

Government about to lose battle for contractors in brussels

All UK contractors are about to lose a major battle, as the Government is expected to fail to prevent the adoption of an EU law that will change the way that they work.

The [Agency Workers Directive](#), which was first drafted in 2002, forces recruiting and temporary agencies to give the same rights to their workers that employees have. This directive is about to pass the Council of Ministers in Brussels, and there does not appear to be anything that the Government's business and enterprise secretary can do about it.

Government Loses EU Battle

What has happened is a matter of European Union politics. The present presidency of the European Union is held by Portugal, represented by Portuguese Finance Minister José Viera da Silva. Da Silva is determined to see that important social legislation is passed during his nation's presidency, and has made this directive a priority. Da Silva has also arranged to get backing for it from a majority of EU nations, so the UK is outvoted. The UK cannot veto this directive (as it can in other circumstances for EU laws). Says EU legal expert Alasdair Geater: "The veto is effectively no longer possible under past treaty compromises."

UK Business and Enterprise secretary John Hutton is on the way to Brussels where a Ministers Meeting will be held tomorrow. But it is difficult to see at this point what Hutton can do to prevent a vote on this measure, a vote that the UK will lose. It is a major defeat for the Government which has come out opposing the directive repeatedly since it was first drafted.

But the Government, which has been no friend to contractors, is under heavy pressure from the trade unions to accept this directive in exchange for UK approval of another one which guarantees a 48-hour work week for employers.

If voted into law, the directive will not yet become UK law. Parliament must pass it into law within a delay of about a year.

"If the directive becomes law, it will be a horrendous development for the UK contracting industry, one which would expose agencies and employers to one court case after another," says Adrian Marlowe, managing director of the Hove-based legal consultancy [Lawspeed](#) which specialises in recruitment and contractor affairs.

How Many Contracts Lost?

But never mind agencies and employers: the number of contracts available to us contractors will diminish by at least one-third, according to estimates by the London-based [Confederation of British Industry](#). "A quarter of a million UK jobs are on the line," says John Cridland, deputy director of the CBI.

For top-level IT contractors and engineers, companies will have to adjust to a new cost base. The skills shortage in the UK is so grave, in IT and engineering that it is unlikely that companies will be able to do without their contractors and will find a way forward.

For contractors who have successfully created their own small businesses, the new law will not change much either. They will continue to use service contracts as before.

Those who will be affected are the vast majority of us who work on one contract at a time. Here it will no longer be worth a company's while to hire you on this basis; they'll either employ you, or they won't. If you are in this position, the effect of the directive may well be to price you out of the market.

Contractors are advised to review their skill sets, and if yours is not in heavy demand, consider acquiring another one that is more so.

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