

The Good Work Plan and your contracts of employment

The law on employment contracts is about to undergo its biggest overhaul for many years. Employers will have to review the content of **all of their existing employment contracts** to ensure they remain legally compliant. More of your staff will be entitled to receive a written contract too. So what's actually happening?

Current Law	The law from April 2020
1 Only employees are entitled to receive a statement of main terms.	For the first time ever, your 'workers' will be entitled to a statement of main terms too. These includes casual workers and zero hours workers.
2 Employees have no entitlement to a statement of main terms until they have been with you for one month.	The one month service requirement will be removed.
3 You have up to 2 months to give a new employee their statement of main terms.	You must give the employee/worker their statement of main terms no later than the time they start work for you.
4 The statement of main terms must contain certain items such as place of work, normal hours of work, annual leave entitlement etc.	Several new pieces of information will be needed in the statement of main terms, including whether normal hours of work vary; all types of paid leave you offer; all remuneration/benefits the employee receives etc.

So we've said that both employees and workers are entitled to receive a written statement of main terms. Easy, right? Maybe not...

Make sure you know the employment status of your staff!

Take the time now to review 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.



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

What else do I need to know about the Good Work Plan?

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 are 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 on "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.