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Business News Northern Ireland

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Make Work Pay: What are the next steps

Since coming into power, the Labour government has made its Make Work Pay plan a centrepiece of their policies. As a result, we have already seen a number of changes being proposed and implemented. This includes the new Employment Rights Bill which is currently making its way through Parliamentary processes.

The government's Make Work Pay policy paper makes interesting reading on what it intends to do.

The paper outlines how the UK has seen a productivity slowdown in recent years that is more pronounced than other advanced economies. They attribute much of this to issues with the labour market, both in workers feeling insecure and businesses struggling to find the right staff when they need them.

The Plan to Make Work Pay is therefore designed to modernise the UK labour market and address the challenges the economy is facing.

Principally the plan aims to make work more flexible, more secure and more family-friendly. This will help to support more people to stay in work.

Employment Rights Bill

This key legislation is the first phase of delivering the government's Plan. The changes it will bring about, including 'day 1 rights' of employment, banning exploitative zero-hours contracts and increasing worker protections have been widely discussed in the press.

Consultations are planned to take place in 2025, with the majority of reforms taking effect no earlier than 2026.

Employment rights and industrial relations are reserved in relation to Scotland and Wales and transferred to Northern Ireland. The UK government intends to work closely with the devolved governments on delivering and implementing their plan so that rights for people across the entire country are strengthened.

Therefore, while the Employment Rights Bill will not directly apply in Northern Ireland, it's still worth being aware of what's being proposed since we may find similar measures appearing in Northern Ireland employment regulations.

Family friendly rights

The government is looking at how to support workers in working while balancing the essential responsibilities of their wider life, including raising children, improving their own wellbeing or looking after a loved one with a long-term health condition.

Some immediate changes are being made to support this. Flexible working will essentially become the default, a new right to bereavement leave is being introduced, paternity and parental leave will become a day 1 right, and protections for pregnant women as well as new mothers returning to work are being strengthened.

The government also intends to review the current parental leave system and the implementation of carer's leave.

<u>Fair pay</u>

We have already seen an adjustment in how minimum wage rates are set, with the cost of living now factored in.

The government's intention is to remove the separate wage rates for different age bands. Instead, there will be one single rate regardless of the worker's age.

Statutory Sick Pay is also to be strengthened. The lower earnings limit and the waiting period will be removed.

A consultation on how a Fair Pay Agreement process for the adult social care sector should work is also planned.

<u>Ending 'one-sided flexibility'</u>

Where workers have a zero-hours contract or a 'low' number of guaranteed hours but regularly work more than these hours, they will gain the ability to move to guaranteed hours contracts.

Protections from unfair dismissal, which currently have a 2-year qualifying period, will be changed to apply from day 1.

Employers will still be able to assess whether someone is right for the job via probationary periods. Currently the government is suggesting a 9 month statutory probationary period where the worker will have certain day 1 rights, but there will be a lighter-touch process that employers can follow to dismiss an employee who is not right for the job.

There is concern amongst businesses that the proposed changes will expose them to increased legal liability and a greater number of unfair dismissal claims. The government is proposing to identify ways to signpost and support employees that will make clear where bringing claims might be unsuccessful.

They have also said that they will consult on limiting compensation awards for successful claims of unfair dismissal during a probationary period.

In addition, there is a commitment that changes to the unfair dismissal rules will not come into effect any sooner than autumn 2026.

Equality at work

The plan includes measures that will help to ensure greater equality in the workplace, including:

- ensuring that outsourcing of services can no longer be used to avoid paying equal pay.
- a regulatory and enforcement unit for equal pay will be implemented.
- larger companies will be required to publish information on their ethnicity and disability pay gaps.
- specialist initiatives to join up employment and health systems to help support disabled people and people with health conditions thrive at work.
- making it unlawful to dismiss a pregnant worker within 6 months of their return to work other than in specific circumstances.
- establishing the Fair Work Agency to bring together existing enforcement functions and introduce the enforcement of holiday pay policy.

The government also intends to consult on the legal framework around trade unions and modernise it to reduce conflicts but provide workers with a voice.

Many of these changes will be enacted when the government publishes its Equality (Race and Disability) Bill later in this parliamentary session.

Anything else?

Further reforms are also briefly discussed in the plan that will take place over the longer term.

These include consulting on having a single ‘worker’ status that differentiates between workers and the genuinely self-employed. This would include strengthening protections for the self-employed through a right to a written contract. Health and safety guidance and regulations will also be modernised.

Conclusion

The government’s plan could largely be summed up as ‘a happy worker is a productive worker’. Therefore, the aim of the changes seems to be to make workers feel more secure and give them more flexibility over their working hours. If more workers remain more productive then this should make businesses more productive and the economy will grow as a result.

Of course, this will have to be reconciled with businesses dealing with additional costs and compliance. And you may have a question mark about whether the government’s plan will help you to grow your own business, particularly after a Budget that increased employment costs for many businesses.

While many of the proposals still need to be consulted on before they become law and there is time before the Employment Rights Bill will come into force, it is clear that we all need to be ready for changes over the next few years.

To read the policy in full, see: https://www.gov.uk/government/publications/next-steps-to-make-work-pay/next-steps-to-make-work-pay-web-accessible-version

Help for the high street: New powers for councils

Next month, councils across England will be given new powers to transform high streets by tackling long-term empty shops. Starting from 2 December, High Street Rental Auctions (HSRAs) powers will allow local authorities to auction leases for persistently vacant commercial properties, a move that is hoped will bring new businesses and community groups back to once-busy centres.

Through HSRAs, councils can take action if a property remains empty for more than 365 days within a two-year period. By auctioning leases for up to five years, this policy aims to prevent disengaged landlords from sitting on empty properties, which contribute to the decline of high streets. Local authorities will need to first try to engage with the landlord to resolve the vacancy before putting a property to rental auction.

According to data quoted by the government, one in seven high street shops are currently closed. So, this initiative could provide a helpful boost, creating jobs and driving foot traffic back to town centres.

Local Growth Minister Alex Norris emphasised the importance of reviving high streets, saying: “High streets are the beating heart of our communities. But for too long, too many have been neglected, with more and more empty lots and boarded-up shopfronts.” He added that HSRAs put “local communities first, re-energising town centres and driving local opportunities and growth.”

Additional support for high street businesses

There is currently plenty of talk at government level about how to revitalise high streets.

During the Autumn Budget it was announced that the small business rates multiplier has been frozen for next year. Plans were also revealed to permanently lower business rates for retail, hospitality and leisure properties.

£250 million was also committed for 2025-26 to the British Business Bank’s small business loans programme.

The government has also announced its intention to publish a new Small Business Strategy next year. This will set out further measures to support SMEs and, according to the government announcement, supporting small businesses on the high street will be at the centre of this.

See: https://www.gov.uk/government/news/high-streets-to-be-revitalised-with-new-legal-powers

VOA to improve transparency on business rates valuations with reforms coming

The Valuation Office Agency (VOA) has announced plans to share more detailed information on business rates valuations, making the system more transparent for ratepayers across England. Starting in 2026, businesses will have access to tailored information about their properties, and by 2029, they will be able to see specific valuation details and evidence.

Carolyn Bartlett, Chief Strategy and Transformation Officer at the VOA, noted that while ratepayers generally desire more transparency, some have concerns about data confidentiality. “We’ve balanced the desire for greater transparency from some with the concerns of others about the confidentiality of their data,” Bartlett explained.

Having more detailed information available may make it easier to detect whether an error has been made on your business property valuation.

Business rates reforms coming

The VOA’s disclosure improvements are part of a larger set of business rates reforms that will roll out from 2026 to 2029.

A key part of this reform is a new duty on ratepayers to provide property information to the VOA. This new requirement will start to be tested in phases from April 2026 and will become mandatory by April 2029.

Under the new duty, ratepayers must inform the VOA within 60 days of any property changes, including new occupiers, rent adjustments, and physical changes to the property.

For some businesses, there will also be an annual requirement to submit trade information if it is used in property valuations.

Ratepayers will additionally need to confirm annually that all property changes have been reported.

The VOA have confirmed that businesses do not need to take any action yet. They will contact businesses directly about the changes and tell them when they will be affected.

See: https://www.gov.uk/government/news/sharing-more-information-on-business-rates-valuations

Employer banned for hiring six illegal workers: A reminder to check right-to-work status

A recent case involving a former company director in Hartlepool and Guisborough underlines the importance of checking employees’ right to work in the UK. Edris Ali, 39, who previously ran a pizza restaurant and a car wash, was banned as a director for ten years after hiring six illegal workers from Iran, Sudan, and Cote d’Ivoire. The workers were discovered during Immigration Enforcement visits, leading to substantial fines and legal action against Ali.

Ali employed two individuals without work authorisation at Tasty Pizza restaurant in Hartlepool and a further four at Bubbles Car Valeting in Guisborough. His actions resulted in penalties of £20,000 and £60,000, respectively, for the businesses, alongside the ten-year ban from company directorship.

Takeaway point

The High Court ruling against Ali serves as an important reminder for employers to check each employee's right to work in the UK before they begin employment.

Under UK law, employers must carry out simple right-to-work checks before employing someone. Failure to comply with these requirements can result in severe penalties.

The Home Office provides guidance on how and when to conduct a right to work check. The guidance is periodically updated with the last update being published in September 2024.

Following the guidance provides your business with protection. If it was later found that someone employed by you did not in fact have a right to do the work in question, you would not be charged a penalty if you had correctly conducted right to work checks.

For a copy of the guidance, see: https://www.gov.uk/government/publications/right-to-work-checks-employers-guide

For more on the High Court ruling, see: https://www.gov.uk/government/news/ten-year-ban-for-teesside-director-who-hired-illegal-workers-at-pizzeria-and-car-wash

Reduction in HMRC late payment interest rates

Following the Bank of England's decision to reduce the base rate from 5% to 4.75%, HM Revenue and Customs (HMRC) have announced a reduction in their late payment interest rates.

HMRC interest rates track the base rate. Late payment interest (payable if you pay tax late) is set at base rate plus 2.5%. Repayment interest (which HMRC pay you on refunds or overpayments) is set at base rate minus 1%, with a minimum rate of 0.5%.

Therefore, the late payment interest rate will reduce to 7.25%. Repayment interest will reduce to 3.75%.

The reductions come into effect from the following dates:

- 18 November 2024 for quarterly instalment payments; and
- 26 November 2024 for non-quarterly instalments payments.

See: https://www.gov.uk/government/news/hmrc-late-payment-interest-rates-to-be-revised-after-bank-of-england-lowers-base-rate

Rural Micro Capital Grant Scheme opens for 2024/2025 applications

The Rural Micro Capital Grant Scheme (RMCGS) is now open for its second round of applications, offering rural community and voluntary organisations in Northern Ireland capital grants between £500 and £2,000.

This £1.1 million initiative aims to support projects that address issues of poverty and social isolation in rural areas.

Applicants will need to show how their project focuses on one of four key themes:

- Modernisation of premises or assets
- Information Communication Technology
- Health and Wellbeing
- Energy Efficiency / Environmental Improvements

Minister Andrew Muir highlighted the positive impact of RMCGS on rural communities and commended the Rural Support Networks for their role in supporting applicants and promoting rural community development.

Eligible applicants can apply for a minimum grant of £500 up to a maximum grant of £2,000. However, there is a required minimum of 15% match funding.

Applications must be submitted by 12:00pm on Thursday, 5 December 2024.

To view the guidance and make an application, see: https://www.daera-ni.gov.uk/services/rural-micro-capital-grants-scheme-rmcgs