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Dear Tracy,

Further to the Oral statement on the publication of Matthew Taylor's report 'Good Work – The Taylor Review of Modern Working Practices' on Tuesday 11 July 2017, I would like to correct a response I made to your question.

You raised the issue of holiday pay and that the Taylor review recommends the Government should make it easier for people in flexible arrangements to take their holiday entitlement.

In reassuring the hon. Lady that we will take the issue of holiday pay seriously and ensure that it applies to all workers who are entitled to it, I inadvertently stated that the Treasury will be taking forward those suggestions. I would like to make it clear that it is my Department, the Department for Business, Energy and Industrial Strategy that will consider the policy on this matter, although we will of course work with HM Revenue and Customs given their responsibility for enforcement under Matthew's proposal.

I would also like to take this opportunity to address the point of order you raised in the House on the 10 July, relating to my responses to both your question at Department of Business, Innovation and Industrial Strategy oral questions on 27 June and my answer to your written Parliamentary Question which was answered on the 5th July. The point raised was on HM Revenue and Customs current powers to investigate and sanction employers for not paying holiday pay.

As I said in my written answer, HM Revenue and Customs plays a vital role in enforcing worker's rights by enforcing payment of the National Minimum and National Living Wage. We have increased the powers open to Her Majesty's Revenue and Customs to enforce those rights. However, HM Revenue and Customs has no powers to sanction companies for withholding holiday pay.

More broadly, the Government asked Matthew Taylor to consider new forms of work such as the 'gig economy' and self-employment, and their implications on employee rights and responsibilities, employer freedoms and obligations, and the existing regulatory framework surrounding employment. He has subsequently made a recommendation on an alternative approach to enforcement of holiday pay and we are considering his report carefully.

I hope you find this correspondence helpful and I apologise for any confusion.

I have placed a copy of this letter in the libraries of both Houses.

Best wishes

Margot

MARGOT JAMES MP

Minister for Small Business, Consumers & Corporate Responsibility