



INSTITUTE OF THE  
MOTOR INDUSTRY

# Executive Summary: IMI Response Modernising the Agency Work Regulatory Framework Consultation

## About the IMI

The Institute of the Motor Industry (IMI) is the professional body for individuals working in the UK automotive sector, representing over 100,000 members. We set professional standards, accredit training, and promote safety, competence and lifelong learning across the workforce.

The automotive sector is undergoing rapid transformation driven by electrification, digitalisation and increasingly complex vehicle technologies. Access to a skilled, competent and flexible workforce is essential.

## Overview of the consultation

The Government is consulting on reforms to the regulatory framework governing agency work and umbrella companies, with a focus on:

- Security (pay, protections, coverage)
- Transparency (clarity on pay, contracts and arrangements)
- Choice (how workers engage in the labour market)

IMI's response focuses on ensuring that flexibility is supported, but not at the expense of competence, safety or worker protection.

## IMI Key Messages

**Competence must be central to labour market security:** Regulation should explicitly recognise workforce capability, not just contractual protections.

**Workers must not bear the cost of opaque supply chain arrangements:** Financial practices such as hidden deductions or 'kickbacks' risk undermining fairness and workforce stability.

**Transparency must extend beyond pay:** Workers should have clear information on skills requirements, training expectations and career progression.

**Flexibility should be preserved, but not weaken protections:** Agency and umbrella models play an important role but must operate within clear and fair boundaries.

**Consistency and standardisation can reduce burden without reducing safeguards:** The focus should be on improving how requirements are met, not removing them.



## IMI Position by Theme

### Security

The IMI supports the core objectives of fair remuneration and worker protection. However, in our view, these objectives do not fully reflect the realities of modern, skills-intensive sectors such as automotive. In this context, security is not only about pay and contractual safeguards, but also about ensuring that workers have the competence required to undertake their roles safely and effectively.

As vehicles become more technologically complex, including the widespread adoption of electric and software-defined systems, the risks associated with insufficient competence increase significantly. Workers supplied through agency or intermediary arrangements are often expected to perform at the same level as directly employed staff from the outset. This makes clear and consistent approaches to verifying skills, qualifications and practical competence essential.

The IMI therefore believes that workforce capability should be embedded as a core component of labour market security. This includes clearer accountability across the supply chain for verifying competence, recognition of industry-led assurance frameworks, and greater clarity on responsibility for supporting ongoing professional development, particularly in safety-critical roles.

### Transparency

The IMI strongly supports the objective of improving transparency within the agency work framework, particularly given the increasing complexity of labour supply chains. Clear and accessible information is essential to ensuring that workers understand how they are engaged, how they are paid, and what is expected of them.

While improvements to pay transparency are important, transparency should extend beyond financial arrangements. Workers should also have a clear understanding of the skills and competence required for a role, any associated training expectations, and opportunities for progression. Without this, there is a risk of poor job matching, reduced workforce capability, and increased safety risks in technically demanding roles.

Improved transparency also has an important role to play in supporting fairness and confidence in the system, particularly in relation to deductions, intermediary arrangements and other practices that may affect take-home pay.

### Choice

The IMI supports the principle that workers should have genuine choice in how they engage with the labour market. Flexible labour models, including agency work and umbrella arrangements, play an important role in enabling both workers and employers to respond to changing demand and skills needs.

However, for choice to be meaningful, it must be informed and free from undue pressure. Workers should not be required to engage through specific models as a condition of accessing work, nor should regulatory mechanisms be used in ways that weaken protections by default.

A balanced approach is therefore required—one that preserves appropriate flexibility while ensuring that core protections are maintained. In particular, measures to prevent misuse of opt-out provisions and to ensure consistent application of protections across different engagement models are important to maintaining fairness and confidence in the system.

### Reducing Administrative Burden

The IMI recognises the importance of reducing unnecessary administrative burden for businesses, particularly in sectors that rely on access to a flexible workforce. However, simplification should not be achieved by removing or weakening protections that are essential to workforce safety, quality and capability.



In practice, a significant proportion of administrative burden arises from duplication and inconsistency in how requirements—particularly those relating to skills and competence—are evidenced and verified. Employers, agencies and intermediaries are often required to undertake repeated checks due to a lack of standardisation and shared systems.

The most effective approach to reducing burden is therefore to improve consistency in how requirements are met. This includes greater use of standardised, portable and verifiable records of competence, supported by recognised accreditation frameworks and professional registers. Such approaches can reduce duplication while maintaining high standards, supporting both business efficiency and workforce quality.

## Key Recommendations

The IMI recommends that reforms should:

- Protect workers from indirect or opaque financial costs
- Strengthen transparency across the entire supply chain
- Embed workforce competence and capability into regulatory objectives
- Ensure clear accountability for verifying skills and suitability
- Promote access to ongoing CPD for all workers, including those in agency roles
- Support flexible labour models without weakening protections
- Reduce administrative burden through standardisation and better systems, not deregulation

## Conclusion

The agency work framework plays a vital role in supporting a flexible labour market. However, as labour supply chains become more complex, regulation must evolve to ensure it remains:

- Fair for workers
- Clear for businesses
- Fit for modern, skills-intensive sectors

For the IMI, this means placing competence, transparency and accountability at the heart of reform.