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Dear Colleague

Government Announcement to Scrap Pay Between Assignment Contracts – Swedish Derogation

The Government has announced today workplace reforms that will affect agency workers and those working in the gig economy.

Under new legislation announced today the Swedish Derogation which is a loophole within the Agency Worker regulations that allows agency workers to be paid inferior pay rates to permanent employees will be scrapped.

This is part of a number of new legislation and measures that will be unveiled today which takes forward the recommendations made by Matthew Taylor in his review of modern practices to address the challenges of the gig economy and agency working, the changing world of work and its impact on the modern economy.

The new legislation introduced today in full will:

- Close the loophole by repealing the the Swedish Derogation – which currently allows agency workers to be employed on cheaper rates than permanent counterparts.
- Extend the right to a day one written statement of rights to workers, going further to include detail on rights such as eligibility for sick leave and pay and details of other types of paid leave, such as maternity and paternity leave;
- Quadruple maximum employment tribunal fines for employers who are demonstrated to have shown malice, spite or gross oversight from £5,000 to £20,000; and
- Extend the holiday pay reference period from 12-52 weeks, ensuring those in seasonal or atypical roles get the paid time off they are entitled to.
- Lower the threshold required for a request to set up Information and Consultation arrangements

As part of the reforms to upgrade workers right and improve the quality of work, there are also plans to tackle exploitation of low paid workers including:

- Bringing forward proposals in early 2019 for a single enforcement body to ensure vulnerable workers are better protected;
- More resource for the Employment Agency Standards (EAS) Inspectorate;
- Creating new powers to impose penalties for employers who breach employment agency legislation like non-payment of wages;
- Consulting on Salaried Hours work and Salary Sacrifice Schemes to ensure National Minimum Wage rules do not inadvertently penalise employers.
- Bringing forward legislation to enforce holiday pay for vulnerable workers;
- Consulting on the recommendation on non-compliance in supply chains.

This announcement comes after a long-running campaign by the CWU to eradicate Pay Between Assignment contracts in BT which were introduced in 2011 as part of the Agency



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Worker Regulations and is vindication of the campaign that has been run over many years.

At this point there is no further detail but it is however expected that a statement will be made to parliament shortly.

Any queries to be addressed to Sally Bridge at sabridge@cwu.org

Yours Sincerely

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