

Ensuring Fair Markets

Introduction

Extending Competitive Markets

Corporate and Insolvency Activity Framework

Maximising Potential in the Workplace

Introduction

The Department works to achieve this strategic objective by delivering a framework for open markets and strong and independent competition authorities, by leading a strong drive to promote competition and open markets in the EU and worldwide; by simplifying regulation; and by ensuring individuals have the opportunity to contribute confidently to their full potential. All this will help deliver economic growth and foster forward thinking, successful businesses.

Underpinning delivery of the Department's strategic objective are its three business objectives. The Department is Extending Competitive Markets at home and abroad by reducing the regulatory burden on business while opening up markets in the UK and overseas in a fair and efficient manner. The Department promotes higher levels of competitiveness in Europe and is aiming to ensure that the UK framework for competition and consumer empowerment and support is at the level of the best by 2008.

In striving to achieve its objective of Maximising Potential in the Workplace the Department is maintaining and improving the overall level of UK labour market adaptability and is taking forward a modern equality agenda, for instance by establishing the Commission on Equality and Human Rights (CEHR). The Department has launched the Union

Modernisation fund to assist trades unions to modernise their operations while making it easier for workers and employers to understand their rights and comply with their responsibilities.

The Department is enhancing the Corporate and Insolvency Activity Framework by implementing a reformed company law framework, promoting more efficient and effective capital markets and improving the efficiency and effectiveness of company registration, compliance, investigation and insolvency regimes.

Extending Competitive Markets

3.114 The Department's aim is to extend competitive markets by: developing markets both in Europe and throughout the world; reducing the regulatory burden on business arising from regulations; and placing empowered and protected consumers at the heart of a world-class competition regime.

Performance in 2005-06

A reduced regulatory burden that improves the business environment and encourages enterprise and growth.

Better Regulation:

3.115 A major Programme was established in 2005 to help deliver the Department's key better regulation outcome of an improved regulatory environment for business that encourages enterprise and growth, including delivery of at least £1 billion of regulatory savings to business, by 2010. For further information on the Department's Better Regulation agenda please see Annex C2.

Putting in place the framework needed to achieve higher levels of competitiveness in the EU:

3.116 Better regulation was a key policy theme at EU level during the UK Presidency, leading to significant change in the EU's approach to regulation. Impact assessments with strong competitiveness testing will now be used throughout the EU policy process; sixty-eight proposals were withdrawn and a wide-ranging, simplification programme was launched. In addition, all Member States delivered their National Reform Programmes (NRPs) in autumn 2005. A report on UK Presidency achievements against the four original objectives can be found at the conclusion of the Extending Competitive Markets section.

3.117 During the enlargement process the Department has continued to press for compliance by applicant countries with their existing contractual obligations to the EU to address stakeholder concerns regarding barriers to trade.

3.118 During the Presidency, training was delivered that increased EU expertise across the Department, and further activities are planned to ensure continued effectiveness in EU negotiations. The Department also held stakeholder meetings across the country to listen to and inform business on European issues.

Markets in the UK and overseas opened up in a fair and efficient manner:

3.119 As reported under PSA 5, the main lever for meeting the target is the Doha Development Agenda (DDA) round of World Trade Organisation (WTO) trade negotiations. Through the UK's EU and G8 Presidencies, the Department worked to maintain the profile of development issues, with the emphasis on free and fair trade.

3.120 The Department has also worked on a range of European bilateral and regional measures in particular influencing EU policy following publication of the UK position paper on Economic Partnerships Agreements (EPAs). Through the EU, the Department reached agreement in summer 2005 to a new Generalised Scheme of Preferences (GSP) for 2006-15 intended to improve the preferential market access for developing country exports to the EU.

Minimising trade disputes and the use of trade-defence instruments:

3.121 The Department continued to work to reduce the cost of trade disputes and trade-defence measures to the UK economy, arguing for a negotiated settlement to disagreements between the EU and the USA over Government support for large civil aircraft. Initial talks were not successful, and the Department is assisting the EU Commission in a robust defence of launch investment for Airbus. The UK supported action against the USA, with other WTO members, given its continued failure to repeal the Byrd amendment in line with WTO rulings. The WTO also ruled that USA countervailing measures on privatised EU firms, including British Steel, were illegal. During the UK Presidency of the EU, the Department worked closely with the Commission and other EU Member States to come to an agreement with

China to resolve the so-called “bra wars”, and successfully argued for the EU to introduce antidumping measures against dumped imports of farmed salmon from Norway.

Competition Policy

3.122 The Department has overall responsibility for competition issues although responsibility for making substantive decisions and enforcing competition law falls to the UK’s independent competition regulators, primarily, the Office of Fair Trading (OFT) and the Competition Commission. The Department used its remaining powers to intervene on grounds of public interest in respect of two mergers in the defence sector, Finmeccanica’s acquisition of the avionics and communication business of BAE Systems Plc and Lockheed Martin’s acquisition of INSYS Group Ltd.

3.123 The Department is responsible for coordinating Government responses to OFT’s market studies and has responded to recommendations regarding Care Homes and Property Searches. Under the Fair Trading Act 1973, the Department implemented the Competition Commission’s recommendations on prescription-only veterinary medicines on 31 October.

UK framework for consumer empowerment and support is at the level of the best by 2008:

3.124 Please see the PSA 3 entry for further information on both The Consumer Strategy and other work that has contributed to this outcome – including Consumer Direct. The Consumer Strategy, “A Fair Deal for All⁹³” was published in June 2005.

3.125 The “Tackling Over-indebtedness – Annual Report 2005⁹⁴” set out progress against the cross-Government Action Plan to minimise the number of consumers who become over-indebted and improve the support and process for those in debt. The Report set out an analysis of the latest situation, presented progress and set out policy priorities for 2005-06. The Department’s priorities included new consumer credit legislation, the £45million face-to-face debt advice project, a consultation on credit card cheques, working in partnership with the credit industry to increase data sharing and pilots on tackling illegal money lending.

3.126 The new Consumer Credit Act will amend and augment the Consumer Credit Act 1974 to:

- ▼ Improve consumer rights and redress;
- ▼ Improve the regulation of consumer credit businesses and provide for better OFT oversight; and
- ▼ Improve the consistency of the regulation of consumer credit agreements.

Plans for 2006-07

- ▼ Progress delivery of the Better Regulation Change Programme, to reduce the burdens on business arising from Government regulations;
- ▼ Use the Competitiveness Council, the High Level Group for Competitiveness & Growth and the Internal Market Committee to improve business competitiveness in the EU;
- ▼ Maintain European expertise across the Department post-presidency;

93 www.dti.gov.uk/ccp/topics1/pdf1/cstrategy.pdf

94 <http://www.dti.gov.uk/ccp/topics1/overindebtedness.htm#report2005>

- ▼ Reach agreement on the Doha Development Agenda;
- ▼ Progress implementation of the new Consumer Credit Act and ensure greater access to debt advice;
- ▼ Agree parameters of the Local Better Regulation Office in preparation for legislation and progress establishment of the extension of the OFT's role, as set out in the Hampton Report;
- ▼ Transpose into UK law the Unfair Commercial Practices Directive.

Priority Action – Improving Markets Through the EU Presidency

The Department made good progress against its four EU Presidency objectives as follows:

Better Regulation – The UK Presidency helped significantly raise the profile of EU better regulation, with the European Commission agreeing to withdraw 68 legislative proposals and publishing a wide-ranging programme to simplify over 1,400 legal acts. The UK brokered an agreement to promote impact assessment including competitiveness testing throughout the EU policy-making process. In the Competitiveness Council political agreement was achieved on the REACH Chemicals regulation.

Promoting Employment – The Department and other Government Departments helped ensure all Member States delivered Lisbon National Reform Programmes, setting out how they would boost growth and jobs. A deal on the Financial Perspectives ensured European Council agreement on the Structural and Cohesion Funds, increasing the amount and accessibility of EU development funds available to new Member States. The Department played an important part in facilitating discussion of how European social models can be adapted to meet the challenges of demographic change and globalisation.

Open and Sustainable Markets in an Outward Facing Europe – The UK as EU President, represented by the Department, was instrumental in achieving a consensus outcome at the United Nations World Summit on the Information Society and also represented EU interests in negotiations with Russia, India and China to secure energy supplies. The Department made substantial technical progress on key areas of the draft Services Directive and on measures designed to promote consumer confidence.

Boosting innovation and research – The Department reached partial general approach on the Seventh R&D framework programme in the Competitiveness Council. The agreement will improve the governance of the programme, make it easier for small businesses to access research funding and ensure funding promotes excellence in research. The Department also organised Informal Ministerial meetings on Competitiveness and Equality, and a number of other Presidency conferences to achieve Presidency policy goals. These developed networks between Ministers and officials, facilitated dialogue between stakeholders and the European Commission, and enabled Member States to share best practice solutions to common policy problems.

Figure 3.15

Expenditure on Extending Competitive Markets (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	78.7	74.7	82.0	82.9	97.1
<i>of which:</i>					
Citizens Advice	22.9	23.9	23.8	21.4	21.4
Citizens Advice (Scotland)	3.1	3.1	3.2	2.9	2.9
Competition Commission	26.2	20.1	27.1	20.8	20.3
Competition Service	2.9	3.7	4.1	3.6	3.6
Consumer Direct	3.2	14.3	16.9	0.0	0.0
National Consumer Council	4.0	3.8	0.0	15.0	30.0
Face to Face Debt Advice (Financial Inclusion Fund)	0.0	0.0	3.9	3.7	3.7
Royal Society for the Prevention of Accidents	0.2	0.4	0.2	0.4	0.4
Membership of WTO	2.7	4.1	4.4	4.5	4.8
SITPRO	1.3	1.3	1.1	0.9	0.8

Corporate and Insolvency Activity Framework

- 3.127 The Department aims to promote and deliver an effective framework for corporate and insolvency activity, giving confidence to investors, business and other stakeholders.
- 3.128 The Department together with its agencies, Companies House (CH) and The Insolvency Service, have a key part to play in ensuring that the UK's overall framework for business activity supports productivity, enterprise and the creation of long-term shareholder value. This framework needs to strike a balance between encouraging enterprise and protecting investors and other stakeholders; and between minimising regulatory burdens and ensuring there are adequate systems for ensuring transparency, compliance and enforcement.

Performance in 2005-06

More efficient and more effective capital markets as a result of greater confidence in the framework for corporate and insolvency activity

arising from greater transparency and stronger participation.

- 3.129 The Department initiated a number of research activities to improve understanding of the impact of corporate governance on business performance and to develop a corporate governance network among the research community in the UK and Europe. These initiatives included the first annual Department corporate governance research conference in September 2005 and the commissioning of a series of research projects, the first of which is investigating the key drivers of good corporate governance and mapping recent policy responses to these.

A reformed company law framework minimises complexity to business and other users and enables enterprise.

- 3.130 The Department has been working with business and other stakeholders on a new Company Law Reform Bill to implement the work of the independent Company Law Review. Company law will be substantially changed, keeping the regulatory burden to a minimum, and making it easier to understand and more flexible, especially for small businesses.

The reforms rest on four key objectives:

- ▼ Enhancing shareholder engagement and a long-term investment culture;
- ▼ Ensuring better regulation and a Think Small First approach;
- ▼ Making it easier to set up and run a company; and
- ▼ Providing flexibility for the future.

Details of Government proposals were published in the Company Law Reform White Paper in March 2005. The Bill was introduced in the House of Lords on 1 November 2005.

3.131 Regulations have been introduced to give effect to the final provisions of the Companies (Audit, Investigations and Community Enterprise) Act. The regulations are intended to improve protection against corporate scandals by strengthening the independent regulation of the audit profession. The regulations delegating the Secretary of State's functions in relation to the regulation of statutory audit to the Professional Oversight board for Accountancy came into effect on 5 September 2005. The regulations requiring companies to disclose the cost of non-audit services provided by their auditors came into force from 1 October 2005.

3.132 Regulations came into force on 12 January 2006 (The Companies Act 1085 (Operating and Financial Review)(Repeal) Regulations 2005 (S.I. 2005/3442), that repeal the requirement on quoted companies to prepare an Operating and Financial Review for financial years starting on or after 1 April 2005. Quoted companies, however, have to include a Business Review as part of the Directors' Report, in compliance with the requirements of the EU Modernisation Directive.

3.133 At the same time as laying the regulations, Government invited views on whether any particular requirements of the Business Review should be clarified to achieve more effectively Government's objectives. On 1 February 2006 Government announced the decision to widen the consultation and extend the deadline to 24 March 2006, to ensure all points of view and relevant up-to-date evidence on company narrative reporting requirements are taken into account whilst the Company Law Reform bill is before parliament.

EU actions improve the operation of capital markets, promote market liberalisation in the interests of companies and investors and reduce regulatory burden

3.134 During the UK Presidency the Department strengthened dialogue with the European Commission to encourage a review of the post 2005 EU Company Law Action Plan and at the Corporate Governance Conference, in November 2005 the Commission announced a formal consultation on the medium to long-term priorities within the Action Plan.

3.135 The Department held a number of bilateral meetings with other Member States in the second half of 2005 to share the Department's objectives for future EU action and to identify areas of consensus.

3.136 EU action in 2005 was based on proposals contained in the Action Plan published in May 2003. The Cross-border Mergers Directive, which will put in place a legal framework for cross-border mergers between limited liability companies, completed the European legislative process in November 2005, to be implemented into national legislation by December 2007. Political agreement was also reached on the Directive on

Board Members' Responsibilities and the Improvement of Financial and Key Non-Financial Information (Revision of the fourth and Seventh Accounting Directives). This Directive aims to clarify board members' responsibility for financial and key non-financial information and to enhance disclosure and transparency. It also raises the monetary thresholds beneath which Member States may exempt small and medium companies from certain obligations of the accounting directives. The legislative process for this Directive is due to be complete in 2006 with Member States having two years to implement.

3.137 Political agreement was also reached on the revised 8th Company Law Directive on statutory audit. The Directive aims to increase stakeholder confidence in the statutory audit function and includes requirements on education, registration, independence, quality assurance and independent oversight of statutory auditors. It also sets out a process for the adoption across the EU of International Standards on Auditing and provides for the regulation of auditors of third country companies who have a listing on a regulated market within the EU. The

Directive is expected to be adopted in mid-2006 and Member States will have two years to implement.

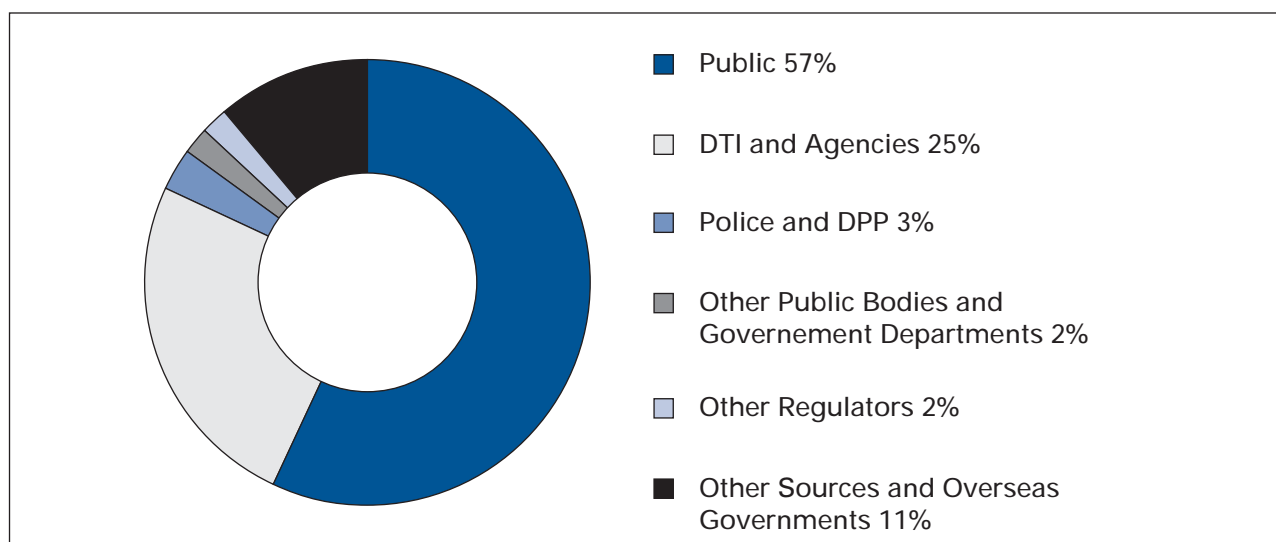
3.138 In July, in conjunction with stakeholders, the Department published "The UK approach to EU company law and corporate governance" to encourage and assist UK stakeholders to shape the EU agenda.

3.139 With effect from 1 January 2005, all companies whose securities are traded on a regulated market in the EU are required by the European Regulation on International Accounting Standards (IAS) to prepare their consolidated accounts in accordance with IAS. Regulations came into force on 1 October 2005 to help ensure a smooth transition to IAS. In particular, these allowed companies using IAS to continue to take advantage of the option to produce summary financial statements.

Improved efficiency and effectiveness of company registration, compliance, investigation and insolvency protects investors, business and other stakeholders.

Figure 3.16

Sources of Complaint Leading to Investigation



3.140 The Secretary of State has powers to investigate corporate malpractice where fraud or misconduct is suspected, where shareholders have been denied reasonable information or where he considers it to be in the public interest. These investigation powers contribute to the Department's enforcement regime to maintain an effective framework for corporate activity and dealing with unacceptable corporate behaviour.

3.141 In cases of strong public interest the Department is also able to appoint inspectors (under Section 432 of the Companies Act 1985) to investigate and report on the affairs of a company. During the year inspectors were appointed to investigate the affairs of the MG Rover Group and a number of its subsidiary companies. During 2004-05 177 investigations were completed and 107 companies wound up.

3.142 The Companies (Audit, Investigation and Community Interest Companies) Act 2004 expanded the powers of investigation into companies by widening the scope of those who might be called upon to provide information beyond those directly managing or employed by the company. Official Receivers consider whether the conduct of a bankrupt has been dishonest, reckless or culpable in some way and whether a Bankruptcy Restriction Order (BRO) should be sought against them. BROs can be obtained against bankrupts for a period of between 2 and 15 years, depending on the individual circumstances, and have the effect of imposing the restrictions of bankruptcy for that period.

3.143 Companies House is beginning to see greater take up of electronic services by customers as a result of its programme to enable more documents to be filed on line. Over 80% of incorporations and

95% of searches are now carried out electronically, and the percentage of Annual Returns filed electronically rose from 4% to 38% during a single year. It is now possible for 70% of registered companies to file accounts electronically by using a suitably enabled software package: the first set of e-filed accounts were registered in November 2005.

3.144 Companies House has also taken steps to improve the quality of information filed which has led to a 9% reduction in the rate of rejection of documents and has developed measures to help companies protect themselves against the use of the companies register by criminals to commit fraud. Companies House has worked to raise awareness of compliance, targeting advertising at areas with the lowest compliance rates and educating directors through seminars and published guidance.

Plans for 2006-07

- ▼ Promoting more efficient and effective capital markets as a result of greater confidence in the framework for corporate and insolvency activity arising from greater transparency and stronger participation;
- ▼ Implement a reformed company and insolvency law framework which minimises complexity to business and enables enterprise;
- ▼ Influencing the EU Company Law Action Plan to meet UK needs;
- ▼ Improving the efficiency and effectiveness of company registration, compliance, investigation and insolvency to protect investors, business and other stakeholders.

Figure 3.17

Expenditure on Corporate and Insolvency Activity Framework (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	25.2	67.5	46.7	51.6	51.6
<i>of which:</i>					
Investor Protection	4.2	4.6	3.8	3.6	3.6
Financial reporting and company law	3	5.7	3.5	5.0	5.0
Disqualification of Directors	15.2	30.0	33.1	39.3	39.3
Late filing penalties	2.8	3.1	3.6	3.7	3.7

Maximising Potential in the Workplace

Performance in 2005-06

- 3.145 The Department's challenge is to maximise potential in the workplace while maintaining an adaptable labour market and delivering a reduction in legal complexity for business both here and in Europe, raising the level of and demand for skills and promoting diversity and gender equality.
- 3.146 Innovation needs change in the workplace as well as in products, services and processes. Skills levels, organisational and managerial ability are important determinants of productivity and business performance. The successful introduction of new technologies depends on the introduction of new work practices. Business transformation will not work unless the workforce are involved and given the chance to influence and develop new and better skills.
- 3.147 In the future, the UK will have to compete more and more on the basis of unique and innovative products and services. This will require inspirational leadership, stronger management skills, a highly trained and motivated workforce, a flexible labour market that promotes diversity and fair treatment and workplaces that recognise environmental issues and the need for greater resource productivity.

Europe

Presidency Project

- 3.148 During the UK's Presidency of the European Union significant progress towards finding a consensus on revisions to the Working Time Directive was made. Member States however, remain divided about whether the Directive should apply per worker (as in the UK) or per job.

Adaptable Labour Markets

Age

- 3.149 In 2005-06 the Department continued to work with stakeholders on plans to outlaw unfair age discrimination at work and in vocational training. A major consultation on draft regulations was held between July and October 2005 receiving around 400 responses which helped refine the legislation. Regulations were approved by Parliament in March and will come into force in October 2006. The Department also provides funding to support stakeholder bodies to enable them to develop projects that provide information, help and direction for individuals in understanding their new rights under the age regulations and supporting the provision of practical workplace-focused guidance.

Work and Families

3.150 The consultation document 'Work and Families: Choice and Flexibility' was published in February 2005. The document sought views on how the employment measures proposed in the Ten Year Strategy for Childcare could be delivered in ways that met the needs of children, families and employers. The Government response to consultation was published in October 2005 and coincided with the introduction into Parliament of the Work and Families Bill, the first step towards delivery of a number of key commitments including the extension of maternity and adoption pay from six to nine months, widening the scope of the existing law to enable those with wider caring responsibilities to request to work flexibly and giving fathers a right to additional paternity leave. The Bill will also introduce measures to increase statutory annual leave entitlement to reflect the number of permanent bank holidays, help employers manage the administration of leave and pay and help employers and employees benefit from improved communication during maternity leave.

3.151 The Bill passed its Commons stages and was introduced into the House of Lords in January 2006. A number of consultations on secondary legislation related to the Bill – on maternity and adoption leave and pay; flexible working; and additional paternity leave – are ongoing. All documents referred to can be found on the website⁹⁵.

Skills

3.152 The Department, in partnership with DfES and through the Skills Alliance, has contributed to the continued implementation of the demand-led Skills Strategy. This includes the completion of

the Skills for Business Network of twenty-five Sector Skills Councils, implementation of the first four Sector Skills Agreements and development of a further twelve, the further strengthening of Regional Skills Partnerships and the design of the demand-led National Employer Training Programme to be implemented from April 2006.

3.153 The Department, with DfES and other partners, published a prospectus for National Skills Academies with four proposals now in the business-planning phase. The Department and DfES have set up a new employer-led Advisory Panel on Management and Leadership to identify priorities for securing greatest impact and act as a champion in promoting management and leadership activity with employers.

3.154 The Department has also been working with the Home Office and other Government Departments to ensure that a new managed migration scheme is put in place, meeting the needs of the economy, while providing the necessary safeguards on illegal working and settlement.

Diversity

Discrimination Law Review

3.155 The Discrimination Law Review is undertaking a fundamental review of the UK's equality legislation, with a view to making proposals for a simpler, fairer and clearer legislative framework that fully respects better regulation principles. A Green Paper will be issued in summer 2006, as a step towards a Single Equality Bill to be introduced during this Parliament.

95 www.dti.gov.uk/workandfamilies

Commission for Equality and Human Rights (CEHR)

3.156 Legislation to establish the Commission for Equality and Human Rights has been approved by Parliament through the Equality Act 2006. The new Commission will bring an inclusive approach to the promotion of equality and human rights and to the enforcement of discrimination legislation. It will draw together the work of the Equal Opportunities Commission, the Commission for Racial Equality⁹⁶ and the Disability Rights Commission and take on new responsibilities in the areas of sexual orientation, religion and belief and age equality.

Women and Work Commission

3.157 Following a wide-ranging review of equal pay the Woman and Work Commission reported that women were working below their potential, both in terms of earnings and UK productivity. The Department will coordinate implementation of recommendations.

Civil Partnerships

3.158 The Civil Partnership Act came into force across the UK on 5 December 2005. Same-sex couples can register to gain legal recognition for their relationship and once registered enjoy virtually all the same legal rights and responsibilities as married couples.

Fair Treatment at Work Survey

3.159 Fieldwork for the first Fair Treatment at Work Survey was completed in January 2006. This is the first official national survey of unfair treatment, harassment, bullying and discrimination experienced by British employees, covering all of the discrimination and equality strands,

Including religion and sexual orientation. Results will be published by mid-2006.

Employment Relations

Acas

3.160 Acas is an independent statutory body funded by the Department. Its aim is to improve organisations and working life through better employment relations and its services include providing information, advice and training on a wide range of employment issues. Acas Advisers work closely with employers and employees and their representatives to resolve problems and make workplaces more effective. The Acas national helpline deals with around 900,000 calls per year. The number of unique visitors to Acas's website⁹⁷ has risen to 2million. During 2005-06 Acas has:

- ▼ Delivered 3,000 training sessions on employment issues;
- ▼ Processed around 100,000 actual and potential employment tribunal claims;
- ▼ Worked with The Employment Tribunal Service (ETS) on the development of a computerised Caseload Management System that will yield considerable operational efficiencies;
- ▼ Embarked on a major change programme. The main elements of this are re-engineering processes, rationalising the Acas estate and reforming the individual conciliation procedures;
- ▼ Conciliated in around 1,000 collective disputes.

Employment Tribunals Service (ETS)

3.161 Details of the work of the ETS and its performance in 2005-06 can be found in Section 5, of the report, 'The Executive Agencies'.

⁹⁶ Responsibility for race equality will remain with the Commission for Racial Equality until April 2009, when it will be transferred to the CEHR.

⁹⁷ www.acas.org.uk

Building the evidence base

- 3.162 Fieldwork for the Workplace Employment Relations Survey (WERS) 2004, the fifth in the series, was completed in April 2005. Results are based on face-to-face interviews with around 3,200 managers and nearly 1,000 worker representatives across the UK, along with a questionnaire completed by over 20,000 employees in those workplaces. The first findings were published in July 2005, the dataset made available via the UK Data Archive in January 2006, and the sourcebook – *Inside the Workplace* – will be published by Routledge in mid-2006. WERS is a joint project of the Department, Acas, the Economic and Social Research Council and the Policy Studies Institute.
- 3.163 Fieldwork was also completed in 2005-06 for the Maternity and Paternity Rights – Survey of Parents 2005, the second Individual Awareness and Knowledge of Employment Rights Survey, the third Work-life Balance Study employee survey, and the first Fair Treatment at Work Survey. Results of these surveys will be published in the first half of 2006, and the datasets lodged with the UK Data Archive to encourage secondary analysis.

Employee Direct

- 3.164 In January 2006 the Department introduced a new website⁹⁸ to a single, comprehensive source of information for employees on their employment rights and responsibilities.

Union Modernisation Fund

- 3.165 The Department invited applications for the first round of the Union Modernisation Fund in July 2005. Forty-nine unions submitted applications to the Fund, which is designed to support

innovative modernisation projects. The Government announced the winners in March 2006.

Information and Consultation

- 3.166 The Information and Consultation Directive was implemented and came into force in the UK in April 2005. The legislation gives employees of firms with 150 or more employees' rights to be informed and consulted on an on-going basis about general issues that affect them. Government will continue to be a champion for information and consultation.

National Minimum Wage

- 3.167 On 1 October 2006 the main adult rate for workers aged 22 and over will rise to £5.35 an hour and the development rate for workers aged 18-21 inclusive will rise to £4.45. The rate for 16 and 17 year olds above compulsory school leaving age will rise to £3.30 per hour. The National Minimum Wage Act has now been in force for almost seven years. The HM Revenue and Customs has operational responsibility for enforcing the minimum wage and operates a helpline and network of compliance teams to fulfil that role.

- 3.168 'Success at work',⁹⁹ the Government's strategy to protect vulnerable workers and support good employers, was published on 30 March. It will form the focus of employment relations policy for this Parliament. The document identifies a range of work aimed at helping vulnerable workers, including targeting enforcement on the small minority of employers who deliberately ignore the law. It also sets out a review looking at simplification of employment law and access to information and support, with the aim of easing business compliance.

98 www.direct.gov.uk/employees

99 <http://www.dti.gov.uk/er/successatwork.htm>

Figure 3.18

National Minimum Wage Enforcement Activity April 2005 to January 2006

Telephone Enquiries	52,592
Complaints (received)	1,819
Investigations completed	3,923
Arrears identified	£2.8million

Plans for 2006-07

- ▼ Creation of the Commission for Equality and Human Rights;
- ▼ Detailed review of discrimination law and opportunities for simplification;
- ▼ Work with the Department for Work and Pensions to influence outcomes on employment and equality issues in line with UK policy in Europe;
- ▼ Maintain and improve the overall level of labour market adaptability and skills, including by using domestic regulation to produce an increase in labour market participation by key groups, making progress on flexible working and cooperative employment relations;
- ▼ Improve equality of opportunity in the workplace and within wider society, for example through raising the self-employment rate of under-represented ethnic minorities, introducing cross-Government measures to address the gender pay gap and legislating for a public sector duty to promote gender equality to come into force in April 2007;
- ▼ Ensure that employers and those in work, particularly vulnerable workers, are aware of their rights and responsibilities and have appropriate enforcement mechanisms available to them.

Figure 3.19

Expenditure on Maximising Potential in the Workplace (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	119.5	118.0	137.1	72.5	64.7
<i>of which:</i>					
Employment Tribunal Service	40.0	42.1	49.0	0.0	0.0
Employment Relations Programmes	19.5	16	14.2	7.3	6.9
ACAS	46.9	46.4	57.3	45.5	41.9
Equal Opportunities Commission	7.4	8.7	9.9	8.1	0.0
Women's National Commission	0.4	0.4	0.3	0.3	0.3
Equality and Gender	0.7	0.8	3.9	7.5	20.6
Skills programmes	4.6	3.6	2.5	0.0	0.0

