

Dorsey UK Employment eUpdate: Upcoming Developments in UK Employment Law

After a relatively quiet period for new employment rights, some significant changes to UK employment law are on the way (leaving aside Brexit, for once) and employers should start considering how they will be affected. Here are some highlights of what to expect.

Reporting on Executive Pay

New corporate governance measures come into force in 2019, increasing the reporting requirements for large companies. Among other things, the measures require quoted companies with more than 250 employees to report on ratios between the pay of their CEO and the median pay for their wider workforce. Reporting is required for financial years beginning on or after 1 January 2019, so affected companies should consider how they will comply with the first reporting deadline in 2020.

The “Good Work Plan”

The government's Good Work Plan (published towards the end of 2018) sets out "the biggest package of workplace reforms for over 20 years" and details the government's intention to enact legislation to improve workers' rights, particularly workers engaged in the “gig economy”.

Some legislative changes have already been made, namely:

- From 6 April 2019:
 - itemised payslips must be provided to all workers (not just employees) who are paid on an hourly basis, showing the number of hours paid for and, if applicable, the different rates of pay for different kinds of work; and
 - the maximum penalty for an aggravated breach of employment law in discrimination cases will increase from £5,000 to £20,000.
- From 6 April 2020:
 - the right to a written statement of terms will be extended to all workers (as opposed to only employees) and the statement must be given on or before the first

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day of employment (rather than within two months of employment starting).

- The reference period for determining an average week's pay for the purposes of calculating holiday pay will increase from 12 weeks to 52 weeks.
- the “Swedish derogation”, which currently allows agency workers who have a permanent contract with their agency (and who continue to be paid a minimum amount between assignments) to be denied the same wage and employment benefits as comparable direct recruits, is to be repealed.

The Good Work Plan also makes clear that further changes are on the horizon, including the introduction of legislation to:

- give all workers the right to request a more “predictable and stable” contract after 26 weeks' service;
- “improve the clarity” of the employment status tests (although there is no detail as to what this means in practice);
- oblige Employment Tribunals to consider the use of sanctions where employers have lost a previous case on broadly comparable facts; and
- extend state enforcement, on behalf of vulnerable workers, to underpayment of holiday pay.

Parental Bereavement Leave and Pay

From April 2020, parents or carers will be entitled to at least two weeks' leave following the loss of a child under the age of 18 or a stillbirth after 24 weeks of pregnancy. For employees with at least 26 weeks' service this leave will be paid (at the statutory rate).

Auto-Enrolment

From 6 April 2019, the minimum amount which employers must pay into automatic enrolment workplace pensions will increase from 2 % to 3%. The minimum amount which employees must pay will increase from 3% to 5%.

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