



Working together to Make Work Pay

A policy briefing



CIPD

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Prospect is a trade union representing over 160,000 people across the UK in roles as diverse as (but not limited to) air traffic controllers, scientists, engineers, civil servants and digital experts. Our organisation also incorporates Bectu – the sector of our union that supports people working in broadcasting, film and cinema, independent production, theatre and entertainment.

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The CIPD has been championing better work and working lives for over 100 years. It helps organisations thrive by focusing on their people, supporting our economies and societies. It's the professional body for HR, L&D, OD and all people professionals – experts in people, work and change. With over 160,000 members globally – and a growing community using its research, insights and learning – it gives trusted advice and offers independent thought leadership. It's a leading voice in the call for good work that creates value for everyone.

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Executive summary

The impact of the Government's Employment Rights Bill and Make Work Pay agenda, in workplaces and on our economy, will depend on how employers, workers, and their respective representatives respond.

Legislation on its own will not improve job quality or translate into more harmonious working relationships. This requires a complementary focus on promoting partnership, improving employment relations skills, and strengthening key institutions.

This paper brings together ideas from employers and trade unions on what is needed. While we bring different perspectives, we share the Government's goal of tackling poor employment practices and improving the quality of work for all. We also believe that improved employment relations, and partnership working between employers and trade unions, can provide the foundation for much of what the Government needs to achieve to support its ambition to improve productivity, growth and living standards.

There are success stories to learn from. But for some, perceptions and expectations of industrial relations have been shaped by negative experiences or high-profile controversies. Many employers and trade unions will need to improve their employment relations knowledge and skills if they are to work together positively and constructively.

The Government has an essential part to play. Areas for action include:

- The Government should take a lead in promoting the business case for partnership and setting out best practice. This could extend to official guidance or even a new statutory code on employment relations.
- Government should work with stakeholders on a plan to raise the relevant skills and understanding of HR professionals, line managers, trade union representatives and negotiators, and the wider workforce and business community.
- The Government should strengthen the ability of sector bodies to drive collective employer action to improve partnership working at an industry level.
- A robust and effective institutional framework is essential to incentivising and supporting good practice. This will necessitate additional resources for the Fair Work Agency; the Central Arbitration Committee; the Advisory, Conciliation and Arbitration Service; and the Employment Tribunal.



Introduction

The Employment Rights Bill and wider Make Work Pay agenda are intended to strengthen the economy and improve working lives and living standards by increasing worker security and voice, including new rights and an expanded role for trade unions.

As the Bill passes through Parliament, it will be essential to get the detail of the Bill, and the secondary legislation it provides for, right.

But once finalised and enacted in law, its successful implementation in practice, and the way it changes our economy and society, will depend on how employers, workers, and their respective representatives respond to the new rights and responsibilities it creates.

The transformation of employment rights needs to go hand in hand with a resetting of employment relations. This will involve supporting improvements in collaboration and partnership working between employers and trade unions as well as helping managers and trade unions to develop collective employment relations skills.

It will also require changes to the UK's employment relations framework and institutions to promote and enable good practice on the ground in workplaces across the UK.

Without this, there is a real risk that the extensive raft of new employment laws being introduced won't have the Government's desired impact of improving working practices, raising productivity and delivering positive economic outcomes.

This paper summarises insights and ideas developed through discussions with a growing group of employers, trade unions and relevant stakeholders and experts, convened by the CIPD and Prospect.

It offers an interim briefing on what we hope will be an increasingly inclusive conversation and, ultimately, a broad-based movement aimed at making a success of the Make Work Pay agenda to the benefit of workers, businesses and the country as a whole.



A shared starting point: Working together to make work better

While we bring different perspectives, we share the Government's stated goal of tackling poor working conditions and exploitative practices where they exist.

We also share a positive aspiration to raise overall employment standards and to improve the quality of work for all – work that not only pays fairly but is more rewarding in every sense.

Most importantly, we believe that the most effective way of advancing these goals is by employers, workers and their representatives, and relevant labour market regulators and institutions, working together collaboratively and constructively.

We share the Government's vision that improved employment relations and partnership working between employers and trade unions can provide the foundation for much of what the Government needs to achieve to support its ambition to improve productivity, growth and living standards.

This will include enabling more organisations across the economy to:

- Effectively and responsibly adopt new technologies and manage the changes they bring.
- Find the efficiencies and productivity improvements needed to support sustainable increases in wages.
- Pre-empt problems and conflict, and resolve disputes fairly and constructively if they do arise.
- Identify skills gaps and the development opportunities that can address them.
- Build more inclusive and dynamic workplaces that make the most of people's talent and ideas.

Collective voice: The role of trade unions

Having a voice at work can make a fundamental difference to people's working lives. It can also bring benefits to businesses in terms of better employee engagement, commitment and performance.

This is highlighted in the *Engaging for Success* report,¹ with evidence showing the business value of engaging with a collective voice, including with trade unions.

Genuine partnership working between trade unions and employers can provide a competitive edge by leveraging the collective ideas and expertise of employees and finding mutually beneficial solutions to the challenges facing businesses.

Many of the UK's most successful businesses work closely and cooperatively with recognised trade unions. Many of our most competitive and important industries, for example in advanced manufacturing, nuclear energy and the creative sectors, benefit from trade union participation in sector level institutions and initiatives.

Sometimes this joint working approach is talked about in terms like 'partnership', 'mutual gains', or 'social dialogue'. 'Partnership' between trade unions and employers is no longer widely promoted or familiar as a modern employment relations model. But its focus on collaboration and mutuality has enduring relevance that has been given fresh impetus by the Government's Make Work Pay agenda.

CIPD research² reveals an openness on the part of many employers to working with trade unions, with 59% of survey respondents agreeing that '*working in partnership with trade unions can benefit the organisation*'. Just 3% say partnership is not a realistic model. Further, almost four in ten (39%) respondents say the purpose of their organisation's arrangements for representative participation is '*to support partnership working or collaboration on specific projects*'.

1 <https://engageforsuccess.org/the-evidence/>

2 <https://www.cipd.org/uk/knowledge/reports/collective-employee-voice/>

The road to partnership needs solid foundations

We welcome the Government's aim to create a modern framework for industrial relations. The CIPD Good Work Index indicates that UK employers tend to rely exclusively on individual forms of employee voice, rather than engaging also with collective channels which use employee representatives. This is a missed opportunity to use collective voice and trade union representation to improve working relationships and boost organisational effectiveness.

We also agree that taking a principles-based approach – the Government proposes 'collaboration', 'proportionality', 'accountability' and 'balancing the interests of workers, employers and the public'³ – is a good starting point to developing a modern industrial relations framework. This new emphasis on social partnership and meaningful employee engagement can play a key role in helping organisations innovate and adapt to the multiple challenges facing them, for example as they seek to adopt new technology and manage competing demands on resources.

However, it's essential that the Government complements its extensive legislative reforms with proactive measures to promote and embed the four principles in organisations and workplaces, and that its aims for modern industrial relations are underpinned by strong foundations. Otherwise, the risk is that some of the proposed statutory changes will not be enough on their own to deliver the reset in employment relations, working practices and organisational cultures we need to see.

The Government has so far done little to set out a rationale or vision for the expanded union role its reforms could enable. This means that among businesses with no experience of dealing with trade unions, there is little understanding of the value they can add. Some are open to the possibility that a union voice could help them understand how to take their workforce with them through periods of change. But many only fear an increase in the disruption and disputes that get most of the media attention.

It's also crucial that the four principles of modern industrial relations and partnership working are reinforced through guidance and support that helps to bring the principles to life at a workplace level, such as through enhanced resources for the Advisory, Conciliation and Arbitration Service (Acas) to promote good collective employment relations.

The Government's aims for 'modern industrial relations' will only be achieved if the reforms are underpinned by an effective infrastructure. The role of the CAC (Central Arbitration Committee), Acas and the Employment Tribunal are crucial to their achievement. Some reforms place greater responsibilities on the CAC and it needs additional resources and expertise to fulfil these. The same applies to Acas and the Employment Tribunal system. Acas collective conciliation and other dispute resolution and advisory services play a fundamental role in helping both parties to find mutually acceptable solutions, which is a far more preferable approach than moving too quickly to enforcement. The stakes are high, with the Government's own impact assessment⁴ forecasting a 15% increase in employment tribunal claims against a backdrop of an already overburdened and failing system.

3 <https://www.gov.uk/government/consultations/making-work-pay-creating-a-modern-framework-for-industrial-relations>

4 https://assets.publishing.service.gov.uk/media/67c57146b0bb6528ee866cbf/Employment_rights_bill_economic_analysis.pdf



Beyond conflict

It is critically important at this time that we do not let an exclusive focus on the worst jobs and most unacceptable aspects of our labour market distract us from also learning from, supporting and spreading the successes and good practice that can be found in workplaces all around the country.

Bad practice exists and must be challenged. Differences are inevitable and will sometimes lead to tension or conflict. But if this becomes the whole story then employers, workers, trade unions and the Government will all be the losers, and we will not meet the country's economic or social challenges.

At a time where we see the troubling consequences of social and political polarisation around the world, it is vital that, as well as understanding our legitimate differences, we also recognise what we have in common and can achieve together.

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What ‘good’ looks like

If we want to see a more collaborative approach to improving work and meeting economic challenges, we need to pull together and promote a picture of what works in practice. Many organisations, particularly in the private sector, have no experience of working with trade unions and others may have experienced a negative relationship. Some employers’ perceptions could be adversely impacted by the heightened levels of industrial action across public services in recent years. Furthermore, some trade unionists’ approaches and tactics have been shaped in response to intransigent or abusive employers, and previous governments’ indifference or hostility.

We therefore need to build a compelling picture of what effective partnership looks like and how employers and unions can build effective working relationships for mutual gain. There is also a pressing need to develop collective employment relations skills and understanding among employers and trade unions at every level, including at a ‘shopfloor’ level between local managers and trade union representatives.

CIPD research with employers shows that respondents consider there’s a range of critical success factors for building effective working relationships between senior management and employee representatives (see Fig 1). These cover both formal and informal approaches, and range from having clear standards describing expected behaviour or employee representatives’ consultation skills, to getting to know each other on a personal level.

Conversations convened as part of this initiative by CIPD and Prospect, bringing together employers, trade unions and other labour market stakeholders and experts, also reveal a striking degree of consensus.

For example, some of the elements frequently identified as critical ingredients include:

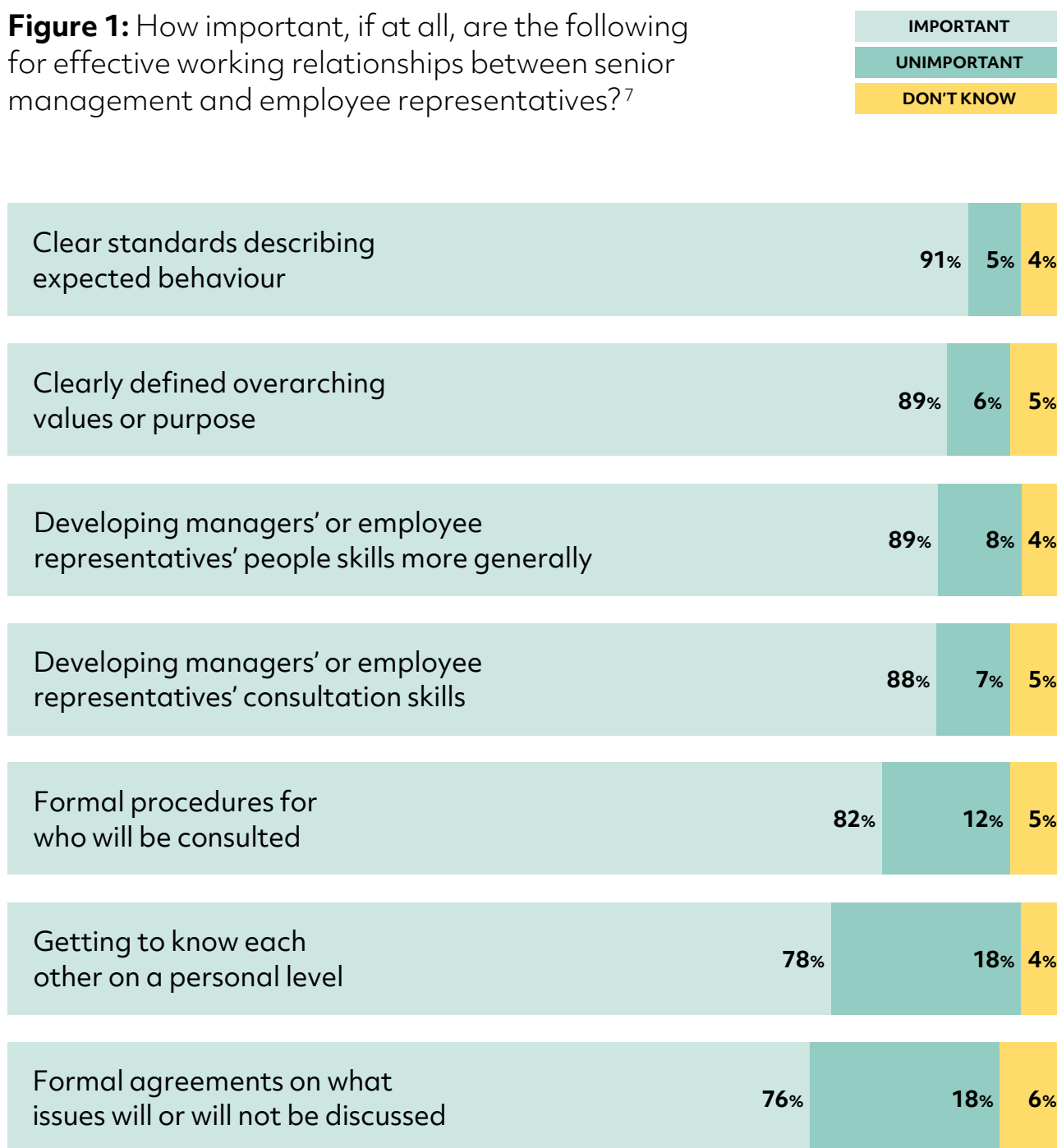
- Agreement on shared goals, as well as respect for differences
- Certainty and predictability around procedures and possible courses of action
- Sharing information and plans early, avoiding surprises and foregone conclusions
- Effective listening, engaging, and reflecting back on all sides
- Engagement and deliberation on the basis of evidence
- Consistency and coordination where multiple partners are involved
- Long-term commitment, taking the time to build trust and mutual understanding
- An emphasis on joint problem-solving, co-creation, co-ownership and co-implementation

There is no blueprint for success or guarantee that disagreements and difficulties will not arise. But there is a wealth of experience supporting a clear business case for the difference that principles and practices such as these will make to any organisation’s ability to innovate and grow in a fast-changing economic, technological and social environment. Valuable case studies illustrating best practice and its benefits have been assembled by the Involvement and Participation Association (IPA).⁵ Practical guidance⁶ developed by CIPD based on research with employers, unions and HR professionals outlines some basic steps that organisations can take to develop effective joint working relationships.

5 <https://www.ipa-involve.com/blogs/case-studies>

6 <https://www.cipd.org/uk/knowledge/guides/working-trade-unions/>

Figure 1: How important, if at all, are the following for effective working relationships between senior management and employee representatives?⁷



⁷ https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/collective-employee-voice-report-july-2022_tcm18-110238.pdf. Percentages may not sum to 100 because of rounding.



The missing agenda for government

The new legislation and accompanying regulations will set out what needs to be done differently. But employers and their workers need to be shown why these changes should be beneficial, and how best to realise those benefits.

Government has an essential part to play in supporting the effective rollout of the new employment rights and employment relations framework – through a clear narrative on benefits of these changes, and by promoting good practice, tackling skills gaps, upgrading key agencies, and embedding social partnership.

Possible areas for action we have identified include:

Promoting good practice and making the case

The Government has so far done little to spell out its vision of good work and employment relations, or assemble the evidence for how it can benefit workers, employers and the country as a whole. There are also few resources available for anyone looking to better understand, or engage positively with, this agenda. The Government needs to take a lead in highlighting and promoting the business case for partnership working between employers and trade unions and set out best practice in terms of ways of working and expected behaviours.

Consideration should also be given to the development of official guidance or even a new statutory code of practice on employment relations. This could help provide an anchor point for the Government's four principles in its modern

industrial relations framework of collaboration, accountability, proportionality, and balancing the interests of workers, businesses and the wider public. Such a code would be developed by Acas with input from employers and representative bodies and trade unions.

Identifying and addressing skills deficits

Effective joint working between employers, workers and trade unions requires skills, capabilities and a level of understanding that across many parts of the economy have atrophied over many years of low engagement, poor communication, defensiveness and suspicion being the default.⁸

Raising the relevant skills of HR professionals, line managers, trade union representatives and negotiators, and the wider workforce and business community, would enable more effective joint working to address the many other skills challenges our country faces. Government should work with relevant stakeholders to develop a plan to address these gaps – including, where appropriate, through joint learning experiences that some employers and unions have successfully experimented with.

Acas again has an important role to play here with its experience and expertise of providing training in employment relations, including joint training for managers and union representatives. However, there is a question mark over its resources and capacity to support organisations effectively with its current level of funding. We return to this point below.

8 <https://www.acas.org.uk/the-lost-art-of-negotiation-and-how-we-can-reset-workplace-relations>

Government should consider how it can support key sector bodies and strengthen their ability to drive collective employer action to improve employment relations skills

Embedding partnership at national and sectoral level

As we have indicated, many of the UK's leading industries have evolved institutions and initiatives to develop joint approaches to shared challenges.

However, there are many sectors that lack this type of representation and support. The sector institutions that support different industries are highly varied, ranging from those based on the now-defunct Sector Skills Councils and groups of employers linked to the previous Government's sector deals. The level of professional support and the degree of meaningful employer engagement provided through these bodies inevitably varies and in many cases would need to be significantly strengthened if they were to play a more meaningful role. In some places new structures are emerging under the impetus of the Government's new industrial strategy, but it is not yet clear to what extent these will incorporate meaningful worker and trade union voice.

The Government should consider how it can support key sector bodies and strengthen their ability to drive collective employer action to improve employment relations skills and partnership working with trade unions on key challenges such as technology adoption.

CIPD and Prospect have suggested the Government could create a £50m partnership fund that sector bodies could bid for to enhance partnership working and employment relations at employer or industry level. This could be used for example to fund Acas training for employers and trade unions to help raise capability in these areas.

Government should consider establishing a Workplace Commission as a means to strengthen social partnership at a national level and to co-ordinate policy making across government departments and relevant agencies on workplace issues.

This would bring together labour market stakeholders and institutions, including employer bodies and trade unions, to support policymaking across government and seek consensus on key questions over new regulation or strategies to meet key challenges.

An effective support and enforcement system

There is also the need for a more effective and progressive labour market enforcement system that can play a bigger role in improving work for all as well as enforcing minimum protections.

Trade union representatives and managers equipped with appropriate employment relations skills can help minimise pressures on agencies and the tribunal system by driving compliance and pre-empting problems, but an effective enforcement system is essential to supporting and incentivising good practice.

The Government needs to set out how the new Fair Work Agency will work with other agencies and enforcement bodies as well as unions and employers to proactively root out illegal practices while supporting employers, especially Small and Medium-sized Enterprises (SMEs), to comply.

This will require a sufficient number of inspectors and more resources for the Central Arbitration Committee as well as the Employment Tribunal and Employment Appeal Tribunal system.

In particular Acas will require more resources to improve its ability to provide advice and guidance to employers, particularly micro and small firms that typically have no access to professional HR support. In the long run, an effective compliance strategy should relieve pressures on the tribunal system as well as bringing wider economic and social benefits.

The Government has inevitably been focused on meeting its commitment to deliver the Employment Rights Bill in 100 days and move it through the current parliamentary session. But it now needs to broaden its efforts and its engagement if it wants this new framework to land successfully in workplaces throughout the country.

This is not just about mitigating risks. It is about ensuring a great opportunity is not missed. The Make Work Pay agenda should be consistent, complementary and critical to the Government's growth mission, industrial strategy, and a range of wider policy goals, from expanding opportunities to strengthening communities.

Conclusion

The current government agenda as well as the workforce climate represent a new opportunity for trade unions playing a positive role in the promotion of collective voice at work. Recent research for the Skills and Employment Survey 2024 shows considerable unmet demand for unionisation among non-unionised workplaces.⁹

It is up to both unions and employers to tap into this unmet demand and take advantage of the potential benefits that trade union representation can bring to people's working lives and organisational effectiveness. The Government may think that the sweeping reforms to trade union laws it has initiated through the Employment Rights Bill will be enough to achieve its vision for a modern framework for industrial relations that raises living standards and achieves better growth.

But on its own legislative change will not necessarily translate into more harmonious working relationships between unions and employers on the ground. That will require much more sustained ambition to ensure the new rights for trade unions – and workers more widely – are supported by a proactive campaign to promote good industrial relations, robust infrastructure and institutions to support good practice, and investment to help organisations both appreciate and implement effective partnership working, in the form of guidance, business support and joint training.

It is up to both unions and employers to take advantage of the benefits that trade union representation can bring to people's working lives and organisational effectiveness

⁹ <https://wiserd.ac.uk/wp-content/uploads/3.-Has-the-Tide-Turned-for-Trade-Unions.pdf>



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