

*These notes refer to the Small Business, Enterprise and Employment Act 2015 (c.26) which received Royal Assent on 26 March 2015*

# **SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT ACT 2015**

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## **EXPLANATORY NOTES**

### **BACKGROUND AND SUMMARY**

#### **Part 11: Employment**

##### **Exclusivity Terms in Zero Hours Contracts**

84. Zero hours contracts have no exact definition but can broadly be described as employment contracts that do not guarantee the individual hours of work or income. Following a review in 2013, which involved discussions with trade unions and business groups, the Government decided to consult on the issue of zero hours contracts. In particular, the consultation focused on a lack of transparency about these contracts and the merit of exclusivity terms, which prevent an individual from working for more than one employer. That consultation ran from December 2013 to March 2014, and received over 36,000 responses. The vast majority (83%) of these responses were in favour of banning exclusivity terms in zero hours contracts as they were considered to be unjustifiable.
85. Following that first consultation, the Government decided to render unenforceable exclusivity terms in zero hours contracts. This will allow individuals engaged on a zero hours contract, whose current employers are unable to offer them enough work, to boost their income by working elsewhere if they so wish.
86. The Small Business, Enterprise and Employment Act 2015 includes an order making power that allows for Regulations to tackle avoidance of the exclusivity ban and provide routes of redress. Following a consultation in 2014 on that order making power, draft proposals for those Regulations were published on 11 March 2015.