



Zero-Hour Contracts

Where do Employers stand?

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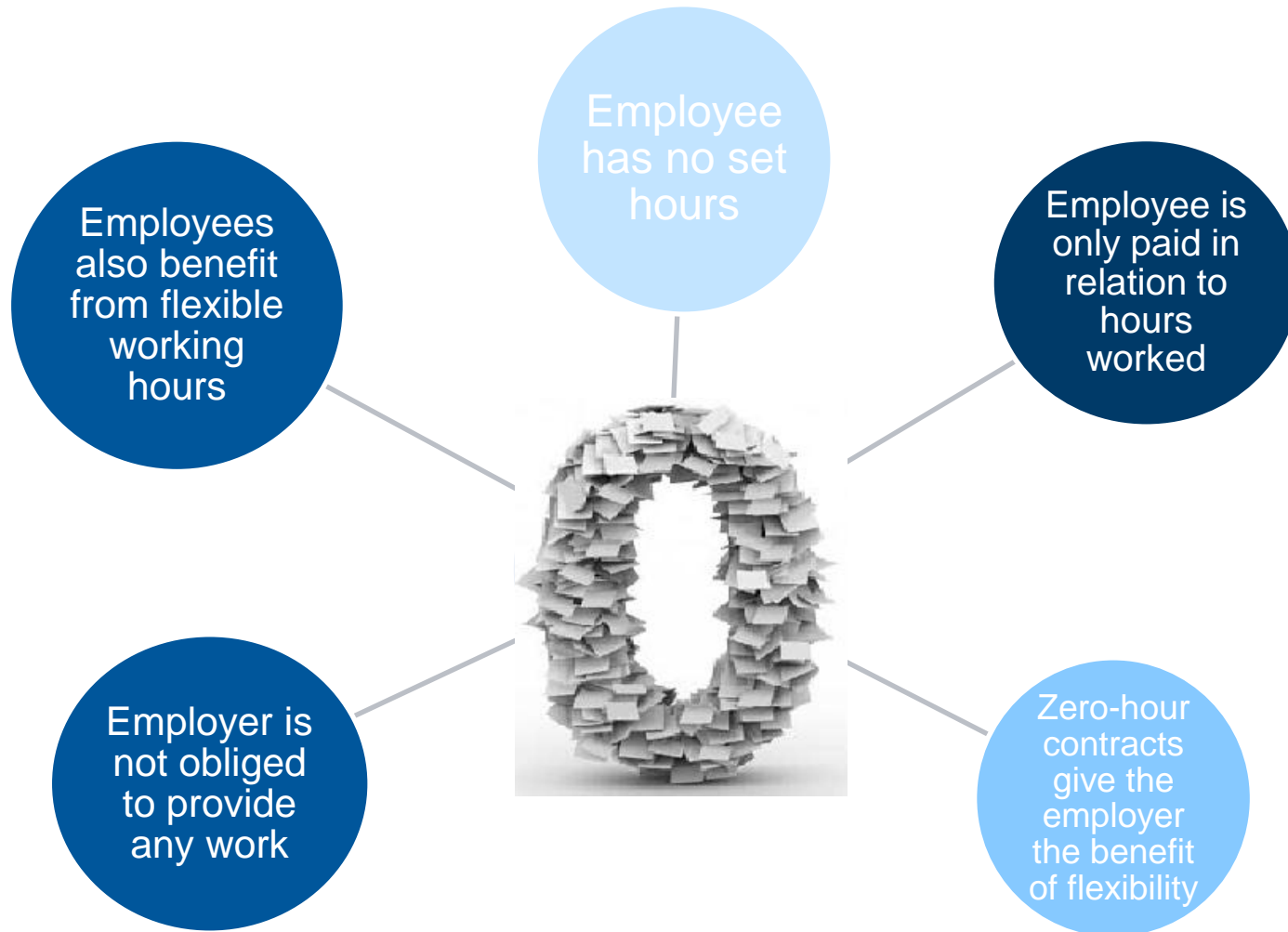
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In today's training we will cover the following:

- What is a zero-hour contract?
- What are the benefits to an employer?
- What are the pitfalls?
- What are the press saying?
- What does the future hold?

What is a zero-hour contract?



- Persons employed under zero-hour contracts may well be regarded as workers and are therefore entitled to far fewer employment rights than employees
- It is entirely at the Company's discretion to offer work to the worker
- There will generally be no assumption of continuity between work periods
- The worker is under no obligation to accept work offered to him and the Company under no obligation to provide work
- Payment will only be for the hours worked
- Company may implement conditions where they can remove the worker from the staff bank such as if he cannot work on two consecutive occasions.

- Gives the employer the benefit of a flexible workforce
- Helps businesses respond quickly and efficiently to constantly changing levels of demand
- Lack of continuity of service may prevent employee bringing a claim for unfair dismissal
- Companies such as McDonald's, Cineworld and Sports Direct have opted for zero-hours contracts

- Consider each individual contract to see whether the below issues are relevant

Employees or Workers

- Do the individuals have employee status even when not working?
 - If not, they will not benefit from continuity of service reducing the possibility of unfair dismissal claims and statutory redundancy pay



- The courts will consider the reality over the written contract
- Employers should be mindful of how zero-hour contracts are implemented in practice, particularly where, in reality, individuals are given work on a regular basis over an extended period of time

Holiday

- Calculation of holiday pay can be difficult. For zero-hour workers who experience seasonal peaks and troughs of working time, there are potentially significant financial advantages to take their holiday at particular times during the year



Pensions: Auto-enrolment

- For zero-hour workers who have fluctuating earnings, it can be difficult to determine when a worker reaches the qualifying earnings threshold to trigger auto-enrolment
- The employer may face claims of unlawful deductions if the employees earnings drop below the threshold and they make deductions to employee contributions

Discrimination

- Individuals on zero-hours contracts do not enjoy any specific protection from discrimination
- Caution should be exercised however when considering what benefits to give zero-hour employees, as they are likely to be part-time employees and therefore any less favourable treatment will need to be justified

What are the press saying?

Ed Milliband vows to [REDACTED]
[REDACTED] on zero-hour contracts

The Guardian (9 September 2013)

What [REDACTED]! Unite union uses
tutors on [REDACTED] zero-hour contracts

Daily Mail (9 November 2013)

Zero-hour contracts [REDACTED]
Scottish University staff

BBC News (4 November 2013)

- Hundreds of thousands of workers - the Unite union estimates up to 5.5 million – are on zero-hour contracts
- Critics say that these contracts leave workers with little stability or security, and open to exploitation
- Len McCluskey (general secretary of Unite) says "zero-hours contracts create a throwaway workforce. Employers bear no risk, avoiding sickness, holiday pay and overtime"
- Natalie Bennett (leader of the Green Party) says "Zero-hours contracts leave workers in total uncertainty about each weeks' income, at the mercy of supervisors' whims and fancies"
- Ed Milliband has promised to outlaw zero-hours contracts if he is elected in 2017

- The current political debate over zero-hours contracts is at best unhelpful and misplaced as safeguards already exist
- Kevin Green (CEO of the Recruitment and Employment Confederation) says there is nothing inherently wrong with the contracts and any suggestion to ban them is nonsensical
- The contracts can work for both employers and staff
- Further regulation could damage the jobs market
- Some sectors have a genuine need for zero-hours contracts and some sectors depend on them to make their business or organisations function properly, such as the tourism and hospitality sectors

- Despite calls from Ed Milliband and Vince Cable to declare war on the abuse of zero-hour contracts, there is unlikely to be a complete ban on their use
- The practice works well for many and is an essential business tool for many more
- There are many sectors with genuine zero-hour contract needs
- The legal position on zero-hour contracts already offers some protection against abuse. If a person sounds like, acts like, and is treated like a full time employee, any tribunal is likely to find that they are one and apply the appropriate employment rights



ANY
QUESTIONS
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