

Not Such a Good Gig

A review last week as to jobs in the gig economy has called for better jobs to be created, but is it that simple to implement?

Matthew Taylor was asked by the Prime Minister to lead this independent review into how employment practices need to change to keep pace with modern business models. This review considered the implications of new terms of work driven by digital platforms, employee rights and responsibilities, employer freedoms and obligations and existing regulatory framework surrounding employment.

What is clear from this review is that it concludes there should be genuine two-way flexibility for people who are part of the gig economy. Moreover, the workers should be given more rights because there is a presumption similar to that of the old HMRC test that where a person is controlled and supervised they are not self-employed, in fact, they are employees. As such, if they are employees it is not unreasonable for them to expect employee protection. This means that people who do casual work through a smart phone app, cannot argue they are employed as they will fail the “controlled and supervised” test, hence there is a need for a special provision.

Matthew Taylor said specific provision had to be made in circumstances where a company has no control as to where people offer themselves up for work. He was of the view that there should be a 20% premium in earning to even out the rates between these workers and conventional employees. It is thought by doing this there will be more transparency so people who want to participate in the gig economy by doing these jobs, do so on an informed basis as they will know at any point in time what the average earnings are. Following this logic through to the end means that potentially such employers may open themselves up to having to pay employee' national insurance.

The real question is, can all of this be implemented? There has to be clarity of relationship to prevent abuse for people who are truly self-employed to people who are employees. As ever, only time will tell and in my view it is inevitable that people will always drift to those jobs that have more benefits and pay overall as compared with others. In the same way other companies may choose to employ people through zero hour contracts as their way through.

We are in a state of full employment and this has in part been created through the rise in the gig economy and those who regard themselves as being self-employed are being taken out of the labour market. Given that there is a desire for workers to have more stable work, the new repeal bill, as a result of Brexit, may be a good time to overhaul the employment laws to deal with the ever changing world we live in.