Labour Supply Chains at a Turning Point

Industry Panel

PANEL

Andy Chamberlain (FCSA)
Shazia Ejaz (REC)
Ben Bruten (Fair Work Agency)
Rebecca Seeley Harris (Re Legal)

Executive summary

Andy Chamberlain, chairing for the FCSA, framed the session around a labour market at an unusual inflection point, arguing that the combination of uncertain economic conditions, regulatory change and political attention "frankly feels somewhat unprecedented" — a moment of genuine upheaval, but one the industry can come through stronger if the detail is got right. Over roughly half an hour he drew each panellist through the state of the market, the Employment Rights Act, worker status, compliance, and the year ahead.

Shazia Ejaz grounded the discussion in REC's data (used by the Bank of England because it lags less than the ONS figures, which she said are "in a bit of a pickle"): employer confidence is still falling but more slowly, temporary hiring is at a three-year high, and permanent placements keep declining, albeit at a softer rate — a market tilting toward temp work with tentative signs of stabilisation. Her sharpest point was on guaranteed hours, where she argued that including agencies in the proposals is "just a bit mad," because two-sided flexibility is already built into the agency model and most workers value it; her longer-term worry is that shrinking the temp market would choke off entry-level and youth access to work.

Ben Bruten, speaking from inside the Fair Work Agency, was candid about the tension between a government "shouting it wants growth" while introducing the largest package of labour-market red tape yet imagined. He urged attention to all of the Employment Rights Act but cherry-picked three priorities — zero-hours/guaranteed-hours contracts, the first-ever regulation of umbrella companies via a redefined "employment business," and worker status "bouncing around Whitehall" — stressing that how each is drafted will be "determinative" of how the markets actually function. Looking ahead, he named politics as the dominant wildcard: a new Prime Minister and cabinet "throws everything up in the air," and big decisions on how far to push reform (his "full-fat versus oat milk" metaphor on zero hours) will land within two or three months.

Rebecca Seeley Harris supplied the deepest structural critique. Compliance, she argued, has been treated as a by-product of the supply chain when it should come first, and the real problem in the flexible labour market "is the lack of transparency... it's not the flexible labour market itself." She traced the tangle between tax and employment rights — the emerging "hybrid" deduction model that can leave a worker with PAYE deducted but no rights — and called for a wholesale, digitally-supported review of the supply chain. She also flagged what she called "the mosquito in the room," a coming wave of professional-looking but AI-generated

worker claims that will strain the tribunal system, and floated a "rebuttable presumption" to shift the burden off individual workers.

Across the four, there was notable consensus that the pace of change is unprecedented, that transparency and compliance need to move up the agenda, that regulation risks unintended consequences (pushing the market back toward off-payroll models and straining the tribunals), and that the single biggest near-term uncertainty is political.

The main themes

1. State of the market — temp up, perm down

Shazia Ejaz (REC) set out the numbers, noting REC's data is used by the Bank of England because it lags less than ONS data (which she said is "in a bit of a pickle"). The jobs outlook survey shows employer confidence in hiring and in the economy still falling, but at a slower pace — arguably stabilising, with a fairly positive short-term outlook. The report on jobs released that morning confirmed the standing trend: temporary roles at their highest in three years, permanent placements continuing to decline but at a softer rate. Her read: signs of stabilisation and some potential for growth, with temp activity carrying the market while permanent hiring stagnates.

2. The Employment Rights Act — what to watch

Ben Bruten (Fair Work Agency), who was involved in drafting during the first 100 days and the subsequent consultations, was blunt about the tension between a government "shouting it wants growth" while introducing the largest package of labour-market red tape yet imagined. His advice was to pay attention to all of it, but he cherry-picked three priorities:

- **Zero-hours / guaranteed-hours contracts** — the live consultation that could reshape the temporary labour market "potentially irrevocably," depending on how it is implemented.
- **Umbrella-company regulation** — bringing umbrellas under Fair Work Agency oversight for the first time by changing the definition of "employment business," plus the compliance regime that will follow. How this is done will determine how well it works.
- **Employment status** — looming in the background; the consultation is drafted and "bouncing around Whitehall" but not yet published.

3. Employment status — single status vs a framework

Pressed on whether Labour still intends a single "worker" status, Ben characterised the consultation as "a very broad church" rather than a document zeroing in on

one ideal, citing the melting-pot of departmental views and Treasury concerns about the revenue impact of changing worker status.

Rebecca Seeley Harris — author of a recent employment status roadmap — gave the fuller picture. The single-worker-status idea originates with Lord Hendy and has been years in the making; on paper, two tax statuses and two employment-rights statuses look tidier than today's three. She argued single status may have suited the workforce of decades past but not the modern one, and that an **employment status framework** with a distinct worker / limb (b) category is the better route — provided the tax treatment is aligned alongside it. Her latest official signal (from Kate Dearden, Parliamentary Under-Secretary for employment rights at DBT) was only that the consultation will come "in due course." She expects it to focus on the worker side (which she welcomes) and, oddly, to touch on sham substitution clauses. She had hoped it would be pushed through before a new PM arrives.

4. Compliance, transparency and the labour supply chain

This was Rebecca's central argument and arguably the panel's most pointed. Compliance, she said, has historically been treated as a by-product of the supply chain — recruitment and contracts first, compliance last — when it should be the other way around. She flagged the emerging **"hybrid" / "elective deduction" model**, an attempt to move from Chapter 11 back into Chapter 7 of ITEPA (from a contract-of-employment tax footing to a contract-for-services one), which can leave a worker with PAYE deducted but no corresponding employment rights, because nothing in law dictates how they must be contracted.

Her prescription: a **wholesale review of the labour supply chain** so every entity's interaction is coherent, transparent and documented — potentially underpinned by digital systems (a "digital passport", better use of the Key Information Document). That, she argued, would cut both fraud and tribunal claims, many of which stem from workers not understanding the gap between the contract/assignment rate they were sold and the gross pay they receive (for instance mistakenly believing employer's NI is being taken from "their" money).

Ben confirmed the Fair Work Agency is fundamentally an operational enforcement body, but that the DBT conduct-regulations work (consultation now closed) is looking hard at transparency of pay at the point of contracting, likely via secondary legislation. On the hybrid models specifically, he suggested legislation could make it a **criminal offence** not to be transparent about the rate a worker will actually receive — imperfect in practice, but a real lever, with the FWA as the complaints route.

5. Guaranteed hours and the agency exemption argument

Shazia gave a layman's explanation of the guaranteed-hours proposal: after a reference period (the government's preferred window is 12 weeks), a temporary worker would have the right to be offered guaranteed hours reflecting their regular pattern, potentially leading to a permanent contract with the client — with a still-undefined "low-hours threshold" also in play. REC's position is that **including agencies in these proposals is "a bit mad,"** because two-sided flexibility is already built into the agency model (a worker can decline a shift), and REC and Association of Labour Providers data show most workers value that flexibility. Adding burdens now, she argued, is badly timed given the economic backdrop.

6. Unintended consequences and the road ahead

Asked whether reforms could unintentionally reduce flexible-work opportunities, Rebecca predicted the market will gravitate to "the least worst option" — possibly back toward off-payroll models, since organisations worry more about tax than about employment rights. She also noted a striking **seven-year legislative rhythm** (IR35 in 2000, Managed Service Company rules in 2007, the intermediaries changes in 2014) — "we are due" another, with unintended consequences each time.

On the 12-month outlook:

- **Shazia:** the guaranteed-hours outcome could fundamentally shift the market; she's worried about entry-level and youth access to work if the temp market shrinks (temp roles are a valuable ladder into hospitality and retail), alongside the fast pace of technology change.
- **Ben:** politics is the disruptor — a new PM and cabinet "throws everything up in the air," resetting priorities and the pace of delivery within two to three months, and reopening how far to go on zero hours (his memorable "full-fat → semi-skimmed → oat milk?" metaphor) and on devolution ("Burnhamism").
- **Rebecca:** AI-assisted worker claims — professional-looking but prone to hallucination, "the mosquito in the room" — will grow and strain an already-stretched tribunal system, though the underlying need (workers confused about rates and pay) is real. She floated a **rebuttable presumption**: if PAYE is deducted, the worker is presumed a worker, and the organisation must rebut it — shifting the burden away from the individual.

Points of consensus and tension

Where the panel broadly agreed: the volume and pace of change is unprecedented; the detail of drafting matters more than the headlines; transparency and compliance need to move up the agenda; regulation carries real risk of unintended consequences; and political change is the dominant near-term uncertainty.

Where views diverged or rubbed: Shazia (REC) pushed hardest for agencies to be *excluded* from guaranteed-hours rules, a more protective line for the agency model; Rebecca pressed a structural, tax-and-rights-alignment critique that implicitly wants *more* coherent regulation, not less; and Ben, from inside government, defended the direction of travel while candidly acknowledging the growth-versus-red-tape tension and the melting-pot politics behind it. The exchanges were collegial — Rebecca noting Ben was "very tight-lipped," Andy joking that "Ben's got enough to do."

Pull quotes

Ben Bruten (Fair Work Agency)

> *"There's always a dichotomy between the government shouting it wants growth and then putting the largest legislative set of red tape in the labour market ever imagined."*
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> *"It's a very broad church of what do we think status should look like in the UK, rather than zeroing in on one single thing."*
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> *"When we started with the original set of ministers, [zero hours] was their baby and they wanted it all full-fat. I think we got to a semi-skimmed version... Where do we go from there? Do we go to some kind of oat milk? ... Or do you go back to full-fat?"*
>
> *"New political leadership throws everything up in the air — always throws everything up in the air."*

Rebecca Seeley Harris (Re Legal)

> *"Compliance seems to be a kind of by-product of the labour supply chain... and it should be the other way around."*
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> *"The lack of transparency is the problem in the flexible labour market. It's not the flexible labour market itself."*
>
> *"Every single time the government moves in one direction... the market moves in another direction."*
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> *"The government has been legislating every seven years... so we are due" — on IR35 (2000), MSC (2007) and the 2014 intermediaries rules.*
>
> *"[AI-assisted claims are] the mosquito in the room... they look very professionally laid out, but the content and hallucinations..."*

> *On her proposed fix: "A rebuttable presumption — which means that if you deduct PAYE, the presumption is that the person is a worker, and the organisation would have to rebut that, rather than the worker having to bring the case themselves."*

Shazia Ejaz (REC)

> *"Temp roles are the highest in three years... permanent hiring placements are continuing to decline... [though] declining at a softer rate."*
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> *"For agencies to be included in these proposals is just a bit mad... there's already a two-sided flexibility inbuilt into the agency model — if a worker doesn't want to do a shift, they don't have to do a shift."*
>
> *"This is really not the time to add further burdens... for clients, and to cause all sorts of potential added rules and bureaucracy for the agencies involved."*

Andy Chamberlain (FCSA), chair

> *"It feels as if we are at a moment of heightened change in the industry... this combination of uncertain economic conditions, regulatory change and political attention frankly feels somewhat unprecedented."*

Full attributed transcript

[00:06] Andy Chamberlain (chair): So the panel today is about labour supply chains at a turning point — market conditions, employment reform and the future of flexible work. It feels as if we are at a moment of heightened change in the industry, and this combination we've got of uncertain economic conditions, regulatory change and political attention frankly feels somewhat unprecedented. All of this leads to lots of questions, lots of change, but what we hope will come out of it is a stronger, better industry. We're going to explore where the market is, look at the Employment Rights Act and what it means in practice, and what recruitment businesses, umbrella companies and clients should be doing now. To help me get through this weighty subject, I'm joined by the panel — from right to left, Shazia Ejaz from REC, Ben Bruten from the Fair Work Agency, and Rebecca Seeley Harris, who many of you will know as our independent legal and tax advisor. I want to ask each of you, starting with Shazia, to introduce yourselves and give us one minute on the single biggest issue recruitment leaders should be focused on right now.

[01:37] Shazia Ejaz (REC): In case you don't know who the REC are — I suspect many of you will — very quickly: we're the largest industry body representing recruitment agencies across the UK, across all sectors. In terms of the biggest challenge, there's such a big question mark over how the labour market is going to run and operate over the next couple of years. Combine that with real instability in geopolitics and the impact that has on demand and on businesses' ability to invest in hiring, and it's massive. So there isn't one thing — there's a big grey area. And then there's the transformation around AI and technology. Put all of that together and you get a really big set of circumstances that business leaders need to manage, prepare for and scenario-plan for all at the same time. There are also big political question marks — what the new Prime Minister's direction of travel will be, key cabinet positions, who'll be the next Secretary of State at DBT if it's not the existing one, and what that means for how quickly these questions get answered.

[03:21] Andy Chamberlain: Thanks, Shazia. Ben.

[03:35] Ben Bruten (Fair Work Agency): Hi — Ben Bruten, you've heard enough from me already today. So, Fair Work Agency. I have a job title but it's ludicrously long; best summarised as "FWA dogs-body" for all things that need sorting and delivering — innovation culture, operational policy, transformation, target operating model, organisational design, and internal comms, bizarrely. The single biggest challenge in the labour market is business and workers' capacity and appetite for change. We're at the beginning of a cycle of change — one that's going

to spiral quickly into more change, more quickly — in the way the labour market operates and the way people who operate in it have to do business. We've already spoken about AI and the technological advancements; people are calling it a new industrial revolution. That appetite, capacity and agility for change is the biggest challenge in the labour market currently.

[04:41] Andy Chamberlain: Thanks, Ben. Rebecca.

[04:41] Rebecca Seeley Harris (Re Legal): Afternoon, everyone — Rebecca Seeley Harris. My day job is working with clients to understand how they can engage people off-payroll, but I do a lot of policy work independently. I write papers and send them into government — I bother the government with the issues I think are inherent in the labour supply chain. I recently wrote the employment status roadmap, trying to address the issues between tax and employment rights and what I think the solutions are. My particular bugbear at the moment is the deduction of PAYE where the worker's contract isn't taken into account. So I'm doing a lot of work on the policy side, trying to make the labour supply chain more efficient and easier for everyone in it, including the workers. The single biggest issue — no surprise — will be compliance. I've been doing this a very long time, and compliance seems to be a kind of by-product of the labour supply chain: you have your recruitment, your onboarding, your headcount, the hirer wants somebody, and then you've got your contracts — and it should be the other way around. Compliance is now a really big issue, because so many parts of the supply chain need to be compliant: from the hirer through the agency, the umbrella companies, the worker themselves. There are various points in that chain with inherent compliance within it, and that needs to be higher up the list. The legislation is going to put it higher up the list, and there's more legislation coming through from the Fair Work Agency which will hopefully mean more enforcement — making it harder for the bad actors.

[06:43] Andy Chamberlain: Thanks, Rebecca. Let's think about the state of the market right now. I'll come to you first, Shazia. REC data gives us one of the clearest pictures of the labour market — what are the headline trends you're seeing? I think you've got some new stats out.

[07:03] Shazia Ejaz: We have. Our data is used widely — by the Bank of England as well, because there's much less of a lag than ONS data, and, for those who follow these things, the ONS data is in a bit of a pickle at the moment, to say the least. We look at three things. We have a survey of employers — our jobs outlook survey — which looks at confidence in hiring and confidence in the economy; for a while that's been telling us confidence has been falling, though it seems to be falling at a slower pace now, so you could say it's stabilising a little, and the shorter-term outlook is quite positive. Then we have the report on jobs data that Andy referred

to, which surveys recruitment businesses — both are monthly. That's out today, and it confirms the trend of the last few months: temporary hiring — temp roles — are the highest in three years, while permanent hiring placements are continuing to decline, though at a softer rate. Putting that together, there are signs of stabilisation and potential for growth, with the significant pace of temporary hiring as permanent hiring stagnates a bit.

[09:02] Andy Chamberlain: Ben, I want to turn to you on the huge amount of attention around the Employment Rights Act and the legislation and rules spilling out from it. Which elements should recruitment businesses and umbrellas be paying closest attention to?

[09:33] Ben Bruten: Great question — having been involved in some of the drafting in the 100 days and some of the subsequent consultations. There's a lot in this, and there's always a dichotomy between the government shouting it wants growth and then putting the largest legislative set of red tape in the labour market ever imagined — that sits uncomfortably sometimes. But my answer is: you need to be paying attention to all of it, because it's going to impact everything you do. If I had to cherry-pick things out at the moment — first, zero-hours contracts; that consultation is out, and it's a really big one that will affect the temporary labour market potentially irrevocably, because how they do zero-hours contracts will determine how the temporary labour market works. The impact on employment businesses is huge. Second, keep your eye on the changes in the umbrella world, where we've run the consultation on changing the employment conduct regulations to bring umbrella companies under regulation by the Fair Work Agency for the first time, by changing the definition of "employment business." How we do that will be determinative of how effective it is, and of the compliance regime that will sit around umbrella companies. And looming in the background is status — the consultation is drafted, it's not out yet, but it's bouncing around Whitehall. So those are the three things I'd keep an eye out for.

[11:09] Andy Chamberlain: I might segue, because I was going to ask you explicitly about status. The talk before the last election was that Labour wanted to create a single status of worker applying to all but the genuinely self-employed. Is that still the intention, or is it looking more at the self-employed/employed boundary? What's the focus of the thinking?

[11:34] Ben Bruten: It's a very broad consultation, is what I'll say. I don't think it zeros in on — what a great politician's answer — I don't think it focuses on one perfect ideal. It's a very broad church of "what do we think status should look like in the UK," rather than zeroing in on one single thing. Government's always a melting pot of views and ideas from different departments — Rebecca knows this as well as I do, especially on this topic; she's probably better on it than I am — about the

tensions between Treasury impacts on revenue if you change worker status, and all the knock-on economic effects that need to be taken into account. Which is why, with no spoilers, I don't think the consultation is landing on one single thing. But Rebecca, you'll have a view.

[12:33] Rebecca Seeley Harris: Yes, I certainly do. The last thing I heard officially was Friday, when Kate Dearden, Parliamentary Under-Secretary for employment rights at DBT, said the consultation will come in due course. So where are we? We started with single worker status, which is Lord Hendy's creation — this has been going on for a number of years; he's wanted this single status. It seems to make sense to have two statuses for tax and two for employment rights, because currently you've got three — but I don't think it does make sense. I think the government has now steered more towards the employment status framework, which is a much better view, because you've got to look at the modern workforce. Single status may have worked a few decades ago, but I don't think it'll work now given the type of workforce we have. And if you've got that third category — the worker, or limb (b) worker, status — in my view you need to look at the tax with it. The current idea is that the consultation sits with the Department for Business. I actually asked Ben: why is employment under the Department for Business? Why doesn't it have its own employment department? Anyway, by the by. So currently we still don't know. I'd hoped it would be rushed through before the next Prime Minister comes in, because a new PM might decide they don't want a consultation on employment status. So we're still waiting — I'm still hopeful it's going to happen. From what I understand, the consultation is going to focus on the worker side of things, which I think is a good thing. It will also look at sham substitution clauses, which is a bit random. So that's where we're at — we still have no knowledge. Ben's been very tight-lipped.

[14:36] Andy Chamberlain: I have to admit, it sounds like the thinking's come along a bit further than I'd thought — so that was helpful, Ben, thank you. Rebecca, staying with you: Ben's mentioned some of the consultations that are out, lots of new rules coming in — the zero-hours changes, the agency-work regulatory framework consultation that we're yet to hear how they'll go on, and JSL, joint and several liability, which came in and was implemented in April. Are we seeing attempts to get around some of these new rules, and are there behaviours you've got your eye on that you're concerned about?

[15:09] Rebecca Seeley Harris: Yes. So there's this thing called the hybrid — or what some people call the elective deduction model. Because joint and several liability is Chapter 11 of ITEPA, the tax provision, the first initiative is: how do we get out of Chapter 11 back into Chapter 7, the agency tax legislation? The difference between the two, very basically, is that one is a contract of employment — the worker has to

be under a contract of employment — whereas under Chapter 7 it's a contract for services. Under tax legislation they don't look at how the worker is actually engaged; it's just the deeming provision for how the worker is taxed, which is the problem I have, because the two systems aren't coherent — they don't work in tandem. So you've got your tax provisions, and actually in this case you haven't got your employment-rights provisions, because if they're taxed and have PAYE deducted, there's nothing in law that says how the organisation is supposed to contract with them. You end up with a situation where PAYE is deducted but there are no employment rights. I've just written a paper on this, because whether it's right or wrong, it's not being addressed — it's never actually been discussed in Parliament, the question of what kind of contract the worker is under. Every single time the government moves in one direction — whether with agency legislation or with tax — the market moves in another direction. I've had chats with HMRC and with DBT, trying to explain that what I think is needed is a wholesale review of the labour supply chain, to understand how each organisation and entity interacts with the others, and to make sure there's a coherent, transparent, documented system so everyone knows how the worker is engaged and how they're taxed. And then, if we use AI or digital systems — a digital passport, for example, making more of the KID (Key Information Document) — there'd be less room for fraud and fewer tribunal claims. A lot of the tribunal claims at the moment are workers trying to figure out the difference between the contract rate they were sold in on and the umbrella rate that gives them gross pay — thinking, for example, that the employer's National Insurance contributions are being deducted from what is their money, when actually it's coming out of a contract rate. The lack of transparency is the problem in the flexible labour market — it's not the flexible labour market itself.

[18:00] Andy Chamberlain: Can I bring Ben in there? Ben, will the Fair Work Agency be looking at some of these issues Rebecca's raising?

[18:18] Ben Bruten: The Fair Work Agency is fundamentally an operational enforcement function, but the work being done in DBT on the conduct regulations — that consultation is closed now — will look at this issue. The idea behind it, about transparency of pay and being clear at the point of contracting what your pay is going to be, is being thought about carefully and will be a feature of the secondary legislation that comes in in due course.

[18:46] Andy Chamberlain: And these hybrid models Rebecca's referring to — is that something you think would concern you?

[18:46] Ben Bruten: If it's the difference between contracted rate versus gross pay, that will be dealt with, because it will probably end up being dealt with through legislation which would make it a criminal offence not to be transparent about the rate they're actually going to get. So in theory, if people were doing the right thing

and being compliant, that should end that problem. But the world's not perfect, and not all businesses or humans are perfect — ergo there'll be some who still choose to find a way to flout it. But the law will be provisioned well enough to ensure it shouldn't happen, and you could always complain to the FWA; my colleague Emilia and her team will deal with it.

[19:36] Andy Chamberlain: Thanks, Ben. Shazia — REC has been quite vocal about some of the operational challenges created by the new legislation. What are your members most concerned about in the regulatory space?

[19:59] Shazia Ejaz: Apart from the sheer scale of all this, and how much they may need to adapt — and not knowing when exactly, or how — that guaranteed-hours consultation, which is still live, so there's still opportunity to respond, is definitely top of mind for our members.

[20:15] Andy Chamberlain: Could you just quickly explain it, in case not everyone's completely aware? I think we'll hear from Hannah on this later, but a quick version.

[20:44] Shazia Ejaz: Yes, I'll give you a very quick layman's version. The idea is that, if you're a temporary worker, following a reference period — the government's preferred window at the moment is 12 weeks — to assess a regular working pattern, after that point a worker has the right to be offered guaranteed hours based on the analysis from that reference period. And then potentially they transfer over to being offered a permanent contract by the client. There are factors to consider around determining those hours, so as well as the reference period, the government is consulting on a low-hours threshold — at what point...

[21:28] Andy Chamberlain: Once you're guaranteed a certain amount of hours already, this won't apply to you — if you're guaranteed under that. So this is all about zero hours, but also low-hours contracts. And what a low-hours contract is, is up for debate, right?

[21:44] Shazia Ejaz: Absolutely — that's what we're all having a bit of a fun conversation with government about at the moment. And I think our view — we've said this for a while — is that for agencies to be included in these proposals is just a bit mad, and our preference would be that they aren't, that agencies are excluded from this, because there's already a two-sided flexibility inbuilt into the agency model: if a worker doesn't want to do a shift, they don't have to do a shift. And we know, and the data tells us — REC data, Association of Labour Providers data — that most people are very happy with the flexibility they've got at the moment. At a time when — I talked about the economic situation — this is really not the time to add further burdens for clients, our members' clients, and to cause all sorts of potential added rules and bureaucracy for the agencies involved as well.

[23:10] Andy Chamberlain: One concern around these reforms — consulted on or already implemented — is unintentionally reducing work opportunities in the flexible labour market. Rebecca or Ben, is that a real concern? The idea that if you put in place these measures — zero hours, JSL, whatever — you put a dampener on hiring overall and there are fewer opportunities, even for workers who've chosen to work flexibly?

[23:41] Rebecca Seeley Harris: Well, I think the market always ends up with the least-worst option, and that might push it towards off-payroll again — because if you look at the different tax rules, organisations are far more worried about tax than anything else. Not so worried about employment rights, although with AI we're coming into an area where you might want to be. But if you're looking at the tax provisions — now we've got Chapter 7 through to Chapter 11 of all sorts of different ways you're supposed to interact with workers and tax them — people are looking at the least-worst option. So whatever happens, they'll find another way. A flexible workforce is an economic necessity — companies have to have one — but they'll find a way. And, interestingly, the other day I realised the government has been legislating every seven years: IR35 in 2000, then the Managed Service Company legislation in 2007, then 2014... so each chapter of ITEPA is on roughly a seven-year cycle — and we are due. There's going to be another change. So yes, there are always unintended consequences.

[24:50] Andy Chamberlain: Thanks. By the way, I should have said at the beginning — we do want to take some questions, and because of that delay we are a bit pushed for time, but while you're getting your questions in, please do put them in. I'll ask each panellist: if we imagine we're here in 12 months' time, what will have been the biggest change — the thing that's changed our working lives and the industry over the next 12 months? I'll start with you, Shazia.

[25:19] Shazia Ejaz: At the risk of repeating myself, for the agency sector it's definitely the outcome of the guaranteed-hours proposals — that could fundamentally shift the market. And, to your previous question, we are very worried about opportunities for people to get into the labour market if the temporary market really reduces. I was hoping to touch on youth unemployment, which is a background issue to all of this. It's not exclusively young people on those contracts, but you do get a lot of young people working in them — it's a really valuable way into hospitality, retail, the traditional sectors where young people get a start on the labour ladder. In terms of big changes, it's ultimately guaranteed hours, and the implications of technology — we know how quickly that's moving — so just running to keep pace with all of it: becoming used to the uncertainty, being agile, and acting as consultants through all of that for clients will be really important.

[26:43] Ben Bruten: For me — I echo everything Shazia just said, so I won't repeat it — but for a lonely civil servant who advises ministers and prime ministers (we advise, they decide): new political leadership throws everything up in the air, always throws everything up in the air. As much as they like to claim it's going to be a smooth handover and it'll all go swimmingly, there'll be a new cabinet. That means advising lots of ministers, and they'll have different views on the pace of delivery, how you deliver things, and what's important and what's not. [Andy: "Try not to sound too enthusiastic, Ben."] Love my elected colleagues — and that's going to affect the ecosystem quite quickly. Take zero-hours contracts: how far do you want to go? When we started with the original set of ministers, it was their baby and they wanted it all full-fat. I think we got to a semi-skimmed version that still probably isn't palatable to colleagues. Where do we go from there — some kind of oat milk? I don't know — just water? Or do you go back to full-fat? Some of those really big political decisions are going to be made very quickly in the next two to three months, and that will impact everything going forward — the whole workers'-rights regime, the enforcement regime, and the appetite to do things in devolved ways ("Burnhamism," I don't know). It'll be really interesting to see how that plays out.

[28:24] Andy Chamberlain: Thanks. On the political make-up, as a side note — Count Binface is currently tumbling down the betting odds in the Clacton by-election; he was a big outsider, now not so much. So if you thought you were going to get a Farage, you might be getting a guy with a bin on his head instead. [Ben: "No comment."] And Rebecca.

[28:38] Rebecca Seeley Harris: Well, I touched on it — workers' AI claims. I think these are going to become a big problem, because they look professionally laid out. I can't remember the lady who was talking about it before, but they look very professionally laid out, and yet there's the content and the hallucinations. It's the mosquito in the room, because more and more workers are going to turn to AI and decide they want to bring a claim. But the essence of the claim I support, because I have workers who come to me for help — mainly on this issue with the contract rate, the assignment rate, the gross pay and the KID, and what goes on between all the different entities in the labour supply chain. My hope is that the FWA will get involved in some kind of triage, helping the worker understand whether they actually have a claim or not, because that would lessen the impact on the supply chain as a whole. I think that's going to be one of the impacts people won't see coming. And people do talk about the strain on the tribunal system — with these new rules and AI-assisted claims, it does seem like it's going to put a lot of pressure there too.

[30:00] Rebecca Seeley Harris: The other problem with this area is that you've got to establish the status first — you've got to have a preliminary hearing to establish whether the person has the right to bring their claim forward. So it takes up a lot of time. Very quickly, in the discussions for the employment status consultation, it was put forward that perhaps the government might take over some of the worker-status claims — I think with or without the worker's approval, actually. [Andy: "I think Ben's got enough to do."] That was one of the issues being brought to the fore. And one of the ideas I've been working on is something called a rebuttable presumption — which means that if you deduct PAYE, the presumption is that the person is a worker, and the organisation would have to rebut that, rather than the worker having to bring the case themselves. So there's going to be a lot of issues around tribunals and status cases.

[31:02] Andy Chamberlain: Thank you. I think we'd better move on to some questions.