



Department for  
Business, Energy  
& Industrial Strategy

**Paul Scully MP**  
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By email only.

Dear Neil,

Thank you for your email dated 25 March 2022, regarding the Employment Bill, employment status and the gig economy. I am replying as this matter falls within my Ministerial portfolio.

The Government agrees that it is important to legislate to protect and enhance workers' rights, particularly those in low-paid jobs and vulnerable workers.

An individual's entitlement to employment rights such as holiday pay and the minimum wage are determined by their employment status, and gig workers can be classed under any of these depending on their employment relationship. Employees are entitled to all rights (subject to qualifying periods) and have responsibilities towards their employer. So called limb (b) workers are only entitled to core rights such as a minimum wage and paid annual leave but have increased flexibility over when, how, and where they work. Self-employed individuals generally have no employment rights but have complete flexibility in their work as they are in business for themselves and providing a service to a client.

Matthew Taylor recommended that the Government should retain the current three-tier approach to employment status as it remains relevant in the modern labour market, but rename as 'dependent contractors' the category of people who are eligible for worker rights but who are not employees. In re-defining 'dependent contractor' status, Government should adapt the piece rates legislation to ensure those working in the gig economy are still able to enjoy maximum flexibility whilst also being able to earn the National Minimum Wage.

With regards to the recommendation of replacing 'limb (b) worker' with the term 'dependent contractor', the Government decided not to accept the recommendation of adopting a new term for limb (b) workers but instead, is focusing on considering options to improve the clarity of the existing term. Similarly, as set out by the Government in the Good Work Plan 2018 and following the recommendations of the joint BEIS and DWP Select Committee, the Government confirmed it would not be taking forward the recommended adaptations to the piece rates legislation.

Employment regulation is a complex and important issue, which requires careful consideration. Whilst the current employment status frameworks works for the majority, the Government recognises that the boundaries between different statuses can be complex and is considering ways to improve clarity in the system, making it easier for individuals and businesses to understand which rights and obligations apply to them.

The courts have established a number of criteria and principles to determine an individual's employment status, with the weighting of each factor varying depending on the relationship in question and is a judgement based on the whole picture of the individual case. This allows the courts to assess to be able to respond to the changing nature of jobs and working relationships such as the gig economy as these evolve over time. The case law from employment tribunals allows our laws to evolve and develop to reflect changing working practices, and targeted state enforcement protects the most vulnerable workers.

We will bring forward reforms to our employment framework when Parliamentary time allows it. COVID-19 has had a profound impact on the labour market, so it is right that we introduce new employment measures when we are sure they will address the needs of workers and businesses in the post-Covid economy. In the meantime, we will continue to take necessary action to protect jobs and support businesses.

Thank you once again for taking the time to write. I hope this information is useful to you.

Yours ever,

A handwritten signature in blue ink, appearing to read 'Paul Scully', with a stylized, cursive style.

**PAUL SCULLY MP**

Minister for Small Business, Consumers & Labour Markets  
and Minister for London