment regulations will transform six key areas affecting employers: workers’ rights (individual and collective), pay and tax, inclusion, diversity and equality (IDE) reporting, trade unions relations and enforcement.

The scale and volume of these provisions present a major challenge for organisations, on several levels.

The Bill is a framework for change. With a few exceptions, these proposals will not take effect immediately and it is likely to be late in 2026 before substantive legislation comes into force. The more substantive changes will require engagement with business, unions and workers and this process has already started through consultation papers and amendments to the Employment Rights Bill. This will allow a lead in time to finesse the details of the proposals and for businesses to plan and prepare.

Adapting to such far-reaching change demands a holistic response. We set out in this guide an overview of the proposed changes and what they mean for employers as well as how to approach prioritisation and action planning.

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# The “what”

With the introduction of the Employment Rights Bill 2024, the Government has ushered in a bold agenda focussed on “Make Work Pay”. This ambitious initiative entails a comprehensive overhaul of employment law and tax regulations, aiming to create a fairer and more equitable working environment for all.



## Employment Rights

### 1. Individual Rights

- Day one rights including dismissal protection, parental leave, statutory sick pay, flexible working
- More clarity on working hours for Zero/Low hours workers
- Family related leave including bereavement leave
- Strengthened redundancy rights and protections including for pregnant women

### 2. Other protections and collective rights

- Collective redundancies: removal of “establishment”
- Reform of “fire and rehire” practices
- Public Sector Outsourcing

## Pay & Tax

- Day One Statutory Sick Pay (SSP)
- Tipping

### Included in the Autumn Budget

- National Living Wage / National Minimum Wage increases
- Secondary Class 1 National Insurance Contributions increase for employers
- Employment allowance (changes for employers)
- Mandatory payrolling of benefits (more guidance)
- Umbrella company reforms

## IDE Reporting

- Introduction of Gender Pay Gap Reporting action plans
- Enhanced duty to prevent sexual harassment
- Menopause action plans

## Trade Unions

- Fair pay agreement in certain sectors/ negotiating body
- Trade unions, recognition and industrial action

## Enforcement

- Creation of a Fair Work Agency
- Anti-avoidance policies re: Exploitative zero-hour contracts
- Regulatory and enforcement unit for equal pay
- Increasing time limits for employee claims





# Roadmap: How to prioritise action planning

This matrix is an aide to help you assess which of the proposed changes are relevant to your organisation and to prioritise where you will take action.

The matrix provides an overview of the proposed reforms, organised by:

- Short, medium and long-term likely implementation dates; and
- The complexity of operational implementation

We expect the long-term proposals to be subject to more detail or change than the short/medium term proposals.

	Short-Term (2024-2025)	Medium-Term (2026)	Long-Term (2027 and beyond)
Low Complexity	<b>IDE</b> <ul style="list-style-type: none"><li>• Increased protection in relation to sexual harassment at work</li></ul> <b>Employment Rights</b> <ul style="list-style-type: none"><li>• Day One parental leave</li><li>• Paternity leave changes</li></ul>	<b>IDE</b> <ul style="list-style-type: none"><li>• Gender pay gap reports to identify contract workers</li></ul> <b>Employment Rights</b> <ul style="list-style-type: none"><li>• Protection for maternity returners</li><li>• Right to bereavement leave</li><li>• Right to switch off</li></ul>	<b>IDE</b> <ul style="list-style-type: none"><li>• Menopause Action Plans</li></ul> <b>Employment Rights</b> <ul style="list-style-type: none"><li>• Parental leave/carer’s leave review</li></ul>
Medium Complexity	<b>Pay and system configuration</b> <ul style="list-style-type: none"><li>• Statutory Sick Pay</li><li>• National Living Wage</li><li>• Holiday pay enforcement</li></ul> <b>Trade Union/Collective Rights</b> <ul style="list-style-type: none"><li>• Repeal of Strikes (Minimum Service Levels) Act 2023 and Trade Union Act 2016 and permission for electronic balloting</li><li>• Fair Pay Agreement in adult social care</li></ul>	<b>IDE</b> <ul style="list-style-type: none"><li>• Gender Pay Action Plans</li></ul> <b>Employment Rights</b> <ul style="list-style-type: none"><li>• Flexible Working</li></ul>	<b>IDE</b> <ul style="list-style-type: none"><li>• Ethnicity and Disability pay gap reporting</li><li>• Extension of equal pay rights</li></ul> <b>Trade Union/Collective Rights</b> <ul style="list-style-type: none"><li>• Obligation to notify workers of their right to join a trade union</li><li>• New protections for trade union reps and members.</li><li>• Collective Grievance Process</li></ul> <b>Employment Rights</b> <ul style="list-style-type: none"><li>• Extension of time limit for ET claims</li></ul>
High Complexity	<b>Collective Rights</b> <ul style="list-style-type: none"><li>• Outsourcing/TUPE</li></ul>	<b>Employment Rights</b> <ul style="list-style-type: none"><li>• Day One right not to be unfairly dismissed</li><li>• Zero hours/guaranteed hours</li><li>• Zero hours/Notice and Compensation</li></ul> <b>Trade Unions</b> <ul style="list-style-type: none"><li>• Right to Trade Union Access</li></ul>	<b>Enforcement</b> <ul style="list-style-type: none"><li>• Equal Pay Enforcement Unit</li><li>• Creation of Fair Work Agency</li></ul> <b>Trade Union/Collective Rights</b> <ul style="list-style-type: none"><li>• Reforms to statutory union recognition</li><li>• Restrictions on ‘fire and rehire’</li><li>• Collective redundancy consultation trigger change</li></ul> <b>Employment Rights</b> <ul style="list-style-type: none"><li>• Single Status of Worker</li></ul>





# Next steps:

**Adapting to such far-reaching change demands a holistic response.**

Your first priority should be to understand the cumulative effect of the Government’s proposals on your workforce strategy, day-to-day operations, and cost base.

The right approach will then depend on a number of factors that are unique to each organisation – including your:

- Workforce profile
- Employee value proposition
- Reward strategy
- Employment terms and conditions
- Working arrangements
- Operational structure
- HR and payroll systems



01

Undertake an impact assessment and readiness check

- Undertake workforce strategy review to determine impact of changing obligations
- Undertake workforce structure review to determine impact of changes to employment status and zero hours contracts
- Map out key ‘watch out’ areas and timeline/roadmap

02

Prioritise your actions considering key metrics

- Prioritise based on the organisation’s business requirements and workforce strategy
- Understand operational and system dependencies limitations
- Consider ‘no regrets’ actions

03

Engage key stakeholders within your organisation

- Determine which stakeholders need to be involved in decisions regarding implementation changes
- Develop communication plan for your workforce and internal stakeholders as questions are likely

04

Monitor progress of the proposals

- Set up working groups to monitor key areas of reform
- Undertake revised impact assessments as and when consultations/further information comes to light

# Where do I find out more?

The employment landscape is changing. Our team of legal and tax experts can help you navigate workforce change and compliance. Get in touch to see how we can help you evolve your workforce strategy.



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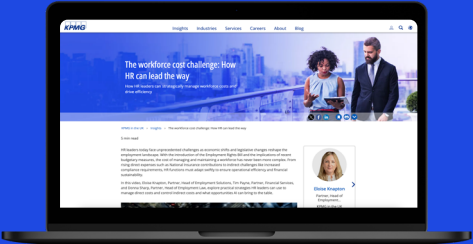
Read about it in our UK Employment Rights Bill 2024 in review publication, here:



Find more insights on our blog, here:



Or find out more about getting ready for workforce change here:







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