

Call for evidence on Labour Market Enforcement Strategy 2025 to 2026 Acas response

13 December 2024

This is the Acas Executive response to the Director of Labour Market Enforcement's (DLME) [Labour Market Enforcement Strategy 2025 to 2026: call for evidence](#).

Our response

Introduction

1. Acas (Advisory, Conciliation and Arbitration Service) welcomes the opportunity to respond to the Director of Labour Market Enforcement's (DLME) Labour Market Enforcement Strategy 2025 to 2026: call for evidence. Acas values the current close working relationship it has with the enforcement bodies and the DLME. This call for evidence provides a welcome opportunity to consider current and future challenges and priorities for labour market enforcement in the context of the government's wider 'Make Work Pay' programme and the transition to the Fair Work Agency (FWA).

2. While the response is informed by consensus views of Acas's independent Council this is an Acas Executive response, informed by operational data, and should not be taken as the view of the Acas Council.

About Acas

3. Acas is a statutory, non-departmental public body with a duty to promote the improvement of industrial relations in Great Britain. We work with millions of employers and employees every year to improve workplace relationships, providing free and impartial advice on employment rights, good practice and policies, and preventing and resolving workplace conflict. Acas offers several services in connection with its duty, in 2023 to 2024 this included:

- a national helpline handling nearly 600,000 calls from individuals and employers
- a website offering guidance and online training with nearly 18 million visits
- a conciliation service in employment disputes, both collective and individual, handling approximately 600 collective conciliations and receiving nearly 105,000 early conciliation notifications
- training on a wide range of workplace-related topics to over 40,000 people

4. An independent [research paper estimating the economic impact of Acas services](#) calculated an overall benefit-cost ratio of £12 for every £1 invested in Acas services delivered during the 2018 to 2019 financial year, with a total net benefit to the economy of Acas services of £644 million.

5. Acas has considerable practical experience of employment relations and of the issues that can be experienced by workers, employers and their representatives across all areas of employment law and workplace practice, including those that fall within the remit of the existing enforcement agencies.

6. We have replied to the section on (A) Moving towards a Fair Work Agency (FWA) first given the importance of the overarching challenges connected with the future design of the FWA. We then address specific questions from the remaining sections in the call for evidence: (B) Employment rights, enforcement priorities and governance; (C) Communication and engagement; (D) Resourcing and prioritisation.

A. Moving towards a Fair Work Agency

7. The government's proposed Fair Work Agency (FWA) offers a significant opportunity to reconfigure and improve the way in which workplace rights and responsibilities are communicated, understood and enforced, particularly through an increased focus on advice services, communications and support for businesses. This is essential to realise the Make Work Pay agenda.

8. There is also a strategic opportunity to align the vision of the Fair Work Agency with the aims of the Industrial Strategy. It is Acas's strong view that enforcement must be part of an eco-system of services and support that focuses on prevention as well as early resolution in order to change workplace practices for the better and drive inclusive economic growth. The operations of the Fair Work Agency must be aligned with a wide set of stakeholders including Acas, employer representatives, trade unions and others who are well-positioned to help raise awareness of employment rights, and support good practice and early resolution of issues in the workplace alongside enforcement.

9. Acas notes the Fair Work Agency aim to "enhance and simplify the experience for both workers and businesses seeking information or enforcement action" ([DBT impact Assessment – Fair Work Agency](#)). The existing roles and responsibilities between Acas and the enforcement bodies have evolved in this regard over years of working closely together, particularly since Acas took over the Pay and Work Rights helpline (PWR) for the enforcement bodies nearly a decade ago. The rationale for Acas taking responsibility for the Pay and Work Rights helpline included evidence of user confusion on where to access the right advice for their specific issue, as well duplication of effort and inefficiencies between the Pay and Work Rights helpline and the Acas helpline. (See further paragraphs 39 to 40 below.) There is a potential risk that developing a role for the Fair Work Agency to provide a further source of information on employment rights and responsibilities could unintentionally re-introduce some of those issues that the current arrangements with Acas were designed to address. More details on our work with the enforcement bodies can be found in Annex A.

10. In the creation of the Fair Work Agency we would like to see:

- a) In-depth collaboration and engagement with Acas. This should be prioritised before the creation of separate or additional entry points for users of the enforcement system. The benefits of a single, clear "one-stop shop" entry point – which Acas currently provides – include an efficient 'triage' service to reduce the burden on enforcement bodies; improved awareness and understanding of good practice as well as rights; and better customer journeys. Presenting a full range of options at entry point, including options for early resolution, will help parties to maintain good employment relations and avoid unnecessary and costly escalation of disputes and enforcement action where appropriate.
- b) An increased focus on improving awareness and understanding of workplace rights and responsibilities, including prioritising co-ordinated investment and strategic alignment in communications, and the targeting of guidance and support for vulnerable workers and SMEs.
- c) A 'whole-system' approach taken to engaging, informing and supporting business, ensuring support is available to help businesses get things right in the first instance as well as change behaviour where necessary.
- d) A collaborative, shared and long-term approach taken to targeting groups and sectors so that all relevant stakeholders are clear on collective priorities as well as individual organisational targets. Recognising that changing whole-sector norms of good practice is best achieved over the long-term and through collective endeavour is essential to maximising efficient use of resources.

B. Employment rights enforcement priorities and governance

Question B1. Briefly, and in no more than 100 words, what do you believe should be the priorities for employment rights enforcement as we transition to the Fair Work Agency?

11. Acas agrees with those priorities identified in the [DLME's Strategy 2024 to 2025](#) for the current enforcement bodies, including improving the radar picture on the scale and nature of non-compliance, improving focus and effectiveness, engaging and supporting employers to drive up compliance and focusing on better joined up-thinking.

12. In our view, a top priority should be working in collaboration with relevant stakeholders, including Acas, to use the creation of the Fair Work Agency as an opportunity to clarify and unify the way in which workplace rights and responsibilities are communicated, understood and enforced – particularly through the use of advice services, strategically aligned communications, support for businesses and the efficient use of shared intelligence, alongside targeting non-compliance.

More detailed comments on these areas are provided in response to Question B2.

Question B2. The Fair Work Agency will take some time to be set up. What should priorities be for the enforcement bodies before then? What should be Fair Work Agency medium to longer-term priorities and why?

a) Improving the radar picture on the scale and nature of non-compliance

13. Acas welcomes the DLME's focus, in section 2 of the Strategy, on improving understanding of those reporting complaints to the enforcement bodies and developing a shared understanding of the 'data', 'information' and 'intelligence' that can help ensure that the activities of the enforcement bodies are well targeted. We recommend data from Acas's services – in its role as a gateway to the enforcement system – is used to help clarify this picture.

14. Further to DLME Recommendation 5, Acas agrees that AI may offer opportunities to enhance analysis of shared data across multiple sources of labour market intelligence, potentially including data from Acas's advice and dispute resolution services. This might enable, for example, better and more 'real time' identification of 'hotspot' issues and areas, potentially at sector, organisation and even individual workplace level. There are likely to be risks and constraints here that would need to be carefully considered and managed, including data protection, privacy and bias considerations. We therefore agree with the DLME's observation that a careful and collaborative approach must be taken to the use of AI for such purposes.

b) Improving focus and effectiveness

15. Acas agrees with the emphasis in section 3.1 of the Strategy that continuing to raise the profile of, and confidence in, the enforcement bodies remains important. We welcome the recognition in section 3.2 that the availability of resources, and the efficient and effective use of those resources, are essential to delivering the objectives of the enforcement bodies. Acas's longstanding position has been to emphasise the need for appropriate resourcing to support the effectiveness of state-led enforcement. (For example, see [Acas's response to the government's consultation on enforcement of employment rights recommendations \(2018\)](#)). As such, sufficient time, effort, and resources must be put into the creation, and running, of the Fair Work Agency to ensure its effective functioning and avoid any disruptions or setbacks in the enforcement of employment rights.

16. This will be critical in identifying and providing sufficient resource in the new enforcement area of holiday pay. This can be a highly complex, poorly understood and contentious area of employment law for both employers and workers (see further our response to Question D4 below.)

c) Engaging and supporting employers to drive up compliance

17. Acas strongly agrees with the Strategy's recognition (section 4.1) that delivering compliance cannot be achieved solely through the activities of the enforcement bodies. Maintaining and driving up awareness of both employment rights and good workplace practices must be a perennial priority as a fundamental underpinning for encouraging and supporting compliance.

18. All changes to employment rights inevitably create gaps in awareness and potential for new areas of confusion, non-compliance and disputes. With the transition to the Fair Work Agency happening alongside other reforms from the government's Make Work Pay plan, there will be a particular need for efforts to raise awareness of rights and obligations, how these are changing and where people can access information, guidance and support.

19. In this context, we recommend that Acas is closely engaged in the work under Recommendation 7 in the Strategy to track entry points, map the processes followed by complainants in the enforcement system and consider how these processes might be streamlined. (See paragraphs 37 to 38 below on some specific areas where Acas sees further opportunities in this regard.)

20. We also welcome the DLME's encouragement of the enforcement bodies to engage more with local community groups and NGOs who do valuable work to build trust and help channel information to 'harder to reach' groups of vulnerable workers. As highlighted in previous responses to DLME calls for evidence (see for example, [Acas's response to the DLME's Call for evidence for Labour Market Enforcement Strategy 2024 to 2025](#)). Acas's collaborative initiative with the Trades Union Congress (TUC), Leicester City Council and a local charity, is an example of how actors at a local community level can complement and enhance the work of the enforcement agencies. We recommend the DLME works with Acas to explore opportunities for engaging the third sector and what structure, systems and investment might be available to grow the role of this sector in promoting good practice and compliance.

21. Acas has regional offices across Britain and extensive experience of working with regional partners on initiatives which promote good practice and compliance. We are currently in the process of developing a new programme of partner engagement to support a business development and growth programme. Acas would welcome involvement in co-ordinated pilot activity driven by local priorities, including local Acas offices as part of that coalition, to provide supportive growth-focused business support.

22. Acas also has good working relationships with the Greater Manchester Combined Authority and Scottish Government on their respective good work and fair work initiatives. We welcome the DLME's recommendation for the ODLME to engage with these to increase prominence and support for community organisations to improve business compliance and prevent exploitation.

23. The DLME Strategy proposes under recommendation 6 that 'the three enforcement bodies pilot the promotion of compliance within the SME community using the reach of growth hubs'. We agree that the growth hubs may present a significant opportunity to engage regionally, closer to the ground. We understand that there are, however, a high number of competing priorities for growth hub attention that have multiplied over time and that they are having to consider their priorities.

24. We therefore recommend that DLME clarifies whether their recommendation is that the proposed role should be part of the remit of growth hubs. If so, it would be helpful if DBT were to sponsor the appropriate connections to growth hubs to give official endorsement to this approach. If not, it would be helpful to clarify what the regional engagement model should be to avoid SME support falling between gaps.

d) Better joined up thinking across the enforcement system

25. Acas welcomes the DLME's confirmation (5.1.1 of the strategy) that the enforcement bodies have agreed a common purpose on expanding multi-agency working to include a focus on cultivating a compliant environment and enhancing understanding of rights and protections. We recommend this includes a focus on promoting good practices in the workplace, which is fundamental in helping both the prevention of disagreements about rights, and early resolution where disputes do occur.

26. We therefore support the DLME's Recommendation 10 that the enforcement bodies and other stakeholders should take steps to deepen and broaden their interfaces. We recommend that the aim here should be strategic alignment across a wide set of stakeholders including Acas, employer representatives, trade unions and other stakeholders who are well-positioned to help raise awareness of employment rights, and to support good practice and early resolution of issues in the workplace.

Question B3. The Fair Work Agency will have a statutory duty to publish annual reports and a triannual strategy, overseen by a social partnership board with tripartite representation from business representatives, trade unions and independent experts. What data and reporting should the Fair Work Agency publish to ensure good accountability and transparency, via

these publications or otherwise?

27. Acas has significant expertise in the principles and practice of effective social partnership working. Acas's independent Council of social partners oversees our strategic direction, policies and priorities, and works closely with our Executive Board which has a duty to publish annual reports and ensure that we work effectively to meet our objectives and targets. This tripartite model enables us to effectively pool specialist knowledge and develop consensus-driven and authoritative views from the social partners on the principles and solutions to the challenges in today's labour market.

28. Acas would welcome the opportunity to share our insights in this area to inform the development of the Fair Work Agency's governance and accountability structures.

C. Communication and engagement

Question C1. How do you expect stakeholders to be engaged by the Fair Work Agency and what do you see as the benefits?

29. Acas welcomes the DLME's recognition (4.1 of the Strategy) of the closer links forged between Acas and the enforcement bodies. We strongly recommend closely engaging stakeholders, including Acas, in both the development of the Fair Work Agency and delivery of its services to ensure the continuation and further development of this approach. It may be helpful to identify areas where there is need and potential for Acas to be involved in jointly designing aspects of the service with the Fair Work Agency, and where it is more appropriate for us to be consulted and informed. We urge in particular a role for Acas during the creation of the Fair Work Agency in relation to any service development where Acas has existing duties, powers and services – including the development of any advice and communications role. (See paragraphs 8 to 9 above for more detail.)

30. The benefits of such an approach are illustrated by existing partnership working activity between Acas and the enforcement bodies which has opened up opportunities to increase reach and awareness. This includes: regular exchange of information and data in areas of mutual interest; site visits, 'teach-ins' and staff training between our organisations to improve understanding of our respective remits and roles; joint external communications and engagement. Over the immediate term, we recommend that the enforcement of holiday pay is a focus for close collaboration as an area of significant complexity and challenge.

Question C2. By which channels might awareness of the Fair Work Agency be increased before and once it is established and why do you recommend them?

31. Establishing the respective roles and responsibilities of the Fair Work Agency and other government bodies and stakeholders, including Acas, is an essential first step to enabling the identification of the most appropriate channels to raise awareness of the Fair Work Agency. This process should include determining the desired customer journey, the preferred gateway(s) for users to access the Fair Work Agency's services and which body, or bodies, should be promoted as the first point of contact. Without clarity around this, there is a risk of creating confusion among wider public audiences.

Data and recommendations on communication channels are provided below at Q3 paragraphs 32 to 41.

Question C3. Where can communications around compliance and enforcement be improved such that workers are aware of their rights and their obligations? What evidence do you have that they work?

Channels for mass audience reach

32. Data from a poll conducted by YouGov on behalf of Acas shows that the biggest risk is that employees go to 'no-one' when there is an issue (see Annex B). The BEIS Public Attitudes tracker data from 2022 shows that where employees do seek information, they first look to their employer or their HR Department – at 73%, this far outstrips any other source ([BEIS PAT Autumn 2022 Workers' Rights](#)).

33. The same survey shows an important role for online services, including gov.uk and Citizens Advice for employees. For employers, Acas is cited next after gov.uk as their 'go to' organisation. Acas's website had nearly 18 million digital advice visits? in 2023 to 2024

with 92% positive engagement of users. Acas's media activity has a current reach of 82% of all public with a 99% positivity rating. Awareness of Acas amongst small and medium-sized businesses is currently at 96%. We recommend that existing, trusted channels such as gov.uk and Acas are prioritised for users.

34. There are particular gaps in awareness of rights with more vulnerable workers, including for some of those with protected characteristics. For example, DLME research shows that those in precarious work (more likely to be female, younger and working class) are less likely to be aware of their rights ([Measuring the scale and nature of labour market non-compliance affecting people in precarious work in the UK: executive summary – GOV.UK](#)). The BEIS Public Attitudes survey further shows that employees aged 16 to 24 were the least likely to say they knew 'at least a fair amount' about their rights at work (45%, compared to 66% of those aged 25 and over). Employees working full time were also more likely to report knowing at least 'a fair amount' about their employment rights (67%, compared with 54% of those working part time, who are disproportionately female) ([BEIS public attitudes tracker autumn 2022](#)). Evidence from calls to the Acas helpline further suggest a significant lack of awareness among individuals and employers about applicable rights and responsibilities in non-standard 'insecure' contractual arrangements ([Acas \(2017\) Ain't that typical? Everyday challenges for an atypical workforce](#)).

35. We recommend that there is an evidence-informed and co-ordinated approach between stakeholders to identify target groups for communications on awareness raising. We further recommend a shared evidence-informed analysis of the best channels through which to reach these groups.

Communications strategy for reach

36. We currently carry out specific joint activity with the enforcement bodies, such as awareness-raising campaigns (for example on the annual uprating of the National Minimum Wage); collaboration with HMRC's National Minimum Wage team (for example, including the Acas helpline number on HMRC letters) and joint webinars with the enforcement bodies. We recommend continuing to develop short-term joint activity and investing in a more long-term strategic approach to communications with the Fair Work Agency, based on:

- a. greater clarity about the roles and responsibilities of each organisation
- b. investment in wider reaching information and communication
- c. stronger strategic communications architecture, such as a strategic steering body
- d. a more evidence-based approach based on insight and audience segmentation and behavioural analysis
- e. agreed, shared long-term targeting of audience sectors, groups and segmentations

Communications with current users

37. In the short to medium term there is scope to develop clearer pathways for users to access the most appropriate services based on their circumstances. This might include, for example, identifying cases that could benefit from enforcement activity at different junctures of an Acas service user's journey – at points when a user is considering making a notification to request Acas conciliation, at the end of the Acas early conciliation stage, and at the point when an employment tribunal claim is lodged.

38. For our users, choosing the best option from multiple different pathways to resolution is currently complex. Acas's user research finds that this is an issue that can be extremely challenging, especially where this includes intersections between areas that fall within the enforcement remit (for example, non-payment of the National Minimum Wage) and areas that do not (for instance, where non-payment is linked to a protected characteristic).

Helpline services

39. Acas national helpline currently provides an accessible single source for impartial guidance and advice to resolve issues in the workplace or pursue routes to enforcement. In 2023 to 2024, almost 4,000 referrals were made from our helpline to the enforcement bodies (Annex A provides further detail on referral numbers.). Our most recent helpline evaluation showed that 90% of employers were able to take clear action following their call.

40. Past fragmentation, caused by a separate Pay and Work Rights helpline for the enforcement bodies in 2009 to 2015, led to confusion on where to access the right advice, duplication of effort and inefficiencies. A survey of the Pay and Work Rights helpline in 2010 found "more than half (56 per cent) of in-scope enquiries to the PWR helpline were signposted to Acas or another organisation" ([BIS Survey of Pay & Work Rights Helpline callers 2010 \(p.25\)](#)). Many enforcement calls had associated issues beyond the remit of the enforcement bodies such as pay claims linked to discrimination issues.

41. We recommend a single government-funded advice entry point for users of the enforcement system. In-depth collaboration with Acas should be prioritised before the creation of separate or additional entry points for users of the enforcement system.

D. Resourcing and prioritisation

Question D1. What should the 3 enforcement bodies be doing now to ensure the Fair Work Agency achieves sustained and lasting improvements in employer compliance?

42. In our view, the top priority should be working in collaboration with relevant stakeholders, including Acas, to use the creation of the Fair Work Agency as an opportunity to clarify and unify the way in which workplace rights and responsibilities are communicated, understood and enforced – particularly through the use of advice services, strategically aligned communications, business support and the efficient use of shared intelligence, as well as targeting non-compliance. See further our responses to questions B1 and B2 for related views and recommendations.

Question D2. How should the Fair Work Agency prioritise its resource between compliance measures (helping employers) and enforcement measures (punishing poor practice, deliberate and serious non-compliance)? How might its success in both areas be assessed?

43. Acas strongly agrees with the DLME's statement (in section 1.1.2 of the Strategy) that "workers who are treated well by their employer repay this in their performance, which in turn helps business to grow" and that "this underpins the promotion of compliance". In Acas's practical experience and as evidenced by our research ([Workplace conflict: Acas research and commentary](#)), there are significant challenges in terms of encouraging and enabling such good practice in the workplace, where a strategic focus on capability-building is needed (More detail on our views and recommendations in this regard can be found in our response to the government's consultation on creating a modern framework for industrial relations). There is a wealth of evidence that driving up investment in these areas would lead to more compliant, inclusive and high-performing workplaces through fostering better working environments in which workers feel more confident to raise concerns and managers have the skills to engage in early resolution (For example, see the extensive data on the links between investment in people, productivity, innovation and growth included in [Acas's consultation response to DBT on non-financial reporting \(2023\)](#)).

44. Acas's 2025 to 2030 Strategy is currently in development. It puts a strong emphasis on prevention through three core ambitions – promoting healthier employment relations, improving conflict management in the workplace, and breaking down barriers to timely dispute resolution. Acas will play a vital role in shaping a workplace landscape that works for everyone, championing the benefits of good employment practices, helping businesses of all sizes to adapt to changing conditions and empowering workers with the knowledge and skills to understand their rights and resolve conflict. We recommend that the Fair Work Agency join with the broader coalition we are building to systematically build workplace relations capability over 2025 to 2030.

45. What is not yet clear are the relative roles and expectations on Acas and the Fair Work Agency with this regard. We therefore recommend a 'whole-system' approach is taken to deciding resource prioritisation for engaging, informing and supporting business so that support is available to help businesses get things right in the first instances, and to change behaviour where necessary, while ensuring minimal overlapping of roles.

Question D3. What are the key labour market non-compliance risks for which the Fair Work Agency needs to be ready? What is the evidence for this?

46. Acas agrees with section 4.2 of the Strategy that targeting support for vulnerable workers remains a key priority. Challenges for this group have been emphasised by Acas in our responses to previous DLME calls for evidence and to several relevant government consultations. Our insights suggest that such challenges persist in today's labour market and we recommend therefore that this should remain a priority area for the current enforcement bodies and for the Fair Work Agency (see Annex C for further detail). Additional priority areas suggested by Acas's evidence are small and medium-sized enterprises (see Annex C for further detail) and holiday pay (see our response to Question D4 below).

Question D4. Holiday pay will be a new area of enforcement for the Fair Work Agency. Where are the key priority areas as regards holiday pay non-compliance (for example, by employment model or by sector) and how might these risks be tackled?

47. Acas's national helpline receives a high volume and wide range of queries on holiday pay from workers, employers and representatives. During 2023 to 2024, our helpline recorded around 30,000 calls regarding holiday.

48. The wide-ranging nature of these queries provide valuable insights into the complex range of barriers to compliance that both workers and employers can face in respect of holiday pay. Annex D provides a summary of some of the most common complex queries received by Acas. From this evidence, Acas recommends that areas requiring particular attention include:

- Entitlement to holiday – confusion and disputes related to employment status and the impact status can have on entitlement to paid holiday
- Calculation of pay – low understanding of the complex rules for the calculation of a day's pay or part-day's pay
- Case law and legislative developments – low awareness and confusion around the implications of emerging holiday pay case law, as well as recent legislative changes to calculation of holiday pay for certain workers

49. Reducing risks of non-compliance in these areas will require:

- a strategic focus on raising awareness of rights and responsibilities
- the provision of practical advice and guidance at the appropriate juncture of a user's journey
- encouraging and enabling constructive dialogue and early resolution of concerns and disagreements in the workplace through improving people management and conflict management skills
- targeted enforcement in sectors where compliance on holiday pay is especially problematic

50. We recommend close engagement with Acas on how the best use can be made of our data, insight and expertise to inform the development of this new area of holiday pay enforcement. We emphasise that achieving these aims will require both clarity and strategic alignment of responsibilities between Acas and the Fair Work Agency.

Annex A – Acas's current work with the enforcement bodies

Acas plays a pivotal role as a source of information and advice on employment rights and responsibilities, and as a gateway for users into the enforcement system. Under this arrangement, our national helpline provides an accessible and single source for impartial guidance and advice so that callers can make informed decisions about their options – including taking action to resolve issues in the workplace or pursuing routes to enforcement. Where a caller wishes to make a complaint, we transfer them to the relevant enforcement body.

The following table lists the number of referrals made from the Acas helpline to HM Revenue and Customs (HMRC), the Gangmasters and Labour Abuse Authority (GLAA) and Employment Agency Standards (EAS) Inspectorate over the last 4 years.

Enforcement body	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024
HMRC	1,911	2,156	3,900	3,237

Enforcement body	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024
GLAA	45	53	149	184
EAS	414	725	1,037	508
Total	2,370	2,934	5,086	3,929

This arrangement has been successful in bringing significant benefits for all parties involved, including:

- Providing a well-rounded support that helps raise awareness of enforcement options, reduces confusion around entry points to the system, and streamlines the process for users
- An efficient and effective 'triage' service for the enforcement bodies, effectively handling calls relating primarily to awareness and understanding of rights and good practice. This reduces duplication of efforts and helps in the efficient application of the enforcement bodies resources
- An important route for helping callers to explore opportunities for early resolution of disputes in the workplace, and/or preventative measures such as training or advisory services. This helps parties to maintain good employment relations and avoid unnecessary escalation of disputes.

Acas's successful partnership working with the current enforcement bodies has already opened up opportunities to increase reach and awareness. The substantial collaborative work we currently engage in includes:

- regular exchange of information and data in areas of mutual interest
- site visits, 'teach-ins' and staff training between our organisations to improve understanding of our respective remits and roles
- joint external communications and engagement activities joint awareness-raising campaigns, for example on the annual uprating of the National Minimum Wage
- collaboration with HMRC's NMW team on national, local and sector specific campaigns – for example, including the Acas helpline number on HMRC letters has resulted in an increase in minimum wage-related calls to Acas from callers looking for guidance and transfers to the enforcement team
- joint webinars with the enforcement bodies – for example, 4 webinars in 2024 to 2025 which reached over 5,500 delegates, covering both wider employment law and enforcement information to educate and raise awareness of rights and obligations

Annex B – Poll data on sources of information, advice and guidance

The following table shows data from a YouGov poll conducted on behalf of Acas in June 2021. Among other questions, the poll included the following question – 'You previously said that you have had to deal with one or more of the issues listed in the previous question. Did you seek information, advice or guidance from somewhere outside your organisation, to help deal with any of these issues? (Please select all that apply. If you didn't seek information, advice or guidance from any source outside your organisation, please select the "Not applicable" option).' This question was answered by a total of 1771 respondents.

Response selected	Percentage of respondents
Not applicable – I wouldn't go to any source for information, advice or guidance	52%
Gov.uk (government's information website)	27%
Google search	15%
Friend of family member	13%
Acas (Advisory Conciliation and Arbitration Service)	6%

Response selected	Percentage of respondents
Online forums	5%
Trade union	5%
Professional network or organisation (for example, CIPD)	5%
Another website	4%
Citizen's Advice or CAB (Citizen's Advice Bureau)	4%
Lawyer or solicitor	3%
Other (please specify)	2%
Independent HR advisor	2%
LinkedIn	2%
Facebook	1%
YouTube	1%

Annex C – Key labour market non-compliance risks

Vulnerable workers

Challenges for this group have been emphasised by Acas in our responses to previous DLME calls for evidence and to several relevant government consultations (See for example: [Acas's response to the Labour Market Enforcement Strategy 2024 to 2025 call for evidence](#); [Acas's submission to the Taylor Review of Employment Practices in the Modern Economy \(2017\)](#); [Acas's response to the government's consultation on Employment Status \(2018\)](#); and [Acas's response to the government's consultation on tackling non-compliance in the umbrella company market \(2023\)](#)). These include:

- common misunderstandings and low awareness among employers and workers about the application of statutory employment rights and protections in non-standard, 'insecure' contractual arrangements
- some workers engaged in contracts without guaranteed hours being reticent to assert their statutory rights, or to raise other concerns at work, for fear of their working hours being 'zeroed down' in response
- where an individual's employment status is ambiguous, there can be confusion around the boundaries between 'employee' 'worker', and 'self-employed' statuses. This affects parties' ability not only to understand which rights apply, but also which routes for redress are available to enforce them.

The Acas helpline provides a valuable source of data and insight and we welcome further discussion with the enforcement bodies on how this might be used to generate further insight on vulnerable groups identified by the DLME, such as workers in adult social care, as well as in the new enforcement area of holiday pay.

Acas's evidence from calls to its helpline support the DLME's identification of overseas workers with visas as a target group with particular challenges. We find that overseas workers – including those on sponsorship visas, and more broadly for workers for whom English is not their first language – can be less aware of their employment rights and how to exercise them, lacking confidence to raise issues with their employer through concern this could affect their right to stay in the country.

Small and medium-sized enterprises (SMEs)

There is evidence that SMEs are not focusing on key workforce issues. This ranges from pay and contracts through to workplace relations, motivation, morale, poor performance and conflict in the workplace, sickness absence, recruitment and retention costs (Further data and insight on Small Businesses is included in the [Business, Energy and Industrial Strategy Committee report](#)).

Our practical experience and research find that SMEs face particular challenges in respect of compliance due to a relative low awareness of employment law, low investment in people management skills and, for some, a lack of ready access to HR advice. Qualitative research carried out for Acas (Acas (2022) [Resolving workplace disputes in SMEs – qualitative research with employers](#)) found that smaller employers also tend to have less experience of handling disputes and less confidence in their processes to resolve disputes, which can lead to workplace disagreements being more difficult to resolve and missed opportunities for early resolution.

Analysis by Public Sector Consultants for Acas (Jan 2024) combined with mapping the SME population (BPE statistical release for UK nations and regions 2024, DBT) shows those sectors with high shares of SMEs which also need improved conflict leadership and management skills are:

- accommodation and food, and admin and support services – high rates of ET claim forms submitted and high unmet demand due to shares of vulnerable workers
- manufacturing – high rates of employment tribunal claims submitted per employee
- hospitality – high risk due to employment contract characteristics (low pay, zero hours contracts, high use of agency workers, business volatility and redundancy rates) and potential latent or unmet need

Annex D – Data and insight on holiday queries to the Acas helpline

The following table lists the total number of calls to Acas's national helpline referencing holiday recorded in each financial year between 2020 and 2024, as well as the proportion of all total recorded calls received over the same period.

Year	Number of calls to helpline recorded	Proportion of total calls recorded
2020 to 2021	53,040	7.6%
2021 to 2022	47,498	7.3%
2022 to 2023	42,230	6.7%
2023 to 2024	30,786	5.3%

Summary of holiday pay issues in Acas helpline calls

The following table provides a summary of the most common complex queries the Acas helpline receives. Acas stands ready to discuss these issues in detail to assist in the setting up of state-led enforcement on holiday.

It should be noted that Acas helpline users represent a particular sub-population of the labour market, consisting of those with concerns or queries and who are aware of and motivated to contact Acas.

As such, this evidence should not be taken as fully representative of all those facing challenges that fall within the remit of the enforcement agencies. Acas services do, however, provide valuable insight into the kinds of challenges that individuals can face in a range of contexts relevant to the enforcement agencies.

Issue	Common complex queries
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<p>Entitlement</p>	<p>Whether workers in general are entitled to paid holidays and how entitlement is calculated. Particularly around:</p> <ul style="list-style-type: none"> • whether certain groups of workers (for example, zero-hours workers, agency workers, self-employed) are entitled to paid holidays, or have a different entitlement to that of employees in general • general confusion about bank holidays. One example is high levels of confusion around how part-time work interacts with bank holidays. Another is confusion about what happens when an extra bank holiday is announced.
<p>Calculation of pay</p>	<p>How to calculate a worker's holiday pay, with confusion commonly arising around:</p> <ul style="list-style-type: none"> • which calculation to use based on an individual's circumstances. For example, different sets of rules for worker with 'fixed hours but variable pay' and 'irregular hours or part-year workers' • workers with variable hours, rolling shift patterns or shift pay enhancements • overtime, bonuses, commission (whether/how to include in calculations) • on-call and sleep-in shifts (whether or how to include in calculations) • differences between what types of payment to include in 4-week basic entitlement and 1.6-week additional entitlement • rolled-up holiday pay • calculation of part-week, single days or part days' pay • how the 52-week reference period for calculating average pay where variable hours are worked • how pay rises are taken into account when using the 52-week reference period to calculate average pay • rules around accrual while on leave (for example, maternity or sick leave) and what can be carried forward • the potential differences between statutory and contractual pay • calculations at end of employment • calculations when a worker has changed shift pattern (for example, changing from full time to part time during the year) • how to calculate holiday pay for irregular hours workers • how pay is calculated for term-time workers
<p>Disputes</p>	<p>What options are available to a worker or employer where the amount of pay is in dispute. For instance:</p> <ul style="list-style-type: none"> • what are the options for someone to query or clarify calculations and the options to pursue it if calculation is incorrect • how far back claims for underpayment can go • the changing case law around the requirement for a 'chain' of incorrect payments • whether employers can deduct holiday pay from wages where a worker leaves part way through an annual leave year having taken more than has been accrued at the effective date of termination • disputes often arise when workers are unable to carry over holiday when the employer has restricted workers from taking them in the leave year