Vast amounts of legislation will disappear from UK law on 31 December 2023 if the current draft of the Retained EU Law (Revocation and Reform) Bill is approved. In this article, experts from Osborne Clarke take a look at the practical implications for businesses and how risk managers can prepare.

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A PRACTICAL GUIDE

WHAT WILL CHANGE AND WHO WILL BE AFFECTED?

If passed in its current form, all UK secondary legislation derived from EU law and retained direct EU legislation (such as EU regulations) will "sunset" (automatically fall away) on 31 December 2023. The impact of the Bill therefore extends to multiple industries, sectors and areas of risk management. These range from data protection and employment issues through to health and safety, product safety and environmental standards.

Ministers may decide to extend this date to 23 June 2026 (some industry associations have been pressing for an even later date of 2030) or to exclude certain legislation from the Bill. However, for this to happen, an active decision will need to be taken by the end of 2023. If this is not done, the regulations will disappear.



WHAT IS THE CURRENT STATUS OF THE BILL?

The next step in the legislative process is the Lords Report Stage of the Bill, for which a date has not been confirmed (this had been scheduled for 19 and 24 April but has since been removed from the list of forthcoming business in the House of Lords). Although the Bill has already been considered by the House of Lords at the Lords Committee Stage, the Report Stage gives all members of the Lords a further chance to examine and make changes. Before this stage happens, all proposed amendments will be gathered together and published. After the Report Stage, the Bill will be reprinted with all agreed amendments and will move to a third reading by the House of Lords, which is their final chance to amend the Bill (although this is limited to technical tidying -up points).

A number of amendments were proposed during the Lords Committee Stage, including an extension of the deadline for sunsetting to 2028. It is likely, therefore, that the Bill will move back and forth between the Lords and the Commons until an agreement is reached. In light of the above timings, we will likely know more about the Bill and its impact into spring/summer 2023.

Given the delay to the Bill's progress, it is likely that discussions will take place about what amendments could be made to address some of the issues with the Bill. It also remains a possibility that the Bill might be scrapped.

WHAT DOES THIS MEAN FOR BUSINESSES?

While there is a possibility that the Bill will be amended as part of the Report Stage, in its current form the Bill means that



IT IS LIKELY, THEREFORE, THAT THE BILL WILL MOVE BACK AND FORTH BETWEEN THE LORDS AND THE COMMONS UNTIL AN AGREEMENT IS REACHED

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thousands of pieces of legislation will fall away, unless "saved" by a proactive ministerial act. The government's Retained EU Law Dashboard states that the total count of retained EU law currently stands at 3,745 pieces of legislation and is likely to increase. As it stands, the Bill is therefore poised to have a significant impact on many core areas of risk management in businesses.

The task of assessing the scale of this impact is not a straightforward one. The government has itself struggled to identify all legislation that will be affected. This is shown by the fact that it is continuing work to update its Retained EU law dashboard (available on the gov.uk website) throughout 2023 on a quarterly basis, while also including the caveat that its dashboard is not intended to provide a comprehensive account of the laws caught by the Bill. Businesses can, in the meantime, access the dashboard and run word searches and filter by the government department that "owns" the relevant legislation.

To cut through this complexity, we have focused on four areas in which businesses, and those responsible for risk management, are likely to feel a significant impact if the Bill becomes law. These are: employment law, health and safety, products regulation and data protection. Our experts have distilled the practical implications of the Bill through the lens of risk management to help you plan ahead.





Partner, Osborne Clarke



EMPLOYMENT

1. How will this impact on the law and guidance in your practice area?

The impact of the Bill could be profound upon various elements of UK employment law, from the rights arising from the Working Time Regulations and the business transfer provisions within TUPE (the Transfer of Undertakings (Protection of Employment) regulations, to the provisions surrounding the governance of equal treatment and pay within the workplace and maternity and parental leave regulations. If the sunset clause does not change, and the government initiates no action to redirect the course of the Bill, all of these employment rights that are derived from EU law



will fall away on 31 December 2023. And it is clear to see that this will not be ideal for our employment law system and definitely not ideal for us as employment lawyers. Though the government continues to reaffirm that employment rights will not be weakened, its guidance remains unclear as to what the next chapter

of business looks like for both employers and employees.

2. Will it affect the relevant regulator(s) or authorities or the ways in which they deal with non-compliance (including penalties)?
Employment law in itself is not

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a heavily regulated area, however, a vast majority of the practices, obligations and rights that employers and employees are familiar with and live by within their businesses are derived from EU case law.

A current kev issue. in light of the impending sunset clause, is whether such retained EU case law authorities will continue to bind UK employers. The Bill stipulates that the Court of Appeal and Supreme Court will not be bound by any retained EU case law. except where domestic case law has modified or applied the retained EU case law and that domestic case law is binding on the court. If the sunset clause remains as it is and crucial pieces of legislation fall away, there is a possibility that an extensive variety of employment law principles will be relitigated - ranging from how to calculate employees' holiday pay to various elements of discrimination law. It could take years for the UK courts to provide clarity on the application of employmentrelated legislation remaining after the sunset deadline and the relevant penalties and awards which will be provided in cases of non-compliance.

3. Are there any opportunities or potential benefits to businesses from the Bill?

While the concept of the Bill does seem to be predominantly one of doom and gloom, it may provide opportunity for a rejuvenation of certain elements of employment law that are ripe for reform. For example, there is a substantial amount of uncertainty currently surrounding the application of the rules on holiday pay for part-time workers, as



originally set out in the Working Time Regulations but as recently interpreted and debated in the case of Harper Trust v Brazel. There is a government consultation currently under way following the ruling of this case; however the introduction of new, simplified rules in their entirety may result in an improved understanding of this area, allowing employers to be much clearer and much more comfortable with administering holiday entitlement processes.

TUPE may also be an area in which reform may be greatly appreciated by both employers and employees: in relation to simplifying contractual rights related to employee pensions, changes to consultation obligations and potentially allowing for more flexibility in varying contractual terms, for instance by allowing parties to agree contractual variations in relation to the transfer. These are only a few examples of where the Bill may actually benefit our employment law system, however the underlying theme of uncertainty seems to permeate even these potential positives.

4. What are the key challenges and risks resulting from the Bill to businesses?

If you haven't already guessed, the main issue from an employment law perspective in relation to the Bill is (you've got it!) uncertainty. This uncertainty will take a range of forms and it appears that some of the main concerns include (but are far from limited to) the following:

- Whether ministers will make some changes in relation to the harmonisation of terms and conditions following a TUPE transfer;
- Whether the government will remove a 48-hour working week time limit, make changes to workers' rights to rest breaks and the accrual of holiday during sick leave;
- Whether the government will opt to remove protections for

- agency workers in their entirety; and
- The possibility that the government changes its approach to calculating holiday pay (which, as discussed above, could potentially be a benefit).

Many are also concerned with what will happen to the complicated 'goldplated' provisions if the sunset clause comes into play, being the provisions which are derived from EU law but have been "goldplated", so that they are implemented at a national level, beyond the minimum requirement to comply with the EU directive. In simpler terms: these provisions will survive the sunset clause, while the other EU non gold-plated law will fall away, leaving a difficult patchiness in terms of the law that remains in force; TUPE is a clear example where certain provisions will fall away while others will remain. Currently there is no clear statement from the government in relation to how these affected areas of law will be dealt with, including those provisions that are 'gold-plated'.

5. How will the change impact on international clients?

In terms of more practical risks, this consistent issue of uncertainty is likely to have a major impact upon both UK and international businesses, employers and employees.



A CURRENT KEY ISSUE, IN LIGHT
OF THE IMPENDING SUNSET CLAUSE,
IS WHETHER SUCH RETAINED EU
CASE LAW AUTHORITIES WILL
CONTINUE TO BIND UK EMPLOYERS



From an employer's perspective, such uncertainty may undermine their plans for growth as there will be no clear idea of their obligations to their employees, which may affect budgeting, recruitment processes and so on. They may also face the prospect of an influx of litigation on principles and practices which were previously upheld and followed for years if legislative gaps are opened up and bearing in mind that the courts' departure from retained EU case law will be easier under the Bill.

This is likely to have a knock-on effect for businesses as the inability to plan their growth and development will act as a deterrent for investment, likely for both UK and international clients – something that the current global economic climate could probably do without right now...

From an employee's perspective, their rights and entitlements may look entirely different following 31 December (potentially for the better, but hopefully not for the worse) which is an unnerving prospect, particularly when such integral rights such as maternity and parental leave, equal pay treatment, discrimination protection, may be subject to fundamental change. Though, as a minor, shortterm reassurance, the government has stated that it does not intend to reduce the level of protection against discrimination.

6. What is the position of industry bodies and trade associations in your area? In order to prevent such concerns from becoming a reality, among other

institutions, the Chartered Institute of Personnel and Development, the TUC, the Institute of Directors and the Employment Lawyers Association have called for the UK government to withdraw the Bill. Alternatively, as a worst case scenario, the organisations are calling for the government to exercise their powers to extend the introduction of the sunset clause until 23 June 2026.

7. Do you anticipate that the UK Government will postpone the date for revocation or exclude any egislation from the Bill? Although it has been reaffirmed on several occasions that the government has "no intention of weakening workers' rights" and we note again that the government committed to the non-regression provisions under the Trade and Cooperation Agreement that the UK concluded with the EU after Brexit, there have been no further indications regarding the government's intended treatment of employment issues which will be affected by the Bill as it currently stands, and there have been no signs of whether there will be any variation of the sunset clause in the near future.

It may be worth noting (as mentioned above) that the government is currently undergoing a consultation into the calculation of holiday pay for part-time workers and maybe, on a more hopeful note, this will show signs that the government will take action to prevent the sunset clause coming into effect as of 31 December 2023. But, for now, we can only hope.

HEALTH AND SAFETY

1. How will this impact on the law and guidance in your practice area? In health and safety terms the Bill – if passed in its current form – would mean that most occupational health and safety regulations will fall away because they are EU-derived, unless "saved" by a proactive ministerial act.

Legal requirements that are not derived from EU law and primary legislation won't be sunsetted, which means that the Health and Safety at Work etc. Act 1974 ('HSWA') will remain in force. This means that organisations will continue to have a legal duty to ensure, so far as is reasonably practicable, the health, safety and welfare of employees and others affected by their business undertaking.

The legislation that would disappear (unless 'saved' by a proactive ministerial act) includes the 'six-pack' setting the framework requirements around health and safety, which professionals will be very familiar with. These are:

- Management of Health and Safety at Work Regulations 1999 – including health and safety policy, risk assessment and 'Competent Person' requirements
- Workplace (Health, Safety and Welfare) Regulations 1992
- Manual Handling Operations Regulations 1992
- Health and Safety (Display Screen Equipment) Regulations 1992
- Provision and Use of Work Equipment Regulations 1998
- Personal Protective Equipment at Work Regulations 1992.

Other regulations affected would be those that set specific obligations for particular activities (for example the Construction (Design and Management) Regulations 2015 and the Work at Height Regulations 2005) or hazards (such as the Control of Substances Hazardous to Health Regulations 2002).

Some regulations go further than the HSWA by providing for permissioning regimes, such as requirements to prepare a safety report for assessment by competent authorities (under the Control of Major Accident Hazards Regulations 2015) or to obtain a licence (for example for work with asbestos). These would also disappear under the current version of the Bill.

2. Will it affect the relevant regulator(s) or authorities or the ways in which they deal with non-compliance (including penalties)?

The HSE's powers will stay the same as those duties are set out in the HSWA. Its powers, including to issue

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improvement and prohibition notices and to request information, will not change.

However, as health and safety regulations tend to provide an additional layer of detail in the UK about how businesses can fulfil their duties under HSWA, that detail would no longer be law and is likely to move into guidance.

The disappearance of health and safety regulations therefore has the potential to result in major changes to how health and safety legislation works in the UK (in particular around HSE enforcement). In the short term, it may create uncertainty for businesses on how to meet their obligations under HSWA, because well-established and understood regimes for compliance will fall away. However, it seems likely that the HSE would encourage the status quo and continue to point to existing regulatory principles, that would disappear in law but would remain in HSE guidance.

3. Are there any opportunities or potential benefits to businesses from the Bill?

In some areas the changes may provide businesses the opportunity to develop a more tailored approach to looking at risk, for example in the area of ergonomics and display screen equipment, where the current regulations are highly prescriptive and don't work well in the new hybrid working environment.

Businesses' overarching duties under the HSWA are objective-setting and not as prescriptive as many of the regulations that will fall away. This could present an opportunity for businesses with sophisticated health and safety functions that are looking for greater flexibility on how to comply with their duties under the HSWA to depart from current requirements. Global organisations that are looking to adopt an international framework for managing health and safety that differs from the current UK model may also welcome additional flexibility.

4. What are the key challenges and risks resulting from the Bill to businesses?

The disappearance of prescriptive requirements from legislation would create uncertainty for many businesses that rely on regulations to guide them





IT SEEMS LIKELY THAT THE HSE WOULD ENCOURAGE THE STATUS QUO AND CONTINUE TO POINT TO EXISTING REGULATORY PRINCIPLES, THAT WOULD DISAPPEAR IN LAW BUT WOULD REMAIN IN HSE GUIDANCE



on how to comply with their duties under the HSWA. This uncertainty is likely to impact most acutely on SMEs and businesses with a less mature health and safety function.

A potential knock-on consequence of this uncertainty could be an overall reduction in health and safety standards across the country, for example, because the lack of regulations give businesses a false sense of security that they are complying with their duties by doing less, when in fact they are falling short of standards.

The changes could stall the improvement in health and safety standards in the UK in recent years, which, as the HSE's latest annual statistics show, is an area where further work is still needed to combat work-related illness and injury. A recent YouGov survey conducted in February 2023 shows that a downward trend in health and safety standards is not what businesses want, with the vast majority of respondents confirming that they are not willing to accept lower health and safety standards for their employees and customers.

5. How will the change impact on international clients?

The potential negative impact on health and safety standards could have an adverse impact on the UK's attractiveness as a labour market, impacting on the ability of businesses to recruit and retain talent.

Health and safety standards and requirements tend to apply to activities or operations in a particular location, and so from an international compliance perspective, the changes should not impact on local operations in other EU member states. However, the removal of EU-derived requirements from UK law may result in a divergence of approach between the UK and other EU member states, which could create additional complexities for international businesses.

6. What is the position of industry bodies and trade associations in your area?

IIRSM, the Institution of Occupational Safety and Health (IOSH) and other industry associations have called for changes to the Bill, including postponement of the date for revocation until as late as 2030.

7. Do you anticipate that the UK Government will postpone the date for revocation or exclude any legislation from the Bill?

One amendment already suggested at the Lords Committee Stage was postponing the date of revocation to 2028. We have not come across any specific indications regarding the exclusion of health and safety law from the scope of the Bill.

PRODUCTS REGULATION

1. How will this impact on the law and guidance in your practice area?

All the major regulations that create the product safety and compliance framework and recognise product safety standards within the UK are EU-derived secondary leaislation. This means that. if the Bill is implemented in its current form and the sunset provision is not changed, the majority of the current product safety rules would fall away at the end of 2023. This includes, among others. the General Product Safety Regulations 2005, the Radio Equipment Regulations 2017 and the Supply of Machinery (Safety) Regulations 2008.

Ministers could choose to preserve some or all of product safety regulations by exempting them from the sunset provision or delaying the application of the sunset provision. However, this would require a statutory instrument to be passed.

If the Bill is implemented and these regulations are not excluded from the sunset clause or restated by the relevant minister then it will no longer be an offence to place products on the UK market that are unsafe and there will no longer be a requirement to ensure products meet any essential safety requirements.

However, the provisions of the Consumer Protection Act 1987 will remain, meaning that it will still be possible to sue a business if damage is caused by a defective product.

2. Will it affect the relevant regulator(s) or authorities or the ways in which they deal with non-compliance (including penalties)?

The Office for Product Safety and Standards (OPSS) obtains their enforcement powers from regulations that are due to fall away under the sunset provision. These powers



IF THE BILL IS IMPLEMENTED IN ITS **CURRENT FORM AND THE SUNSET** PROVISION IS NOT CHANGED, THE **MAJORITY OF THE CURRENT** PRODUCT SAFETY RULES WOULD FALL AWAY AT THE END OF 2023

include issuing enforcement notices and fines. Therefore, if these regulations are revoked, then the OPSS will be stripped of its legal authority and would no longer have the power to take enforcement action and ensure safe products are placed on the market in the UK.

There would no longer be an effective regulator who could police unsafe products and enforce recalls where necessary. Instead it would be left to individuals and companies to pursue private actions against businesses that supplied defective products and they would receive a monetary award for any damage they had suffered, providing they had sufficient evidence to prove their case.

3. Are there any opportunities or potential benefits to businesses from the Bill?

While some may argue that the Bill would provide the flexibility and freedom for the government to adopt new product safety regulations to drive further innovation, the effect of the Bill as it stands is that the UK's product safety framework will disappear, and if legislation is not put in place by the government before the regulations fall away, then this poses the risk of dangerous products being placed onto the UK market.

4. What are the key challenges and risks resulting from the Bill to businesses?

The loss of both the general product safety framework and

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sector specific legislation would leave a significant lacuna and cause great uncertainty for business on what their obligations are when they are designing. manufacturing and supplying products. While most businesses would not seek to place unsafe products on the market. the lack of structure is likely to lead to inconsistencies in approach, which in turn will cause confusion within the supply chain and for those who purchase the products.

A further key challenge is the uncertainty that will could be created around the use of the UKCA mark for products being placed on the UK market. The requirement for products to be conformity assessed and marked with the UKCA mark falls within regulations that are due to be revoked. Since Brexit, the transition period from moving from the CE to the UKCA mark has continued to be postponed. Under the bill UKCA marking will not be a legal requirement at all. Many businesses have already incurred significant cost adding the UKCA mark to their product. In all likelihood, businesses will simply drop the UKCA mark and continue to use the CE mark so they can sell product in Europe. which in turn will also mean that the products meet EU legislative requirements.

This would be ironic, as it is the opposite of what the Bill is trying to achieve.

5. How will the change impact on international clients?

The UK product safety regulations that could fall away under the Bill also apply to those businesses that are based outside the UK and place products onto the UK market.

6. What is the position of industry bodies and trade associations in your area? From a product safety law perspective, the Chartered Trading Standards Institute (CTSI) on 1 November 2022, detailed its concerns regarding the Bill and called on the government to delay

the timetable for the Bill, stating that the "pace and scale of change is daunting." It outlined that it has serious concerns about the potential for key protections for both consumers and businesses to be lost unintentionally if the Bill comes into force and note that many areas of its work are underpinned by what is currently retained EU law.

CTSI has since then (in February 2023) reported that the British Toy and Hobby Association (BTHA) has expressed its concerns regarding the Bill and the impacts it will have on toy safety laws. Subsequently, BTHA has joined forces with CTSI to call for the 2023 sunset clause to be removed. CTSI has also previously

DATA PROTECTION

1. How will this impact on the law and guidance in your practice area? What are the key challenges and risks resulting from the Bill to businesses?

If the bill is enacted in its current form, the UK's General Data Protection Regulation (UK GDPR) (as retained direct EU law) and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR) (as EU-derived secondary legislation) could both fall away at the end of 2023 unless

could both fall away at the end of 2023, unless proactively preserved, and therefore excluded from, the sunset provision in the Bill or the sunset deadline is proactively extended.

The Data Protection Act 2018 (DPA 2018) is primary legislation, and therefore, will not fall away.

The DPA 2018 does not, by itself, sufficiently protect individual's privacy rights, as required by the standards set by the Council of Europe Convention 108 or by the standards required for the

UK to maintain its adequacy decision from the EU (which allows personal data to flow freely from the EEA to the UK). Throughout, the DPA 2018 cross-refers to the relevant provisions of the UK GDPR, meaning that it does not currently work as a standalone piece of legislation.

If the PECR fell away, then the current

rules on direct marketing and cookies would cease to apply, removing protections that the UK public currently has against intrusive and harmful marketing practices (an area of law which is subject to frequent enforcement).

2. Will it affect the relevant regulator(s) or authorities or the ways in which they deal with non-compliance (including penalties)? Many of the functions, tasks and powers of the Information Commissioner's Office (ICO) are laid out in the UK GDPR, including the ICO's powers to issue

enforcement notices, reprimands and fines for non-compliance. If the UK GDPR was sunsetted, then the ICO would not be able to function properly as a regulator responsible for enforcing data protection compliance in the UK.

3. How will the change impact on international clients?

UK data protection laws - currently set out in the UK GDPR, the DPA 2018 and the PECR (primarily) - have extraterritorial scope, in that they apply not only to clients based in the UK but also to clients based outside the UK (if they sell goods or services to individuals in the UK, or monitor the behaviour of individuals in the UK as far as their behaviour takes place in the UK).

Therefore, should the UK GDPR and the PECR fall away, then that will have a significant impact on clients in the UK and internationally.

Further, as set out above, the UK has been granted adequacy from the EU on the basis of its current framework of data protection laws; should a significant proportion of that framework fall away, it is very unlikely that the UK would retain that adequacy decision.



written to the Prime Minister urging him to reconsider the Bill's introduction. The open letter was co-signed by the Chartered Institute of Environmental Health, the Association of Chief Trading Standards Officers, the Child Accident Prevention Trust, Electrical Safety First and the Institute of Licensing.

The Engineering and Machinery Alliance has also criticised the Bill for its lack of parliamentary scrutiny of the changes that can be made by the government.

7. Do you anticipate that the UK Government will postpone the date for

revocation or exclude any legislation from the Bill?

The government had stated in its The Benefits of Brexit paper, published at the start of 2022. that it would consult on changes to the EU derived framework for product safety to ensure the UK's approach is "proportionate, innovative and forward-looking." However, since then, there have been no further developments on this.

The OPSS has not yet commented on the Bill and the implications it will have on product safety law or on the OPSS itself as the regulator.

WHAT CAN YOU DO NOW TO PREPARE?

While there is ongoing uncertainty about the final form that the Bill will take, what timetable it will proceed on (or if it will proceed at all), we think that those responsible for risk management can start working through scenarios and thinking about potential impacts on their businesses.

Steps that could be taken from now include:

- · Working out the key regulations that affect you that are due to disappear under the Bill.
- Carrying out an impact assessment of what the absence of regulations will mean for your business
 for example, through workshops with key business stakeholders.
- Closely tracking the progress of the Bill as it moves through Parliament.

If you have any questions on anything covered in this article, or would like to discuss the issues further, please contact Mary Lawrence of Osborne Clarke.

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OUR UNDERSTANDING
IS THAT THE
GOVERNMENT'S
INTENTION IS FOR
THE DPDI TO RECEIVE
ROYAL ASSENT BY THE
END OF THE CURRENT
PARLIAMENTARY
SESSION IN OCTOBER



That would make it significantly more difficult for EEA-based businesses to transfer data to the UK.

4. Do you anticipate that the UK Government will postpone the date for revocation or exclude any legislation from the Bill?

The UK Government is, simultaneously, proposing wholesale changes to the UK's data privacy framework, in the form of the Data Protection and Digital Information Bill (DPDI). The DPDI proposes amendments to the UK GDPR, the DPA 2018 and the PECR; it is not seeking to replace any of the

existing legislation in its entirety.

The DPDI is awaiting a second reading in Parliament, which was expected to happen in mid-April. Our understanding is that the government's intention is for the DPDI to receive Royal Assent by the end of the current parliamentary session in October. If it has not received Royal Assent by then, it will fall unless it is formally carried over into the next parliamentary session (which cannot be assumed, but is not unusual for significant legislation).

In either case - whether the DPDI receives Royal Assent by the end of the current Parliamentary session or not - we expect that the UK GDPR and the PECR will be preserved and therefore, excluded from the sunset provisions of the Bill. If the UK Government intended to wholesale replace the UK GDPR and the PECR, then it would have done so in its drafting of the DPDI.

You can read more about the changes proposed by the DPDI at www.osborneclarke.com/insights/uk-government-reignites-data-protection-reform

