

*These notes refer to the Employment Act 2002
(c.22) which received Royal Assent on 8 July 2002*

EMPLOYMENT ACT 2002

EXPLANATORY NOTES

GLOSSARY

Administration Act

The Social Security Administration Act 1992: the Act that contains most of the rules and regulation-making powers to specify how social security benefits should be claimed, paid and administered. It consolidated the existing legislation in 1992, and has been amended subsequently. See also the Social Security Contributions and Benefits Act 1992.

Advisory Conciliation and Arbitration Service

ACAS a permanent independent body - works to prevent and resolve employment disputes, conciliates in actual or potential complaints to employment tribunals, provides information and advice and promotes good practice.

ACAS Code of Practice on Discipline and Grievance Procedures

Gives employers practical advice on how to deal with disciplinary matters. Tribunals take into account any provision of the Code, which appears to them to be relevant to any question before them. They do not expect all employers to follow the Code to the letter regardless of their particular circumstances, but to decide to what extent it is practicable and necessary for an employer to do so given the size and administrative resources of his or her firm. Legislation specifically requires tribunals to take these factors into account when determining whether the employer acted reasonably.

Disability Discrimination Act 1995

The Disability Discrimination Act 1995 introduces, over a period of time, new laws and measures aimed at ending the discrimination faced by many people with disabilities. It gives disabled people new rights in employment, access to goods, facilities and services and the management, buying or renting of property.

Equal Pay Act 1970

The Equal Pay Act 1970 was introduced to make it unlawful to offer different pay and conditions where women and men are doing the same or like work or rated as equivalent in the same employment.

Equal Pay Directive

The Equal Pay Directive (75/117EC) requires employers to pay women the same pay as men for equal work or work of equal value, and is implemented in the UK to apply to all employers through the Equal Pay Act 1970 (as amended).

The Employment Appeal Tribunal Rules 1993 (SI 1993/2854) (as amended)

The rules contain provisions relating to proceedings before the EAT, including on the institution of appeals, attendance of witnesses and production of documents, oral hearings, hearings in private and drawing up orders disposing of appeals.

Employment Rights Act 1996

These and other provisions relating to individual employment rights were consolidated into the Employment Rights Act 1996, bringing them together in a more concise and readily accessible form. A number of amendments have been made to the 1996 Act, principally by the Employment Relations Act 1999.

Employment Tribunals Act 1996

This Act contains provisions relating to the constitution, powers and procedure of employment tribunals and the Employment Appeal Tribunal.

Employment Tribunals Rules of Procedure

The rules governing the procedure of employment tribunals in Great Britain, made under powers in the Employment Tribunals Act 1996, and set out in the Employment Tribunals (Constitution and Rules of Procedure) Regulations 2001 ([SI 2001/1171](#)) and the Employment Tribunals (Constitution and Rules of Procedure) (Scotland) Regulations 2001 ([SI 2001/1170](#)).

Expected week of confinement (EWC)

The week containing the date on which the woman expects to be confined. Confined means labour resulting in child born alive or labour after 24 weeks of pregnancy resulting in the birth of a child alive or dead.

Employment Relations Act 1999

The provisions of this Act form part of a package of reforms to employment and trade union law outlined in the Government's White Paper, *Fairness at Work*, published in May 1998.

Human Rights Act 1998

An Act to give further effect to rights and freedoms guaranteed under the European Convention on Human Rights

Incapacity Benefit (IB)

A taxable contributory benefit introduced in April 1995 to replace Sickness and Invalidity Benefits for people who are unable to work because of illness or disability. Payable weekly at 1 of 3 rates:

- a short-term lower rate: payable to those who do not qualify for Statutory Sick Pay, for the first 28 weeks of incapacity
- a short-term higher rate: payable from 28 weeks to 52 weeks of incapacity
- a long-term rate: payable after 52 weeks of incapacity

Income Support (IS)

An income-related (means-tested) benefit for people who are not in work (or working less than 16 hours a week) and whose income is less than a specified level. It is calculated on the basis of age, family membership and other prescribed circumstances.

Invalid Care Allowance (ICA)

A non-contributory, non-means-tested benefit for people who give up the opportunity of full-time work to provide care on a regular and substantial basis (at least 35 hours or more a week) to a severely disabled person.

Jobseeker's Act 1995

The Act that introduced Jobseeker's Allowance.

Jobseeker's Allowance (JSA)

Jobseeker's Allowance is the social security benefit for people who are unemployed or who are working for less than 16 hours per week. To qualify for JSA a jobseeker must be capable of work, available for work, actively seeking work, and must enter into a "Jobseeker's Agreement" which sets out the steps he will take in order to find work. Jobseekers who have paid sufficient National Insurance contributions can receive contribution-based JSA at a personal rate for up to six months. Those who do not qualify for contribution-based JSA, or whose needs are not met by the contribution-based allowance, can claim income-based JSA for themselves and their dependants subject to a means test. Income-based JSA is paid for as long as needed, provided that the qualifying conditions continue to be met.

Lower Earnings Limit (LEL)

The level of earnings at which people secure entitlement to contributory benefits. Weekly earnings above this point (and up to the Upper Earnings Limit) accrue entitlement to SERPS or to contracted-out rebates. Employee National Insurance contributions are payable on earnings above the Primary Threshold, which is also the Income Tax Personal Allowance, up to the Upper Earnings Limit. However, for contributory benefit purposes, National Insurance contributions are treated as paid on earnings between the Lower Earnings Limit and the Primary Threshold.

Maternity Allowance (MA)

Maternity Allowance is paid to certain women who do not qualify for Statutory Maternity Pay, to the self-employed, and to recently employed women. To qualify, they must have been employed or self-employed in at least 26 of the 66 weeks (the test period) ending with the week before the Expected Week of Confinement (EWC). There are two rates of MA. Women whose average earnings are at least equal to the Lower Earnings Limit in force at the beginning of their test period receive standard rate MA. Women whose average earnings are below that Lower Earnings Limit but at least £30 receive 90% of their average weekly earnings (subject to a £62.20 maximum).

National Insurance contributions

Contributions payable by those in work and their employer into the National Insurance fund, which are used to pay contributory social security benefits to qualifying individuals. Self-employed people pay a lower rate but have more limited rights to benefits.

New Deal

New Deal is a key part of the Government's Welfare to Work strategy. It has been created to help unemployed people into work by closing the gap between the skills employers want and the skills people can offer.

Partner

"Partner" means a person who is a member of the same couple as the claimant.

Paye

Stands for 'Pay As You Earn'. Most people pay income tax under this system. Under PAYE, employers take tax from weekly or monthly earnings and pay it over to the Inland Revenue.

Race Relations Act 1976

An Act that made provisions with respect to discrimination on racial grounds and relations between people of different racial groups.

Sex Discrimination Act 1975

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An Act that renders unlawful certain kinds of sex discrimination and discrimination on the grounds of marriage, and establishing a Commission with the function of working towards the elimination of such discrimination and promoting equality of opportunity between men and women.

Social Security Contributions and Benefits Act 1992

The Social Security Contributions and Benefits Act 1992: contains most of the provisions for setting out the rules for National Insurance Contributions and entitlement to social security benefits (with the exception of Jobseeker's Allowance). It consolidated the existing legislation when it was introduced in 1992, and has been amended since then. Several sections of this Act have their effect by amending it. See also the Administration Act.

Social Security Act 1998

Provided for a new system for making decisions on cases and handling disputes and appeals.

Statutory Sick Pay

Statutory Sick Pay is administered by the employer, up to a period of 28 weeks, if the employee has been sick for at least 4 consecutive days (including weekends and bank holidays), and if the employee earns enough on average for it to be relevant for National Insurance purposes. Cases of dispute are dealt with by the Inland Revenue.

Statutory Maternity Pay (SMP)

Statutory Maternity Pay is paid to pregnant employees (or those who have given birth) who satisfy two basic tests. A woman must have been employed continuously by her employer for at least 26 weeks into the 15th week before the expected week of confinement (EWC); and she must earn on average at or above the Lower Earnings Limit (LEL) (currently £72 a week). There are two weekly rates. The higher rate is 90% of the employee's average weekly earnings and is payable for the first six weeks for which SMP is payable. The lower rate is a standard rate (currently £62.20) which is reviewed annually and is payable for the remaining weeks of the Maternity Pay Period.

Tax Credits Act 1999

An Act to provide for family credit and disability working allowance to be known, respectively, as working families' tax credit and disabled person's tax credit; and to make further provision with respect to those credits, including provision for the transfer of functions relating to them.

Trade Union and Labour Relations (Consolidation) Act 1992

Brings together all collective employment rights including trade union finances and elections; union members' rights including dismissal, time off; redundancy consultation; ACAS, CAC and CROTUM; industrial action legislation. Does not cover individual rights like unfair dismissal, redundancy pay, maternity etc (these are covered by 1978 EPCA)

Upper Earnings Limit

The level of weekly earnings above which there is no liability for employee National Insurance contributions. It sets the upper limit for the weekly earnings on which SERPS accrue and which qualify for contracted-out rebates. See also Lower Earnings Limit.

Welfare Reform and Pensions Act 1999

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Introduced a range of measures relating to Social Security benefits (including the introduction of Work-focused interviews), pensions and National Insurance contributions.

Working Families' Tax Credits

A tax credit payable to working families depending on their circumstances, which has replaced Family Credit and is administered by the Inland Revenue, and is paid through the pay packet.