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HEALTH AND SAFETY COMMISSION

Implications for HSE of the DTI Strategy 'Success at work: protecting vulnerable workers, supporting good employers'

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Issue

1. Publication of a DTI strategy document on 30th March, with potential effect on HSE.

Timing

2. Urgent for information.

Recommendation

3. That the Commission note the publication of the strategy, and arrangements in hand to ensure HSE can respond appropriately.

Background

4. The DTI has published its strategy 'Success at work: protecting vulnerable workers, supporting good employers'. This both focuses on achievements in protecting the most vulnerable workers since 1997, and sets out further work proposed to ensure their protection in a competitive and proportionately regulated economy where good employers are helped to create a culture of fairness and opportunity, for example through the Health Work and Wellbeing Strategy.
5. A main focus of the Strategy is 'New Deal' pilots, which aim to bring together the agencies best placed to reach and help the vulnerable, tackling workplace problems by a range of measures including enforcement in a concerted effort to improve their position in specific areas of the labour market. There is an expectation that HSE will contribute to these, and members of the Worker Involvement team have met with DTI officials to help inform their thinking about sectors to be targeted, which could include

initially the predominantly LA-enforced hospitality/catering and care homes sectors. Proposals for productivity-focused sector forums are a related strand of work in the strategy where the health and safety dimension is acknowledged as important.

6. The significant work which HSE is already doing to protect vulnerable workers joins up well with the DTI Strategy:
 - agency workers: the strategy proposes clearer information to agency workers and those for whom they work. HSE already has in hand the preparation of guidance for employment businesses, and those using workers supplied by them, on managing agency worker health and safety. This will be the subject of a separate MISC paper shortly;
 - migrant workers: the strategy proposals for targeted action based on information-sharing between departments and agencies build on the experience of HSE and others gained from the Joint Workplace Enforcement Pilot (JWEP) to detect and deter use and exploitation of illegal migrant workers. We will be reporting to the Commission on this and the other workstreams designed to secure the protection of migrant workers (as set out in HSC/04/61) in July, and will include recommendations from the major research exercise recently completed;
 - enforcement: the strategy proposals for a concerted approach to enforcement link with the Enforcement Programme's workstream examining what further action might be taken to target and enforce against rogue traders.

The strategy underlines the importance of effective channels to reach vulnerable and minority groups with information and advice, on which we have work in train as one of the priorities in our Diversity action plan. More broadly, it acknowledges Workplace Health Connect as an innovative development.

7. The draft has emerged in a fairly full draft form only in the past ten days or so. Nonetheless, HSE officials were successful in securing in it explicit acknowledgement of the contribution health and safety is making to high-performing workplaces; and we have alerted those operational parts of HSE we believe are significantly affected by the main proposal on New Deal partnerships.

Argument

8. We are working with DTI to ensure the implications of those parts of the strategy which affect HSE are clearly understood. We will return to the Commission when it is clear how best HSE and LAs can contribute to the strategy within our respective remits. At this stage, it is too early to assess the financial and other resource implications.

Consultation

9. DWP, HSE [OPSD, FOD HQ Division, CD, Hampton Implementation Manager, SD, XCD]

Action

10. To note at this stage

Contact

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Implications for HSE of the DTI Strategy 'Success at work: protecting vulnerable workers, supporting good employers'

Introductory text from the strategy¹

There are **more people in work** today than ever before and our earnings from work have never been higher. Since the beginning of 1997, the number of jobs has increased by over 2 million with more women in work than ever before and unemployment remains at a low level. New jobs have been created in every region of the country, with the fastest rates of growth in employment occurring in financial services, transport and construction as well as in education and health. We are earning more: real earnings have increased by 28 per cent since 1997, with women making larger gains than men and the lowest paid improving their earnings by more than any other group.

Britain's labour market is characterised by **diversity and flexibility**. There are a wide variety of patterns and types of work available: from part-time work of just a few hours to agency work to opportunities to work overtime. It is a dynamic labour market. Businesses are able to respond swiftly to changing consumer demand and new opportunities. Employees regularly choose to get a better or different job – a choice exercised by around 4 million people a year. When there are redundancies, the strength of the labour market offers good opportunities to get new employment. And policies to “make work pay”, through the introduction of tax credits and to make work possible through active support for the most disadvantaged, have helped open up employment to more and more people.

The climate of **industrial relations in Britain is sound**. Industrial dispute numbers are at record lows. In 2005 there were just 157,000 days lost through industrial action. This is the lowest figure for any year since records began in 1891. The total number of stoppages in 2005 was 116, again the lowest on a record stretching back to 1930. The UK's industrial relations framework is working better than ever, with average working days lost declining from an average of 7.2 million a year in the 1980s to 660,000 in the 1990s and now reaching the current historic low.

Our record on **health and safety at work** is one of the best in the world. Since the Health and Safety at Work Act came in to force 30 years ago, fatal accidents have fallen by over two thirds. Over the past 5 years work-related ill-health had fallen by a tenth and it is estimated that days lost fell by 15 per cent.

These achievements are a tribute to our businesses and the people who work in them. They are also the result of our following policies to **promote economic stability** along with a labour market where adaptability and flexibility to promote employability and competitiveness are combined with a commitment to fairness. We are determined to retain this approach and will resist any reductions in our flexibilities in areas like working time. And we have no intention of changing

¹ The full text can be viewed at http://www.dti.gov.uk/er/successatwork_strategypaper.pdf

industrial action laws or taking other measures that would damage employability or competitiveness in the UK.

This paper is about how **we can build on** what has been achieved for businesses and for people in work. The starting point is that, while our labour market and workplaces have real strengths, we recognise that we now face two challenges. The first is to respond to the quickening pace of global economic, technological and social change. The second is that, despite the progress we have made in extending opportunity and fairness, there are still too many people who aren't fulfilling their full potential or are stuck on the margins of the labour market.

Firstly, much has changed in Britain over the past decade, but the evidence points to the **pace of change accelerating** in the decade ahead. As consumers we are demanding greater value and higher quality. We want more variety and we want more say. As citizens we want better, but also more responsive, public services. At work we want greater fulfilment as well as good pay. There will be new opportunities but also new threats. We are becoming more demanding consumers and employees and therefore the demands on us as managers, employees, trade unions and entrepreneurs are becoming greater.

The next big social change we all face across the developed world is an **ageing population**. As 'baby boomers' reach retirement age, the impact on the labour market will be profound. The proportion of people aged over 65 is projected to increase from 16 per cent today to 23 per cent by 2030. By 2050 there will be 2 people of working age for every pensioner compared with 10 people 100 years ago. Employment is at the heart of our response to this challenge, because through employment we provide people with a foundation from which to build a retirement income.

The total span of our working lives looks set to extend, but during those years we are likely to want **more flexibility in our working patterns**. Many people already combine work with childcare responsibilities. Some 68 per cent of mothers report that flexi-time is available to them. As our population ages and with smaller families, more of us will also have to combine caring responsibilities for adults with work. The need to make the most of the skills of women at work will become more pressing. 1.2 million more childcare places have been created since 1997 and tax credits now help parents with childcare costs and those on lower incomes, but we must continue to improve the provision of childcare, to enable more flexible and part-time working at all levels. And as we become more affluent the value we put on having more time compared to more pay is likely to change and more of us will want to have opportunities to do something different or simply to change pace.

The ways we create wealth and earn our livings are being transformed. **Innovation** is creating new industries and bringing an end to some old ones. The world economic map is being redrawn with the growing strength of India and China, a strength that will be based increasingly as much on technical and scientific innovation as on large scale cheap labour. In order to compete on the basis of innovation and technological excellence, as we must, we need an ever higher

skilled workforce and regulatory practice that promotes enterprise, competition and adaptability. Rising productivity will allow us to produce more with less, while the global economy will open up new opportunities to UK employees. Changes in demography will, over time, see changes in the nature of our work with more of us providing one another with services from healthcare to leisure.

All of these forces will change the employment landscape across the country. To prosper in the future Britain will need to be a country rich in human capital with the ability to apply that human capital successfully to produce innovative, high quality goods and services. The **premium on skills will grow**. Some skills will become redundant and others will become essential, with lifelong learning increasingly important for an individual's prospects and for Britain's competitiveness. Having basic skills, already a key determinant of labour market success, will be more important than ever. Individuals, employers and government need to invest in the skills that will lead to greater wealth for individuals and economic success for Britain.

Managers, entrepreneurs, employees and trade unions will face **new demands and challenges at the workplace**. Companies will come under increased pressure from global competition. If they are to succeed, employees will need to learn new skills and demonstrate the ability to adapt and innovate. Trade unions will need to recruit members in new industries and low paid sectors. They will look to develop new ways of supporting people so that individuals can get the help they need in, for example, gaining more skills or working more flexibly. Growing prosperity will create new opportunities to build successful businesses and new employment. Work patterns will become more flexible in response to new demands from customers and the needs and wishes of employees. To rise to the challenge of globalisation, we will need more high-performing, good workplaces.

Secondly, **making a reality of employment opportunity for all**, with high and sustainable levels of employment, is a fundamental responsibility of any modern government. It is the means to tackle poverty and social exclusion and ensure that everyone shares in the growing prosperity of the nation. That is why we put so much emphasis on the importance of having a legal framework for the labour market that avoids obstacles to the creation of jobs and enables business to grow. It is why we created Jobcentre Plus – to bring together rights and responsibilities for those out of work, along with active labour market policies - to help the most disadvantaged overcome their barriers to work. It is crucial to our future that individuals and groups are not excluded from the labour market, preventing following generations growing up in poverty and inheriting low expectations while employers face a shortfall in prospective employees.

High employment levels combined with the **national minimum wage** have done much to improve the position of the lowest paid. Since 1997 the numbers earning less than half the average median hourly wage has fallen by two-fifths. Over one million people (about 70 per cent of them women) have benefited from the minimum wage each year and it has contributed to a 2 per cent drop in the gender pay gap since 1997.

But there are **still too many whose skills and potential are not realised**. For instance, if more women were to participate in the labour market and make full use of their talents, the UK economy could be up to £23 billion better off. There is still more that needs to be done to break down the barriers that prevent many people from moving off benefits and into work, as was set out in the Government's green paper this year³. And there are some who are treated unfairly or abused. The challenge is to change this once and for all to the benefit of the individuals themselves and to the country as a whole.

This document sets out a strategy for meeting these challenges by:

- **Helping individuals** to realise more of their potential at work and helping employers reap the benefits of more diversity: by improving access to skills, eroding barriers of discrimination and offering more opportunities to work flexibly
- A new impetus to improve the position of **vulnerable workers** and promote social inclusion, using risk-based principles to avoid penalising good employers
- **Facilitating economic and social change** by providing stronger support for business, employees and trade unions to adapt, respond and benefit from change
- Fostering the high performance, "**good workplaces**" that are a building block of successful business and rewarding employment.

In the strategy we propose some further extensions of legal entitlements during this Parliament, alongside measures to simplify and clarify laws and make it easier for employers to comply. Inefficient regulation can impose a significant cost on business without improving regulatory outcomes. Our ultimate goal is to reduce the compliance costs and complexity on business of employment law and to foster compliance while continuing to deliver excellent regulatory outcomes including cracking down on illegal operators. There are also proposals to improve access to information and provide better guidance including looking at experience in other countries. We want to do more to ensure people receive their legal entitlements. And we want to improve the support available to individuals and businesses. Above all the aim of our strategy is to support and encourage good practice by the managers, employees, investors and trade unions that between them can create the high performing, good workplaces we need to succeed.