



U.K. Court Rules in Favor of Worker Status in Gig Economy Case

Insights

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When are gig workers not independent contractors? A case decided earlier this month by Britain's highest court may help to answer that question.

The case involved a man named Gary Smith who worked as a contractor for Pimlico Plumbers for six years until he was fired in 2011 after he tried to reduce his hours. Smith accused the company of unfair dismissal, making unlawful deductions from his wages, not paying him for statutory annual leave, and discrimination.

An employment tribunal decided that while Smith was not an "employee" of the company, he was a "worker" and therefore could pursue some of his claims. In Britain, people classified as workers are entitled to certain employment rights, including minimum hourly wage, holiday pay, rest breaks, and protection from discrimination.

Pimlico Plumbers appealed the tribunal's decision, arguing that Smith was self-employed. Britain's Supreme Court rejected this argument in its June 13 decision, concluding that the degree of control the company exerted over Smith's working conditions was "inconsistent with his being a truly independent contractor." Among other relevant facts, the court noted that Pimlico Plumbers required Smith to wear a company branded uniform and to lease one of its vans which displayed the company's logo and was equipped with a GPS tracker. Smith was also required to work a minimum number of hours per week and the company restricted his ability to compete with it for plumbing work.

This decision follows several other rulings in Britain also finding gig workers were entitled to certain employment protections. A 2016 decision by an employment tribunal concluding that a group of Uber drivers should be classified as "workers" rather than self-employed contractors, and therefore must receive minimum wage and paid time off, is still being appealed.

The Pimlico Plumbers decision also comes nearly a year after a major study in Britain concluding that a new category of worker—the "dependent contractor"—should be created to secure greater flexibility and protections for gig workers.

So what, if anything, does this case mean for businesses operating in the United States? The U.S. and Britain are estimated to have similar percentages of their workforces involved in the gig economy, and the Pimlico Plumbers ruling will likely be used to push for greater protections for gig workers.

and the Pimlico Plumbers ruling will likely be used to push for greater protections for gig workers on both sides of the pond. The ruling will also likely put additional pressure on lawmakers at home and abroad to provide greater clarity on how businesses involved in the gig economy should classify their workforce.