

PARLIAMENTARY DEBATES

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OFFICIAL REPORT

Eighth Delegated Legislation Committee

EXCLUSIVITY TERMS FOR ZERO HOURS WORKERS (UNENFORCEABILITY AND REDRESS) REGULATIONS 2022

Thursday 20 October 2022

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The Committee consisted of the following Members:

Chair: MR LAURENCE ROBERTSON

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| † Bruce, Fiona (<i>Congleton</i>) (Con) | † Johnston, David (<i>Wantage</i>) (Con) |
| † Carter, Andy (<i>Warrington South</i>) (Con) | † Kruger, Danny (<i>Devizes</i>) (Con) |
| † Costa, Alberto (<i>South Leicestershire</i>) (Con) | † Madders, Justin (<i>Ellesmere Port and Neston</i>) (Lab) |
| † Daly, James (<i>Bury North</i>) (Con) | † Mohindra, Mr Gagan (<i>South West Hertfordshire</i>) (Con) |
| † David, Wayne (<i>Caerphilly</i>) (Lab) | † Nici, Lia (<i>Great Grimsby</i>) (Con) |
| † Gibb, Nick (<i>Bognor Regis and Littlehampton</i>) (Con) | † Russell, Dean (<i>Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy</i>) |
| † Greenwood, Lilian (<i>Nottingham South</i>) (Lab) | † Stephens, Chris (<i>Glasgow South West</i>) (SNP) |
| † Hollern, Kate (<i>Blackburn</i>) (Lab) | |
| Jarvis, Dan (<i>Barnsley Central</i>) (Lab) | Anna Kennedy-O'Brien, <i>Committee Clerk</i> |
| Johnson, Dame Diana (<i>Kingston upon Hull North</i>) (Lab) | † attended the Committee |

Eighth Delegated Legislation Committee

Thursday 20 October 2022

[MR LAURENCE ROBERTSON *in the Chair*]

Draft Exclusivity Terms for Zero Hours Workers (Unenforceability and Redress) Regulations 2022

11.25 am

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Dean Russell): I beg to move,

That the Committee has considered the draft Exclusivity Terms for Zero Hours Workers (Unenforceability and Redress) Regulations 2022.

It is an honour to serve under your chairmanship, Mr Robertson.

The draft regulations, which were laid before the House on 6 July 2022, will make exclusivity terms unenforceable in contracts that entitle workers to earn net average weekly wages that do not exceed the lower earnings limit—currently £123 a week—ensuring that that such workers are not restricted by exclusivity terms. It will give such workers the right to take on additional employment without being subjected to detriment and—applicable only to employees—unfair dismissal.

The measures we are introducing will increase participation in the labour market and, together with our agenda to boost productivity, will drive higher employment, wages and economic growth. We want to give businesses the confidence to hire and retain workers and to provide their workforce with the skills and experience they need to progress in work. We want to put more power into the hands of individuals and businesses to find and create work that suits their personal circumstances, and we want to enable workers to reskill so they can make the most of the economic opportunities and to best deploy themselves to drive growth and productivity in the economy.

During the cost of living crisis, we will continue to protect vulnerable workers. The measures will help to ensure that low-income workers can boost their incomes with additional work should they so wish. That builds on the support we have given to many workers during the cost of living crisis: in April, we raised the national living wage to £9.50, equivalent to a pay rise of more than £1,000 for a full-time worker; we gave 1.7 million families an extra £1,000 a year on average through our cut to the universal credit taper and increased work allowances; and a new in-work progression offer will mean that 2.1 million low-paid workers on universal credit will be able to access personalised work coach support to help them increase their earnings. The reforms reflect the Government's ongoing commitment to protect and enhance workers' rights across the country.

Chris Stephens (Glasgow South West) (SNP): The Minister is typically generous in giving way. There is some concern that exclusivity terms are unenforceable under the lower earnings limit. Why have the Government

chosen that route and not, for example, that of the European Union directive on transparent and predictable working conditions?

Dean Russell: I will come to that point later. I do intend to respond.

I will take a moment to walk through what the draft regulations do. This statutory instrument will extend the protections in the Exclusivity Terms in Zero Hours Contracts (Redress) Regulations 2015. The existing regulations make exclusivity terms unenforceable in zero-hours contracts where previously they were banned from doing work under any other contract or arrangement, or barred from doing so without the employer's consent. We are making further revisions to extend the protection to individuals who work under workers' contracts and earn less than or equal to the lower earnings limit, ensuring that they may take on additional work to boost their income should they wish to do so.

The draft regulations will also extend to those workers the right to redress, so that they have the right not to be subjected to any detriment by a non-compliant employer. If they breach an exclusivity clause in their contract, that will be subject to the regulations. For employees, any dismissal for that reason will be regarded as unfair. All workers subject to any detriment will have the right to bring a claim or a complaint to an employment tribunal.

A second, separate statutory instrument subject to the negative procedure will be laid in Parliament after the draft regulations are approved. That is necessary to make the right to bring a claim under the regulations subject to early conciliation, which is a requirement set out in the Employment Tribunals Act 1996. That separate statutory instrument will mean that a prospective claimant wishing to take a case to the employment tribunal must first contact the Advisory, Conciliation and Arbitration Service about their dispute and consider conciliation before presenting a claim to the employment tribunal. The second SI will also amend the regulations to extend the time limit for making a claim to consider this application of early conciliation.

The provisions of the 2015 regulations make unenforceable exclusivity terms in zero-hours contracts, but they do not cover such contracts where only one hour or limited hours are guaranteed, which leaves some of the most vulnerable workers in our society subject to exclusivity terms while their weekly income is low. Those low-income workers are significantly more likely than the average worker to want to undertake additional work.

In recent years, we have seen a rise in the use of short-term variable hours contracts. That has been very positive for some people, with the flexibility on offer helping those with other commitments stay in work or get back into the labour market. For others, such contracts have resulted in a level of unpredictability that has made it difficult to plan their lives effectively or have the financial security they need. We want to protect those who are most in need and address inequality, so that everyone has the opportunity to participate in a labour market, enjoy a fulfilling working life and make a living, especially during a cost of living crisis.

The Government consulted on the policy in the regulations between December 2020 and February 2021. The consultation generated 30 formal responses from a

range of legal organisations and professionals, along with trade unions, academics, local government and equalities groups. Overall, responses showed wide support for our policy proposals to extend the range of contracts in which exclusivity clauses should be made unenforceable.

An estimated 1.5 million workers receive a weekly wage that is below the lower earnings limit in their main job. The reforms will ensure that workers in that group that have exclusivity clauses are able to top up their income with extra work if they choose. Workers will have more flexibility in when and where they work to best suit their personal circumstances and commitments, such as childcare or study, including the option of working multiple short-hours contracts.

Businesses will benefit from a widening of the talent pool of job applicants to include those who would have otherwise been prevented from applying for roles due to exclusivity clauses with another employer. The reforms could also create more opportunities for low-paid workers to reskill as they take on additional work where desired, allowing individuals to make the most of new opportunities in existing sectors with growing labour demand, as well as in emerging sectors and occupations.

The Government want to ensure that businesses and individuals can make the most of the opportunities in our flexible and dynamic UK labour market to generate long-term economic growth and prosperity. The reforms will help us deliver on the ambition to make the UK the best place in the world to work and do business by putting more power into the hands of individuals and businesses to find and create work that suits their personal circumstances. I commend the draft regulations to the Committee.

11.33 am

Justin Madders (Ellesmere Port and Neston) (Lab): It is a pleasure to see you in the Chair this morning, Mr Robertson. I welcome the Minister to his place—I think this is our first formal engagement. I am grateful to him for setting out the context for the regulations.

The precarious nature of work is at the forefront of many people's minds at the moment. We are all determined to address that and, for that reason, we do not oppose the regulations. We welcome any step, however modest, to tackle the problems in the country's labour market, and by any measure, today's proposals are pretty modest in scope. I note that the statutory instrument is numbered 000; I do not know if that is a drafter getting a little bit carried away, but I am sure that it is not the correct number for the regulations.

As we have heard, the regulations are not just about zero-hours contracts but about some of the most low-paid people in society. We cannot separate what is in the regulations from the wider context of our current situation. The regulations may be presented as part of the Government's post-covid plans to "build back fairer" or framed as part of the battle against one-sided flexibility, but we need to stop for a minute and consider the two key contextual issues that are unavoidable in today's debate. At the forefront of our minds should be the experience of the Exclusivity Terms in Zero Hours Contracts (Redress) Regulations 2015, which are in many ways the progenitor of today's regulations, alongside the Government's continued failure to deliver on their own commitments to improve worker's rights.

A departmental press release from May this year said that the regulations

"will give workers more flexibility over when and where they work"

and will

"help increase businesses' confidence to create jobs".

It is very difficult to see how in our current circumstances will create much business confidence, but even in the very best of times, these measures are only one small step to tackle the imbalance between too many employers and employees across the country. If the Government are serious about tackling the imbalance associated with low pay and insecure work, more will have to be done.

The draft regulations are unlikely to deal with some of the core issues affecting those in low-paid work, such as being compelled to accept any shift offered at short notice, and having no remedy if one is cancelled at short notice. Workers on zero-hours contracts still feel worried about losing favour with their employer if they refuse work, despite having had protection from exclusivity clauses for well over seven years. Despite the Government promising to address these problems since their acceptance of the Taylor review in 2018, flexibility still rests primarily with the employer.

Is it not a sad indictment of our current labour market that the principle of someone being able to take up another job alongside another low-paid job is being championed as a major step forward towards a fairer labour market? Can we not do better? Do hard-working people not deserve the right to more predictable contracts? For the record, that was a Conservative manifesto commitment in 2019. Do they not deserve a fair notice period for their shifts, enabling them to plan their life, their caring responsibilities and even, God forbid, their social life? So while we welcome the regulations as a step to provide some extra security, we have to accept that this is just a small step when huge leaps are required.

The campaign group Zero Hours Justice has kindly provided a briefing for Members on today's legislation. I have found that group's work and its intimate understanding of the 2015 regulations to be useful and relevant. As I mentioned earlier, it has been more than seven years since the original regulations were introduced, so we have to ask what the results of those regulations have been. Given the casework that Zero Hours Justice continues to receive, we can be clear that the regulations have not ended the feeling of compulsion towards accepting shifts and the insecurity that that brings. It has reports from many people, including one who talked about

"getting hours at the last minute and having to make urgent arrangements for childcare or other caring responsibilities or cancel social plans."

One airport worker reported that they would

"often only get one hour's notice before a shift".

Another said:

"Spending time with my family was really difficult as I never knew if I would be working or not".

There was a common fear of refusing hours in case doing so resulted in fewer hours being offered, or bullying and harassment by the employer or manager. A worker told Zero Hours Justice that:

"If I said I couldn't work one day, I was told I was not working for the rest of the week. I was told I wasn't wanted at all that week."

[Justin Madders]

Those are some of the real challenges people on zero-hours contracts face. What is the Government's response to deal with those challenges?

It would be remiss of me not to ask the Minister to provide us with a view on whether the original regulations have in fact been a success. It is striking that the post-implementation review of the original 2015 regulations commented that no formal disputes involving the regulations had been recorded in the tribunal system. There may be many reasons for that, but the explanations proffered by stakeholders who were surveyed paints a worrying picture. A major concern is that the 2015 changes were not adequately communicated by the Government to employers and employees. As workers can only assert their rights if they are aware of them, good pieces of legislation can fail to deliver on their promise if communication is inadequate. How does the Minister intend to remedy that situation with the regulations before us today?

Of course, the problems could be much more systemic. Are the costs, or even just the perceived costs, of tribunals too high for workers to take their cases forward? I note that recently, in a response to a written parliamentary question, the Minister stated that the median cost for obtaining legal representation for a tribunal claim was £2,500. To put that into the context of today's regulations, that is more than four months' pay for someone seeking to enforce their rights under these regulations. I am sure the Minister can see why that might prove to be a serious barrier to justice. What can be done, either financially or through greater information and representation, to ensure that those who wish to seek legal redress under these regulations are able to do so?

I also suggest that requiring workers to undertake the calculations mentioned in regulation 5 in particular will require some serious heavy lifting in terms of public information being transmitted to workers so that they know whether they are covered by these regulations. It is not a straightforward calculation; it is not that easy to say what your average earnings will be without reference to some calculations. How many people will actually benefit from these regulations? We know from what the Minister said that around 1.5 million workers are currently earning below the lower earnings limit, but how many of those have exclusivity clauses in their contracts? If the Minister is able to answer that, that would be useful.

Ultimately, this instrument ought to be viewed in the context of half a decade of failures to deliver on promises to Britain's workforce. It has been over five years now since the much-lauded Taylor review reported and over four and a half years since the Government accepted many of the report's findings, and we are now coming up to three years since the Conservative party committed in their manifesto to tackle abuses of employment law and to implement genuine flexibility. We have been taunted time and again with the promise of an employment Bill that looks like it is not going to see the light of day. The Minister will probably not be aware that I took every opportunity to ask his predecessor when we could expect to see the employment Bill, so I will ask the same question of him. Sadly, I expect the same answer as his predecessor gave—the timeless classic, “When parliamentary time allows.” If we hear something different from the new Minister, that would be welcome.

Looking at the rest of the Taylor review, it is important in the context of these regulations to see that it also recommended that workers on zero-hours contracts who have been in post for 12 months should have a right to request a contract that better reflects the hours they work. That recommendation was accepted by the Government in their “Good Work Plan”, which was published in 2018. The Low Pay Commission also recommended a stronger “right to switch” to stable hours, as well as a right to reasonable notice of shifts and shift cancellations. Consultation on notice of shifts and shift cancellations took place between July and October 2019, but the response to that consultation is yet to be published. If the Minister can update us on progress in that respect, I will be grateful.

It is not just the limitations of the current legislation and the wider context that are disappointing; there are a number of specific points in the regulations themselves on which I would be grateful for clarification. First—the hon. Member for Glasgow South West asked about his, but I do not think was fully answered by the Minister—why have we chosen to go for the lower earnings limit? Why has that threshold been chosen rather than another? In the consultation, several ways to decide the beneficiaries of this legislation were put forward. Suggestions ranged from using objective measures, such as only accepting exclusivity clauses for the protection of intellectual property or for health and safety reasons, to other earnings-based approaches. In their response to the consultation paper, the TUC suggested that the Government should consider or, at the very least, explain why they do not wish to adopt the same approach laid out in the European Union's directive on transparent and predictable working conditions. In particular, it stated that the Government should consider ensuring that

“an employer neither prohibits a worker from taking up employment with other employers, outside the work schedule established with that employer, nor subjects a worker to adverse treatment for doing so.”

I know that the current vogue in the Government is automatically to dismiss as undesirable anything that comes from Brussels, but there is much to commend in that approach and I would be grateful if the Minister explained to the Committee why he chose not to take it.

It is disappointing that a threshold of even the national minimum wage or the national living wage has not been adopted, which would have extended support to many more workers than the lower earnings limit. Indeed, in the consultation carried out for the 2015 regulations there was a suggestion that exclusivity clauses would be banned for anyone earning less than £20 an hour, which is obviously a significant way away from where we are today. The true cost of that choice to workers was clearly highlighted in the consultation, in which it was stated that earnings-based thresholds become targets to exploit.

The fact that the Government still actively chose the lowest reasonable income-based threshold tells us that there is far more to do in this area, and that is compounded when we look at the implications for those claiming universal credit. It is a legal requirement that those working less than 35 hours on the minimum wage, which is currently £332 a week for those over 23, be actively seeking additional work as a condition of receiving their allowance. What assurances can the Government give to those earning above the current lower earnings

level of £123 per week but below the universal credit threshold of £332 about exclusivity clauses that may remain in their contracts? Will they face sanctions if they are unable to take additional work? Will the Government consider extending the scope of the regulations to cover those people as a result of what may well be some difficult conversations?

What steps will be taken to protect those who may earn below the lower earnings limit but may not be covered by the regulations because they are classed as self-employed? I am not talking about people who are genuinely self-employed, but those who are working in the gig economy and are often placed on highly restrictive contracts that do not offer the genuine freedom that self-employment provides. I think we all know the kinds of contracts that I am talking about.

Speaking of the effectiveness of the regulations, it would also be useful to have an assessment of how effective previous measures have been. As I have said, it is unclear what impact the 2015 regulations have had. While there are clear differences between workers on low pay and those on zero-hours contracts, they share the insecurity about accepting other sources of income, which the instrument is designed to challenge. It would be reassuring and helpful to hear how the Minister will evaluate both today's regulations and the previous ones.

The Minister mentioned the follow-up regulations, which will enshrine the right of legal redress. As we know, due to the implementation of the compulsory extra hurdle of ACAS conciliation that the Government have introduced, those rights do not become live until the early conciliation process is enshrined in law, so I would be grateful if the Minister gave us an assurance, and ideally a date by which the Government are committed to introducing those regulations, so that the rights that we are considering today become enforceable.

Finally, I wonder why we have taken so long to get to this point. I refer not only to the commitments made by the Government but to the Taylor report. We are seven years on from the original regulations, the review of which took place over 18 months ago. That it has taken us until today to get to where we are now seem like slow progress, but overall this is a welcome first step. In today's climate, though, and given that the Government were elected on a promise of delivering more wide-ranging labour market reforms to create genuine fairness and flexibility, much more needs to be done.

11.48 am

Chris Stephens: It is a pleasure to see you in the Chair, Mr Robertson.

I welcome the statutory instrument, but agree with the shadow Minister that much more is required. I thank him for mentioning, I think clause by clause, my private Member's Bill, the Workers (Definition and Rights) Bill. Given that the Minister has been in post a while and is perhaps, in current terms, a veteran at ministerial level, will he meet me to discuss its provisions? It touches on the issues that we are dealing with today, some of which I will come on to. The shadow Minister had obviously seen my speech before he got to his feet, because I will now reiterate just about every point that he made—perhaps more quickly, which will delight some hon. Members, though not all, I see.

I wish to pursue the issue of not using the EU directive on transparent and predictable working. It seems that the promises given that there would be no changes, and that the UK would adopt any changes from the European Union and embrace all the employment legislation and workers' rights protections, are not coming to fruition. This change in enforcing the lower earnings limit, not the EU directive, seems to indicate that the Government want to do things differently.

I say to Government Members that not everything from the European Union is bad. Its workers' rights and employment protections are of a good standard. Indeed, the Government have even committed that when the European Union makes changes around, for example, insecure work, they will be open to considering and perhaps adopting them. I hope that the Minister will confirm that is the case.

The Minister has mentioned that there will be other statutory instruments. They really have to deal with the insecurity of people who do not know how many hours they are going to work week to week. This is a nonsensical position; it puts a lot of pressure on these people financially because of childcare and transport costs. Does the Minister agree with me and the shadow Minister about the Taylor review recommendation regarding those who are on zero-hours contract for 12 months or more and their right to request a contract that better reflects the hours they work? It has been mentioned that that was a Government commitment; it was in the "Good Work Plan" in 2018, but has not been implemented.

I will quickly make just two more points. First, notice periods have to be dealt with. This is a huge issue for those who are on zero-hours contracts. We cannot have three people getting a text message saying, "The first one here will get the shift." That is an absolutely scandalous practice, but it is still going on in far too many workplaces. Finally, will the Minister tell me when we are going to see this much-vaunted employment Bill? It was committed to in the Conservative manifestos of 2015, 2017 and 2019.

11.51 am

Dean Russell: I genuinely thank all hon. Members for their valuable contributions to this debate. When I was at university, I worked on what we would now call a zero-hours contract, doing as-and-when work. As such, I totally understand the challenges that people face with this, which is one of the reasons for these reforms. People on the lowest incomes being told that they cannot work elsewhere is just wrong, and these regulations go towards rectifying that. I appreciate that there is always a desire to go further and faster, and I hear that, but hopefully we are all in agreement that we are heading in the right direction with these regulations.

I will come to employment Bill later. I brought in a private Member's Bill that would have been part of that employment Bill—the Employment (Allocation of Tips) Bill—and I am very proud of that. I recently became the Minister with responsibility for this area. There are great things happening, but I will address those later in my speech.

I hope I can cover most of the responses to the excellent questions during the debate. If I do not, I will absolutely write back. I know the hon. Member for Ellesmere Port and Neston is a regular writer of parliamentary questions. I always enjoy reading and responding to them, so I thank him very much.

[Dean Russell]

The points that have been raised demonstrate the need for the regulations and the broad support for introducing them. The Government are intent on driving higher employment, wages and economic growth. The implementation of these regulations will support this aim by building more flexibility into the labour market and putting powers into the hands of individuals and businesses to find and create work that suits them and their personal circumstances. Short-hours contracts can provide a necessary level of flexibility for individuals, allowing them to work around other commitments such as study or childcare. The flexibility provided by short-hours contracts, including as zero-hours contracts, is something we know that the majority of these workers enjoy and, therefore, this should be protected.

This proposal will allow individuals to work multiple short-hours contracts, allowing them to boost their income while maintaining the level of flexibility required for their personal circumstances. A dynamic and flexible labour market will help us retain and attract talent, while fostering a diverse and inclusive workforce. The talent pool of job applicants will widen, as those who have been prevented from applying for jobs by another employer will help businesses to fill vacancies in key sectors and provide employment opportunities in marginalised areas. This more flexible market encourages an upskilling of workers and allows a match to be made between individuals and work which best uses their skills, which will drive higher employment, wages and economic growth. The culmination of these factors will contribute to the commitment we are making to ensure that the UK is the best place in the world to work.

There can be good reasons for employers using exclusivity clauses to protect the interests of their business. Although I am aware of the concerns that have been raised, some employers use exclusivity clauses to ensure that high-level company information remains confidential. However, we believe that employers should equally respect the right of a worker to earn a living, particularly where guaranteed earnings are low.

Returning to the points made in the debate, the hon. Member for Ellesmere Port and Neston voiced about the lack of Government action to deliver on the manifesto commitment to create a right to request a more predictable contract. The Government remain committed to doing this. The right will allow a qualifying worker to make an application to change their existing working pattern if it lacks predictability in the hours that they are required to work, the times that they are required to work, and the duration of the contract. I will gladly follow up with more detail, if that would be helpful.

The hon. Gentleman also mentioned preventing one-sided flexibility and increasing business power over employees. We totally recognise that one-sided flexibility is a problem and that a minority of employers may misuse flexible working arrangements. We held a consultation inviting views on tackling challenges related to non-guaranteed hours; we are currently analysing the results and will respond in due course. Again, I am happy to follow up once that is available.

The hon. Gentleman also raised concerns about the continued absence of an employment Bill. As I said earlier, I have been forging my own way with my private Member's Bill on tips, and there are many other

relevant PMBs. I am afraid this is a very similar answer to the one I gave before, but hopefully he does not mind a repeat—sometimes they are good on TV. The Queen's Speech set out a packed and ambitious legislative programme, which includes a comprehensive set of Bills that enable us to deliver on priorities such as growing the economy, which will in turn help to address living costs and get people into good jobs.

Chris Stephens: The Minister is being typically generous in giving way. I was on the Bill Committee for his tips Bill, which is a good measure. His predecessor gave a commitment that an employment Bill would be in the last Queen's Speech, but it was not. Given the strong and stable Government who we have at the moment, can the Minister tell me in which King's Speech we will see an employment Bill?

Dean Russell: I appreciate the intervention and the diligence with which the hon. Gentleman follows Government process and Conservative manifestos. Of course, there is still a desire to introduce an employment Bill, but a lot of the activity that would have been in such a Bill is coming forward. A neonatal private Member's Bill is currently in play, and there is some really great work going on in that space. I hear him and will feed back the comments, but we are forging ahead in a positive way. I too was disappointed that the Queen's Speech did not include an employment Bill, but we remain committed to delivering our as many of our commitments on employment as parliamentary time allows. As I say, numerous private Members' Bills on employment rights have been introduced as a result of PMB ballots in the Commons. Wherever possible, there is a keenness to support those that are aligned with the goals of the Government..

The hon. Members for Glasgow South West and for Ellesmere Port and Neston both asked why the draft regulations are not being extended further, and I understand their views. Ultimately, the intention is to ensure that low-paid workers who are not able to secure the number of hours they would like from their current employer are able to seek additional work elsewhere. The lower earnings limit is set each tax year by the Government and is an established marker of a low-paid worker. Using the lower earnings limit will also ensure that the threshold remains relevant. Setting the threshold at the level of the lower earnings limit balances the needs of various businesses while protecting the most vulnerable workers and enabling them to boost their income where required.

Justin Madders: I am grateful to the Minister for providing some explanation. Can he say a bit more about why the needs of those businesses mean that the level is set at where it is now?

Dean Russell: Obviously they are wide-ranging, but a good example would be that if someone is working in an company where the information that they are working on is sensitive and there is a major competitor, that would be a challenge for exclusivity. A company would not want that worker to go and work for a competitor.

Justin Madders: I suggest that the general confidentiality duty in contracts of employment ought to cover those sorts of situations. I urge the Minister to look again at that as a reason not to extend the scope.

Dean Russell: I thank the hon. Gentleman for raising that point, but I suppose that in some instances it would be a bit like somebody working in the Conservative party and also in the Labour party. We can see the slight conflict there.

Chris Stephens: Not a conflict at all.

Dean Russell: Well, the news is that the SNP and Labour are going to form a coalition, so perhaps I am wrong to use that example.

Chris Stephens: We are ready to serve.

Dean Russell: What I would say is that the EU regulations provide for a wholesale exclusivity clause in all contracts, whereas we believe that, in some instances, exclusivity clauses are needed for businesses to protect business interests, allowing them to continue to generate economic growth. If it is helpful, I will come back to Members with some more precise examples for reference.

To move on—I am conscious of time; I know people normally like these Committees to run quickly, but this is an important statutory instrument—concerns were raised about the announcement from His Majesty's Treasury about additional requirements for the lowest paid universal credit claimants, who would face having their benefits reduced if they did not meet them. With our changes to exclusivity clauses, we want to help people on low incomes to secure more and better paid

work, to provide a valuable income boost for vulnerable and low-paid workers. That will help universal credit claimants to meet those new earning requirements and keep their benefits.

There was a question about when we will lay the subsequent legislation. We plan to lay the associated negative statutory instrument as soon as possible, following the successful passage of these regulations.

Chris Stephens: Will the Minister give way?

Dean Russell: I hope the hon. Gentleman will not mind if I do not. I think I have been quite generous and friendly to all sides.

We plan to lay that SI as soon as we can, with a view to the policy coming into force later this year. I can update Members when we have a firm date.

I hope I have covered all the questions, but if I have not, I will gladly follow up in writing. I thank everyone here today. I commend these draft regulations to the House.

Question put and agreed to.

Resolved,

That the Committee has considered the draft Exclusivity Terms for Zero Hours Workers (Unenforceability and Redress) Regulations 2022.

12.2 pm

Committee rose.

