



The Good Work Plan

Webinar

—

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With you today



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What will we cover?

Agenda



Background



Top 10 things to note from the Good Work Plan

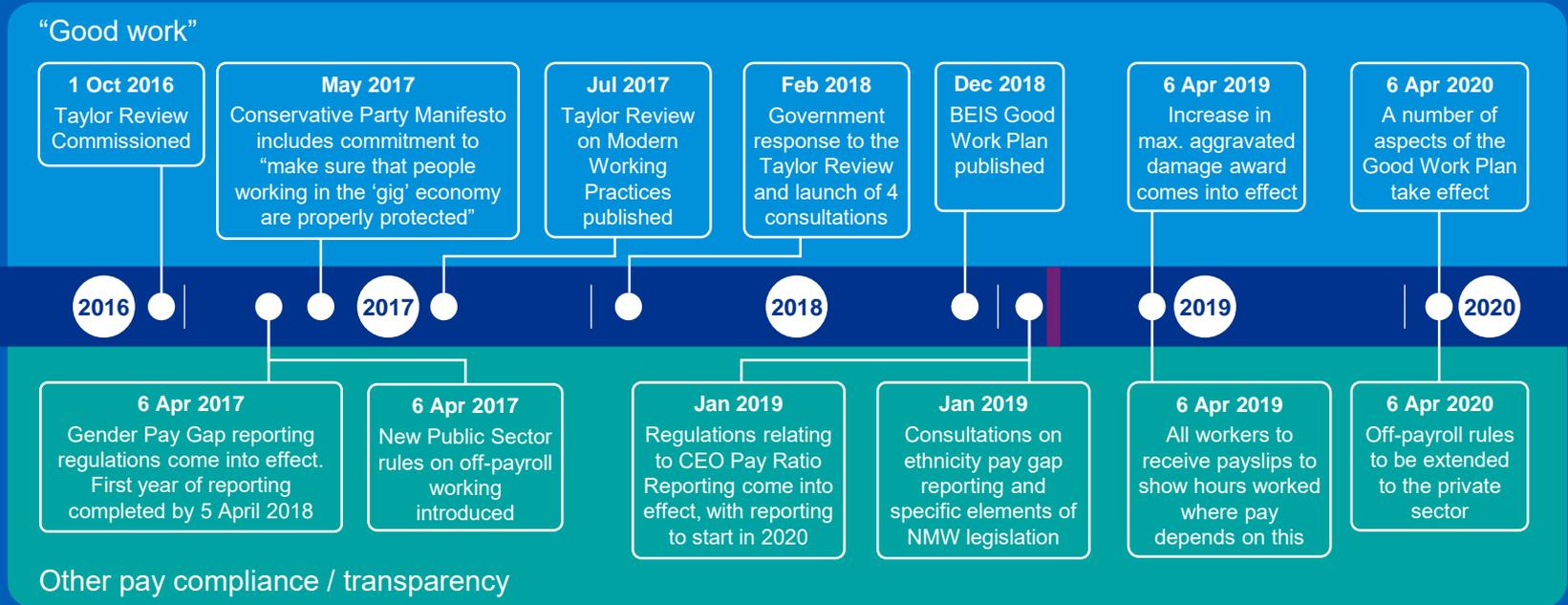


The bigger picture and practical considerations



Background - the Good Work Plan in context

It is important to see the Good Work Plan in the context of a number of other developments in pay compliance and pay transparency.





Top 10 things to note from the Good Work Plan



Top 10 things to note from the Good Work Plan



1. Employment status

The Government will undertake two key actions:

- Legislate to 'improve the clarity' of the employment status tests; and
- make detailed proposals on how to align the employment status test for employment rights and tax.

Key points:

- ✓ Less uncertainty
- ✓ Concept of worker to be retained
- ✓ Less emphasis on substitution. More emphasis on control
- ✓ Improved guidance and online tools to be introduced

To be confirmed:

- ? When changes will come into effect;
- ? The detail of what the new tests will be.
- ? How the changed test will be reflected in HMRC's Check Employment Status Tool (CEST)
- ? The interaction with off-payroll working changes



2. New enforcement agency

A new single labour market enforcement agency has been proposed.

Key points:

- ✓ To combine a number of areas of enforcement **including**:
 1. national minimum wage (NMW)
 2. statutory sick pay
 3. holiday pay
 4. working time
- ✓ Builds on recent NMW enforcement by HMRC
- ✓ Proposals for this will be put forward in 'early' 2019

To be confirmed:

- ? How it will be constituted
- ? When it will come into being

Top 10 things to note from the Good Work Plan



3. National Minimum Wage (NMW)

NMW legislation is not going to be amended to take account of gig economy workers.

Key points:

- ✓ No change to the law – this is unsurprising

To be confirmed:

- ? Interaction, if any, with current consultation on some specific aspects of the NMW Regulations
- ? How will gig economy workers be protected?
- ? What is 'working time' for NMW purposes in the gig economy. Will further guidance be issued. This was a key aspect of the Taylor Review.



4. Holiday pay

Key points:

- ✓ reference period for average week's pay extended to 52 weeks
- ✓ This will come into force on 6 April 2020
- ✓ (as mentioned above) new enforcement agency for holiday pay rights

To be confirmed:

- ? New government guidance & improved holiday entitlement calculator
- ? The nature of enforcement powers and accompanying penalties

Top 10 things to note from the Good Work Plan



5. Continuous service

Period of time to break continuity of service will be extended to 4 weeks.

Key points:

- ✓ Will impact rights for low pay/zero hours/uncertain hours employees
- ✓ No impact for 'workers'
- ✓ Will be effected by the introduction of legislation

To be confirmed:

- ? When this will come into effect
- ? Whether there will be consultation on the draft legislation



6. Right to request a more predictable and stable contract and receive written terms

1. All workers and employees to be able to request a more fixed working pattern after 26 weeks of service.
2. All employees, workers and agency workers will be entitled to a written statement/ 'key facts page' on day one.

Key points:

- ✓ 'Fixed working pattern' could be fixed number of hours or fixed days
- ✓ Right to written statement will come into force on 6 April 2020

To be confirmed:

- ? When employer can refuse a request for fixed working pattern
- ? When right to request a more fixed working pattern will come into effect

Top 10 things to note from the Good Work Plan



7. Agency workers – ban on Swedish derogation

Ban on the Swedish derogation (allowing agency workers to opt out of the right to equal pay with permanent employees in return for guaranteed pay between assignments)

Key points:

- ✓ Change was expected
- ✓ Significant impact for employers currently relying on it currently
- ✓ Some employers (particularly staffing agencies) will need to change their engagement model
- ✓ Will come into effect on 6 April 2020



8. Tips

The Government will ban employers from making deductions from staff tips

Key points:

- ✓ Employers will no longer be permitted to deduct administrative fees for administering tips

To be confirmed:

- ? When this will take effect
- ? The impact on current tips schemes and systems

Top 10 things to note from the Good Work Plan



9. Aggravated penalties for employers

The maximum aggravated breach penalty will increase to £20,000 for employers who have breached their obligations

Key points:

- ✓ Increase from £5,000 to £20,000
- ✓ Part of broader project to modernise the Employment Tribunal service and make it easier to enforce tribunal awards
- ✓ In force from 6 April 2019



10. Information and consultation

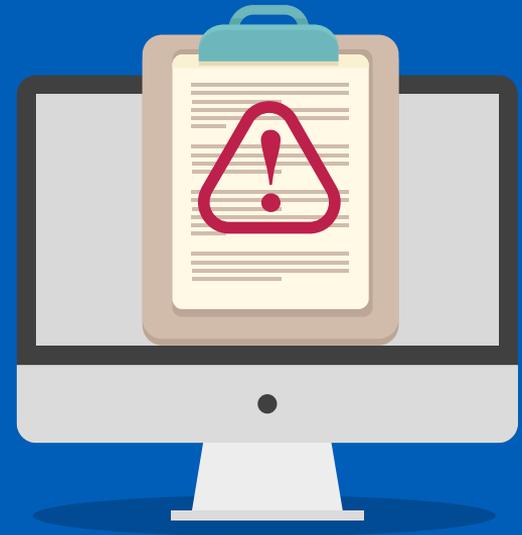
The threshold to request information and consultation arrangements reduced from 10% to 2% of employees.

Key points:

- ✓ Unlikely to have a significant impact as this right is rarely used
- ✓ Existing minimum of at least 15 employees will remain
- ✓ In force from 6 April 2020

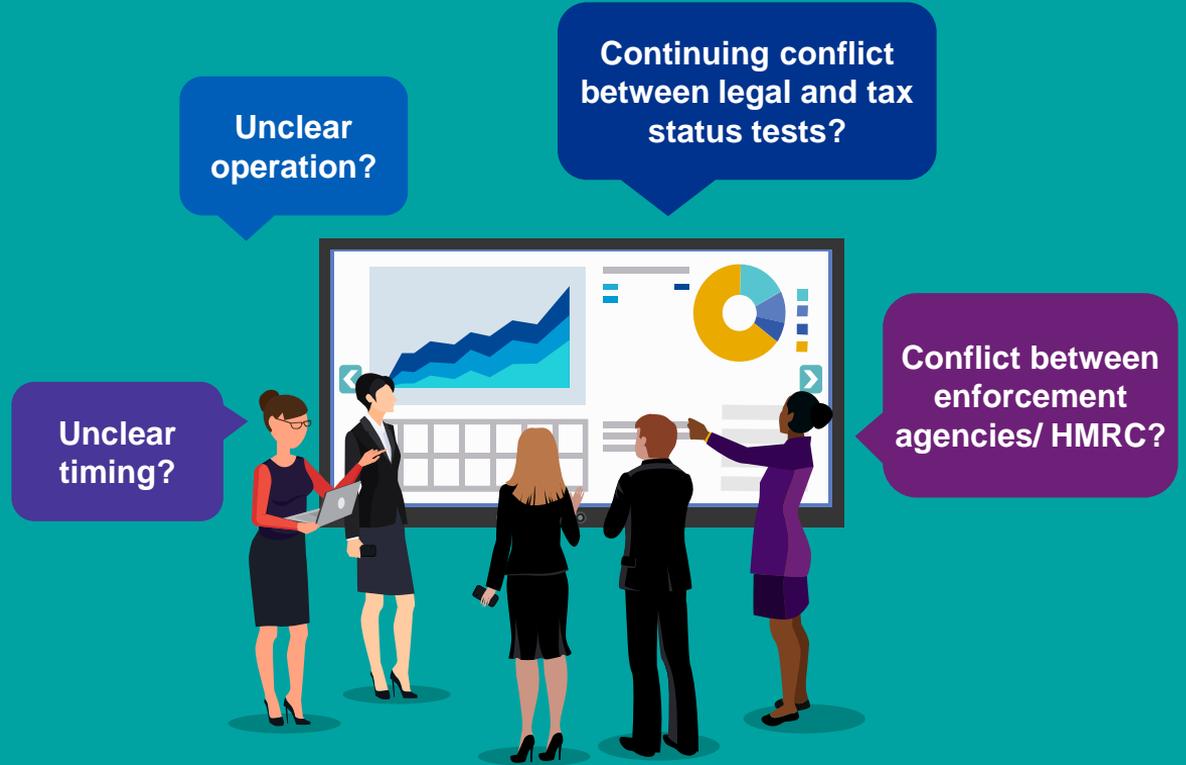


The bigger picture and practical considerations



The bigger picture

- The Good Work Plan is part of a **larger set of measures** focusing on increased pay compliance and pay transparency
- **But do all these measures hang together?**
- **Perhaps not** (at least without further details)



Practical considerations for employers



Despite uncertainty on some proposals, employers can take proactive steps now to help understand the potential impact of changes on their workforce:



— Are your payroll systems able to cope with changes to payslips and holiday pay calculations?



— How do you engage contractors? How are they taxed?



— Do you engage agency workers using the Swedish Derogation?



— Have you reviewed NMW and holiday pay compliance?



— Do you need to review how tips/ TRONC are distributed to employees?



— Do your recruitment processes allow you to issue employee information on day one?



Strategic approach to managing pay compliance

Understand your obligations

1. What are the rules?
2. How do they apply to your organisation?
3. What are your risk areas?

Get your data ready

1. Can you obtain all the data you need from your HR, payroll and Finance systems?
2. Is the data accurate?
3. Do you understand it?

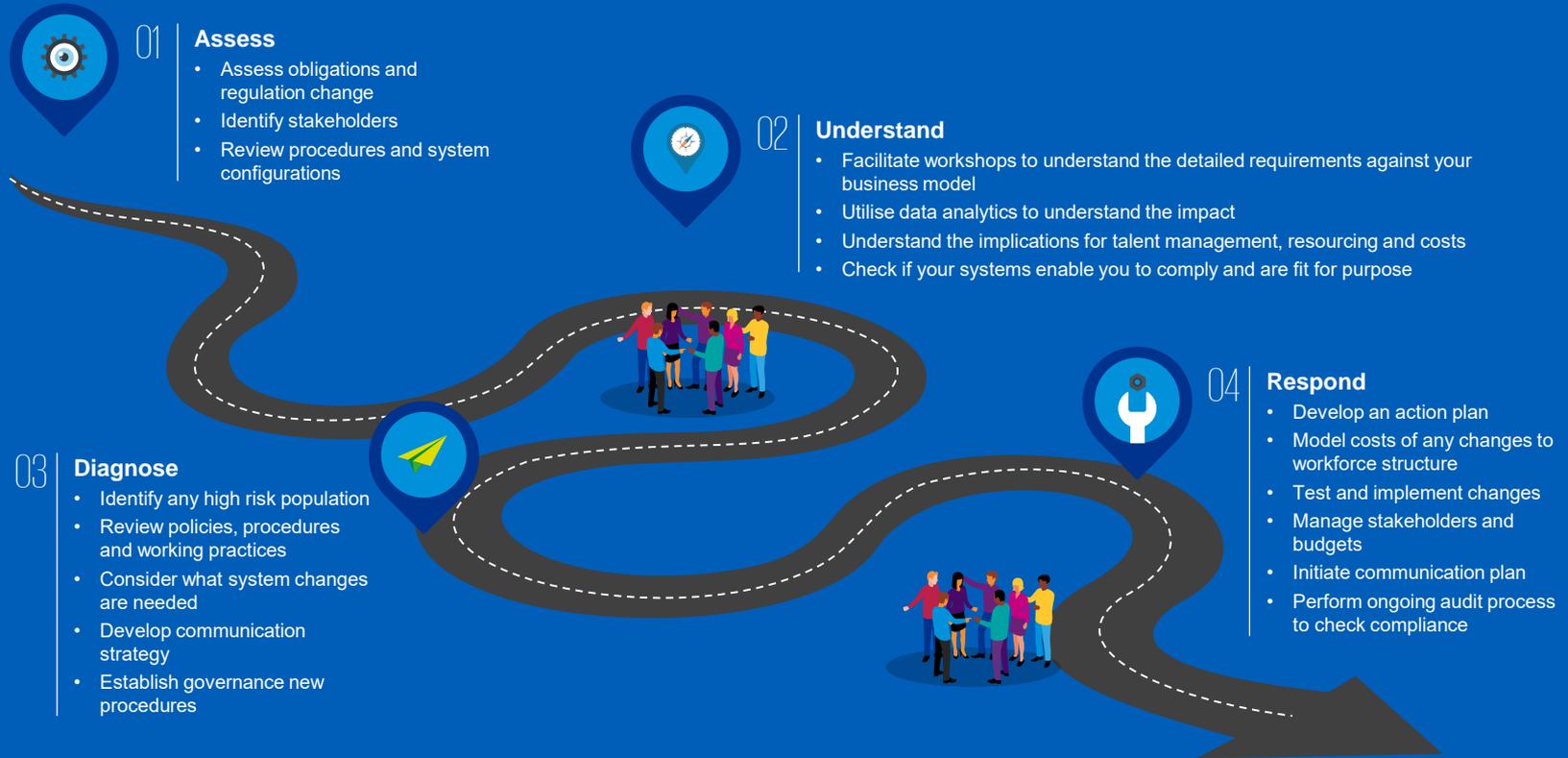
Involve key stakeholders

1. Who understands the workforce and data?
2. Who will sign off on the strategy?
3. Understand your internal and external audiences

What next?

1. Develop an action plan (historic and future fix)
2. Implement it
3. Monitor it

Strategic considerations - methodology





Questions?





Thank you!





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