

6th February 2015

3HR Legal Weekly

Employment

The End of Zero-Hours Contracts?

Zero hours contracts are employment contracts where there is no obligation to offer the employee work, unlike regular employment contracts which usually have a specified number of guaranteed hours. Workers on zero hour contracts do have rights to annual leave and national minimum wage, and they accrue 'continuous service' which counts towards employment rights such as redundancy pay. Workers are also protected from discrimination.

As there is no obligation to offer work, a zero hours contract worker does not know whether they will have any work from one week to the next, therefore critics have highlighted concerns about job security. These workers are unlikely to be approved for credit or mortgages because they have no guaranteed income and are more likely to claim benefits during periods where no work is available, thereby increasing the welfare bill. However, few workers truly enjoy job security and employers who face fixed costs for higher, permanent salaries may be at greater risk of having to make redundancies.

One of the main criticisms of zero hours contracts is that they often include 'exclusivity clauses' which prevent an employee from undertaking any work elsewhere. This can be important for employers who want to make sure employees are available to complete work or do not want them working in a position which may give rise to a conflict of interest.

The Small Business, Enterprise and Employment Bill is currently working its way through Parliament. The Bill includes provisions making exclusivity clauses in zero-hours contracts unenforceable and giving the Secretary of State power to make further regulations to address any attempts by employers to bypass the exclusivity ban. Zero-hours workers will also be able to claim compensation in the employment tribunals for breach of the exclusivity ban provisions.

Zero-hours contracts have been around for some time and are probably here to stay, but the proposed legislation is unlikely to quieten the critics, so these contracts are likely to remain under the spotlight for now. We would therefore urge employers who want to use these contracts to consider whether they can allow flexibility in regards to additional work, as this will lead to greater employee satisfaction.

Emma Mursell
Solicitor

E: emma.mursell@3hrlegal.com



Commercial

Legal Expenses Insurance: Your Right to Choose a Lawyer

If you or your business have legal expenses insurance, and you have had recent cause to use it, you may find yourself appointed a 'panel solicitor' – a solicitor of the insurer's choice, appointed to provide advice and assistance. Insurers tend to have solicitors whom they regularly instruct, usually for commercial reasons.

What you may not know is that the insurer only has the freedom to choose which solicitor to appoint *up to the time where legal proceedings start* (i.e. when the claim form is issued).

Once legal proceedings start, regulation 6 of the Insurance Companies (Legal Expenses Insurance) Regulations 1990 allows policyholders to choose their own solicitors. Insurers should have no objection to using a policyholder's own solicitor once proceedings have started and in some limited circumstances, will allow the policy holder to appoint their own solicitor from the start.

Make sure that you read your legal expenses insurance policy carefully. Any legal costs that are incurred before the claim was notified or before the insurer authorised the costs are usually expressly excluded. It is also important to notify your insurer about a potential claim as soon as reasonably possible.

Any disputes regarding your legal expenses insurance policy can be referred to the Financial Ombudsman Service who will review the terms of the policy and the cause of the dispute, within the framework of the Regulations.

Should you have any ongoing litigation matters that have been appointed to your insurer's panel solicitors and you wish to transfer the conduct of these matters to 3HR, please contact us immediately. 3HR can also assist you with any referrals to the Financial Ombudsman Service.

Shamina Chowdhury
Solicitor

E: shamina.chowdhury@3hrlegal.com



This newsletter is designed to provide general information only. It does not constitute legal or other professional advice and thus should not be relied on. Definitive advice can only be given with full knowledge of all relevant facts. If you would like to discuss any aspect further, please contact us.

3HR Legal Ltd is a Solicitors Practice, authorised and regulated by the Solicitors Regulation Authority.
The registered office is New Broad Street House, 35 New Broad Street, London EC2M 1NH, registered in England and Wales no: 08198795
Tel: 0207 194 8140 Web: www.3hrlegal.com