

#95 HR Newsletter

Nov 2016: The Gig Economy

The “Gig Economy” – what is it?

The way in which employers engage/contract staff is changing. There are 3 main ways to engage staff - you can engage them as:

1. Employees,
2. Workers (casual / zero hours) or
3. Self-employed / freelancer

There has been a slow transition away from companies employing all staff as employees to a mix of all 3 methods. Options 2 and 3 are more favourable for employers as it allows them to hire and fire more easily and they don't pay NI contributions and hence staff are cheaper to employ on options 2 & 3.

The term “Gig Economy” describes the way in which employees view their relationship with a prospective employer. Gone are the days of a job for life and associated final salary pension schemes. Employees will chop and change frequently and have multiple jobs of all different statuses and will see the world of work much more as they might a pastime or hobby.

Mike Ashley (Sports Direct) has favoured option 2 “workers” where he has more control over hiring and firing but this has given him an ongoing PR nightmare to deal with. Uber, Deliveroo and Amazon have opted for self-employed.

The HMRC are cracking down on the self-employed method and are setting up task-forces to target companies as a way of recovering unpaid tax (the lost NI contributions).

Trade unions have recently lodged a case in the Employment Tribunal against Uber and were successful. The Judge declared that regardless of what a paper contract may say... the real nature of the relationship for Uber taxi drivers was that of a Worker and not self-employed.

This means that Uber now must pay National minimum wage, holidays, sick pay and NI contributions for all their Uber taxi drivers.... and the simple result is that our taxi fare will rise as a consequence. We can expect the same decision for Amazon and Deliveroo delivery drivers also.