
Employment Contracts

New legislation from 1 April 2020

The law on employment contracts is about to undergo its biggest overhaul for many years. From 1 April 2020 your employees will be entitled to a statement of main terms (Contract) – this includes casual workers and zero hours workers – no later than the time they start work for you. This statement should include hours of work, all types of paid leave, remuneration including any benefits the employee receives.

Please also check the nature of your working relationship with your self-employed contractors. Recent cases with Uber and other gig economy employers – where their self-employed contractors have been found to be workers – show how easy it is to get employment status wrong.

From April the following will apply:

Employees: Legal entitlement to statement of main terms

Workers: Legal entitlement to statement of main terms

Self-employed: No legal requirement to any contract but a ‘contract for services’ is highly advisable

Here are some of the main changes on the way...

Holiday Pay

When employees’ pay differs each week/month and you need to work out their holiday pay, you work out the average over 12 weeks.

What’s Changing?

You’ll need to work out the average over 52 weeks instead of 12. This could mean higher holiday pay for some workers

Employment Status

To determine whether someone is an employee, worker or self-employed, you need to consider the personal service, control, and mutuality of obligation tests.

What’s Changing?

The Government is to review the way that employment status is determined and may shift the focus of the current tests. Under any new rules, your self-employed contractors may no longer be self-employed.

Stable Contracts

Workers engaged in “unstable” or “unpredictable” contracts like zero-hours or variable hours had no power to require you to consider making the contract more stable.

What’s Changing?

These staff will have a right to request more stable contracts after 26 weeks and you will have a legal duty to consider them. You’ll be able to refuse the request on certain grounds.

Agency Workers

Agencies can engage agency workers on a specific type of contract (Swedish Derogation) which means the agency worker is not entitled to the same pay as the end user’s direct recruits after 12 weeks.

What’s Changing?

This type of contract will be banned to close the equal pay loophole so using agency workers will get more expensive. Agencies will have to give more information to agency workers about their terms.

Please do not hesitate to contact us should you have any queries.

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