

STATES OF JERSEY



REGULATION OF ZERO-HOURS CONTRACTS (P.32/2021): AMENDMENT

Lodged au Greffe on 4th May 2021
by the Minister for Social Security

STATES GREFFE

REGULATION OF ZERO-HOURS CONTRACTS (P.32/2021):
AMENDMENT

1 PAGE 2, PARAGRAPH (a) –

For paragraph (a) substitute the following paragraph –

“(a) Further to the commitment made in the 2020 – 2023 Government Plan, to agree that a review of existing legislation should be undertaken to ensure that sufficient measures are available to protect employees from any challenges caused by the use of “zero hour” contracts and, as needed, to strengthen the regulation of employment, such review to include the need to introduce –”

and, after sub-paragraph (vi) insert the following sub-paragraph –

“(vii) other measures to be identified as part of the review;”

2 PAGE 2, PARAGRAPH (b) –

After the word “debate” for the word “the” substitute the word “any” and delete the words “the first quarter”.

3 PAGE 2, PARAGRAPH (b) –

After paragraph (b) insert the following new paragraph –

“(c) to request the Minister for Social Security to bring forward for debate legislation to implement a ban on exclusivity clauses by March 2022 and to request the Council of Ministers to allocate additional financial and law drafting resources during 2021 to the Minister for Social Security to enable this work to be completed;”

4 PAGE 2, PARAGRAPH (b) –

After paragraph (b) insert the following new paragraph –

“(d) to request the Council of Ministers to allocate additional funding in the 2022–2026 Government Plan in respect of the cost of expert advice to support the actions specified under (a) and (b); and to provide a publicity campaign to advise employers and employees of workers’ rights under zero hours contracts and any changes following the actions specified under (a), (b) and (c).”

MINISTER FOR SOCIAL SECURITY

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

- (a) Further to the commitment made in the 2020 – 2023 Government Plan, to agree that a review of existing legislation should be undertaken to ensure that sufficient measures are available to protect employees from any challenges caused by the use of “zero hour” contracts and, as needed, to strengthen the regulation of employment, such review to include the need to introduce –
- (i) a definition of zero-hour employment contracts;
 - (ii) the prevention of employers requiring zero-hour workers to always be available for work;
 - (iii) a ban on exclusivity clauses;
 - (iv) a right for zero-hour workers, who in practice work regular hours, to switch to a contract which reflects the normal hours worked;
 - (v) a right to reasonable notice of work schedule;
 - (vi) a right to compensation for shift cancellation or curtailment without reasonable notice;
 - (vii) other measures to be identified as part of the review;
- (b) to request the Minister for Social Security to bring forward for debate any necessary legislation, and any such enforcement regulations as may be required for the implementation of the matters described in Paragraph (a), by the end of 2022.
- (c) to request the Minister for Social Security to bring forward for debate legislation to implement a ban on exclusivity clauses by March 2022 and to request the Council of Ministers to allocate additional financial and law drafting resources during 2021 to the Minister for Social Security to enable this work to be completed;
- (d) to request the Council of Ministers to allocate additional funding in the 2022 – 2026 Government Plan in respect of the cost of expert advice to support the actions specified under (a) and (b); and to provide a publicity campaign to advise employers and employees of workers’ rights under zero hours contracts and any changes following the actions specified under (a), (b) and (c).

REPORT

1. Summary

The need to review the use of zero hour contracts was identified in the 2020 Government Plan. Along with many other projects, this review has been delayed due to Covid. The amendment acknowledges the need for investigation in this area and builds on the original proposition to provide for a funded review in 2022, gathering evidence and developing solutions specifically to address the characteristics of the local labour market.

This is a complex area with much confusion as to the rights and responsibilities of employers and employees. The term zero hours contract has varied meanings in different jurisdictions. Deputy Southern explains that his proposition is based on a UK report from 2014. Rights for zero hour employees in Jersey already exceed UK rights in some areas and finding the right balance for employees and employers in Jersey will require careful consideration and detailed discussions.

The Minister is already committed to completing a review to introduce a legal right to rest breaks and to consult on and then develop proposals for the next minimum wage and an improved process for future reviews. The States Assembly has previously agreed that a review of family friendly employment measures should commence in the second half of 2022. If approved, the review of zero hour contracts will start in the second half of 2021 and run through 2022.

The amendment includes at part (c) the option to support a separate project to introduce a ban on exclusivity clauses ahead of the main project. This recognises the previous decision of the Assembly that agreed that “*‘exclusivity clauses’ in zero-hours contracts should be prohibited;*”. This would allow initial legislation to be introduced by March 2022, although the main review would also include this area to allow Jersey specific measures to be included later in the year, as needed.

The overall amendment will require funding from the 2022 Government Plan, to include funding for a publicity campaign to raise awareness of the rights of zero hours employees. The separate project on exclusivity will require resources to be diverted from other areas to support this work in 2021.

- **Members are asked to support parts (a), (b) and (d).**
- **Part (c) is included to allow members to make a separate decision on the early implementation of an exclusivity clause**

2. Background

The need for governments to provide a legal framework to clarify the relationship between employers and employees and to provide statutory rights to employees has developed over the last few decades. In Jersey, the Jersey Employment Law was introduced in 2005.

Casual work, where staff are employed on a day by day basis, has been a feature of employment for many years. In the last 10 years the phrase “zero hour contract” has come into common use to cover this type of working relationship. The term is used in many countries and has different meanings in different jurisdictions. Some countries including Ireland and New Zealand use the term “zero hours contract” to refer to a

contract where an employee is required to be available for work but is not guaranteed hours.

There is no definition of “zero hours contract” in current employment legislation in Jersey but the guidance provided by JACS explains:

*Zero hour contracts are arrangements where people agree to be available for work ‘as and when’ required but no particular number of hours or regular times of work are specified. in a true zero hour contract there should be no obligation on the part of the business to offer work and no obligation on the individual to accept, nor any penalty for turning down hours of work offered by the employer.*¹

However, a local legal definition is provided in the [Control of Housing and Work \(Exemptions\) \(Jersey\) Order 2013](#). This definition is currently used in the context of businesses seeking to employ staff who hold registered or licensed CHW permissions. This law defines a “zero hours contract” as a contract or other arrangement between an individual and an undertaking such that the individual may work for the undertaking from time to time but there is no minimum requirement for the individual to do any work for the undertaking.”

The legal rights of employees under zero hour contracts are often not well understood and the rights in Jersey are very different to those in the UK. In the 2020 Government Plan the Minister identified the need to consider the way in which zero hour contracts were being used in Jersey .

*“The next area to be considered will be a review of the use of zero hour contracts”*²

As Deputy Southern explains, there are many situations in which zero hour contracts are useful and create an appropriate relationship between the employer and the employee. This amendment provides for a full review which will examine the use of zero hour contracts in different employment situations and identify any areas where it would be appropriate to strengthen legislation.

3. The Gig economy – Jersey and the UK.

The UK has seen a significant increase in the number of self-employed workers in the last 10 years. These now make up about 20% of the total UK private sector workforce. Within this expansion, there has been a large growth in individuals using digital platforms for organising their work, this is sometimes known as the “gig” economy. Self-employed workers are not covered by employment legislation. A key example of this is Uber. The P.32 report includes multiple references to changes made to the contracts of Uber drivers. These changes developed from challenges to the bogus self-employment of these workers who were not previously protected by UK employment legislation. These drivers have now been acknowledged as “workers” in UK terms and have been granted some employment rights as “workers” (see next section).

The proposition does not make any proposals for actions in respect of the Gig economy or bogus self-employment.

¹ [Zero Hours Guide JACS](#)

² [P.71/2019](#) Government Plan 2020 -2023 page 75

4. Zero Hours contracts - Jersey and the UK.

In Jersey, the protection of the Employment Law applies to all employees, including those working under a zero hours contract. This is very different to the UK situation and it is important that clear and accurate information is available to businesses and employees in Jersey so that they understand their rights and responsibilities. The amendment includes funding to support a publicity campaign aimed at both employers and employees.

UK legislation creates separate levels of protection for “employees” and “workers”. The protection for “workers” is less than the protection for “employees” and UK zero hour workers usually fall into the “worker” category.

Jersey legislation only has one type of employee and this covers every type of employment contract include zero hours contracts. All employees have the same full level of protection under the Jersey Employment Law.

Employment rights for zero hour employees in Jersey have improved over the last five years.

- Since 2015, all zero hour employees have been covered by the Employment Law.
- In 2018, employment rights were further enhanced to allow any employee to request a change in their contractual terms. This includes the right for a zero hour employee to request a change to a fixed hours contract.

5. Amendment

Deputy Southern explains that the details of his proposal are taken from a 2014 paper written for the UK Labour Party. He asks Members to agree to specific proposals and for the Minister to implement them by 31/3/2022.

This amendment acknowledges that a review of employment rights in this area is appropriate. This was previously identified by the Minister in the 2020 GP (P.75- *“The next area to be considered will be a review of the use of zero hour contracts”*). This review will start after the current review of the minimum wage process is complete.

The amendment makes the following changes:

- It expands the work to a review of all aspects of zero hour contracts. As noted above, Jersey and UK employment legislation are very different. Relying on a report written 7 years ago to address issues in the UK employment law is unlikely to provide the right solution for Jersey in the 2020s. Rather than assume that the recommendations from the Labour Party report are appropriate for Jersey and are the only changes needed, the amendment provides for a broad review of local conditions and the Jersey employment law. For example, one alternative approach could be to provide a higher minimum wage rate for hours that are not included in the employment contract. This would provide zero hour employees with a higher minimum wage for all hours worked.
- Changes to the local legislation will not be straightforward and the amendment also seeks to provide sufficient time to undertake this work and additional funding to support the use of employment experts to analyse current practices and develop appropriate legal amendments.
- Part (c) of the amendment acknowledges the previous decision of the States Assembly that exclusivity clauses in zero hour contracts should be prohibited. This part of the amendment allows for this work to proceed ahead of the full

review on the basis that the full review will also include this issue to allow further amendments to be made as needed.

- The P.32 report itself is a useful demonstration of the low level of understanding of current employment rights in Jersey for zero hour employees. The amendment also provides for funding to support a publicity campaign which will create clear and accessible material for employers and employees.

6. Conclusion

Employment practices change over time and it is necessary for employment law protection to be reviewed on a regular basis. The protection available in Jersey to employees with zero hour contracts has been extended twice in the last five years. In 2015 a law change meant that all zero hour employees were fully covered by the Employment Law and in 2018 the right to request a change in contractual terms was made available to all employees.

The amendment allows for a full review of the use of zero hour contracts to be completed by the end of 2022 and provides for separate action to be taken in respect of the specific prohibition of exclusivity clauses.

Members are asked to support parts (a), (b) and (d) of the amendment which will allow for a Jersey-based review of employment rights, rather than rely on a set of UK labour party proposals drawn up seven years ago.

Part (c) has been included to allow Members to express their opinion as to whether work should be undertaken on the prohibition of exclusivity clauses in advance of the main review.

Detailed notes on proposition and amendment

7. Employment law timetable

Maintaining and extending the employment law is a key responsibility of the Minister for Social Security and this was acknowledged as a strategic priority of the Assembly in the Common Strategic Plan which includes the commitment:

We will help people to gain the skills they need to secure jobs that pay enough to thrive, and support a labour market that provides good quality jobs, removing the barriers to and at work and improving employee rights.³

The current Minister took on a number of ongoing responsibilities in 2018 and has identified her own priorities. These include:

Family friendly employment legislation: the final stage of legislation was implemented in July 2020. In 2019 the States Assembly agreed that a review of the implementation of these changes should be subject to a full review after two years ([P.54/2019 as amended](#)). This review will commence in the second half of 2022.

Rest breaks and annual leave: the Minister instigated a review into this area in 2019. At present, employees have no legal right to a break during their working day. Work on this project was paused during 2020 due to Covid restrictions and the allocation of resources to support the government response to the pandemic. The review has now

³ [P.110/2018](#) Proposed Common Strategic Policy 2018-2022 page 16

been completed and the Minister has accepted the recommendations of the Employment Forum and legislation in this area will be drafted to ensure that every employee has the right to a rest break during a working day. Legislation will be brought back to the Assembly as soon as possible.

Minimum wage: the Minister normally commissions a minimum wage review each year. This was also disrupted in 2020 and the Minister has recently published a consultation paper ([R.62/2021](#)) seeking views on the next minimum wage increase. The consultation also looks at the way in which the minimum wage is set. This review was identified as a priority following a States debate on the minimum wage last year and is included as a commitment in the 2021 Government Plan.

We will review the way in which the minimum wage is agreed⁴

This work is currently ongoing. Legislation will be brought back to the Assembly to provide for the next minimum wage increase and any broader changes to the future setting of the minimum wage rate as soon as possible.

Zero hour contracts: the Minister confirmed in the 2020 Government Plan⁵ that this area would be reviewed following the completion of the work on rest breaks and annual leave. As noted above there has been disruption to the planned work but this area remains the Minister's next priority. This work will include a consideration of the implementation of the decision taken by the States Assembly in November 2016. At that time, the States Assembly agreed part of proposition [P.92/2016](#). The decision was taken that “‘*exclusivity clauses*’ in zero-hours contracts should be prohibited;”. The remainder of the proposition that dealt with the implementation of this decision was withdrawn and not voted on.

Proposed timetable for 2021 and 2022: Parts (a) and (b) of the amendment provide for a major review of the use of zero hour contracts in Jersey with initial work undertaken towards the end of 2021, following the completion of the work detailed above on rest breaks, minimum wage rates and the minimum wage review process. The zero hours review work would then be completed in the first half of 2022 with law drafting and a States Assembly debate being completed by the end of 2022. Improved communication materials and information would be developed throughout 2022 to support employees and employers. The review of family friendly legislation will start as planned in the second half of 2022, as required by P.54/2019.

Part (c) of the amendment allows for additional work to be completed by March 2022 in respect of the States Assembly decision on exclusivity clauses. This work would run in parallel to the larger review of zero hour contracts and would require additional resources to be provided during 2021 to minimise the impact on the main project.

8. Legal definition of zero hours contract and exclusivity clauses.

Part (c) of the amendment states:

(c) to request the Minister for Social Security to bring forward for debate legislation to implement a ban on exclusivity clauses by March 2022 and to request the Council of Ministers to allocate additional financial and law drafting resources during 2021 to the Minister for Social Security to enable this work to be completed;

⁴ [P.130/2020](#) Government plan 2021-2024 page 69

⁵ As above [P.71/2019](#) Government Plan 2020 -2023 page 75

This amendment has been drafted to allow States Members to make a separate decision on bringing forward legislation on exclusivity clauses more quickly than the main review. In 2016 the Assembly agreed a stand-alone decision that ‘*exclusivity clauses in zero-hours contracts should be prohibited*’.⁶ However, no action or timetable was agreed to accompany the statement. Subject to additional resources being made available, a separate project to address this specific issue could be implemented by March 2022. Any protection provided in this area may require amendment following the outcome of the full review and this would be taken into account in the initial and any subsequent drafting requirements.

A 2018 House of Commons Briefing paper⁶ provides a useful description of the actions taken by the UK government in this area.

“7. Small Business, Enterprise and Employment Act 2015

The Small Business, Enterprise and Employment Act 2015 came into force on 26 March 2015. Section 153 came into force on 26 May 2015 and seeks to render unenforceable exclusivity clauses in zero-hours contracts. The section amended the Employment Rights Act 1996, inserting a new Part 2A.

Section 27(1) defines “zero hours contract” as a contract of employment or other worker’s contract under which—
(a) the undertaking to do or perform work or services is an undertaking to do so conditionally on the employer making work or services available to the worker, and
(b) there is no certainty that any such work or services will be made available to the worker.

Commentators criticised this definition, pointing out that it might easily be sidestepped by providing a nominal amount of work (e.g. one hour per month).

Section 27A(2) of the 1996 Act as amended contains the ban on exclusivity clauses:

(3) Any provision of a zero hours contract which—
(a) prohibits the worker from doing work or performing services under another contract or under any other arrangement, or
(b) prohibits the worker from doing so without the employer’s consent,
is unenforceable against the worker.

Commentators highlighted that the contractual unenforceability of the clause would be meaningless vis-à-vis the worker if the employer was nonetheless free to refrain from providing future work should the worker ignore an exclusivity requirement.

Partly to address the above criticism, the Act created a power to make delegated legislation supporting the prohibition of exclusivity clauses, which the Coalition Government consulted on, but which were not brought into force at the same time as the 2015 Act, as some had expected.

7.1 Exclusivity Terms Regulations

⁶ [Zero Hours Contracts – House of Commons Library Briefing paper](#)

The Act created a power enabling a Minister to make regulations that would penalise employers who use exclusivity clauses. The Coalition Government consulted on how best to go about using this power; the consultation ran between 25 August 2014 and 3 November 2014, and included a set of draft regulations. Exclusivity Terms in Zero Hours Contracts (Redress) Regulations 2015 (SI 2015/2021).

Draft regulations were laid before the House of Commons on 19 October 2015, subject to the affirmative resolution procedure, and came into force on 14 December 2015 as the

The regulations create rights for:

- *zero-hours workers classed as “employees” not to be unfairly dismissed for failing to comply with an exclusivity requirement;*
- *zero-hours workers classed as “workers” not to be subjected to any detriment for failing to comply with an exclusivity requirement.*

The rights are enforceable against an employer by way of a claim to an employment tribunal. Where a tribunal considers a claim to be well-founded, it may make a declaration to that effect and award compensation, subject to the same limit as that applicable in unfair dismissal claims.”

9. Right to request contractual terms

The P.32 report includes the following section:

“Furthermore, in 2018 the Employment Forum recommended that “the qualifying period for the right to request flexible working should be removed in order to provide a day- one right, extended to all employees. The Forum reported that “This is likely to make a significant difference to zero-hour contract employees.”

- *The then Minister promised that legislation to give effect to this change would be presented to the States for debate on 20 March 2018. From September.... all employees will have a day-one statutory right to request a change to their terms and conditions of employment, for example, so that the contract more accurately reflects the hours that are typically worked, or to request a specified number of contracted hours. (Article D)*

I cannot say whether this promise was ever delivered, but if the States were to adopt this proposal, the current Minister could replace the 2-stage process above with a day-one right, which would put Jersey in in advance of the UK Labour Party, which had a manifesto promise in 2015 to: “Ban exploitative zero-hour contracts so that if you work regular hours you get a regular contract”.

This right was debated in March 2018 and the new right came into force in September 2018. This is set out in Part 3A of the [Employment Law](#).

All employees have the right to request a change in their terms and conditions, including the right to request a contract that includes fixed hours every week. The employer must consider the request and can only deny the request in certain circumstances. The employee can appeal any refusal to the Tribunal. This is a day one right – i.e. it is available to a employee as soon as they start work for a new employer.

10. Higher minimum wage for non- contracted hours

The “Good Work: the Taylor review of modern working practices”⁷ report published in July 2017 made a range of recommendations to the UK Government. It included a proposal to create a higher minimum wage rate for hours that are not guaranteed. The report says:

“Government must take steps to ensure that flexibility does not benefit the employer, at the unreasonable expense of the worker, and that flexibility is genuinely a mutually beneficial arrangement. With this in mind, we believe that Government should ask the Low Pay Commission (LPC), in its next remit, to advise on the impact of bringing in a higher National Minimum Wage for hours which are not guaranteed in a contract. The Government should ask the LPC to consider the design and impacts of the introduction of a higher NMW rate for hours that are not guaranteed as part of the contract. This new higher rate should be set at a level which incentivises employers to schedule guaranteed hours as far as reasonable within their business. Businesses would still have the ability to offer zero or short-hours contracts, or to request that an individual works longer hours than those guaranteed in their contract, but would have to compensate the most vulnerable workers (those on low wages) for the additional flexibility demanded of them.”

Although this proposal did not lead to implementation in the UK, it may be a useful addition to the protection provided to Jersey employees. Deputy Southern notes that the 2016 Scrutiny review found that “Over half of employers reported that their ZHC workers had fairly regular hours“ This suggests that employers are using zero hour contracts where there is no need to do so. This option requires further consideration but is just one example of a possible course of action suited to the Jersey labour market.

11. Pickavance report

Deputy Southern explains that the proposals in the proposition are based on a report⁸ from Norman Pickavance commissioned by the Labour Party in 2014. Mr Pickavance’s recommendations are set out below in full. As can be seen, in many areas, he identifies the need for further work or consultation before firm plans can be drawn up. As such, it is unrealistic to complete all this additional detailed work and prepare legislation in the timescale proposed by the proposition.

The last two recommendations made relate to making sure that employers and employees are aware of their rights and that codes of good practice are provided. These are not reflected in Deputy Southern’s proposition but the need for good information and understanding is reflected in the amendment and the allocation of funding to support a publicity campaign to raise awareness of rights in this area.

“1. Ensure that workers on zero-hours contracts are not obliged to be available over and above their contracted hours

⁷ [Good Work: the Taylor review of modern working practices](#)

⁸ [Zeroed Out: The place of zero-hours contracts in a fair and productive economy An independent report by Norman Pickavance](#)

P.32: (ii) the prevention of employers requiring zero-hour workers to always be available for work;

- *Workers on zero-hours contracts should be free to decline work when it is offered. Therefore, clauses that require workers on zero-hours contracts to be available for work should be declared by legislation to be unenforceable when there is no guarantee of work or pay. A worker on a zero-hours contract could still be asked and able to accept offers of additional work, but the employer would not be able to demand (either contractually or verbally) that they make themselves available without any guarantee of work.*

- *In order to ensure that employers do not simply contract people for one hour, and require availability over and above that, I also recommend that employers should only be able to require availability in direct proportion to the amount of work they offer. For example, employment contracts could only be able to require additional availability for a maximum 50 per cent of their contracted hours.*

- *The government should consult on the appropriate proportion of contracted hours an employer should be able to require an employee to be available, and should also examine whether employers should be able to expect additional availability if they pay employees a retention fee for being on-call, and if so what form this should take.*

2. Ensure that workers on zero-hours contracts are free to work for other employers

P.32: (iii) a ban on exclusivity clauses;

- *Workers on zero-hours contracts should be able to work for other employers. Therefore, clauses that require workers on zero-hours contracts to be available for work and prohibit the worker from working for another employer at that time should be declared by legislation to be unenforceable when there is no guarantee of work or pay. There are many legitimate reasons why employers may wish to require workers to work exclusively for them – such as commercial sensitivity – but employers should not be able to require this without any guarantee of work. Employees would still be bound by duties of confidentiality, but an employer would not be able to require exclusivity unless they offer a guaranteed minimum number of hours in return.*

Encouraging good management practices

“While there is a need for some outlets to have a set number of staff on zero-hours contracts... there is evidence of overuse. There is no reason why 90 per cent of staff at major chain stores should be on zero-hours contracts.” Forum of Private Business
The flexibility to offer and accept work at short notice can be a useful characteristic of zero hours contracts, but effective workforce planning and timely communication are essential to good management and should be encouraged. Businesses have become increasingly accurate at forecasting demand and most large organisations now have the systems in place to schedule staff hours accordingly. In addition to the safeguards proposed above, therefore, I believe that it is right to limit the use of these contracts when they are being used as a long term strategy to manage large sections of the workforce that are in practice working relatively regular hours. I recommend measures to:

3. Give workers on zero-hours contracts who are in practice working regular hours a right to a contract with fixed minimum hours

P.32: (iv) a right for zero-hour workers, who in practice work regular hours, to switch to a contract which reflects the normal hours worked;

- *If you are working regular hours, your contract should reflect that. It is unfair that an employee can work regular hours and yet be on a zero-hours contract for long periods of time, sometimes years. I therefore recommend that, after 6 months, workers should have a right to request a contract that is other than zero-hours and which provides a minimum amount of work. Employers would only be able to refuse this request if they are able to demonstrate that their business needs cannot be met by any other form of flexible contract – for example, seasonal work may be a legitimate exemption.*

- *Given that many employees are not aware of their rights, I believe there is a case for an additional ‘back-stop’ measure. I therefore recommend that, after a period of 12 months continuous employment, workers on zero-hours contracts who are working regular hours (e.g. a minimum of 8 hours a week over the reference period) should have the right to be offered a contract that is other than zero-hours and which provides a minimum amount of work. It is proposed that this would happen automatically and should reflect the actual hours that people are working on a regular basis. People working regular hours would only be able to be legally kept on a zero hour contract for more than a year if they formally opted-out of these arrangements. To do so the employer must demonstrate that the employee has received independent advice from a trade union or independent legal adviser, so as to avoid any undue pressure being applied to stay on a zero-hours contract.*

- *These rights should include bridging provisions to prevent unscrupulous employers from laying people off or ‘gaming’ the hours during the reference period to avoid complying. However, a significant proportion of zero-hours contracts currently last for 2 years or more, so I do not believe that there is a significant risk of people being sacked or having their hours arbitrarily reduced just because they are reaching the 12 month mark. By this point most employers know whether the employee is suitable for the job and I have not found widespread evidence of people on 1 or 2 hour contracts. Furthermore, it would be expensive and time-consuming to recruit and train someone else simply to avoid providing a fixed term contract reflecting actual business practice. Nonetheless labour market practices should continue to be monitored on an ongoing basis.*

4. Give zero-hours workers a right to compensation when shifts are cancelled at short notice

P.32: (vi) a right to compensation for shift cancellation or curtailment without reasonable notice;

- *We need to protect employees from unnecessary insecurity due to poor workforce planning. I am therefore persuaded by the CBI submission to this review, which argues that workers on zero-hours contracts should be entitled to compensation – 2 hours pay for example – when a shift is cancelled at short notice. How long that notice period should be should be the subject of consultation, but in my view a minimum of 48 hours to a week’s notice of any changes in hours should be provided when hours are reduced. Extra hours could still be offered provided the worker is not obliged to accept them, as above.*

5. End the confusion surrounding rights and responsibilities

- *All workers should have clarity about their employment status and terms and conditions. This could be done by amending the Employment Rights Act 1996 so that employers are required to provide basic information about terms and conditions to all*

workers they engage (not just employees) within two months of their start date. Employers could also be required to state their policy on the periods by which a worker should be notified that work is available, and to confirm their employment status.

6. Promote good practice

• A new Code of Practice would provide clarity for employers and employees about their rights and responsibilities. The content should be developed by trade unions and employer representatives through ACAS, as is standard practice. Provisions could include advice for employers operating zero-hours contracts on when the use of zero-hours contracts may or may not be appropriate and guidance in relation to difficult issues such as holiday pay, notification periods, pensions and auto-enrolment.”

Financial and manpower implications

Part (c) of the amendment requires the Council of Ministers to allocate additional financial and law drafting resources during 2021 to the Minister for Social Security to enable work in one area to be completed ahead of the main project. Resources are already allocated for government priorities for 2021 and would need to be diverted to support this project. This will include law drafting resources and expert legal advice.

Part (d) of the amendment requires the Council of Ministers to allocate additional funding in the 2022 – 2026 Government Plan in respect of the cost of expert advice to support the actions specified under (a) and (b); and to provide a publicity campaign to advise employers and employees of employees’ rights under zero hours contracts and any changes following the actions specified under (a), (b) and (c). An initial estimate of the overall costs in this area is £50,000.

Re-issue Note

- (1) This Amendment is re-issued to correct the wording of part 2 of the amendment.
- (2) This Amendment is re-issued to remove the words ‘based on the current U.K. legislation’ in part 3 of the amendment.