

Final stage impact assessment

Title: Repeal of the Trade Union Act 2016 Impact Assessment

Type of measure: Primary Legislation

Department or agency: Department for Business and Trade

IA number: DBT-026-24-CMRR

RPC reference number: ...

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Date: 21/10/2024

1. Summary of proposal

1. The plan to Make Work Pay committed to repeal the Trade Union Act 2016. This involves repealing the following measures:
 - a. 50% turnout requirement for industrial action ballots
 - b. 40% support requirement for industrial action ballots affecting important public services.
 - c. Information requirements for trade unions:
 - i. to provide employers on industrial action ballots.
 - ii. to provide members on the outcome of the industrial action ballot.
 - iii. to provide in their annual return to the Certification Officer additional information on industrial action taken and expenditure from political funds.
 - iv. The government is further consulting on reducing the amount of information unions must provide to employers prior to an industrial action ballot and in the notice of industrial action
 - d. Trade unions to give 14 days' notice to an employer where they intend to take industrial action. Section 57 of the Employment Rights Bill returns the notice period to seven days' notice, though the government is consulting on what is a reasonable time requirement for unions to notify employers.
 - e. Additional requirements for picket supervision introduced in the 2016 Act.
 - f. New union members being required to opt in if they wish to contribute to their union's political fund. This will revert to new members automatically opted-in to the political fund with the option to opt-out.

- g. Revised investigatory and enforcement powers for the Certification Officer, including financial penalties.
 - h. The Certification Officer Levy, paid for by trade unions and employers 'associations. Facility time measures including a requirement for public sector employers to publish information on facility time and a power to cap facility time.
 - i. For public sector employers to charge trade unions for the administration of payroll deductions of trade union subscriptions or to discontinue providing them. Also, the requirement for unions to make available alternative ways to pay subscriptions.
2. The Employment Rights Bill will retain the independence from Ministerial direction of the Certification Officer. The time limit for mandates from successful industrial action ballots will remain at six months, though the government is consulting on whether this should be extended to 12 months.

2. Strategic case for proposed regulation

Problem under Consideration

3. Some aspects of the labour market are working well, with a high (16 to 64) employment rate, a low unemployment rate and a low working age inactivity rate when compared to the past 50 years. However, other aspects are working less well. The distribution of the income gained from economic output has become more unequal, with real wages stagnating and large variations in regional wages. Although the National Minimum Wage has reduced the number of jobs with low hourly pay, the number of jobs with low weekly earnings remains much higher. The rise in flexible contracts has increased precarity in the labour market, and employers have reduced investment in improving workers' skills in recent years.
4. In 2022 and 2023 workers undertook substantially more industrial action than they had for over 30 years. The measures in the 2016 Act may have potentially hindered workers from taking effective action when in dispute with their employer, contributing to the outbreak of strikes, as workers (through their unions) felt less able to challenge employers on wages and workplace problems in the periods prior to and during the pandemic. For workers strikes should be a last resort when in dispute with their employer and they consider that negotiations have stalled without an acceptable resolution. They enable workers to demonstrate their collective voice by removing their labour, at the cost of their wages on strike days. From 2017 to 2019, the UK economy was fairly stable but not growing strongly. In these conditions it can be difficult for workers to choose between taking action to maintain or improve their living standards and continuing to work to receive pay. This decision is especially challenging for workers who are not financially well off. Some employers may also raise the possibility of imposing detriments on workers who participate in industrial action, to affect voting intentions. The ballot thresholds therefore created additional barriers to unions effectively representing dissatisfied workers, as active commitment to industrial action was needed to meet the thresholds. Workplace issues were therefore more likely to remain unresolved, with additional problems emerging in 2020 and 2021.
5. Some public sector workers are covered by Pay Review Bodies. Pay Review Bodies recommend pay changes for the workers covered, following an independent investigation of relevant labour market factors, and after being given a high-level remit by the government. Unions can submit evidence to the Pay Review Bodies, which will be assessed alongside other evidence. The government is not bound by the recommendations of the Pay Review Bodies¹.

¹ [About Pay Review Bodies - GOV.UK \(www.gov.uk\)](https://www.gov.uk/about-pay-review-bodies)

Some of the pay disputes in 2022-2024 occurred because relevant workers were not prepared to accept the offers that the government made them, even when following the Pay Review Body recommendations.

6. Labour market issues are likely to have been exacerbated by the decline in unionised worker voice in recent decades, reflected in substantially lower union membership when compared to the 1970s and 1980s, and a subsequent reduction in the collective bargaining coverage of the workforce over the last 20 years. This has reduced the ability of workers to utilise collective worker power to negotiate better terms and conditions, access to training and secure work. The 2016 Act and other recent union related legislation² further reduced the likelihood of collaborative industrial relations and a fair balancing of the interests of employers and workers.
7. The Employment Rights Bill aims to reduce the barriers for workers to organise a collective voice via union representation through a package of reforms. This includes the repeal of the Trade Union Act 2016 (the 2016 Act).
8. The 2016 Act placed additional restrictions on unionised workers to take industrial action when in dispute with their employer. These are set out in the Summary of Proposal section at the start of the document.
9. The implementation of the 2016 Act required new union members to opt in to contribute to union political funds and required unions to provide a much more in-depth reporting of political fund expenditure in trade union annual returns to the Certification Officer. This has potentially led to a general decrease in the number of contributors to union political funds; annual political fund income for most unions; and political fund expenditure³. This suggests that union expenditure on the party-political process, that is expenditure designed to support the collective worker voice, has been negatively affected by the 2016 Act.

Why does the government need to intervene?

10. The government believes collaborative industrial relations and a fair balancing of the interests of employers and workers are key to tackling problems of insecurity, inequality, discrimination, enforcement and low pay. When workers are empowered to act as a collective, they can secure better pay and conditions. The government therefore wants to improve the ability of unions to represent their members' interests during disputes with employers by removing legislative barriers which may have worked against cooperative industrial relations. The 2016 Act imposed legislative barriers to unionised workers winning a mandate for industrial action, and being able to carry out effective action, weakened collective worker voice and contributed to the imbalance of power between employers and workers.

What are the potential risks of non-intervention?

11. The risk of the government not repealing the 2016 Act, is that workers and trade unions continue to face barriers when trying to organise collectively. This could contribute to workers being less able to increase their living standards and help improve workplace standards. . The reduced ability of unionised workers to fully represent their concerns when negotiating with employers, due to the aforementioned barriers in the 2016 Act, may make it more difficult for workplace disputes to be resolved fairly and within good time. This would lead to a build-up of problems that may result in large outbreaks of industrial action as the workers' situation becomes more untenable.

² The repeal of Regulation 7 of the Conduct Regulations 2003, and the Strikes (Minimum Services Levels) Act 2023.

³³ DBT analysis of trade union annual returns to the Certification Officer.

3. SMART objectives for intervention

Policy Objectives and intended effects

12. The policy objectives are:
 - a. The removal of legislative barriers introduced in the 2016 Act to empower workers to act collectively through unions, and to have an effective collective voice in the workplace
 - b. Encourage more cooperative industrial relations between employers and workers.
 - c. Simplify the framework for industrial relations
13. The intended outcomes include:
 - a. Stronger worker voices in the workplace.
 - b. Greater cooperation and negotiation between workers and employers, with a reduction in industrial action (fewer working days lost through strikes).
 - c. A move towards a higher wage, higher productivity economy – so workers share in the benefits of economic growth.
14. The policy contributes to the government's growth objective by reducing barriers to effective collective worker voice. This should contribute to the fair distribution of the benefits of increased output through better terms and conditions for workers, and possibly more employer sponsored training opportunities which will help reduce the negative impact of inequality and skills gaps on economic growth. More cooperative industrial relations between employers and unionised workers could reduce the number of working days lost through strike action, reducing the economic cost from industrial disputes.
15. The Certification Officer would maintain the regulatory powers they had prior to the 2016 Act and would retain their independence from Ministerial direction. The additional powers in the 2016 Act have not been used substantially since coming into force.

4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives

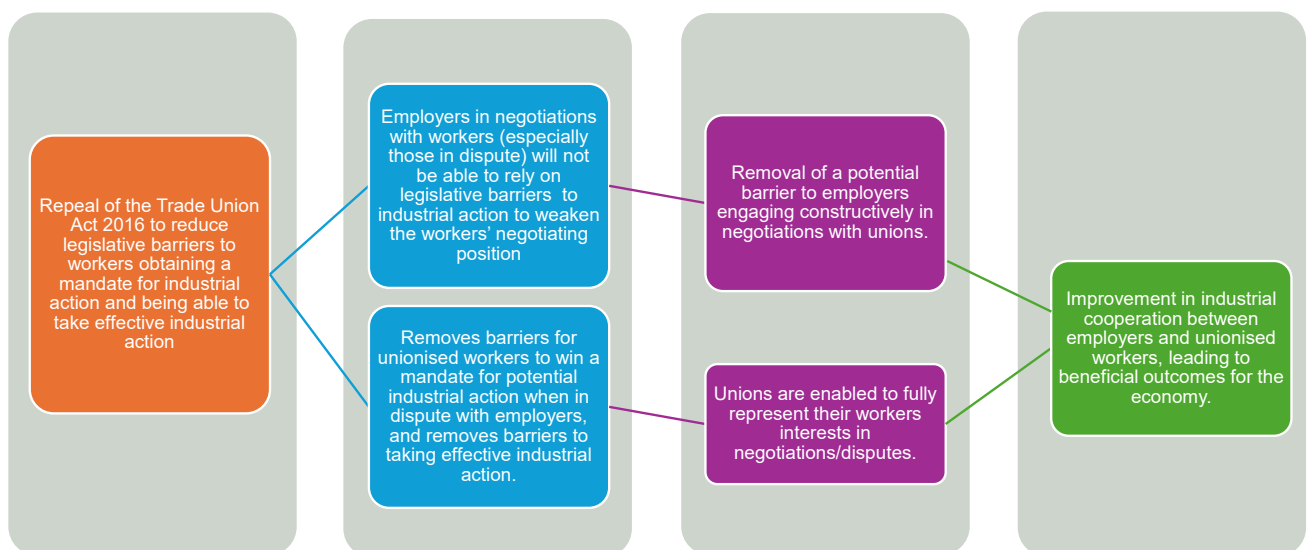
16. The preferred policy option is the repeal of the 2016 Act. The Employment Rights Bill will legislate the following:
 - a. The removal of the industrial action ballot thresholds (a requirement for these ballots to achieve at least a 50% turnout, and, for ballots in the 'important public services,' a requirement for at least 40% of those entitled to vote voting in favour of action). This would move industrial action ballots from being among the most highly regulated in the UK to be more in line with most statutory ballots where the outcome is based on votes cast (thereby encouraging people to participate).
 - b. A reduction in the notice period that unions must give to employers of industrial action scheduled to take place from 14 days to seven days. However, the Government is consulting on what is a reasonable time requirement for unions to notify employers.
 - c. A reduction in the information unions are required to include on the ballot paper, and provide to employers prior to the ballot taking place and on the result.
 - d. Unions will no longer have to report information on industrial action ballots and industrial action taken, or the detailed information on political expenditure required by the 2016 Act, in their annual returns to the Certification Officer.

- e. Remove the additional requirements for picket supervision. These include the union appointing a picket supervisor, and informing the police of their name, contact details and picket location, and the union providing a letter (providable to any employer representative on request) stating the picket is union approved.
- f. Return to the automatic 'opt-in' option for political fund contributions for new members joining unions with political funds.
- g. Remove the requirement for public sector employers to publish information on trade union officials' paid facility time.
- h. Remove ministerial powers to limit the amount of paid facility time public sector union representatives could take.
- i. Remove the restrictions on the payment of union subscriptions through payroll in the public sector as introduced in the 2016 Act.
- j. The removal of additional investigatory and regulatory powers (such as the ability to issue fines for breaches of rules and regulations) for the Certification Officer introduced in the 2016 Act, but the maintenance of the independence of the Certification Officer from ministerial direction.
- k. The removal of the Certification Officer Levy and the return of central funding for the Certification Office.

17. The preferred option primarily meets the government's objectives by reducing the administrative barriers to unions fully representing members during workplace negotiations, especially those relating to when workers and employers are in dispute. The repeal of the 2016 Act will reduce the legal barriers for unions to achieve a mandate for industrial action. This reduces the risk of employers relying on ballot thresholds rather than constructively negotiating with unions. It should help unions improve terms and conditions of represented workers.

18. The return to an 'opt-out' option for political fund contributions for new union members with political funds may increase the proportions of new members contributing to the political fund in these unions, and the amount of political fund income raised each year. This is likely to result in an increase in political expenditure in the interests of the collective worker voice.

19. The Theory of Change map for repeal of the industrial action measures is as follows:



5. Summary of long-list and shortlist alternatives

20. The government is consulting on a number of issues relating to the 2016 Act. The consultation will run from the 21st October to the 2nd December. The areas the government is seeking views on include:

- a. The broad principles of a modern industrial relations framework.
- b. How the government can ensure that the modern industrial relations framework can successfully deliver trade unions a meaningful mandate to support negotiation and dispute resolution.
- c. What a reasonable time requirement is for unions to inform employers and those balloted of the outcome of the ballot, and the mechanism that can be used to inform them.
- d. What the appropriate time period is for notice from unions to employers of industrial action.
- e. Proposals to further reduce the information requirements that unions must provide employers about the workers being balloted for industrial action, and the workers who may be involved in industrial action, under sections 226A and 234A of Trade Union and Labour Relations (Consolidation) Act 1992 (the 1992 Act). These will require unions to provide a list of the category of workers covered, a list of workplaces involved, and the total number of workers involved.
- f. A proposal to extend the expiration date for union industrial action mandates from six to 12 months.

21. We did not consider the potential impacts of issues a), or b) in the above list. The first two issues are asking for views on a modern industrial relations framework rather than any specific policy issues. However, in relation to issue b) it should be noted that the Knight Review on electronic balloting for industrial action ballots⁴ states that “it is difficult to draw any firm conclusion as to whether [secure] e-balloting would increase turnout” as the evidence is so mixed”.

22. An alternative option on political fund contributions was considered and ruled out:

- a. For the return to an ‘opt-out’ approach to union political fund contributions, two options were considered:
 - i. The chosen option would move all new members joining unions with political funds to an automatic opt-in to contributing to the political fund, though they would have the right to opt-out of contributing at any time. Union members who have opted out at the time of the repeal of the 2016 Act would continue to be non-contributors, unless they chose to opt-in. Research suggests that requiring an active opting out of schemes increases participation rates, as most people do not have an active opposition to participating⁵.
 - ii. An alternative option was to move
 - a. all new members following the repeal of the 2016 Act to automatic opt-in to contributing and
 - b. after a six-month transition period, all existing union members (in unions with political funds) to automatic opt-in. During the six-month period, the unions would have to inform all current

⁴ [Electronic balloting for industrial action: Knight review \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/544447/knight-review-2016-act.pdf)

⁵ This report suggests ‘back end opt-out’ for automatic voter registration in the USA – which is similar to the situation political funds would return to – has increased voter registration [The Case for Back-End Opt-Out Automatic Voter Registration - Center for American Progress](https://www.americanprogressaction.org/issues/2016/04/back-end-opt-out/). ONS analysis of move to automatic pension enrolment [Pension participation at record high but contributions cluster at minimum levels - Office for National Statistics](https://www.ons.gov.uk/peopleinwork/pensions/pensionparticipation/articles/pensionparticipationatrecordhighbutcontributionsclusteratminimumlevels)

members that they would be automatically opted-in to contributing to the political fund unless they chose to opt out.

- ii. Option 2 was rejected as it would mean that union members who had already chosen to opt-out (or not to opt-in) would be automatically opted-in unless they went through the process of opting out again. It was deemed more reasonable for existing members to carry forward their position on contributing to the political fund, whether that was opting in or opting out, rather than moving all members to a default automatic opt-in regardless of their previous choices.

- 23. Most unions are micro, small or medium sized employers and therefore the proposed reforms must apply to these sizes of business to be effective. The reforms are primarily designed to reduce the legislative barriers placed on unionised workers from taking industrial action as a last resort when in dispute with their employer. The proposed reforms will also reduce other administrative and cost burdens placed on unions, as well as regulatory requirements placed on employers' associations and public sector employers.
- 24. Indirectly, these reforms may require additional work for employers. Under the Bill, employers will have less time to plan to limit the impact of industrial action, as it reduces the notice period for industrial action from 14 days to seven days. However, the government is consulting on what is an appropriate notice of industrial action. Employers will be notified that an industrial action ballot is taking place, and some information about the workplaces, number of workers, and categories of workers being balloted (the extent of this information required is also being consulted on). Employers will also not be able to rely on ballot thresholds to limit the threat or extent of industrial action, so will need to concentrate on reaching a resolution with the unionised workers. While union membership is more concentrated in larger employers, some micro, small and medium employers have union members among their workforce and recognised unions. Therefore, for the policy objectives to be achieved it is necessary for the proposed reforms to cover all sizes of business.

6. Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
		Note: Below are examples only
Description of overall expected impact	We expect that there will be some benefit to households from unions being able to obtain better terms and conditions for workers covered by collective agreements. Some of this is likely to benefit workers in the lower half of the wage distribution (so although it is a transfer from employers, there would be some distributional benefits). This may increase household expenditure and reduce household debt, which could benefit the wider economy. Potentially, if there is a move to a more cooperative industrial relations environment, there could be fewer industrial action, with wider economic benefits. If relations remain fractious, there could be more working days lost from strike action than would have been the case without the repeal of the 2016 Act. Where these affect public services it could also have negative impacts on the wider economy.	Positive
Monetised impacts	Total £ NPSV £2.7 million Familiarisation cost £0.8 million Ending of Certification Officer Levy – annual transfer of cost to Exchequer of £0.76 million Net reduced administration costs – annual benefit of £0.4 million	Positive Based on likely £NPSV
Non-monetised impacts	There is a likely transfer from employers to workers in improved terms and conditions, which would have some distributional benefits. This may have an impact on household spending power. There is a potential for reduced industrial action compared to the years where the 2016 Act has been in place, due to more cooperative industrial relations. This would benefit employers, workers affected, and the wider economy. However, there remains the risk that reducing legislative barriers to industrial action could lead to an increase in the number of working days lost from strikes than otherwise would have been the case.	Positive
Any significant or adverse distributional impacts?	Yes – potential benefits from a transfer from employers to workers could benefit workers across the wage spectrum, including low paid workers. This may have a larger impact where the proportion of workers covered by collective bargaining is higher in the following regions and countries: northern English regions, Scotland and Wales	Positive

(2) Expected impacts on businesses

<p>Description of overall business impact</p>	<p>There is expected to be some transfer of power from employers to workers in the form of improved terms and conditions (potentially concentrated in more unionised employers and industries, especially amongst those with established union activity).</p> <p>There is the potential for reduced industrial action, and other possible benefits from a more cooperative industrial relations environment. The removal of legislative barriers could result in increased industrial action than there otherwise would have been.</p> <p>There are specific benefits for unions from the ending of the levy (also for employers' associations) and reduced administration from reporting requirements for union annual returns. Unions may benefit from the increase in collective worker power by increased membership, being able to collectively represent members more effectively, and from increased political fund contributors.</p>	<p>Uncertain</p>
<p>Monetised impacts</p>	<p>Business NPV (if available) £5.6 million</p> <p>Approx net financial cost to business EANDCB -£0.6 million</p> <p>Please indicate if pass through to households has been deducted from these figures: No</p>	<p>Positive</p> <p>Based on likely business £NPV</p>
<p>Non-monetised impacts</p>	<p>The transfer from employers to workers from better terms and conditions.</p> <p>The economic impact of industrial action will be subject to whether these increase or decrease as a result of the proposed reforms. The impact will also vary for the employers directly affected by any industrial action, as well as the knock-on impact on businesses that are not directly involved in the dispute.</p> <p>Possible economic benefits from increased household spending power, and more cooperative industrial relations.</p> <p>Unionisation is more concentrated in larger businesses, so the direct impacts are likely to be more concentrated in them. A minority of small, micro and medium sized businesses are also likely to be directly affected.</p>	<p>Uncertain</p>
<p>Any significant or adverse distributional impacts?</p>	<p>Yes</p> <p>Specific business sectors. The repeal of the 2016 Act primarily related to reducing barriers to industrial action in some broad industries – primarily transport and storage, education, health and social security. Therefore, these sectors are more likely to be affected than others</p>	<p>Uncertain</p>

	<p>Regional impacts. Wales, Scotland and the northern English regions have highest proportions of workers who are a) union members or are b) covered by collective agreements. Therefore, o impacts may be larger in these regions.</p> <p>Unionisation is more concentrated in larger businesses, so individually small and micro and even medium sized businesses are less likely to be directly affected by strengthened worker voice. Unions and employers' associations will mainly be small and micro businesses, although larger unions may be medium sized or large. Generally, larger unions tend to be involved in more disputes. Any indirect impact from the change in working days lost to strikes on non-involved businesses will likely affect all sizes of business with a range of factors influencing the extent of any impact.</p>	
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(3) Expected impacts on households

<p>Provide a qualitative description of the expected monetary impact on households (or individuals if more appropriate) directly impacted by the regulation</p>	<p>We would expect unionised workers to benefit from the removal of legislative barriers to getting a mandate for industrial action and taking effective industrial action. It is likely to improve unionised workers' collective bargaining power and enable them to improve their terms and conditions, such as wages.</p> <p>There are possible negative effects on individuals not involved in industrial action if industrial relations in the public services remain more challenging and the removal of legislative barriers causes more strike action than would otherwise have been the case.</p>	<p>Positive</p>
<p>Monetised impacts</p>	<p>Not monetised</p>	<p>Neutral Based on likely household £NPV</p>
<p>Non-monetised impacts</p>	<p>As above, we expect there to be some benefit to workers from improved terms and conditions resulting from improved bargaining power, especially when in collective dispute with the employer. However, it is not possible to monetise this as we do not have details of negotiations.</p>	<p>Positive</p>
<p>Any significant or adverse distributional impacts?</p>	<p>Union membership and collective bargaining coverage distributed across the income spectrum, with a substantial proportion (over 40% of collective bargaining coverage) below the median hourly wage means it is likely that there will be some distributional benefit to low paid workers, who are more likely to spend in the local economy. The proportion of workers covered by collective bargaining is higher in the</p>	<p>Positive</p>

	northern English regions and Scotland and Wales, so there is likely to be a regional impact.	
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Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
Business environment: Does the measure impact on the ease of doing business in the UK?	<p>The proposed change will adjust the balance of power in industrial relations by strengthening collective worker power. If this leads to more cooperative industrial relations, then employers (especially those with a history of industrial disputes) could benefit, as could the wider economy through reduced industrial action.</p> <p>The risk remains that there could be increased industrial and other possible employer benefits may not be realised, if there are not improved relationships between the employer and worker side as the policy intends.</p>	Uncertain
International Considerations: Does the measure support international trade and investment?	No expected impacts	Neutral
Natural capital and Decarbonisation: Does the measure support commitments to improve the environment and decarbonise?	We expect that these proposed changes have no or negligible impact on the environment, natural capital, and decarbonisation. The regulation does not directly relate to environmental or decarbonisation goals.	Neutral

7. Monitoring and evaluation of preferred option

25. A post implementation review will be carried out five years after implementation as the policy benefits are likely to be realised by this point.

26. These objectives can largely be monitored through available public data.

- The ONS' Labour Disputes Survey provides information on strikes (working days lost, number of disputes, strike days, workers involved, length of time between the first and last strike action).
- ONS' Labour Market statistics provides data on wages, productivity, household debt and expenditure.

- The union annual returns to the Certification Officer will continue to report political fund numbers of contributing members, income and expenditure.
 - The Certification Office will continue to report on its regulation of unions and employers' associations.
 - Alternative data sources for industrial action ballots data are being considered.
27. The state of the UK economy will likely to impact the success of the policy. Improved growth and productivity are likely to make it easier for the policy to be successful, as these conditions would make cooperative industrial relations easier. However, continued slower growth, especially if combined with negative economic shocks like high inflation, might make industrial relations more difficult.
28. Key measures will be the number of industrial action taken, union membership and collective bargaining coverage, measures of wages (within collective agreements and more widely), economic measures (productivity, household income, debt, expenditure, inequality), and workplace measures such as expenditure on training.
29. If the indicators show results counter to the policy intent, this may mean that there had been unintended consequences. The government would engage with stakeholder in these issues should they materialise.

8. Minimising administrative and compliance costs for preferred option

30. Primarily the proposed reforms are deregulatory, reducing the burden on trade unions, employers' associations, public sector employers and the Certification Officer.
31. The changes do not place any regulatory burden on employers involved in collective bargaining with unions or employers who face industrial action ballots or industrial action. However, the policy objective is to rebalance the power between employers and the collective worker voice to help foster ongoing improvements to industrial relations. There is the potential that some employers may choose to adapt their strategies for collective bargaining and preparation when facing industrial action to take account of the proposed repeal of the 2016 Act.

Summary: Analysis and evidence

Price base year:

2024

PV base year:

2024

	1. Business as usual (baseline)	2. Repeal of Trade Union Act 2016
Net present social value (with brief description, including ranges, of individual costs and benefits)	N/A	£2.7m Familiarisation costs: £0.8m. Annual benefit from reduced administration for unions and public sector employers: £0.4m. Transfer from Exchequer to unions and employers' associations from ending of Certification Officer's Levy: £0.7 m.
Public sector financial costs (with brief description, including ranges)	N/A	£0.7m cost annually – cost of Certification Office, £0.4m benefit to public sector employers from not having to provide information on facility time. £0.2 m – familiarisation time for public sector employers.
Significant un-quantified benefits and costs (description, with scale where possible)	Worker voice remains unchanged and less able to effectively challenge some of the underlying problems in the labour market, stagnant real wages, insecure work, inequality	Transfer from employers to workers from improved terms and conditions due to strengthened worker bargaining power – this might include a distributional benefit as workers on lower wage rates would be amongst the beneficiaries. Possible economic benefit from strengthening household spending power. Possible benefit from reduced industrial action as collective workplace disputes are resolved more fairly and quickly.
Key risks (and risk costs, and optimism bias, where relevant)	N/A	There is a risk that reducing legislative barriers could result in increased industrial action if industrial relations do not improve as the policy intends. This would impact businesses facing action directly and the wider economy indirectly.

Results of sensitivity analysis	N/A	...
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Evidence base

27. As noted above, evidence from the ONS' Average Weekly Earnings Survey suggests that real wages have stagnated, with current real total and regular pay at similar levels to those in 2007 and 2008.

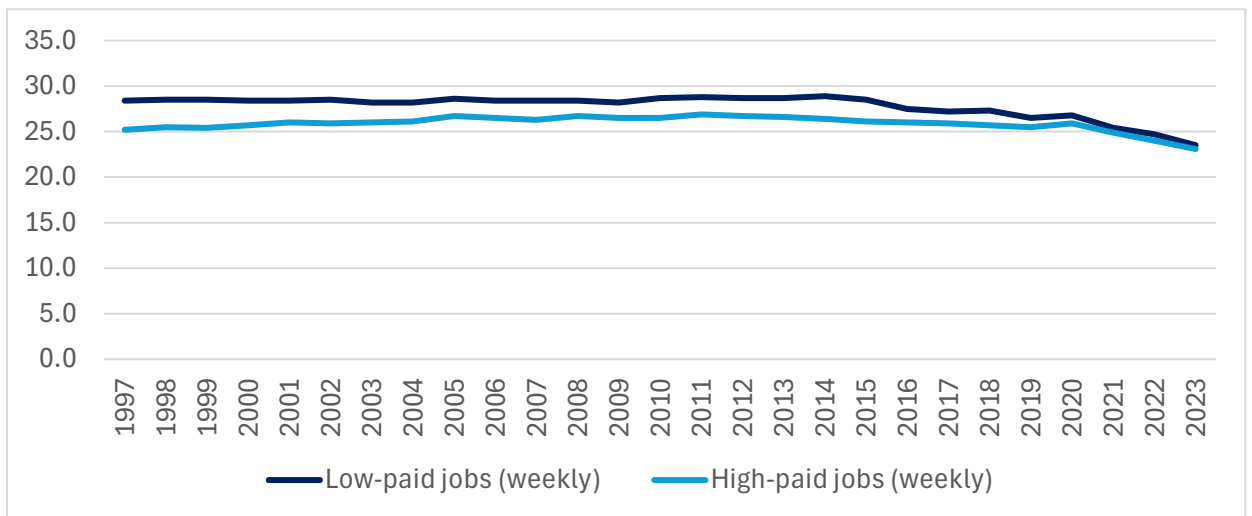
Figure 1: Real Average Weekly Earnings (Constant 2015 prices, seasonally adjusted, GB



Source: The ONS Monthly Labour Market Overview

28. Evidence from the ONS⁶ also indicates that close to a quarter of full-time jobs have low weekly pay (less than two-thirds of the median for those on adult rates) with full-time jobs with high weekly pay (at least 1.5 times the median) at a similar proportion of the total.

Figure 2: Percentage of UK full-time employee jobs with low and high weekly pay



Source: ONS Annual Survey of Hours and Earnings

⁶ [Low and high pay in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

29. There are significant pay gaps between regions and sub-regions, reflecting the different rates of productivity and prosperity. Regional median full-time weekly pay shows that there is a substantial gap between London and the rest, but also gaps between the South-East and Scotland, and the other regions and countries.

Table 1: Regional median full-time weekly wages, 2023

Region or Nation	£
London	838.9
South-East	704.3
Scotland	702.8
East	673.5
West Midlands	650.7
South-West	650.6
North-West	646.3
Wales	633.7
Yorkshire and the Humber	630.8
East Midlands	623.6
North-East	608.4
UK	681.7

Source: ONS, Annual Survey of Hours and Earnings

30. The Department for Education's Employer Skills Survey indicates that investment in training per employee has been falling in real terms in the UK since 2011, while the same survey suggests that between 2017 and 2022 there were increases in the proportion of vacancies where there was a shortage of candidates with the available skills in the UK in each broad industry group. These skill shortage vacancies accounted for over a third of the total UK vacancies in 2022⁷.

Table 2: Annual Investment in training per employee (2022 prices)

	2011	2013	2015	2017	2019	2022
England	£2,217	£2,058	£2,062	£2,019	£1,761	£1,788
United Kingdom	£2,191	£2,049	£2,033	£2,014	no data	£1,778

Source: DfE Employer Skills Survey

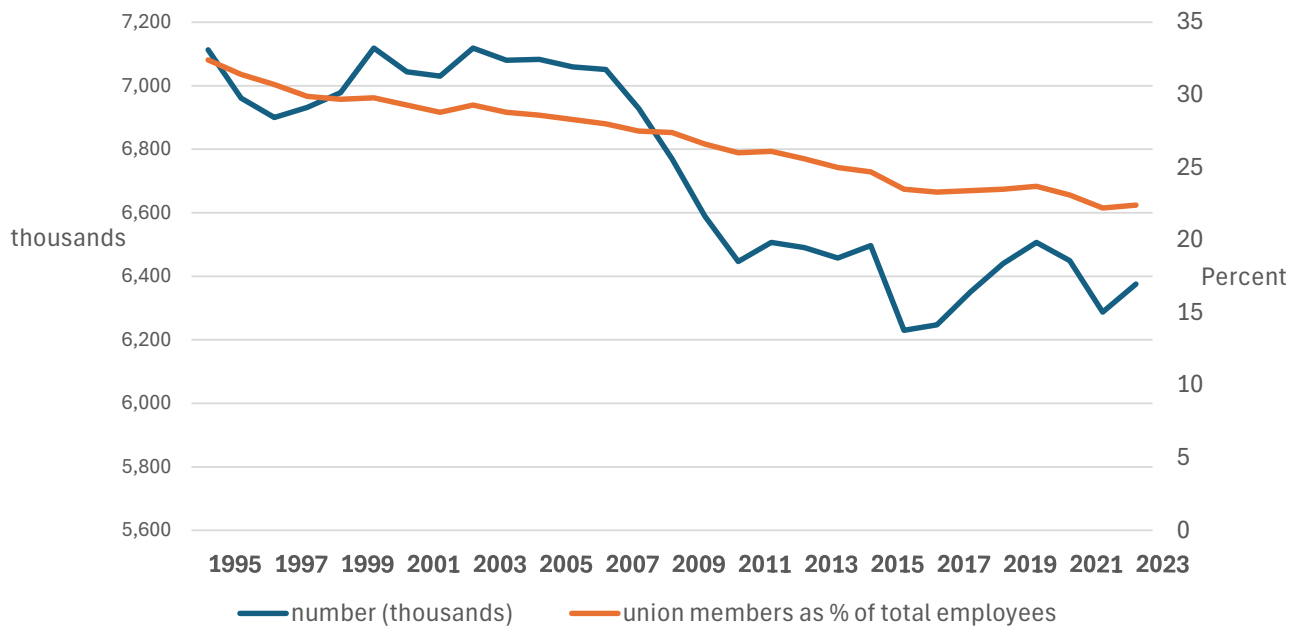
31. Around 13% of workers in the UK had worked in jobs where the hours tended to vary or they were paid on a fixed hourly rate in 2023, while the number of workers on zero hours contracts has increased to consistently over 1 million since the second half of 2021⁸. This suggests that a significant number of workers face the risk of more precarious, less guaranteed regular work.

32. The number of UK employees who are trade union members has fallen from around 7.1 million in 1995 to close to 6.4 million in 2023, while union members as a percentage of the total UK employees has fallen over the same period from 32.4% to 22.4%. There has also been a reduction in the proportion of UK employee jobs that have their wages set with reference to a collective agreement from around 50% in 2005 to 39% in 2023.

⁷ [Employer Skills Survey, Calendar year 2022 - Explore education statistics - GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics)

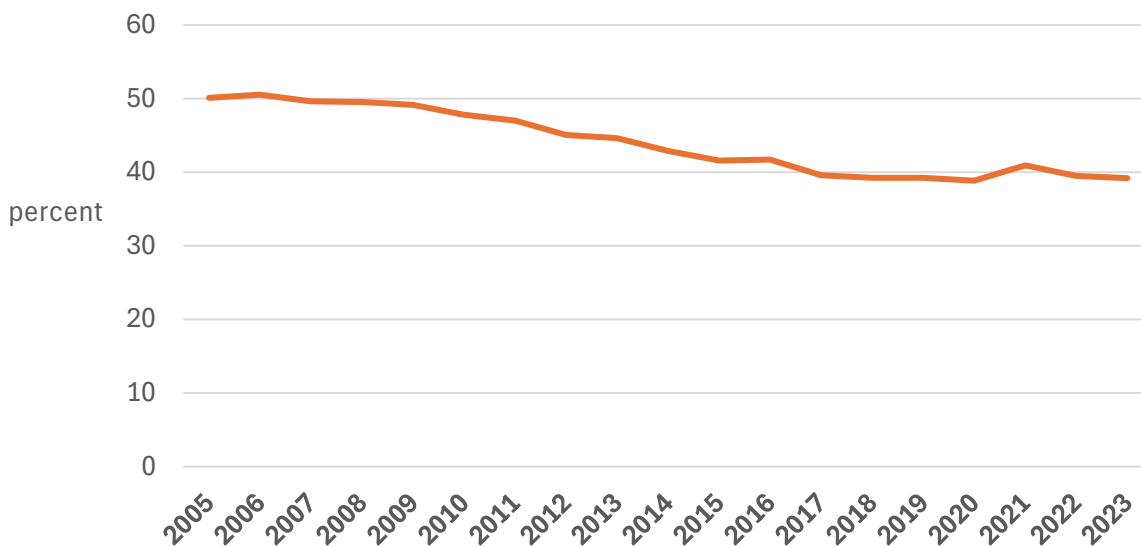
⁸ [EMP17: People in employment on zero hours contracts - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

Figure 3: Trade union membership among UK employees, 1995 to 2023



Source: DBT Trade Union Membership statistics 2023

Figure 4: Percentage of employee jobs that have pay determined by reference to a collective agreement, UK

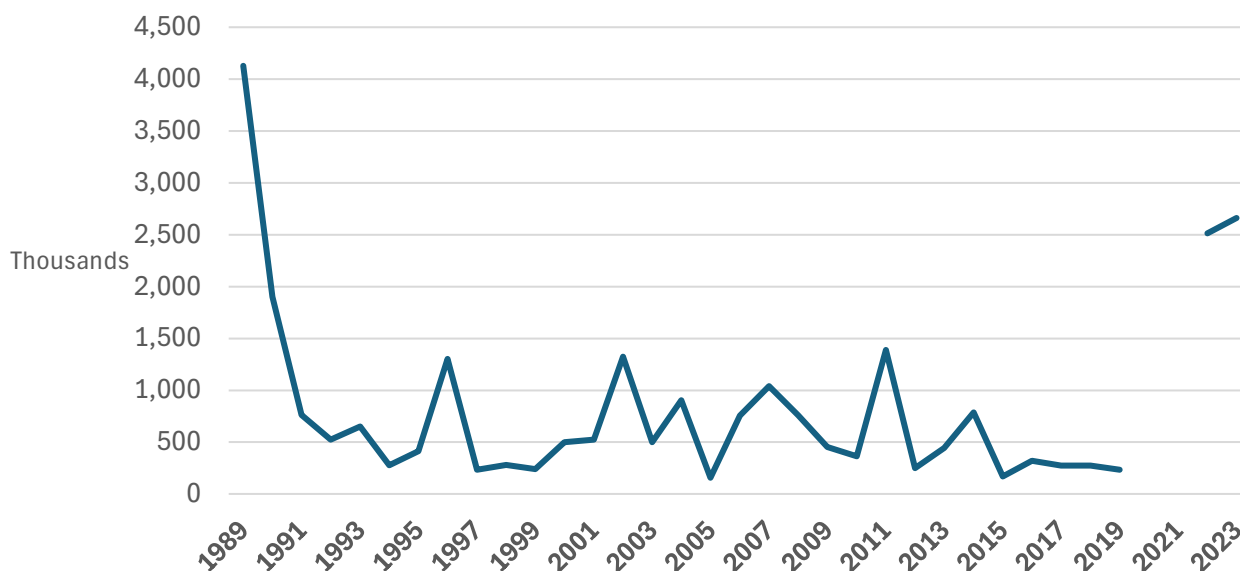


33. The 2016 Act has reduced unionised workers’ ability to take industrial action when in dispute with their employers. Most notably, this has been through the introduction of ballot thresholds. DBT estimates based on data provided by unions in their annual returns for the years 2018 to 2022 that in around 43% (1,979) of voting in favour ballots (ballots for which we estimate there is strike and short of strike questions are counted as one ballot) with individual employers, the thresholds prevented the ballot from providing a mandate for industrial action⁹.

⁹ DBT analysis of the industrial action ballots data in unions’ annual returns to the Certification Officer for the years 2018 to 2022.

34. The ONS' Labour Disputes Survey¹⁰ indicates that the 2016 Act reduced the amount of strike action in the years 2017 to 2019 (the survey was temporarily suspended in 2020 and 2021 due to the pandemic). However, when cost of living pressures intensified in 2022 and the labour market remained tight (partly due to higher numbers of working-age adults being inactive due to long-term sickness), there was an increase in strike action. Working days lost by striking workers reached the highest levels in 2022 and 2023 since 1989.

Figure 5: Annual Working days lost by striking workers, UK, 1989 to 2023



35. Data on political funds from trade union annual returns from 2017 to 2022 indicate falling numbers and proportions of members contributing overall. Income from contributing members fluctuated, but was lower in 2020 than in 2017, and lower in 2022 than in 2017 when excluding Unite's political fund (Unite has not submitted annual returns for 2021 or 2022). In 2019, Unison's income from contributing members accounts for the overall annual increase and is due primarily to the rise in the average annual contribution amount (which remained below £10)¹¹. The rise in members contributing in 2020 is primarily due to the National Education Union reporting a large drop in contributors in 2019, followed by a recovery in their contributor numbers in 2020. Political expenditure from the funds tends to relate to the political cycle, but there is a potential fall in political expenditure in non-election years as shown in 2021 and 2022.

¹⁰ [Labour disputes in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/labour-disputes)

¹¹ Based on DBT analysis of trade union annual returns data

Table 3: Union Political Funds trends 2017 to 2022

Category	2017	2018	2019	2020	2021	2022
numbers contributing	4,610,993	4,476,617	3,923,350	4,131,863		
% contributing	86.1%	82.1%	72.8%	75.8%		
numbers contributing (excluding Unite)	3,515,277	3,491,046	3,004,828	3,264,405	3,027,461	2,898,045
% contributing	87.0%	83.9%	73.1%	77.6%	73.7%	71.2%
Political fund members contributions (£m)	23.93	23.15	23.96	23.04		
Political fund members contributions (£m) (excluding Unite)	15.85	15.37	16.82	16.31	15.29	14.43
Political expenditure (£m)	17.71	10.36	19.40	7.87		
Political expenditure (£m) (excluding Unite)	11.27	10.36	10.25	5.48	7.29	6.01

Monetised and non-monetised Impacts

36. We assessed any monetised costs over a 10-year appraisal period and present our estimates in terms of present value costs for this period for business (NPV), society (NPSV) and equivalent annualised net direct costs to business (EANDCB), and households (EANDCH). As per current regulatory guidance, EANDCB are presented in 2024 prices and use 2024 as the base year for the present value calculation. All other impacts are given in 2023 prices and use 2025 as the base year for the present value calculation because we expect the proposed changes to come into force in 2025.

Familiarisation costs

37. We assume that both trade unions and employers' associations affected by the repeal of the 2016 Act, and employers facing industrial action ballots would need to familiarise themselves with the proposed changes. The Certification Officer would also need to familiarise themselves with the changes.

38. There are 126 current non-federated unions, and three federated unions listed by the Certification Office on 22/08/2024¹². All of them could be affected in some way by the repeal of the 2016 Act. However, we would expect non-federated unions with political funds and unions that carry out industrial action ballots (and potentially action) to require more time to familiarise themselves, as more elements of the reforms relate to them. 21 unions have political funds. We estimate that 35 currently listed unions carried out industrial action ballots in the period from 2018 onwards¹³. Nearly all the unions with political funds are counted among those who have balloted for industrial action, except the National Union of Mineworkers and the Prison Officers Association (whose members are not able to take protected industrial action). Therefore, there are 37 unions who have carried out relatively recent industrial action ballots and/or have political funds.
39. Currently there are 36 employers' associations listed by the Certification Office¹⁴, who would also need to familiarise themselves with the proposed reforms.
40. Generally, employers¹⁵ are not required to take any action by the proposed repeal of the 2016 Act (as they were not required to take any action by the introduction of the Act). While the changes most relevant to employers (excluding unions, employers' associations and independent scrutineers) are the repeal of the barriers to industrial action, we assume that all employers with trade union members among their workforce will familiarise themselves with the changes as the proposed reforms may affect how employers negotiate with unions (and union members in non-recognised unions can take protected industrial action). Using the Management and Wellbeing Practices Survey¹⁶, we estimated the number of employers (based on size of workplace, from 5 to 9 employees onwards) who have workers that are union members. To estimate the employer percentages for workplaces with 5 to 9 workers, 10 to 19 workers, 20 to 49 workers and 50 to 99 workers categories, we used the workplace data for single establishment employers. For larger workplaces, we used all data (including the numbers for workplaces that are one of multiple workplaces in the UK for the same organisation)¹⁷. For those with 0 to 4 workers, we assumed the same percentage for employers with 5 to 9 workers (this is potentially a high estimate). We then multiplied by estimates of GB employer numbers to get estimates of the number of employers familiarising themselves with the change.

¹² [Current trade unions - GOV.UK \(www.gov.uk\)](https://www.gov.uk) non-federated unions are unions whose members are workers, while federated unions are collective organisations of unions.

¹³ 32 currently listed unions showed in their annual returns for 2018 to 2022 that they had carried out industrial action ballots, more recently the BMA, Musicians Union and Society of Radiographers have also balloted for industrial action.

¹⁴ [Current employers' associations - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

¹⁵ Not mentioned earlier in the familiarisation section

¹⁶ [Findings from the Management and Wellbeing Practices Survey - NIESR](https://www.niesr.org.uk)

¹⁷ This category makes the figures for smaller workplaces much higher than the single workplace figures for workplace size categories of up to 99 workers (likely because when one of multiple workplaces, the organisation is likely to be bigger). For larger workplace sizes there are much smaller differences.

Table 4: Estimated employers with recognised unions

Employer size (number of employees)	Number of employers	% with union members in workforce	Estimated number with union members in workforce
1 to 4	924,191	6%	52,091
5 to 9	282,582	6%	15,927
10 to 19	149,504	8%	12,408
20 to 49	82,344	19%	15,636
50 to 99	26,629	27%	7267
100 to 249	14,644	47%	6898
250 to 499	5,123	73%	3726
500 or more	5,534	77%	4270
total	1,490,551		118,223

41. For those unions that have not carried out industrial action ballots in the last seven years, and do not have a political fund, the primary changes will be:
- a. The removal of the Certification Officer Levy, and additional investigatory and enforcement powers.
 - b. Possibly the removal of ministerial powers to limit union representatives' facility time and place restrictions on check-off (payment of union subscriptions through payroll) in the public sector. The latter regulation has only come into force in May 2024¹⁸, and secondary legislation in relation to public sector facility time has not been introduced.
42. These changes would only require unions to be aware of them. Similarly, for employers' associations, the prime interest would be in the removal of the levy. We assumed that the union general secretary, a senior officer, and the employers' association chief executive and a senior officer would take 10 minutes to familiarise themselves with the changes. The median hourly wage rate for trade union General Secretaries, employer representative executives and other senior executives (SOC20 code 1139) is £32.56 (ASHE 2023), uprated by 21% for non-wage labour costs¹⁹ to an hourly labour cost of £39.39.
43. The estimated familiarisation cost for unions not involved in industrial action and without a political fund, and for employers' associations, is as follows:

¹⁸ [The Trade Union \(Deduction of Union Subscriptions from Wages in the Public Sector\) Regulations 2023 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

¹⁹ Non-wage labour costs as a % of wages is estimated as the annual average for 2023 of employer social contributions divided by wages and salaries.

Table 5: Estimated familiarisation costs – employers’ associations and most unions

Organisation	number	Hourly cost	Familiarisation time	Total cost
Employers’ Associations	36	£78.78	10 minutes	£473
Trade unions without political funds or recent industrial action ballots	92	£78.78	10 minutes	£1,208

44. For unions that have conducted industrial action and/or have a political fund, the changes are deregulatory, but still involve some consideration or action in some areas:
- c. On the time limit for ballot mandates, the Bill retains the six-month time limit to mandates for industrial action, though the government is consulting on extending this to 12 months.
 - d. On political funds, upon the 2016 Act’s repeal, new members will be automatically opted-in as political fund contributors (where a political fund is in place) while retaining the right to opt-out. Existing members at repeal will maintain their status as a contributor or non-contributor. Unions will not be required to present an opt-in option as part of union membership forms for new joiners.
 - e. On information requirements for unions relating to industrial action, these will revert to the requirements before the 2016 Act commenced.
 - i. The 2016 Act required that:
 1. On the ballot paper
 - a. unions must include a summary of the matter(s) relating to the dispute to which the proposed industrial action relates.
 - b. If unions are asking about willingness to take action short of a strike, the types of action must be specified.
 - c. The unions must indicate the periods in which each type of industrial action they are considering are expected to take place.
 2. On the ballot result unions must provide to members and employers full details of the result, including the number of members: balloted, voting, voting in favour/against/spoiling ballot, and whether ballots passed the relevant threshold.
 3. There were also requirements for unions to provide details of industrial action ballots and industrial action taken in their annual returns to the Certification Officer.
 - ii. Unions had already been required to provide a detailed notice of industrial action ballots to affected employers seven days before the ballot commenced, and the ballot paper three days before the ballot commenced.
 - iii. Unions may also be affected by proposed changes being consulted on in relation to the information they must provide to employers prior to an industrial action ballot and as part of an industrial action notice, as well as the appropriate time period for notice of industrial action.

45. Given that there is more to take account of for unions who have a political fund and/or have balloted for industrial action in recent years, we expect that the familiarisation cost will be more involved. In line with estimates for union familiarisation in the 2016 Act Enactment Impact Assessment²⁰, we assumed that the union general secretary and four senior officers, along with an independent legal advisor, would familiarise themselves with the changes. As the changes are deregulatory and will reduce existing requirements on unions, we expect the familiarisation time will be 1 hour on average. The estimated hourly cost of independent legal advice takes the estimated figure from the 2016 impact assessment of £250 and is converted to 2023 prices using the ONS' headline inflation measure, the Consumer Price Index including owner occupier's housing costs (CPIH). This increases the hourly legal cost to £318.
46. The estimated familiarisation cost for unions with a political fund and/or recent industrial action ballot experience (from 2018 onwards) is as follows:

Table 6: Estimated familiarisation costs – political fund/industrial action ballot unions

Number	Hourly cost union officers	Hourly cost independent legal advice	Familiarisation time	Total cost (nearest 000)
37	£196.95	£318	1 hour	£19,000

47. Employers with union members in the workforce are not required to take any action, so the familiarisation cost will relate to the changes following the repeal of the 2016 Act. As the number of employers facing an industrial action ballot in any one year is a small proportion of the number of employers with workers who are union members (around 1.7% in a very high year like 2022, 0.8% on average²¹) we would assume that the familiarisation cost for most employers is related to being aware of the changes. However, for the small number of employers where disputes leading to potential strike action are more common, they would need to be aware that the reforms would reduce barriers to industrial action mandates and impactful industrial action (including potentially those issues being consulted on). We therefore assumed that on average, familiarisation costs incurred by employers with union members in the workforce would involve one HR manager/director, at hourly labour costs of £31.83, for 10 minutes. Estimated familiarisation time for employers with recognised unions is as follows:

Table 7: Familiarisation time – employers with union members in the workforce

Number	Hourly cost HR	Familiarisation time	Total cost £m
118,000	£31.83	10 minutes	£0.63

48. Other employers who may need to familiarise themselves with the proposed repeal of the 2016 Act are public sector employers, who will no longer be required to provide information on trade union facility time to the Cabinet Office for publication, or either charge unions an administrative fee for checkoff services or stop providing these services. The Certification Officer would need to be aware that their additional regulatory powers and levy are being removed.

²⁰ [Trade Union Act Enactment Impact Assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/684442/Trade_Union_Act_Enactment_Impact_Assessment_-_GOV.UK.pdf)

²¹ Comparing the annual returns ballots data for 2018 to 2022 with the estimate of employers with

49. The latest available data on public sector facility time published by the Cabinet Office, for 2022-23, shows that 2,292 employers provided data²². The impact assessment for the recent Trade Union (Deduction of Union Subscriptions from Wages in the Public Sector) Regulations²³ estimated that 28,000 employers would be affected by the regulations (these would likely include the 2,293 providing facility time data). The repeal of the 2016 Act will not require these organisations to do anything. The organisations will not be required to report on facility time or carry out any additional action in relation to checkoff. Therefore, in line with the approach for the Employment Rights Bill, we assumed that an HR manager or director in each organisation would take 10 minutes to familiarise themselves with the relevant changes.

$$28,000 \times \text{£}31.83 \times 1/6 = \text{£}149,000 \text{ (to nearest 000)}$$

50. The Certification Officer would need to be aware of the removal of additional regulatory powers and the removal of the levy. We assumed that as this change will mean reverting to the position before April 2022, familiarisation will be relatively straightforward and will take 1 hour, at the estimated labour cost of £93.94 (based on the Certification Officer's annual salary plus contributions for 2022-23²⁴). This comes to:

$$93.94 \times 1 = \text{£}0.01 \text{ thousand.}$$

51. Total estimated familiarisation cost is £0.8 million.

Transition costs

52. The repeal of the 2016 Act will not require employers, employers' associations or unions to undertake changes. It will reduce the burden on unions in terms of information provision and enable those with political funds to move to an automatic opt-in approach for new members, at their discretion. Public sector bodies will not have to change their approach to checkoff (they will not have to offer it, stop offering it, charge for it or stop charging for it).

53. The Certification Office will have to adapt to returning to central funding rather than setting and collecting the levy. This will be a return to the process for 2021-22, so will not involve setting up or learning a new system (though there may be some marginal administrative costs as the Certification Office manages the move back from the levy to central funding).

54. The regulatory barriers to effective industrial action will be reduced by the removal of ballot thresholds. Unions carrying out industrial action ballots may be required to provide affected employers with less notice prior to industrial action, and less information about the workers involved, which may make it more difficult for employers to plan to limit the impact and effectiveness of the industrial action. Potentially, the repeal of the 2016 Act may lead to employers changing their industrial relations strategy, or at least their planning procedures when engaging in negotiations.

²² [Public-sector trade union facility time data - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²³ [The Trade Union \(Deduction of Union Subscriptions from Wages in the Public Sector\) Regulations 2023 \(legislation.gov.uk\)](https://legislation.gov.uk)

²⁴ [Certification Officer Annual Report 2022-2023 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Ongoing impacts

Repeal of ballot thresholds

55. The repeal of the ballot thresholds will make it easier for unionised workers in dispute with their employers to win a mandate for industrial action. This will reset the balance of power in industrial relations by strengthening the position of unionised workers when in dispute. Unions will be able to represent their members in negotiations without having the risk (due to the 2016 Act) to being able to take action as a last resort influencing their strategy. Employers negotiating with unions will also be mindful of this change. This may mean that disputes are dealt with more effectively earlier, with potentially more disputes resulting in improved settlements for workers and perhaps fewer disputes involving industrial action. This could help foster improved industrial relations and reduce the risk of significant outbreaks of strike action. Whilst the power balance in industrial relations would be adjusted, there remains a risk that the reduction in legislative barriers to effective industrial action could lead to more industrial action.
56. Generally, a high proportion of industrial action ballots produce a vote in favour of action. The publicly available industrial action ballot data for 2002 to 2016²⁵ shows that generally short of strike questions had an annual success rate of over 90% in those years, with strike questions varied from around 82% to 94%. Industrial action ballots data from the published trade union annual returns for 2018 to 2022 also show that the vast majority of ballots had a vote in favour²⁶. Based on estimates of single ballots²⁷ (where ballots we have assessed that both strike and short of strike questions have been asked as a single ballot) over 90% produced a vote in favour each year²⁸. However, a substantial proportion of these ballots where there was a vote in favour failed to provide a mandate for action because they did not pass the thresholds (primarily because of voter numbers). Overall, in this period, around 43% of separate ballots voting in favour failed the thresholds.

Table 8: Industrial action ballots voting in favour and passing the relevant ballot thresholds, union annual returns for 2018 to 2022

Category	2018	2019	2020	2021	2022
Total separate ballots	691	976	594	626	2006
Total voting in favour	668	884	559.5	570.5	1962
% voting in favour	96.7%	90.6%	94.2%	91.1%	97.8%
total passing relevant thresholds	546.5	534	365.5	286	932.5
% in favour passing relevant thresholds	81.8%	60.4%	65.3%	50.1%	47.5%

57. In a number of disputes where the majority of voting workers voted in favour of industrial action, they were unable to win a mandate primarily due to voter numbers. By repealing the 2016 Act,

²⁵ [Labour disputes in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

²⁶ DBT analysis of trade union annual returns industrial action ballots data.

²⁷ This approach estimates when ballots have asked both a strike and short of strike question by considering that to be the case (where the union did not already provide the information) when the number entitled to vote and the number voting were the same for two ballots (often presented consecutively in the annual returns)

²⁸ It is possible that the percentage ballots voting in favour is high because those opposed don't bother to vote under the threshold system. Removing the threshold would require those opposed to action to participate and use their secure ballot paper to vote.

and removing the ballot thresholds, a higher proportion of industrial action ballots will provide a mandate for action²⁹. Therefore, there is a potential additional cost to employers from providing an improved deal for the workers in dispute and/or facing industrial action.

58. A substantial number of mandates for protected industrial action do not lead to industrial action. Currently, comprehensive collated data linking individual industrial action ballots to whether this led to industrial action are not available. From the data on ballot questions providing a mandate and industrial action from the trade union annual returns for 2018 to 2022 (when the thresholds were in place) we get an estimate of 43% of ballot questions providing a mandate leading to industrial action³⁰. However, there are various issues with the data that mean this is likely to be a high estimate; some would be re-ballots where disputes had not been resolved; some unions may have only provided the result for one ballot question when two questions were asked; some unions have recorded days of industrial action as separate disputes, even if the action was over the same dispute (with the same mandate).
59. This high estimate can be compared to that for the period before the commencement of the 2016 Act. We looked at the ERS ballot data for the number of strike ballots providing a mandate from 2002 to 2016 with the number of stoppages (disputes involving strike action) reported in the Labour Disputes Survey. The resulting estimates are lower than the approach based on the annual returns data, with a range of 16% to 28% of successful ballots leading to strike action, with an overall rate of 20.5%³¹.
60. As shown in Figure 5, the Labour Disputes Survey shows that there has been a substantial increase in working days lost through strike action in 2022 and 2023. The annual average of working days lost through strikes for the period 1990 to 2016 is 639,000. While working days lost for 2017 to 2019 are below 300,000 each year, in 2022 2.5 million working days were lost through strikes, rising to 2.7 million in 2023. As in any period, industrial disputes and industrial action will depend on a range of factors, and in this period there had been a lot of change, including EU exit, the coronavirus pandemic and a cost-of-living crisis. The commencement of the 2016 Act is an additional factor.
61. As set out below, there is evidence of strike action in public services having significant impacts on the wider economy and society. However, as the figures from the Labour Disputes Survey³² show, having the ballot thresholds in place has not led to lower levels of strike action, most notably in public services. In 2022 there were 2.5 million working days lost due to strike action, of which 0.5 million were in the public sector and 2 million were in the Transport and Storage industries. This rose to 2.7 million working days lost in 2023, of which 2.2 million were in the public sector and 0.3 million were in Transport and Storage. In the seven months to July 2024, there have been 0.5 million working days lost to strike action, predominantly in the public sector.
62. The strike action in the public services have often been about issues with terms and conditions which had developed over a number of years. The Independent Investigation of the National Health Service in England³³ by Lord Darzi identified the need, among other things, for more patient and staff engagement to help improve the workplace culture and services provided. In

²⁹ It is possible that the percentage ballots voting in favour is high because those opposed don't bother to vote under the threshold system. Removing the threshold would require those opposed to action to participate and use their secure ballot paper to vote.

³⁰ DBT analysis of trade union annual returns data for 2018 to 2022

³¹ These two data sources are collected separately, and we are not able to tell whether individual ballots and individual stoppages were defined in the same way.

³² [LABD: Labour disputes in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/labour-disputes-in-the-uk)

³³ [Independent Investigation of the National Health Service in England \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/independent-investigation-of-the-national-health-service-in-england)

recent months, junior doctors³⁴, ASLEF³⁵ and the RMT³⁶ have accepted pay settlements, the latter following an earlier deal after a prolonged period of strikes. This potentially shows the benefit of employers and unions engaging cooperatively which is beneficial for industrial relations. While for some public sector workers, Independent Pay Review Bodies (PRB) provide recommendations on pay, the government sets the PRBs' remit each year. This sets out the particular issues on which the government wants their advice. The government does not have to accept the PRBs' recommendations³⁷. Public sector workers will also want to negotiate through their unions with their employers on non-pay terms and conditions in the workplace, which may also lead to disputes³⁸. It also indicates that for the public sector, and subsidised public services, where industrial action is likely to have a bigger impact on the wider economy, the government, along with unionised public services workers, play a central role in resolving disputes.

63. As suggested above, it is possible that the proposed reforms could, by making the balance between employers and workers more equal, lead to a reduction in industrial action. There have recently been long disputes involving significant strike action that were eventually resolved when unions and employers were able to constructively negotiate and agree outcomes that were acceptable to the workers and the employers. These disputes include the five-year university workers pension dispute³⁹, the 16-month junior doctors dispute⁴⁰, and the ASLEF train drivers dispute of over two years⁴¹. There is the potential that more cooperative industrial relations between employers and workers over time could have led to a quicker resolution of the disputes, therefore reducing the amount of strike action.
64. Data from the Labour Disputes Survey annual articles⁴² suggest that in 2017 and 2018 disputes tended to involve more strike days than in the period before (2014 to 2016), which could signal a change in employer and/or union behaviour. While the number of disputes involving strike action went down, the number of long disputes had risen in 2017 and 2018.

Table 9: Number of strike days in disputes involving strikes UK 2014 to 2018

Number of days of strike action	2014	2015	2016	2017	2018
1 day	46%	30%	34%	23%	15%
2 to 3 days	33%	30%	22%	13%	27%
4 days	6%	5%	9%	11%	7%
5 to 10 days	12%	23%	23%	23%	28%
11 and above	3%	12%	13%	34%	22%
number of stoppages	155	106	101	64	81

Source: ONS Labour Disputes Survey

³⁵ [ASLEF pay dispute is over, as drivers accept pay deal | Railnews | Today's news for Tomorrow's railway](#)

³⁵ [ASLEF pay dispute is over, as drivers accept pay deal | Railnews | Today's news for Tomorrow's railway](#)

³⁶ [UK rail union RMT accepts pay deal, ending long-running dispute | Reuters](#)

³⁷ [About Pay Review Bodies - GOV.UK \(www.gov.uk\)](#)

³⁸ This annual report of the Labour Disputes Survey for 2018 shows different causes of disputes involving strikes from 2009 to 2018 (Figure 8). [Labour disputes in the UK - Office for National Statistics \(ons.gov.uk\)](#)

³⁹ [UCU ends pensions dispute as members back deal | Times Higher Education \(THE\)](#)

⁴⁰ [Junior doctor offered new pay deal in England - BBC News](#)

⁴¹ [Train strikes near end as train drivers' union Aslef secures deal - BBC News](#)

⁴² [Labour disputes in the UK Articles - Office for National Statistics \(ons.gov.uk\)](#)

65. It is also not clear whether a low turnout or a close vote in favour are factors in whether a successful ballot leads to industrial action. There are cases on record where a mandate for industrial action (or the consideration of balloting) leads to an improved settlement for the workers without industrial action taking place. Potentially, prior to the 2016 Act, unions were more wary of taking strike action where turnout was low even if they had won the ballot, depending on why the turnout was low. Therefore, it is possible that the ballots that failed the thresholds would have been less likely to lead to strike action.
66. As stated above, various factors might affect the levels of industrial action. The legislative barriers introduced in the 2016 Act certainly stopped some industrial action taking place. However, it is difficult to predict the counterfactual as the 2016 Act would have been a contributing factor, among many others, that would influence employer's and unionised workers behaviours when negotiating. There is evidence which suggests that the legislative barriers may have been an influence on there being more prolonged disputes where a mandate was in place. They may also have contributed to unresolved workplace concerns that were a factor along with the cost-of-living crisis in the high levels of strikes in 2022 and 2023.

Notice periods

67. The Bill returns the notice period for industrial action to seven days from 14 days, though the government is consulting on what an appropriate notice period should be. It is also consulting on a reduction in the information unions are required to provide to employers before the ballot and when providing notice of industrial action. The additional information required by the 2016 Act will not be provided after the repeal.
68. These changes will potentially make it more difficult for employers to reduce the impact of industrial action. The return of the notice period from 14 days to seven days will limit the preparation time for specific actions, but the employer would have had the time when the ballot was being carried out to put in place more general planning. Therefore, there is likely to be some impact. Where strikes in some public services are due to take place, a return to seven days-notice could make it more difficult to agree arrangements with unions on emergency services. There is a lack of quantitative data on notice periods, so it is difficult to assess potential impacts. Further information from the consultation should help inform government as to whether a seven-day notice period is appropriate.
69. The proposed reduction in the information that unions have to provide in notices of industrial action ballots and notices of industrial action may make it more difficult for employers to assess exactly what the impact of action may be in a specific workplace or type of work for instance. However, they will still be provided with some information which will help them to plan, even prior to the ballot. Depending on data protection requirements, they may have access to information on union members if they enable workers to pay union subscriptions through payroll. One specific impact may be to reduce the ability of employers to use an injunction or the threat of an injunction to undermine workers planning to take industrial action or ballot for action based on a technicality; the union providing information that is not in line in some way with the specific legislative requirements. In the years 2005 to 2014 there were an estimated 65 applications for an injunction against ballots and industrial action and 92 serious threats to apply. Over half the injunctions were successful (though some were successfully appealed). 54% of the applications for an injunction were on the grounds concerning the balloting process and ballot notices. Over half of the threats of an application led to success for the employer, with ballot processes and

ballot notices accounting for 38% of the threats⁴³. The consultation should help inform the government's decision in this area.

Retention of the 6-month industrial action mandate time limit

70. The Bill retains the six-month time limit on industrial action mandates, though the government is consulting on a proposal to increase the time limit to 12 months. Data from the Labour Disputes Survey for 2022 and 2023 suggested that most disputes with strike action (90%) have action in six months or less. However, a further 10% (215 disputes) have action of over six months (with just a few extending beyond 12 months)⁴⁴. DBT analysis of the Labour Disputes Survey data for Q2 2015 to Q3 2019, a period of less strike action, indicates similar proportions of disputes with strike action lasting no longer than six months and between seven and 12 months (for disputes commencing before the commencement of the 2016 Act). For those disputes that are still not resolved after six months, if they were required to ballot to continue the mandate for industrial action they would be very likely to win the ballot once the thresholds are removed; we do not have quantitative data on re-ballots under the 2016 Act, but the data above (that those voting tend to vote in favour) suggests that in most extended disputes the re-ballots continued to provide a mandate.
71. Maintaining the six-month time limit will therefore primarily add administrative costs to unions from having to carry out re-ballots after six months in those disputes that have not been resolved. Information on the pricing for conducting an industrial action ballot is not publicly available. In the Knight Report on e-balloting, it was stated that Prospect estimated that the average cost of their statutory ballots between 2008 and 2010 was £10,000⁴⁵. They indicated that the costs of bigger, sector wide ballots were considerably higher. The cost covers the full ballot process provided by scrutineers. In a few cases, the re-ballot may result in the mandate not being renewed, but this is much less likely with the removal of the ballot thresholds. It should be noted that prior to the commencement of the 2016 Act a few disputes did continue for more than a year, or longer, without a re-confirmation of the mandate⁴⁶. Retaining a time-limit reduces the risk of disputes involving industrial action very occasionally being prolonged without the support of members being confirmed (though participation in the action would also provide an indication). The consultation should help provide further information to contribute to the government's decision-making process.

Impact of reduced barriers to industrial action for workers covered by collective bargaining

72. There are around 6.1 million workers who are trade union members in Great Britain, and around 10.9 million (39%) of workers whose pay is determined with reference to collective bargaining⁴⁷. The reduced barriers to effective industrial action for unionised workers will strengthen their ability to negotiate effectively with employers to help improve workers terms and conditions. The reduced barriers also incentivise employers to negotiate with workers in good faith to avoid industrial action; workers in dispute are less likely to be stymied by legislative barriers to industrial action, and employers may be less able to plan to reduce the impacts through, for instance, re-assigning workers.

⁴³ Gregor Gall, Injunctions as a legal weapon in collective industrial disputes in Britain 2005-2014, British Journal of Industrial Relations, March 2017 pp187-214

⁴⁴ [Labour Disputes Inquiry, UK: 2022 and 2023 - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/labour-disputes-inquiry-uk-2022-and-2023)

⁴⁵ [Electronic balloting for industrial action: Knight review \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/electronic-balloting-for-industrial-action-knight-review)

⁴⁶ [Trade Union Act Enactment Impact Assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/trade-union-act-enactment-impact-assessment)

⁴⁷ [Trade union statistics 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/trade-union-statistics-2023)

73. When workers take industrial action, especially strike action, they will face a cost of reduced wages and employer pension contributions as they are not paid when on strike. However, this is a choice for the workers, who would need to vote for strike action and then participate in the action in order to suffer the loss of wages and employer contributions while on strike. By taking strike action, they are indicating that they consider the benefit of the action outweighs the costs.
74. The benefit to workers from the repeal of the 2016 Act comes from the improved terms and conditions they are able to negotiate from having recourse to effective industrial action as a last resort. It is difficult to precisely estimate this. The Scottish TUC reported in April 2024 that in the past two years Scottish workers achieved through industrial action pay and pension settlements £3bn above what they would have achieved if they had accepted the employers' initial offers⁴⁸. The total deals were reported to be worth £4.4bn, so the ability to take effective action contributed to 68% of the total benefits, and an improvement on the initial offers of over 200%. Unite the Union reported in July 2023 that 137,000 workers who were members of Unite and had been negotiating with employers had secured increases on average of between £3,000 and £4,000 since August 2021. In the passenger transport sector, Unite estimated a premium of £1,170 for Unite workers who had been involved in industrial action, compared to the average wage increase in the sector⁴⁹. These gains came with the 2016 Act in place but indicate that where workers have the option of effective industrial action, employers in dispute are often able to negotiate with workers to reach an agreement.
75. Removing legislative barriers to effective industrial action will enable more unionised workers to achieve better terms and conditions. It is not possible from available evidence to monetise this impact of repealing the 2016 Act as we do not have data relating to information on initial offers and final agreements or knowledge of precisely how these might be influenced by other factors.

Wider impacts of industrial action on the economy and society

76. Industrial action is designed to impose a cost to the employer through reduced economic activity. Workers aiming to leverage this risk of costs to the employer to negotiate better terms and conditions than employers would otherwise offer. Strikes can lead to significant economic losses, particularly in industries critical to public services, such as healthcare, education or transportation. Businesses face delays, reduced productivity, and increased operational costs, while public inconvenience can erode consumer confidence and spending. It is difficult to precisely measure the wider impacts of strike action on the economy. It will depend on which workers in which industry are on strike, which locations are affected and how easy it is for individuals and business to use alternative approaches to carry on with their usual activities. The data available is often not sufficiently detailed to identify impacts of strike action, as well as impacts from other events occurring at the same time as industrial action all make estimating these costs difficult. The period from June 2022 to February 2023 saw not only an increase in strikes but several other major factors and events, including the rising cost-of-living, the death of Her Majesty, the Queen Elizabeth II and the first winter FIFA World Cup. Additionally, there have been other seasonal events, such as the bad weather that occurred in late December 2022⁵⁰. Nevertheless, there have been some published estimates which give an illustration of the potential wider cost of strike action in the public services:
- a. Strikes in the NHS cost the government £1.7 billion net in the 2023/24⁵¹ with other impact on patients and families.

⁴⁸ [Workers Winning Together: Over £4.4 Billion Won by Unions | Newsroom | STUC](#)

⁴⁹ [Unite secures £400 million in wage deals for workers through disputes \(unitetheunion.org\)](#)

⁵⁰ [The impact of strikes in the UK - Office for National Statistics \(ons.gov.uk\)](#)

⁵¹ [Fixing the foundations: public spending audit 2024-25 \(HTML\) - GOV.UK \(www.gov.uk\)](#)

- b. Industry estimates in rail show that the revenue lost due to strike actions since June 2022 has totalled around £850 million and that accounting for additional impacts of strikes, including those due to people being unable to work, or due to potential reductions in spending on hospitality and retail, the total impact on the rail sector and the wider economy likely exceeds £1 billion⁵².
- c. The National Education Union strikes in England in 2023 resulted in considerable impact on parents and pupils, with less than half of the 146,000 schools remaining fully open on day-one⁵³. The ONS reported that over half of parents said they would be affected if their children's school or schools were on strike, either being unable to work on strike days or forced to work reduced hours⁵⁴. Pupils were also affected by a loss of teaching days.
- d. Another measure of wider impacts of industrial action comes from the ONS' Business Insights and Impacts Survey. In April 2024, just 3.4% of businesses said they were affected by industrial action in the UK economy, with around 0.9% of businesses saying they were unable to operate fully due to industrial action. This compares to December 2022, when nearly 16% of businesses said they were affected by industrial action, and over 3% said they could not operate fully because of industrial action⁵⁵.

77. As noted above, there is the potential that the reforms could lead to reduced levels of industrial action, as collective workplace negotiations become more cooperative due to the adjusted balance of power in industrial relations. However, there remains a risk that removing some of the legislative barriers to industrial action leads to more industrial action.

Benefits of strengthening bargaining power to wider economy

78. International Monetary Fund working papers suggest that there is a negative relationship between household debt and economic growth. Working Paper 18/76⁵⁶ found that

- a. Debt overhang inhibits household consumption when there are negative shocks.
- b. Increases in household debt increase the probability of future banking crises, which significantly disrupt financial intermediation.
- c. Investors may be overoptimistic about effects of household debt booms and neglect the downside risks of a crash.

79. Working Paper 12/8⁵⁷, with some focus on the UK, shows that reduced bargaining power for workers results a drop in real wages relative to what they would otherwise have been, and an increase in the return to capital. Where a rise in inequality is combined with financial liberalisation, the Paper found that investors direct a much greater part of their additional income to financial rather than 'real' investments, slowing capital accumulation. At the same time, workers borrow more heavily to maintain their consumption. By increasing bargaining power of workers, the risks to growth from income inequality and household debt can be reduced.

⁵² Department for Transport, 2024, [Link](#).

⁵³ [Teacher strikes: More schools than ever unable to fully open in England - BBC News](#)

⁵⁴ [The impact of strikes in the UK - Office for National Statistics \(ons.gov.uk\)](#)

⁵⁵ [Business insights and impact on the UK economy - Office for National Statistics \(ons.gov.uk\)](#) – Wave 109 dataset

⁵⁶ [Understanding the Macro-Financial Effects of Household Debt: A Global Perspective \(imf.org\)](#)

⁵⁷ [Income Inequality and Current Account Imbalances in: IMF Working Papers Volume 2012 Issue 008 \(2012\)](#)

80. This suggests that repealing measures linked to weakening worker bargaining power, such as those contained in the 2016 Act, alongside other reforms enhancing bargaining power, may have wider economic benefits.

Repeal of additional picketing supervision requirements

81. There is limited evidence of serious problems on picket lines prior to the introduction of the 2016 Act. The Carr Review⁵⁸ on the laws governing industrial disputes and a government consultation on tackling the intimidation of non-striking workers⁵⁹ were the primary sources. There remains limited evidence of problems on picket lines in more recent years. It is therefore unlikely that the removal of these additional legal requirements will have a noticeable effect on the impact of picketing during disputes. The changes in the 2016 Act did not affect the laws on policing outside gatherings, so picketing would remain subject to these laws. There will be some reduction in the bureaucratic requirements for unions in relation to picketing, but this is not likely to be a substantial reduction in cost.

82. For union members or employees who take a role in picket supervision, there is a potential benefit from the repeal of these provisions. The 2016 Act requires unions to take reasonable steps to inform the police of the name of picket supervisors, and their contact details. Although we are unaware that this is an ongoing issue, there is historical evidence that the Metropolitan Police had been involved in the blacklisting of a small group of union activists⁶⁰. Therefore, the repeal of the 2016 Act and its picketing provisions may improve the peace of mind of those helping to supervise pickets as their names would not be required to be passed to the police in relation to their union activities.

Repeal of 2016 Act: impact of political fund changes

83. The repeal of the 2016 Act will lead to:

- d. New members joining a union with a political fund to be automatically opted in to the fund, while retaining the right to opt-out.
- e. Existing members would keep their status as contributors or non-contributors to the fund at the time of the repeal of the 2016 Act (but would retain the right to change that status).

84. It is difficult to precisely establish the churn in union members from available data sources. Data unions have provided in their annual returns for 2022 (2020 for Unite) show that around 5.3 million people were members of unions with political funds. Of these, around 3.8 million (71%) contributed to the political fund. Moving from automatic opt-in to active opt-in has had the expected impact of reduced numbers contributing. As noted above in the **problems under consideration** section, there is widespread evidence that automatic opt-in increases participation. The unions' annual returns for 2017 show that 4.6 million out of 5.3 million members in relevant unions contributed to political funds (86%). It is therefore likely that the return to automatic opt-in will increase the number of members contributing to the fund⁶¹.

⁵⁸ [Carr Review Report.pdf \(publishing.service.gov.uk\)](#)

⁵⁹ [Response to consultation on tackling intimidation of non-striking workers \(publishing.service.gov.uk\)](#)

⁶⁰ [Operation Herne reports & SDS members and blacklist support group | Metropolitan Police](#)

⁶¹ DBT analysis of trade union annual returns to the Certification Officer.

85. Based on the annual returns data for 2022 (2020 for Unite), the average annual contribution to the political fund for a union member range from under £1 for NASUWT to £17.90 for ASLEF, with the average annual contribution being under £10 for 17 of the 21 unions with political funds⁶². So automatic opt-in will lead to new members paying marginally higher annual subscriptions if they do not choose to opt-out.
86. The repeal will increase the effort of opting out of the political fund for new members from the extremely easy current approach of not ticking the opt-in box on membership forms. They will have to complete an opt-out form and return it to the union.
87. The likely increase in the proportion of members contributing to political funds will mean that unions' annual political fund income will rise (if contribution rates remain the same and membership numbers remain broadly stable). Political fund expenditure has generally been less than annual income in recent years, though in the 2017 and 2019 election years, total political fund expenditure was only slightly below political fund income. Increased income streams from the return to automatic opt-in for new members will enable unions to increase funding on political objectives to further the representation of worker voice in the political debate. This could help build the case for tackling the UK labour market issues identified in this impact assessment. It could also help deliver fairer outcomes for working people in future developments like the deployment of AI and other technology, quality of work and the transition to a green economy.

Benefit to unions of reduced information requirements for annual returns

88. The 2016 Act required unions to provide information on industrial action ballots and industrial action in their annual returns. It also required unions with political funds to provide very detailed information on political fund expenditure (on amounts greater than £2,000) in a number of specific categories.
89. In the 2016 Act Enactment impact assessment⁶³, we estimated that it would take unions 8 hours to collate and provide the ballots and action data. The estimated time for collating political fund expenditure data was based on evidence from USDAW that it would take two weeks of a senior union official's time to compile and verify. We estimate that 35 unions who have carried out the industrial action ballots in recent years, and the 21 unions with political funds will benefit from reduced administration costs. The median hourly labour cost of a senior union official is estimated at £39.39.

Table 17: Estimated benefit to unions from reduced administration

information requirement	Unit hourly labour cost	Number of hours saved	Number of unions	Saving (nearest 000)
Ballots/industrial action	£39.39	8	35	£11,000
Political funds expenditure	£39.39	80	21	£66,000
Total				£77,000

⁶² DBT analysis of trade union annual returns to the Certification Officer.

⁶³ [trade union act enactment Impact Assessment \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/trade_union_act_enactment_Impact_Assessment.pdf)

Facility time

90. The 2016 Act included a requirement for public sector employers to provide to the government information on the amount of paid time-off and wages spent on union representatives' facility time (union duties related to representing their members in the workplace). It also included a ministerial power to enable ministers to restrict paid facility time for union representatives at these employers. This power was never used.
91. The repeal of the 2016 Act will create a small benefit to public sector employers who will no longer be required to compile and provide information on the paid facility time union representatives have taken and the amount of wages it accounts (including as a proportion of the overall wage bill). 2,293 employers provided information to the Cabinet Office for 2022/23. We assumed that it would take 8 hours of an HR officer to compile the information for the Cabinet Office each year, at an hourly labour cost of £18.23. This gives an estimated cost saving from reduced data collection of $2293 \times 8 \times 18.23 = £334,000$.
92. As the ministerial powers to restrict the amount of paid facility time were not used there was no statutory impact from this provision in the 2016 Act. It is possible that union representatives in these employers perceived a need to autonomously limit their paid facility time due to the government's potential threat to impose a limit. The lifting of this potential threat will remove any perceived pressure to reduce facility time due to the 2016 Act. This could have some benefit to unionised workers in the public sector as their representatives will be able to take the time they need to represent them effectively. However, they will still face their own pressure to deliver work commitments as well as carry out union duties. Further reforms protecting facility time and access to facilities in the workplace in the Employment Rights Bill will further enhance union representatives' ability to represent unionised workers interests in the workplace.

Repeal of reforms on payment of union subscriptions through payroll (checkoff)

93. The 2016 Act required that public sector employers only provided checkoff services if the workers had the option to pay their subscription by alternative means and arrangements had been made for the union to make reasonable payments for the checkoff service. The Trade Union (Deductions of Union Subscriptions from Wages in the Public Sector) Regulations 2023 effectively commenced this part of the 2016 Act from 9th May 2024⁶⁴.
94. Essentially, from 9th May 2024 public sector employers should have enacted the requirement to stop checkoff or to get a reasonable payment from unions for providing checkoff. Employers were entitled to ask for reasonable payment for checkoff services prior to the introduction of the 2016 Act. The impact assessment for the 2023 Regulations⁶⁵ quotes an analysis by the Taxpayers Alliance that suggested 22% of public sector providers of checkoff were receiving remuneration from unions for the service in 2012-13. Therefore, public sector employers would not have to stop receiving reasonable remuneration with the repeal of this legislation.
95. Unions have been moving to alternative means of collecting subscriptions since before the 2016 Act. There are benefits to unions to have information about its membership directly, and to receive income directly, rather than through employers⁶⁶. The benefit of checkoff for unions is

⁶⁴ [Guidance for Public Sector Employers on the Trade Union \(Deduction of Union Subscriptions from Wages in the Public Sector \('Check-off'\)\)\(HTML\) - GOV.UK \(www.gov.uk\)](#)

⁶⁵ [The Trade Union \(Deduction of Union Subscriptions from Wages in the Public Sector\) Regulations 2023 \(legislation.gov.uk\)](#)

⁶⁶ The benefits of checkoff for unions is that they get their subscriptions deducted from wages prior to the worker receiving their net wage.

that they get their subscriptions deducted from wages prior to the worker receiving their net wage. It also reduces employers' knowledge of the level of union membership among its members if they don't have checkoff data. Unions are unlikely to stop offering workers alternative options to checkoff to pay their subscriptions. Union members should not be substantially affected.

Repeal of additional Certification Officer powers, Certification Officer Penalties and the Certification Officer Levy

96. The 2016 Act gave the Certification Officer⁶⁷ additional powers to:
- f. Determine statutory breaches and to investigate issues of trade unions' non-compliance without having first received a members' complaint.
 - g. Impose a financial penalty on trade unions found to be in breach of their rules.
97. It also introduced the Certification Officer Levy, which was designed to ensure funding for the Certification Office primarily came from unions and employers' associations.
98. The move to a centrally funded Certification Office with the removal of the levy would have a relatively small impact, as the Levy raised £656,672 in 2022-23, with the maximum an organisation (union or employers' association) would pay being £6,527.56⁶⁸.
99. According to the Certification Officer Annual Report for 2022/23, there has been limited impact of the additional powers, which commenced from 1st April 2022. Unions have few rules breaches, and the Certification Office had begun a project with unions to develop their processes to reduce the number of breaches of rules even further⁶⁹. The 2022/23 report shows that although the new powers were considered in a few cases, nothing substantive resulted and no fines were issued for any breaches of rules.
100. The Certification Office confirmed that they have not used the new powers or issued any penalties in the period since. On this basis, it does not seem likely that the removal of the additional powers including the right to issue financial penalties for breaches of statute or rules will have a noticeable detrimental effect on the enforcement of trade union and employers' association rules and regulations.
101. It is proposed to maintain the Certification Officer's independence from ministerial direction in the Employment Rights Bill.

Impact from other trade union reforms

102. The Employment Rights Bill contains a number of other trade union reforms. These are primarily designed to increase and strengthen trade union representation of workers and union recognition with employers. These reforms will lead to some increase in union recognition and membership, and the number of workers covered by collective bargaining. Therefore, more employers are likely to be involved in negotiating collectively with union representatives.
103. As identified above, workers have benefited from being able to organise collectively and having a strong collective voice. As shown above, according to unions, they have been able to improve

⁶⁷ [Certification Officer Annual Report for 2022-23 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁶⁸ [Certification Officer Annual Report for 2022-23 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁶⁹ [Certification Officer Annual Report for 2022-23 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

terms and conditions substantially from employers' initial offers. Therefore, increasing union membership and recognition will increase the number of workers benefitting from these reforms. It is possible that as more workers have a recognised voice, there are more disputes, which may potentially lead to industrial action ballots, and even action. However, as noted above, less than one percent of estimated employers with recognised unions face an industrial action ballot in most years. Potentially, improving collective worker power through reducing legislative barriers to industrial action might reduce overall industrial action as employers adopt a more stakeholder focused approach.

Summary

Monetised impacts

104. There will be familiarisation costs of £0.8 million, split by:
- i. Unions, £0.02 million
 - ii. Employers, £0.63 million
 - iii. Employers' associations £0.0005 million
 - iv. Public sector employers and Certification Officer, £0.15 million.
105. There are ongoing benefits of reduced administration, estimated at £0.41 million, split between unions £0.08 million, and public sector employers £0.33 million.
106. The ending of the Certification Officer Levy would lead to reduction in costs to unions and employers' associations of £0.66 million a year with those costs going to the Exchequer.

Non-monetised

107. A small proportion of employers with recognised unions who are more likely to have industrial disputes leading to ballots and potentially industrial action might choose to review their approach to industrial relations, as some legislative barriers to effective industrial action will be removed.
108. There is the potential for a reduction in industrial action, as employers are incentivised to negotiate in good faith as workers have less risk of not being able to have effective industrial action as their last resort option when negotiating. There remains a risk that if industrial relations (especially where disputes are common) do not become more cooperative the repeal of the 2016 Act could lead to more strike action.
109. There is evidence (presented above) from unions and from the public sector settlements in recent years that industrial disputes mainly lead to improved terms and conditions for the workers in dispute. There is likely to be a transfer in higher wages (and employer contributions) from employers to workers. However, the additional transfer resulting from the repeal of the 2016 Act is difficult to quantify.
110. There is likely to be a small transfer from new union members in unions with political funds to unions. This is because the repeal of the 2016 Act will move from active opt-in to automatic opt-in when it comes to political funds for new members. Members will retain the right to opt-out at any time, so it remains the member's choice if they continue to contribute.
111. The political fund change should increase unions' political fund income and make the income more stable. This may increase union political fund expenditure slightly.

Costs and benefits to business calculations

112. The familiarisation costs to business and VCBs come to £0.63 million. This covers the costs to unions, employers' associations and employers in the private and third sector⁷⁰.
113. Benefits to businesses include the ongoing benefits to unions and employers' associations from reduced administration and the ending of levy payments, coming to an annual total of £0.73 million.
114. The estimated EANDCB is -£0.6 million.
115. There are potential costs to business that are non-monetised. For trade unions the repeal of the 2016 Act is deregulatory and will substantially reduce legislative barriers to obtaining a mandate for industrial action and reduces the barriers to carry out effective industrial action. When in disputes, unions will be able to focus on negotiation without having to strategise around these legislative barriers.
116. The increase in collective worker power resulting from the repeal of the 2016 Act will lead to improved terms and conditions to those workers covered by collective bargaining. There will therefore be some transfer from employers to workers in terms of wages, or wage rates and other terms and conditions. It is difficult to estimate the particular impact that would result from the repeal of the 2016 Act. This is because the repeal largely reduces legislative barriers to getting a mandate for industrial action and being able to carry out effective industrial action. As referred to above, only a small proportion of employers with recognised unions face an industrial action ballot in any one year. However, as shown above, larger employers are much more likely to have recognised unions. Therefore, even if a small proportion of employers are affected by possible industrial action, the number of workers covered by the related collective agreements could be quite high. There is a risk that if an employer cannot afford higher labour costs, then better terms might have negative impacts on job security and workers are more likely to push strongest for better deals where the business is at least reasonably successful (so the transfer may come from dividends).
117. There is the potential as discussed above that the repeal of the 2016 Act could help shape industrial relations in a more cooperative direction. Reducing legislative barriers to industrial action does adjust the power balance between employers and workers to some extent. This is likely to have some impact on how industrial relations are conducted, especially in disputes. In those circumstances, there is a reasonable likelihood that employers become more focused on avoiding industrial action, which is usually a last resort for workers (who will lose income while on strike). This could benefit both businesses facing industrial action and businesses in the wider economy if there are fewer working days lost due to industrial action. There might be a benefit to the wider economy of workers having more spending power.
118. However, repealing the 2016 Act carries the potential risk of increasing industrial action if the industrial relations culture remains unchanged from that of recent years despite the adjustment in the balance of power. This would have a direct cost in lost output (net of labour costs not paid) for businesses facing action. There might also be indirect costs on businesses not involved in the dispute (which would depend on where and in which industry any additional action took place).
119. There is substantial variation in the proportion of workers who are union members and/or covered by collective agreements by industry. Public Administration, Education, Health and Social Work, the utilities (energy and water) and Transport and Storage have higher proportions of workers in both categories than other industries. However, broad industries such as

⁷⁰ The proportion of the £1.41 million familiarisation cost to employers is split between public and other sectors using the DBT business population estimates for the different sectors.

Manufacturing, Wholesale and Retail and Professional, technical and Scientific Activities have larger numbers of workers overall than the Utilities sector, for instance. Therefore, these sectors have large numbers of workers who could be affected (at least marginally) by the repeal of the 2016 Act, and the resulting strengthening of worker power.

Table 18: Percentage of workers who are a) trade union members b) covered by collective agreements by industry 2023⁷¹

Industry	collective agreement coverage	union membership
Industry: Agriculture, forestry & fishing	13.3	
Industry: Mining & quarrying	22.3	12.9
Industry: Manufacturing	30.1	16.5
Industry: Gas and electricity	65.2	30.9
Industry: Water and sewage	50.9	22.0
Industry: Construction	12.3	9.2
Industry: Wholesale and retail	27.7	10.4
Industry: Transport & storage	55.7	33.9
Industry: Accommodation & food	9.2	2.3
Industry: Information & communications	5.9	6.0
Industry: Finance	32.8	7.7
Industry: Real estate	29.3	14.8
Industry: Professional, scientific and technical services	7.9	8.9
Industry: Administration services	16.7	9.3
Industry: Public administration	93.2	41.5
Industry: Education	77.5	45.7
Industry: Health and social work	55.6	36.9
Industry: Art, Culture and Recreation	20.9	13.7
Industry: Other personal services	21.5	14.5

120. Similarly, the proportion of workers covered by collective agreements and the proportion of workers who are union members vary by country and region, with Wales, Northern Ireland and Scotland, and the northern English regions generally having higher proportions than the other regions. Worker numbers also vary by country and region, with London and the South East having larger numbers overall. Therefore, these regions have higher numbers covered than other regions.

⁷¹ [Trade union statistics 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/trade-union-statistics-2023)

Table 19: Percentage of workers who are a) trade union members b) covered by collective agreements by region 2023

Nation or region	Collective Agreement Coverage	Union Membership
Northern Ireland	46.8	33.8
Scotland	52.6	28.8
Wales	51.9	32.6
East Midlands	38	22.8
East of England	35.3	18.8
London	29.5	15.8
North East	49.2	23.6
North West	41.5	26.2
South East	33.4	17.7
South West	40.3	20.3
West Midlands	38.3	22.3
Yorkshire and the Humber	40.6	26.5

121. The industries with high proportions of employees who are union members also tend to account for the majority of industrial action. In recent years (2017 to 2019 and 2022 to 2023), though fluctuating year by year, Transport and Storage and Education have accounted for over 50% of working days lost due to strikes⁷². There is also regional variation, with higher levels of working days lost due to strikes in London, the North-West, the South-East and Scotland in the 12 months to June 2024. These are the areas with the highest numbers of union members. Potentially, the impact may be more limited in industries and employers where there is little history of industrial action.

Impact on small and micro businesses

122. There is no readily available information on the number of employees at each trade union. However, data available on wages⁷³ suggests most trade unions are likely to be small or micro businesses, with less than 50 employees. Many of the remainder are likely to be medium sized businesses of under 500 employees, with only a few potentially being large businesses. Employers' associations are similarly likely to be small or micro businesses, with the larger ones potentially being medium sized businesses. Many of these businesses will benefit from the removal of the Certification Officer levy though the smallest, with lowest incomes, would not have been liable to pay. This is because the levy was designed to avoid causing financial risk to very small unions and employers' associations.

123. Unions would benefit more generally by the repeal of the 2016 Act from the reduction in legislation placing additional burden and risk on trade unions, most significantly around industrial action balloting and taking industrial action. The reform will adjust the balance of power in industrial relations, most noticeably when employers and unionised workers are in dispute. This may enable unions to represent their members more effectively, which could lead to increased

⁷² [LABD: Labour disputes in the UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/labour-disputes-in-the-uk)

⁷³ From trade union annual returns to the Certification Officer

membership (other Employment Rights Bill reforms related to union access to workplaces and recognition are likely to also contribute here)⁷⁴.

124. As noted above, we estimate that micro (6% or less) and small (8% for 10 to 19 employees, 19% for 20 to 49 employees) employers are less likely to have workers with union membership than larger employers. Medium sized employers are more likely to have workers with union membership than small employers, with larger medium sized employers only slightly below the proportion for large employers. Employers with over 500 employees (77%) are most likely to have workers with union membership⁷⁵. The Labour Force Survey data shows that nearly three quarters of union members work in workplaces with 50 or more workers, so union membership is concentrated in medium and large employers. Only 10% of workers in micro employers and 10.5% in small employers have their pay determined by a collective agreement, compared to 55% in employers with 250 or more workers, and 18% in employers with 50 to 249 workers. Therefore, it is likely that larger businesses are more likely to be affected by the repeal of 2016 Act, in relation to the resulting strengthening of bargaining power on the worker side.

125. As noted above, there will potentially be a reduction in overall working days lost due to strikes as the adjustment in the balance of power in industrial relations leads to a more cooperative environment between employers and workers. This could benefit all sizes of business, including those not involved in disputes. Though the risk remains that reduced barriers may lead to more industrial action than there otherwise would have been.

Costs and benefits to households' calculations

126. As noted above, the repeal of the 2016 Act is expected to improve the unions' ability to represent workers in collective bargaining, which should lead to improved terms and conditions for workers covered by collective bargaining. It is difficult to monetise what the specific benefits to workers would be from the repeal of the 2016 Act, and the reduction of legislative barriers to winning a mandate for industrial action and carrying out effective action. The evidence we have on the benefit of collective worker strength on achieving better terms primarily comes from recent years when the 2016 Act has been in place. However, the repeal, by strengthening worker power in disputes, should lead to some wider benefit for recognised unions when negotiating, as well as potentially helping unions where workers are more active to win better terms without taking (potentially extensive) industrial action.

127. 43% of workers covered by collective agreements (over 4.9 million workers) were in the bottom half of the wage distribution (based on basic hourly wage rates) in 2023⁷⁶. Therefore, there is the potential for a distributional benefit for lower earners.

128. There may be economic benefits from re-distribution of income from employers to workers. Workers, especially those on lower pay, are more likely to spend in the local economy⁷⁷. Additional pay for lower wage individuals is more likely to help reduce household financial debt. Improved terms for individuals in the top half of the hourly wage distribution may also lead to increased spending, and improved household financial security. It may also increase tax revenues to enable more government expenditure and investment in public services (relative to the taxation received on dividends).

129. Evidence suggests⁷⁸ that unions tend to negotiate to ensure less dispersal of wages in collective agreements. Collective bargaining can reduce within-firm wage inequality by pushing for equal pay for equal work and compressing the wage structure (raising lower rates or by

⁷⁴ [Employment Rights Bill - Parliamentary Bills - UK Parliament](#)

⁷⁵ DBT analysis of data from [Management and Wellbeing Practices Survey - NIESR](#)

⁷⁶ DBT analysis of Annual Survey of Hours and Earnings

⁷⁷ [The benefits of tackling worklessness and low pay | Joseph Rowntree Foundation \(jrf.org.uk\)](#)

⁷⁸ [Forth and Bryson 2015 Trade Union Membership and Influence 1999-2014 for NIESR web .docx](#)

lowering top wages). An element of sectoral or broader than firm level wage setting within collective bargaining can reduce between firm wage inequality⁷⁹.

130. As also identified in the wider impacts section, where there are strikes in public services individuals not involved in the dispute can face negative impacts. If industrial relations in public services are not conducted in a more cooperative manner, then it is possible that there could be more working days lost through industrial action in these industries. This could have negative impacts on wider society. Those affected would depend on where in the lost days occurs.

Business environment

131. The primary impact of the repeal of the 2016 Act is to adjust the current balance of power in industrial relations to slightly strengthen collective worker voice relative to the current position. The adjustment comes predominantly from reducing the legislative barriers to getting a mandate for industrial action and being able to carry out effective industrial action.

132. If this adjustment to the balance of power leads to more cooperative industrial relations, it could reduce the number of working days lost to strike action, which would benefit the overall business environment.

133. As noted above, the International Monetary Fund working papers suggest that stronger worker bargaining power can help reduce household debt. This can benefit growth. Redistribution from employers to workers, especially in the lower wage groups, can lead to increased expenditure in the local economy. This could help facilitate growth.

134. There is some research⁸⁰ indicating that improved management responsiveness to worker voice would improve productivity. The extent to which the repeal of the 2016 Act, combined with other employment rights reforms, leads to a more cooperative industrial relations environment may therefore be the main determinant of whether the reforms improve the business environment.

International comparisons

135. The nature of industrial relations can vary widely between different countries and cultures. Therefore, it is difficult to directly compare, for instance, many EU countries with the UK, as they tend to have much more formalised social partnership arrangements between the employer and worker side, often set within a legislative framework⁸¹. A few EU countries, Denmark, the Czech Republic, Romania and Germany had some use of ballot thresholds within their systems for allowing industrial action⁸², though they had other more formal systems in which collective worker power could be utilised.

Trade implications

136. From a legal standpoint, the policy does not impact international trade as it is compliant with international obligations and does not have any implications for trade partners or foreign businesses operating in the UK.

⁷⁹ [Inequality between capital and labour and among wage-earners: the role of collective bargaining and trade unions - Maarten Keune, 2021 \(sagepub.com\)](#)

⁸⁰ [Worker voice, managerial response and labour productivity: an empirical investigation - Bryson - 2006 - Industrial Relations Journal - Wiley Online Library](#)

⁸¹ [Collective labour disputes in the EU | European Foundation for the Improvement of Living and Working Conditions \(europa.eu\)](#)

⁸² [trade union act enactment IA BEIS clean.pdf \(publishing.service.gov.uk\)](#)

137. Furthermore, the preferred option will not introduce requirements on foreign-owned companies that go above and beyond those which are UK-owned.

Environment: Natural capital impact and decarbonisation

138. We expect that there is no or negligible impact on the environment, natural capital, and decarbonisation as a result of these proposed changes. The regulation does not directly relate to environmental or decarbonisation goals.

Other wider impacts (consider the impacts of your proposals)

139. The proposed policy is likely to have some benefit to union members, who are more likely to be disabled, older (aged 35 or older), women, of Black or White ethnicity than employees overall⁸³.

140. The main possible externalities have been considered elsewhere. Unionisation and collective bargaining cover a much higher proportion of the public sector workforce, though improved nominal pay awards in much of the public sector have happened in 2023 and 2024, prior to the proposed legislative change.

Risks and assumptions

141. The assessment of impacts from the proposed repeal of the 2016 Act is based on the following assumptions:

- a. That there will be some adjustment from the current balance of power in favour of collective worker voice.
- b. This should enable some strengthening in bargaining power for unionised workers, which is likely to result in some improvement in terms and conditions for workers covered by collective agreements.
- c. As the reform primarily removes legislative barriers to industrial action mandates and being able to take effective action, the impact is likely to be more limited in industries with little history of industrial action.

142. The assessment of impacts from the proposed repeal of the 2016 Act has the following risks:

- a. The move to a more cooperative form of industrial relations will require adaptation to the adjusted balance of power from employers. If that happens, especially in employers more likely to face the threat of industrial action, the number of working days lost due to strike could be reduced (certainly from the recent highs of 2022 and 2023 and back to the pre-2017 levels, or lower). If the proposed reforms do not lead to better industrial relations, then it is more likely that there is more industrial action than there would have been without the repeal of the 2016 Act. As industrial action in public services tends to have a much greater impact on the wider economy, the willingness of all relevant parties involved in the negotiation to cooperate will be an important factor in the outcome of this reform.

⁸³ [Trade union statistics 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/trade-union-statistics-2023)