

# Government confirms plans to modernise trade union regulator

- Government confirms plans to modernise the regulator for trade unions to boost transparency and provide reassurance to workers that high standards will be maintained
- new enforcement powers and levy mechanism will bring the Certification Officer into line with other regulators like the Pensions Regulator
- changes to the regulator, previously approved by Parliament, do not affect unions' rights to campaign on public policy or individual workers' rights to join a union and take part in union activities

The regulator for trade unions and employers' associations will be modernised to uphold high standards across the sector and provide reassurance to union members, the government has confirmed today.

The reforms, which have previously been approved by Parliament, will bring the functions of the Certification Officer into line with other regulators, like the Pensions Regulator, Financial Reporting Council and Electoral Commission.

Under the plans, which will reassure union members by ensuring unions uphold high standards, the Certification Officer will be able to respond when a third party raises concerns that a union or employers' association may have breached its statutory duties. The Certification Officer will also be able to begin an investigation where they suspect a breach themselves.

Breaches of statutory duties include allowing someone with a criminal record to hold a senior position, mismanaging political funds, failing to hold elections where required, refusing to allow access to accounting records when requested, and refusing to comply during investigations by the regulator into potential wrongdoing.

Business Minister Paul Scully said:

Trade unions can play a key role in helping workers understand their rights, which is why it is so important that the regulator is able to ensure they are complying with the law. Ensuring unions fulfil their statutory duties is to everyone's benefit, including union members.

These measures put the Certification Officer on a par with other regulators, and will ensure organisations are fully transparent and maintain high standards, while providing reassurance to union members.

Like other regulators, such as the Electoral Commission, the Officer will

have the ability to apply financial penalties to employers' associations or trade unions of up to £20,000 where the most serious breaches are found to have occurred.

The Officer will be funded by a levy on the organisations it oversees, in line with other regulators such as the Pensions Regulator and the Financial Reporting Council. To ensure the levy, which is set to come into force in April 2022, is affordable, the government plans for it to be capped at 2.5% of a union or employers' association's annual income, while organisations with the lowest income will be exempt entirely, and the government is engaging with relevant organisations to finalise the detail prior to implementation.

The changes do not affect the rights and functions of trade unions, and will in no way impede the ability of organisations to campaign around public policy.

Details of the changes are set out in the response to two government consultations on how the changes should be implemented, which will be published later today.

- The principle of the levy has previously been agreed by Parliament. The government will now engage further with relevant organisations to finalise the detail of the levy. Following this engagement, draft regulations for the levy will be laid before Parliament
- the government will also now lay regulations for the Certification Officer to have the power to impose financial penalties. Subject to Parliamentary approval, the intention is for the regulations to come into force in April 2022. Alongside the power to impose financial penalties, the government will also commence the investigatory powers and levy on the same date
- in addition to being capped at 2.5% of an organisation's annual income, the levy will be limited so that it does not exceed the expenses of the Officer over a three-year period. The levy will also not have to cover legal costs arising from the Officer's investigations and the cost of appointing external inspectors

Since last year alone, the government has taken a range of action taken to protect workers' rights, including:

1. Providing a well-earned pay rise to around 2 million of the UK's lowest-paid workers through a higher minimum wage, backed up by a full communications campaign to make sure people check their pay.
2. The National Living Wage, which we extended to 23 and 24 year olds, is now 33% higher than the minimum wage in 2015. This means that the average annual earnings of a full-time worker on the NLW have increased around £4,000.
3. Young people and apprentices also saw above-inflation increases to their minimum wage rates.
4. Enabling workers to carry over more annual leave, due to the pandemic
5. Increasing the reference period employers use to calculate holiday pay to improve seasonal workers' wages

6. Setting out plans to crackdown on restrictive employment contracts to ensure up to 1.8 million low paid workers across the UK can pick up extra work if they want to
7. Protecting the earnings of furloughed workers who take Maternity Pay and other forms of Parental or Adoption Pay
8. Bringing into force 'Jack's Law', a world-first, which gives statutory leave for parents who suffer the devastating loss of a child
9. Conducting a review into how victims of domestic abuse can be supported in the workplace, setting out the impact that domestic abuse has on victims, the challenges that it brings for employers and what best practice looks like.
10. Introducing Key Information Documents to ensure that temporary work-seekers have all the facts they need to know upfront.