

# NEWS BRIEF

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## Uber Drivers Win Employment Law Case with Big Implications for Employers

On 28th October, a London employment tribunal ruled that drivers for Uber, a ride-hailing app, should be classified as employees of the company rather than self-employed individuals using the company's software. This new classification means that Uber drivers are now entitled to receive holiday pay, rest breaks and the National Living Wage. This momentous decision has wide-ranging implications for the 40,000 Uber drivers in the United Kingdom and employment law in general.

Even though Uber has announced that it will appeal the court's ruling, it is nevertheless important that you, as a member of the 'sharing economy' or as an employer, understand the significant impact that this decision could have.

### How Does This Affect Me as a Member of the Sharing Economy?

Whilst the full repercussions of this decision are not yet entirely known, the impact could extend beyond Uber drivers. Employment law experts are speculating that this case will impact not only UK Uber drivers, but all workers in the sharing economy whose employers may wrongly classify them as self-employed in order to skirt around having to pay the National Living Wage and offer paid holiday. The problem is widespread—Citizens Advice estimates that every year employers avoid paying £314 million in tax and employer national insurance contributions by falsely classifying employees. Workers for other sharing economy companies could therefore see similar cases challenging their self-employed status.

However, it is still unclear whether the court's ruling will cause a sea change throughout Britain's sharing economy, as Uber immediately announced

it would appeal the decision. Any payments due to Uber drivers will not be feasibly made until Uber has exhausted its legal options.

### How Does This Affect Me as an Employer?

Legal experts welcome the decision as evidence that employment law is now catching up with the way people work. This affects you as an employer, since such a comprehensive decision could signal a major overhaul of employment law in order to ensure that everyone—from full-time employees to the self-employed—has the same system of protection. Add to that the fact that, in October, Prime Minister Theresa May assigned former Labour adviser Matthew Taylor to review whether workers' rights and practices are keeping pace with how we work, and employment law may be in for a shake-up over the next several months.

However, regardless of whether a new regime is introduced in the near future, employers should regard the ruling as a salutary lesson—especially if they try to arbitrarily 'classify' workers as self-employed or contractors in order to avoid providing them with their full employment rights.

Therefore, as an employer, it is essential that you review your employment contracts to ensure that all employees are properly classified and your employment practices are fully compliant. Pay special attention to ensure that your employees receive the rights they are afforded according to their [employment status](#), and that eligible employees are receiving the [National Living Wage](#). For more information on general employment law, contact the insurance professionals at **Crendon Insurance Brokers Ltd** today.

