

Agreed Position November 2024

Throughout the consulting process on the Employment Rights Bill, we will seek to engage proactively with members, to ensure that their views are heard, and their interests are represented in the policymaking process. We will urge policymakers to consult meaningfully with businesses and other employers, and give their views equal weight with other stakeholders. Through the British Chambers of Commerce network we can feed in to UK Government on the detail of the Bill, but as Edinburgh Chamber of Commerce we will focus on the specific impacts that this is likely to have on Edinburgh's economy, for example on seasonal workers in the Festivals, or workers in the Visitor Economy. Our emphasis will be on principles such as not unduly increasing the regulatory or cost burden on SMEs, and retaining elements of flexibility where required.

Context

The Employment Rights Bill was introduced to UK Parliament in October 2024, beginning the process of fulfilling the Government's promise to deliver the biggest upgrade to labour rights in a generation – their 'Plan to Make Work Pay'. The Bill itself creates a broad framework, with further detail in many areas to be provided through regulation that will follow. Other changes will also be taken forward outside the Bill under existing powers. Consultation on the Bill will run in phases, with the first phase running in Autumn 2024, looking at Statutory Sick Pay, zero hours contracts, industrial relations (including trade union legislation), and collective redundancy and fire and rehire. Other areas of the Bill will likely come to consultation in 2025, including flexible working, parental leave, etc. It is expected that most reforms in the Bill will take effect no earlier than 2026.

Rationale

- We support efforts to create a thriving and healthy workforce, which will be more productive and boost economic growth, however, these are huge changes and businesses must be engaged and supported on them every step of the way.
- Many businesses (esp. SMEs) are still struggling with the impacts of inflation, with narrow margins for many. Other recent policy announcements including the increase in minimum wage and National Insurance Contributions are also increasing employment costs for businesses who will be hard pressed to find the extra funds.

Data: Evidence Gathered

Government impact assessments

- The policies contained within the Bill are estimated to impose an annual cost of up to £5bn on business, by increasing employment costs by up to 1.5% for employers
- Costs will be proportionately higher for small and micro businesses due to the fixed costs of admin and compliance burden
- 17.1 million working days were lost due to stress, depression or anxiety in 2022/23, equivalent to over £5 billion of lost output

Snap polls from SCC and BCC

- Still to be published

Key Policy Maker and Stakeholder Position

UK Govt. – their Plan to Make Work Pay is a core part of the mission to grow the economy, raise living standards across the country and create opportunities for all
Scot Govt. – welcomes the Bill, but thinks Employment Law should be devolved
SCC – generally welcomed the Bill but cautioned against unintended consequences and increased costs

Data: Evidence Required

- Survey of businesses to gauge current views – UK Government
- Case studies to illustrate the impact of the changes – industry

Chamber Asks

- Regular and robust consultation with businesses throughout the process
- Must not be overly burdensome on businesses, who should be supported to implement the changes
- Consider how these changes will apply to agency workers, and seasonal employment