



Zero-hours contracts: Is there still a place for them in the workplace?

What is a zero hours contract?

There is no legal definition of a zero hours contract. In essence it is simply 'an agreement between two parties that one may be asked to perform work for another but there is no minimum set contracted hours'. They can differ from organisation to organisation in that:

- Individuals on zero-hours contracts may be engaged as either 'employees' or 'workers';
- In some zero-hours contracts the individual will be obliged to accept work if offered, but in others they will not;
- Some zero-hours contracts prevent the individual from working for others



The Devil is in the Detail

even when the employer has no work to offer, but some contracts will allow the individual to work elsewhere;

- The pay arrangements and benefits that are offered may differ.

What are the benefits?

Some employers rely on zero hours contracts as it affords them a level of flexibility to rely on staff during busy periods or as a cheaper alternative to incurring agency fees. For example, a catering company may need extra workers to cover unexpected or last-minute events, such as

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a last-minute wedding engagement party. Other companies might need zero hours contract workers to cover for temporary staff shortages.

This type of contract can also be extremely beneficial to those workers who are either unable to commit to standardised working hours or who want to gain varied experience or skills in different industries.

So what is all the fuss about?

Last year the Government launched an investigation into the use of zero hours contracts and this revealed that a number of companies have been abusing the flexibility that zero hours contracts provide by the inclusion of an 'exclusivity' clause within the contracts. Essentially some companies have been 'having their cake and eating it' and whilst they do not want to commit to any number of hours' work, they also do not want those workers to be allowed to work elsewhere.

Business Secretary Vince Cable has confirmed that although zero hours contracts will not

be outlawed entirely, such exclusivity clauses will be banned in the UK in order to protect the most vulnerable workers from being restricted in the marketplace.

It remains to be seen what impact this change will have on the use of zero hours contracts in future but employers should not necessarily rule them out if they believe they work effectively within their particular business or industry. What will be necessary however is for employers to ensure that they have written agreements in place which clearly set out the status, rights and obligations of their zero-hours staff and ensuring that they do not prohibit staff from working elsewhere.

If you would like to learn more about what HRx can offer your business or if you have an immediate issue that you would like to discuss with us (initial consultation meetings and HR document 'health checks' are free) please contact our team of consultants on 08701 454 436.

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