



UK Workplace Reforms Will Impact—But Not Disrupt—The Gig Economy

Insights

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The British government announced workplace reforms yesterday (which include new legislation) that will impact employers including gig economy companies, although the reforms do not seek a “radical reworking of existing business models.” The reforms set forth in the “Good Work Plan” are based on an independent review of modern working practices conducted by Matthew Taylor (“Taylor’s Review”), chief executive of the Royal Society of Arts. Taylor’s Review was commissioned by the Prime Minister, and the Reforms bring forward 51 of Taylor’s 53 recommendations.

Highlights of the proposed reforms include:

- Eliminating a legal loophole that permits agency employees to be paid less than permanent employees;
- Requiring companies to provide a “statement of rights” on the first day of a person’s employment which sets forth their pay and leave entitlements, including rights to paid leave;
- Significantly increasing the maximum fine employers may face before a tribunal if found to have demonstrated “malice, spite or gross oversight;”
- Requiring companies to calculate holiday pay based on 52 weeks, as opposed to 12 weeks, to permit employees in “seasonal or atypical roles get the paid time off they are entitled to;”
- Introducing a right for all workers to request a more predictable and stable contractual arrangement;
- The creation of a new labor market enforcement agency to enforce workers’ rights and increased resources for the Employment Agency Standards (EAS) Inspectorate;
- Enforcing vulnerable workers’ holiday pay for the first time; and
- Requiring that tips left for workers are fully paid to them.

While the reforms proposed by the Good Work Plan will provide greater protections to UK’s workforce and provide for more “two-way flexibility,” the Plan recognizes the important role that flexible work opportunities play in the modern economy. In fact, Taylor’s Review found that the flexibility provided by the gig economy was not “incompatible with ensuring that more atypical workers have access to employment and social security protections.” Time will tell how these proposed reforms play out and their full impact on gig companies operating in the UK.

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