



HR Broadcast –

Zero Hours Contracts (ZHCs)

Many of you who know me well will know that, despite the perceived general opposition to them, I am a big supporter of ZHCs, provided that the contract is well drafted and both the employer and employee fully understand the content of the contract and what each other's obligations are.

But what is a ZHC? A ZHC contract is accepted as a contract between the employer and a worker; however the employer is not obliged to provide any minimum hours and conversely the worker is not obliged to accept any work that the employer may offer. It is generally accepted that the ZHC gives the worker employment status and that ZHC workers have the same employment rights as regular employees. The ZHC employee is entitled to annual leave and the National Minimum Wage. Calculating annual holiday can be quite difficult.

Thankfully, the law prevents employers from enforcing 'exclusivity clauses' in a ZHC. An exclusivity clause is where an employer restricts workers from working for other employers and logically this would be unfair.

The general perception over the past two to three years has been that ZHCs offer low quality work on unfair terms. I was

therefore very interested in new research from the Chartered Institute of Personnel & Development which reveals that people working on ZHCs are just as happy as employees on permanent, full-time contracts. The report finds that those employed on ZHCs value the flexibility they offer, are more likely to say they have the correct work-life balance and are less likely to feel under excessive pressure at work on a frequent basis. However, with less involvement in the workplace and more distant transactional relationships with line managers, ZHCs won't suit all working situations.

I believe that ZHCs will remain controversial for some time to come, but the number of people on them is increasing so love them or hate them, they look set to become a permanent feature of the UK labour market.

According to the Labour Market Outlook 25% of all employers in the UK use a ZHC somewhere in their workplace. Interestingly 58% of employers give employees the option of turning work down, which, again, goes against public perception.



The mean number of hours usually worked by zero-hours contract workers is 19.4 hours a week.

The Governments article suggests;

1. Zero hours contracts might not be appropriate if the job offered will mean the individual will work regular hours over a continuous period of time. For example, if an individual is asked to work from 9am to 1pm, Monday to Wednesday for a 12 month period, it may be more appropriate to offer that worker a permanent part time contract or even a fixed term contract.
2. Zero hours contracts do not allow employers to avoid their responsibilities. All staff, regardless of their contract, are entitled to employment rights and should be treated fairly and within the law.
3. Zero hours contracts are rarely appropriate to run the core business, but might be useful for unexpected or irregular events such as bereavement leave needed by staff, to deliver sufficient customer service during peaks in demand, or when preparing to open a new store. Many businesses provide a

regular service or product and have a broadly predictable timetable or output and so permanent or fixed hour contracts can be more appropriate.

My opinion, which is supported by the CIPD article, is that ZHCs give employers a method of managing fluctuation in workflow and give great flexibility to the employee.

So, if you need greater flexibility in your workplace but can't guarantee full time hours on an on-going basis a well drafted ZHC is worth considering.