

Weekly policy update from London Chamber of Commerce and Industry

A round-up of key policy changes from the past seven days

Employment Rights Bill Undergoes Second Reading in Commons

During the Second Reading of the Employment Rights Bill, Deputy Prime Minister Angela Rayner highlighted the Bill's goals to balance growth, worker protections, and business interests. She noted that while the Bill would address long-standing labour issues, such as pay stagnation and in-work poverty, it aims to support over ten million workers, marking a step towards economic fairness. Rayner emphasised that strong worker protections align with a pro-growth strategy, citing support from companies like Sainsbury's and Octopus Energy, and underscored plans to improve flexible working, protect against unfair dismissal from day one, and enhance parental leave rights.

Shadow Business and Trade Secretary Kevin Hollinrake raised concerns about potential impacts on SMEs, arguing that additional costs could affect hiring and prices. He highlighted feedback from business groups suggesting that the Bill's mandates could burden small businesses disproportionately, with concerns over increased costs and potential industrial actions. Business and Trade Secretary Jonathan Reynolds countered, defending the Bill's relevance in today's work environment and noting government efforts to engage with SMEs while maintaining consistent protections across businesses of all sizes.

Key provisions of the Employment Rights Bill:

- **Worker Protections and Rights:** The Bill mandates that flexible working becomes the default arrangement, allows for parental leave from day one, extends sick pay eligibility to all workers starting on the first day of illness, and strengthens protections for whistleblowers against sexual harassment. It also provides clear guidance on "reasonable" grounds for businesses to reject flexible work requests if needed.
- **Fair Wage Standards and Support for Vulnerable Sectors:** The Low Pay Commission is tasked with factoring in the cost of living to make wage recommendations, and new fair pay agreements are set for the adult social care sector. The Bill also targets "exploitative" zero-hour contracts, offering employees contracts that better reflect their work hours and ending fire-and-rehire tactics that can destabilise employee incomes and job security.
- **Business Implications and SME Considerations:** Despite the extensive protections, the Bill acknowledges the unique needs of SMEs. However, ministers resisted calls to exempt SMEs from its provisions, instead committing to ongoing engagement with SME stake-

holders. Feedback from business groups has sparked a debate on the costs for smaller employers, but the government argues that the reforms are necessary to establish fair practices across businesses of all sizes.

- **Broader Reforms and Consultations:** In alignment with the Bill, the government has introduced new consultations on worker rights, including zero-hour contracts for agency workers, industrial relations frameworks, and protections against abuses in collective redundancy. Additionally, a review on unpaid internships will launch by year's end, signalling an ongoing focus on fair work standards.

[Read more](#)

Government Launches Consultations on Employment Rights under “Making Work Pay” Agenda

The government has launched four consultations as part of its “Making Work Pay” initiative, with an aim to reform employment rights and improve workplace protections. This consultation phase will remain open until December 2, 2024, gathering feedback to inform potential amendments to the Employment Rights Bill. The government anticipates implementing most of these reforms by 2026 and has also committed to launching an inquiry into unpaid internships before year-end.

Key areas of consultation include:

- **Zero-hours Contracts:** Evaluates extending protections to agency workers to improve income stability.

[Read more](#)

- **Industrial Relations Framework:** Proposes a modernised framework for collective bargaining and labour negotiations.

[Read more](#)

- **Collective Redundancy & Fire-and-Rehire:** Seeks stronger protections against exploitative practices affecting redundancy.

[Read more](#)

- **Statutory Sick Pay (SSP):** Explores a percentage-based SSP for low earners, enhancing sick pay equity.

[Read more](#)

London Assembly Urges Rail Devolution

The London Assembly urges the government to devolve control of rail services within London to Transport for London (TfL) to improve service quality and accountability for Londoners. In a letter to the Minister for Rail, Lord Hendy, the Assembly's Transport Committee recommends amending the Passenger Railway Services (Public Ownership) Bill 2024-25, enabling TfL to manage rail routes within and into the city. The Committee also suggests giving TfL the authority to appoint public sector operators for the Elizabeth Line and Overground, aligning them with London's other devolved transport services.

[Read more](#)

IMF Upgrades UK Growth Forecasts

The International Monetary Fund (IMF) has raised its UK economic growth forecast to 1.1% for 2024, reflecting a 0.4 percentage point increase due to rising domestic demand, driven by easing inflation and interest rates. The latest World Economic Outlook from the IMF projects further growth of 1.5% in 2025, positioning the UK as the third-fastest growing economy among G7 nations.

[Read more](#)

New Digital Trade Strategy Announced

Business Secretary Jonathan Reynolds has announced the Regulatory Partnership for Growth Fund (RPGF), a £2.3 million initiative designed to support UK regulators in collaborating with international partners to eliminate trade barriers and enhance market access across various sectors. The Department for Business and Trade (DBT) will provide grant funding agreements to regulators and standard-setting bodies for targeted interventions aimed at unlocking regulatory market access barriers. Reynolds highlighted that this fund is expected to create nearly £5 billion in new export opportunities for UK businesses over five years, with an initial focus on addressing £300 million worth of trade barriers within the first year.

[Read more](#)

DBT Launches Review of Access to Finance for Advanced Manufacturing Scale-Ups

The Department for Business and Trade has opened a call for evidence to assess investment barriers for advanced manufacturing scale-ups transitioning from development to commercial success. This review will inform the Industrial Strategy and future growth plans for key sectors, set for release in spring 2025. The department seeks input from industry, investors, and academics on challenges such as access to long-term capital and the effectiveness of existing government support for advanced manufacturing.

[Read more](#)

Home Office Partners with Insurance Sector to Tackle Fraud

The Home Office has launched a new charter to combat insurance fraud, collaborating with various insurance organisations to address fraudulent activities such as bogus claims and fake insurance policies. The charter seeks to identify and close loopholes in the system, enhance cooperation among insurers, and improve victim support. With insurance fraud claims exceeding £1.1 billion in 2023 — a 16% increase from the previous year — the initiative addresses growing concerns, including “crash-for-cash” scams. Backed by industry groups like the British Insurance Brokers Association and Lloyd’s of London, the charter represents a concerted effort to restore trust in the insurance market and protect consumers from fraud.

[Read more](#)

