STATUTORY INSTRUMENTS

2002 No. 2034

TERMS AND CONDITIONS OF EMPLOYMENT

The Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002

Made - - - - 30th July 2002

Coming into force - - 1st October 2002

Whereas a draft of the following Regulations was laid before Parliament in accordance with section 51(4) of the Employment Act 2002(1) and approved by a resolution of each House of Parliament:

Now, therefore, the Secretary of State, in exercise of the powers conferred on her by sections 45 and 51(1) of the Employment Act 2002, hereby makes the following Regulations:

PART 1

GENERAL AND INTERPRETATION

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002 and shall come into force on 1st October 2002.

(2) In these Regulations—

“the 1996 Act” means the Employment Rights Act 1996(2);

“collective agreement” means a collective agreement within the meaning of section 178 of the Trade Union and Labour Relations (Consolidation) Act 1992(3); the trade union parties to which are independent trade unions within the meaning of section 5 of that Act;

“employer”, in relation to any employee, means the person by whom the employee is (or, where the employment has ceased, was) employed;

“fixed-term contract” means a contract of employment that, under its provisions determining how it will terminate in the normal course, will terminate—

(a) on the expiry of a specific term,

(1) 2002 c. 22
(2) 1996 c. 18.
(3) 1992 c. 92.
on the completion of a particular task, or
(c) on the occurrence or non-occurrence of any other specific event other than the attainment by the employee of any normal and bona fide retiring age in the establishment for an employee holding the position held by him,
and any reference to “fixed-term” shall be construed accordingly;
“fixed-term employee” means an employee who is employed under a fixed-term contract;
“permanent employee” means an employee who is not employed under a fixed-term contract, and any reference to “permanent employment” shall be construed accordingly;
“pro rata principle” means that where a comparable permanent employee receives or is entitled to pay or any other benefit, a fixed-term employee is to receive or be entitled to such proportion of that pay or other benefit as is reasonable in the circumstances having regard to the length of his contract of employment and to the terms on which the pay or other benefit is offered;
“renewal” includes extension and references to renewing a contract shall be construed accordingly;
“workforce agreement” means an agreement between an employer and his employees or their representatives in respect of which the conditions set out in Schedule 1 to these Regulations are satisfied.

Comparable employees

2.—(1) For the purposes of these Regulations, an employee is a comparable permanent employee in relation to a fixed-term employee if, at the time when the treatment that is alleged to be less favourable to the fixed-term employee takes place,
(a) both employees are—
   (i) employed by the same employer, and
   (ii) engaged in the same or broadly similar work having regard, where relevant, to whether they have a similar level of qualification and skills; and
(b) the permanent employee works or is based at the same establishment as the fixed-term employee or, where there is no comparable permanent employee working or based at that establishment who satisfies the requirements of sub-paragraph (a), works or is based at a different establishment and satisfies those requirements.
(2) For the purposes of paragraph (1), an employee is not a comparable permanent employee if his employment has ceased.

PART 2
RIGHTS AND REMEDIES

Less favourable treatment of fixed-term employees

3.—(1) A fixed-term employee has the right not to be treated by his employer less favourably than the employer treats a comparable permanent employee—
   (a) as regards the terms of his contract; or
   (b) by being subjected to any other detriment by any act, or deliberate failure to act, of his employer.
(2) Subject to paragraphs (3) and (4), the right conferred by paragraph (1) includes in particular the right of the fixed-term employee in question not to be treated less favourably than the employer treats a comparable permanent employee in relation to—

(a) any period of service qualification relating to any particular condition of service,
(b) the opportunity to receive training, or
(c) the opportunity to secure any permanent position in the establishment.

(3) The right conferred by paragraph (1) applies only if—

(a) the treatment is on the ground that the employee is a fixed-term employee, and
(b) the treatment is not justified on objective grounds.

(4) Paragraph (3)(b) is subject to regulation 4.

(5) In determining whether a fixed-term employee has been treated less favourably than a comparable permanent employee, the pro rata principle shall be applied unless it is inappropriate.

(6) In order to ensure that an employee is able to exercise the right conferred by paragraph (1) as described in paragraph (2)(c) the employee has the right to be informed by his employer of available vacancies in the establishment.

(7) For the purposes of paragraph (6) an employee is “informed by his employer” only if the vacancy is contained in an advertisement which the employee has a reasonable opportunity of reading in the course of his employment or the employee is given reasonable notification of the vacancy in some other way.

**Objective justification**

4.—(1) Where a fixed-term employee is treated by his employer less favourably than the employer treats a comparable permanent employee as regards any term of his contract, the treatment in question shall be regarded for the purposes of regulation 3(3)(b) as justified on objective grounds if the terms of the fixed-term employee’s contract of employment, taken as a whole, are at least as favourable as the terms of the comparable permanent employee’s contract of employment.

(2) Paragraph (1) is without prejudice to the generality of regulation 3(3)(b).

**Right to receive a written statement of reasons for less favourable treatment**

5.—(1) If an employee who considers that his employer may have treated him in a manner which infringes a right conferred on him by regulation 3 requests in writing from his employer a written statement giving particulars of the reasons for the treatment, the employee is entitled to be provided with such a statement within twenty-one days of his request.

(2) A written statement under this regulation is admissible as evidence in any proceedings under these Regulations.

(3) If it appears to the tribunal in any proceedings under these Regulations—

(a) that the employer deliberately, and without reasonable excuse, omitted to provide a written statement, or
(b) that the written statement is evasive or equivocal,

it may draw any inference which it considers it just and equitable to draw, including an inference that the employer has infringed the right in question.
(4) This regulation does not apply where the treatment in question consists of the dismissal of an employee, and the employee is entitled to a written statement of reasons for his dismissal under section 92 of the 1996 Act.

Unfair dismissal and the right not to be subjected to detriment

6.—(1) An employee who is dismissed shall be regarded as unfairly dismissed for the purposes of Part 10 of the 1996 Act if the reason (or, if more than one, the principal reason) for the dismissal is a reason specified in paragraph (3).

(2) An employee has the right not to be subjected to any detriment by any act, or any deliberate failure to act, of his employer done on a ground specified in paragraph (3).

(3) The reasons or, as the case may be, grounds are—

(a) that the employee—

(i) brought proceedings against the employer under these Regulations;

(ii) requested from his employer a written statement under regulation 5 or regulation 9;

(iii) gave evidence or information in connection with such proceedings brought by any employee;

(iv) otherwise did anything under these Regulations in relation to the employer or any other person;

(v) alleged that the employer had infringed these Regulations;

(vi) refused (or proposed to refuse) to forgo a right conferred on him by these Regulations;

(vii) declined to sign a workforce agreement for the purposes of these Regulations, or

(viii) being—

(aa) a representative of members of the workforce for the purposes of Schedule 1, or

(bb) a candidate in an election in which any person elected will, on being elected, become such a representative,

perform (or proposed to perform) any functions or activities as such a representative or candidate, or

(b) that the employer believes or suspects that the employee has done or intends to do any of the things mentioned in sub-paragraph (a).

(4) Where the reason or principal reason for dismissal or, as the case may be, ground for subjection to any act or deliberate failure to act, is that mentioned in paragraph (3)(a)(v), or (b) so far as it relates thereto, neither paragraph (1) nor paragraph (2) applies if the allegation made by the employee is false and not made in good faith.

(5) Paragraph (2) does not apply where the detriment in question amounts to dismissal within the meaning of Part 10 of the 1996 Act.

(4) Section 92 was amended by the Unfair Dismissal and Statement of Reasons for Dismissal (Variation of Qualifying Period) Order 1999 (S.I.1999/1436), Article 3 and by the Employment Relations Act 1999 (c. 26), section 9 and paragraphs 1 and 5 of Part 3 of Schedule 4, and is amended by these Regulations, Schedule 2.

(5) Part 10 is amended by these Regulations, Schedule 2, to extend the circumstances in which, under section 95, an employee is treated as dismissed for the purposes of that Part.
Complaints to employment tribunals etc.

7.—(1) An employee may present a complaint to an employment tribunal that his employer has infringed a right conferred on him by regulation 3, or (subject to regulation 6(5)), regulation 6(2).

(2) Subject to paragraph (3), an employment tribunal shall not consider a complaint under this regulation unless it is presented before the end of the period of three months beginning—

(a) in the case of an alleged infringement of a right conferred by regulation 3(1) or 6(2), with the date of the less favourable treatment or detriment to which the complaint relates or, where an act or failure to act is part of a series of similar acts or failures comprising the less favourable treatment or detriment, the last of them;

(b) in the case of an alleged infringement of the right conferred by regulation 3(6), with the date, or if more than one the last date, on which other individuals, whether or not employees of the employer, were informed of the vacancy.

(3) A tribunal may consider any such complaint which is out of time if, in all the circumstances of the case, it considers that it is just and equitable to do so.

(4) For the purposes of calculating the date of the less favourable treatment or detriment under paragraph (2)(a)—

(a) where a term in a contract is less favourable, that treatment shall be treated, subject to paragraph (b), as taking place on each day of the period during which the term is less favourable;

(b) a deliberate failure to act contrary to regulation 3 or 6(2) shall be treated as done when it was decided on.

(5) In the absence of evidence establishing the contrary, a person shall be taken for the purposes of paragraph (4)(b) to decide not to act—

(a) when he does an act inconsistent with doing the failed act; or

(b) if he has done no such inconsistent act, when the period expires within which he might reasonably have been expected to have done the failed act if it was to be done.

(6) Where an employee presents a complaint under this regulation in relation to a right conferred on him by regulation 3 or 6(2) it is for the employer to identify the ground for the less favourable treatment or detriment.

(7) Where an employment tribunal finds that a complaint presented to it under this regulation is well founded, it shall take such of the following steps as it considers just and equitable—

(a) making a declaration as to the rights of the complainant and the employer in relation to the matters to which the complaint relates;

(b) ordering the employer to pay compensation to the complainant;

(c) recommending that the employer take, within a specified period, action appearing to the tribunal to be reasonable, in all the circumstances of the case, for the purpose of obviating or reducing the adverse effect on the complainant of any matter to which the complaint relates.

(8) Where a tribunal orders compensation under paragraph (7)(b), the amount of the compensation awarded shall be such as the tribunal considers just and equitable in all the circumstances having regard to—

(a) the infringement to which the complaint relates, and

(b) any loss which is attributable to the infringement.

(9) The loss shall be taken to include—

(a) any expenses reasonably incurred by the complainant in consequence of the infringement, and
(b) loss of any benefit which he might reasonably be expected to have had but for the infringement.

(10) Compensation in respect of treating an employee in a manner which infringes the right conferred on him by regulation 3 shall not include compensation for injury to feelings.

(11) In ascertaining the loss the tribunal shall apply the same rule concerning the duty of a person to mitigate his loss as applies to damages recoverable under the common law of England and Wales or (as the case may be) the law of Scotland.

(12) Where the tribunal finds that the act, or failure to act, to which the complaint relates was to any extent caused or contributed to by action of the complainant, it shall reduce the amount of the compensation by such proportion as it considers just and equitable having regard to that finding.

(13) If the employer fails, without reasonable justification, to comply with a recommendation made by an employment tribunal under paragraph (7)(c) the tribunal may, if it thinks it just and equitable to do so—

(a) increase the amount of compensation required to be paid to the complainant in respect of the complaint, where an order was made under paragraph (7)(b); or

(b) make an order under paragraph (7)(b).

Successive fixed-term contracts

8.—(1) This regulation applies where—

(a) an employee is employed under a contract purporting to be a fixed-term contract, and

(b) the contract mentioned in sub-paragraph (a) has previously been renewed, or the employee has previously been employed on a fixed-term contract before the start of the contract mentioned in sub-paragraph (a).

(2) Where this regulation applies then, with effect from the date specified in paragraph (3), the provision of the contract mentioned in paragraph (1)(a) that restricts the duration of the contract shall be of no effect, and the employee shall be a permanent employee, if—

(a) the employee has been continuously employed under the contract mentioned in paragraph 1(a), or under that contract taken with a previous fixed-term contract, for a period of four years or more, and

(b) the employment of the employee under a fixed-term contract was not justified on objective grounds—

(i) where the contract mentioned in paragraph (1)(a) has been renewed, at the time when it was last renewed;

(ii) where that contract has not been renewed, at the time when it was entered into.

(3) The date referred to in paragraph (2) is whichever is the later of—

(a) the date on which the contract mentioned in paragraph (1)(a) was entered into or last renewed, and

(b) the date on which the employee acquired four years' continuous employment.

(4) For the purposes of this regulation Chapter 1 of Part 14 of the 1996 Act shall apply in determining whether an employee has been continuously employed, and any period of continuous employment falling before the 10th July 2002 shall be disregarded.

(5) A collective agreement or a workforce agreement may modify the application of paragraphs (1) to (3) of this regulation in relation to any employee or specified description of employees, by substituting for the provisions of paragraph (2) or paragraph (3), or for the provisions of both of those paragraphs, one or more different provisions which, in order to prevent abuse arising from the use of successive fixed-term contracts, specify one or more of the following—
(a) the maximum total period for which the employee or employees of that description may be continuously employed on a fixed-term contract or on successive fixed-term contracts;
(b) the maximum number of successive fixed-term contracts and renewals of such contracts under which the employee or employees of that description may be employed; or
(c) objective grounds justifying the renewal of fixed-term contracts, or the engagement of the employee or employees of that description under successive fixed-term contracts,
and those provisions shall have effect in relation to that employee or an employee of that description as if they were contained in paragraphs (2) and (3).

Right to receive written statement of variation

9.—(1) If an employee who considers that, by virtue of regulation 8, he is a permanent employee requests in writing from his employer a written statement confirming that his contract is no longer fixed-term or that he is now a permanent employee, he is entitled to be provided, within twenty-one days of his request, with either—

(a) such a statement, or
(b) a statement giving reasons why his contract remains fixed-term.

(2) If the reasons stated under paragraph (1)(b) include an assertion that there were objective grounds for the engagement of the employee under a fixed-term contract, or the renewal of such a contract, the statement shall include a statement of those grounds.

(3) A written statement under this regulation is admissible as evidence in any proceedings before a court, an employment tribunal and the Commissioners of the Inland Revenue.

(4) If it appears to the court or tribunal in any proceedings—

(a) that the employer deliberately, and without reasonable excuse, omitted to provide a written statement, or
(b) that the written statement is evasive or equivocal,

it may draw any inference which it considers it just and equitable to draw.

(5) An employee who considers that, by virtue of regulation 8, he is a permanent employee may present an application to an employment tribunal for a declaration to that effect.

(6) No application may be made under paragraph (5) unless—

(a) the employee in question has previously requested a statement under paragraph (1) and the employer has either failed to provide a statement or given a statement of reasons under paragraph (1)(b), and
(b) the employee is at the time the application is made employed by the employer.

PART 3

MISCELLANEOUS

Restrictions on contracting out

10. Section 203 of the 1996 Act(6) (restrictions on contracting out) shall apply in relation to these Regulations as if they were contained in that Act.

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(6) Section 203 was amended by the Employment Rights (Dispute Resolution) Act 1998 (c. 8) and by the Employment Relations Act 1999, section 44 and Schedule 9.
Amendments to primary legislation

11. The amendments in Part 1 of Schedule 2 to these Regulations shall have effect subject to the transitional provisions in Part 2 of the Schedule.

Liability of employers and principals

12.—(1) Anything done by a person in the course of his employment shall be treated for the purposes of these Regulations as also done by his employer, whether or not it was done with the employer’s knowledge or approval.

(2) Anything done by a person as agent for the employer with the authority of the employer shall be treated for the purposes of these Regulations as also done by the employer.

(3) In proceedings under these Regulations against any person in respect of an act alleged to have been done by an employee of his, it shall be a defence for that person to prove that he took such steps as were reasonably practicable to prevent the employee from—

(a) doing that act, or

(b) doing, in the course of his employment, acts of that description.

PART 4
SPECIAL CLASSES OF PERSON

Crown employment

13.—(1) Subject to regulation 14, these Regulations have effect in relation to Crown employment and persons in Crown employment as they have effect in relation to other employment and other employees.

(2) For the purposes of paragraphs (1) and (3) a person is to be regarded as being in Crown employment only if—

(a) he is in employment under or for the purposes of a government department or any officer or body exercising on behalf of the Crown functions conferred by a statutory provision, and

(b) having regard to the terms and conditions under which he works, he would be an employee if he was not in Crown employment.

(3) For the purposes of the application of the provisions of these Regulations in relation to Crown employment and persons in Crown employment in accordance with paragraph (1)—

(a) references to an employee shall be construed as references to a person in Crown employment;

(b) references to a contract of employment shall be construed, in relation to a person in Crown employment, as references to the terms and conditions mentioned in paragraph (2)(b); and

(c) references to dismissal shall be construed as references to the termination of Crown employment.

Armed forces

14.—(1) These Regulations—

(a) do not apply to service as a member of the naval, military or air forces of the Crown, but
(b) do apply to employment by an association established for the purposes of Part 11 of the Reserve Forces Act 1996(7).

House of Lords staff

15.—(1) These Regulations have effect in relation to employment as a relevant member of the House of Lords staff as they have effect in relation to other employment.

(2) In this regulation “relevant member of the House of Lords staff” means any person who is employed under a contract with the Corporate Officer of the House of Lords by virtue of which he is an employee.

House of Commons staff

16.—(1) These Regulations have effect in relation to employment as a relevant member of the House of Commons staff as they have effect in relation to other employment.

(2) In this regulation “relevant member of the House of Commons staff” means any person—
(a) who was appointed by the House of Commons Commission; or
(b) who is a member of the Speaker’s personal staff.

Police service

17.—(1) For the purposes of these Regulations, the holding, otherwise than under a contract of employment, of the office of constable or an appointment as a police cadet shall be treated as employment, under a contract of employment, by the relevant officer.

(2) In this regulation “the relevant officer” means—
(a) in relation to a member of a police force or a special constable or police cadet appointed for a police area, the chief officer of police (or, in Scotland, the chief constable);
(b) in relation to a person holding office under section 9(1)(b) or 55(1)(b) of the Police Act 1997(8) (police members of the National Criminal Intelligence Service and the National Crime Squad), the Director General of the National Criminal Intelligence Service or, as the case may be, the Director General of the National Crime Squad; and
(c) in relation to any other person holding the office of constable or an appointment as a police cadet, the person who has the direction and control of the body of constables or cadets in question.

PART 5
EXCLUSIONS

Government training schemes etc.

18.—(1) These Regulations shall not have effect in relation to a fixed-term employee who is employed on a scheme, designed to provide him with training or work experience for the purpose of assisting him to seek or obtain work, which is either—
(a) provided to him under arrangements made by the Government, or
(b) funded in whole or part by an Institution of the European Community.

(8) 1997 c. 50.
(2) These Regulations shall not have effect in relation to a fixed-term employee whose employment consists in attending a period of work experience not exceeding one year that he is required to attend as part of a higher education course.

(3) For the purpose of paragraph (2) “a higher education course” means—
(a) in England and Wales, a course of a description referred to in Schedule 6 to the Education Reform Act 1988(9);  
(b) in Scotland, a course of a description falling within section 38 of the Further and Higher Education (Scotland) Act 1992(10); and 
(c) in Northern Ireland, a course of a description referred to in Schedule 1 to the Further Education (Northern Ireland) Order 1997(11).

Agency workers

19.—(1) These Regulations shall not have effect in relation to employment under a fixed-term contract where the employee is an agency worker.

(2) In this regulation “agency worker” means any person who is supplied by an employment business to do work for another person under a contract or other arrangements made between the employment business and the other person.

(3) In this regulation “employment business” means the business (whether or not carried on with a view to profit and whether or not carried on in conjunction with any other business) of supplying persons in the employment of the person carrying on the business, to act for, and under the control of, other persons in any capacity.

Apprentices

20. These Regulations shall not have effect in relation to employment under a fixed-term contract where the contract is a contract of apprenticeship.

Signed by authority of the Secretary of State


Alan Johnson,
Minister of State for Employment Relations,
Industry and the Regions,
Department of Trade and Industry

30th July 2002

(9) 1988 c. 40.
(10) 1992 c. 37; section 38 was amended by the Education (Scotland) Act 1996 (c. 43), Schedule 5, paragraph 9.
SCHEDULE 1

WORKFORCE AGREEMENTS

1. An agreement is a workforce agreement for the purposes of these Regulations if the following conditions are satisfied—
   (a) the agreement is in writing;
   (b) it has effect for a specified period not exceeding five years;
   (c) it applies either—
       (i) to all of the relevant members of the workforce, or
       (ii) to all of the relevant members of the workforce who belong to a particular group;
   (d) the agreement is signed—
       (i) in the case of an agreement of the kind referred to in sub-paragraph (c)(i), by the representatives of the workforce, and in the case of an agreement of the kind referred to in sub-paragraph (c)(ii) by the representatives of the group to which the agreement applies (excluding, in either case, any representative not a relevant member of the workforce on the date on which the agreement was first made available for signature), or
       (ii) if the employer employed 20 or fewer employees on the date referred to in sub-paragraph (d)(i), either by the appropriate representatives in accordance with that sub-paragraph or by the majority of the employees employed by him;
   (e) before the agreement was made available for signature, the employer provided all the employees to whom it was intended to apply on the date on which it came into effect with copies of the text of the agreement and such guidance as those employees might reasonably require in order to understand it fully.

2. For the purposes of this Schedule—
   “a particular group” is a group of the relevant members of a workforce who undertake a particular function, work at a particular workplace or belong to a particular department or unit within their employer’s business;
   “relevant members of the workforce” are all of the employees employed by a particular employer, excluding any employee whose terms and conditions of employment are provided for, wholly or in part, in a collective agreement;
   “representatives of the workforce” are employees duly elected to represent the relevant members of the workforce, “representatives of the group” are employees duly elected to represent the members of a particular group, and representatives are “duly elected” if the election at which they were elected satisfied the requirements of paragraph 3 of this Schedule.

3. The requirements concerning elections referred to in paragraph 2 are that—
   (a) the number of representatives to be elected is determined by the employer;
   (b) the candidates for election as representatives of the workforce are relevant members of the workforce, and the candidates for election as representatives of a group are members of that group;
   (c) no employee who is eligible to be a candidate is unreasonably excluded from standing for election;
   (d) all the relevant members of the workforce are entitled to vote for representatives of the workforce, and all the members of a particular group are entitled to vote for representatives of the group;
(e) the employees entitled to vote may vote for as many candidates as there are representatives to be elected;

(f) the election is conducted so as to secure that—

(i) so far as is reasonably practicable, those voting do so in secret, and

(ii) the votes given at the election are fairly and accurately counted.

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SCHEDULE 2

PART 1

AMENDMENTS TO PRIMARY LEGISLATION

1. In Schedule 11 to the Social Security Contributions and Benefits Act 1992(12) (circumstances in which periods of entitlement to statutory sick pay do not arise)—

(a) in paragraph 2, omit paragraph (b), and

(b) omit paragraph 4.

2. The Employment Tribunals Act 1996(13) is amended as follows—

(a) in section 18(1)(14) (cases where conciliation provisions apply)—

(i) at the end of paragraph (g), omit “or”, and

(ii) after paragraph (h), insert—

“(i) arising out of a contravention, or alleged contravention of regulation 3 or 6(2) of the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002; or

(j) under regulation 9 of those Regulations.”;

(b) in section 21 (jurisdiction of the Employment Appeal Tribunal) in subsection (1)(15) (which specifies the proceedings and claims to which the section applies)—

(i) at the end of paragraph (i), omit “or”, and

(ii) after paragraph (j), insert—

“or

(k) the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002.”.

3.—(1) The 1996 Act is amended as follows.

(2) In section 29 (exclusions from the right to guarantee payments), omit subsection (2);

(3) In section 65 (exclusions from the right to remuneration during suspension from work on medical grounds), omit subsection (2);

(4) In section 86 (rights of employer and employee to minimum notice), omit subsection (5);

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(12) 1992 c. 4. There are amendments to paragraph 2 of Schedule 11, which are not relevant to these Regulations.


(14) Section 18(1) has been amended on a number of occasions to specify additional proceedings and claims to which the section applies.

(15) Section 21 has been amended on a number of occasions to specify additional proceedings and claims to which the section applies.
(5) In section 92 (right to written statement of reasons for dismissal) in subsection (1), for paragraph (c) substitute—

“(c) if the employee is employed under a limited-term contract and the contract terminates by virtue of the limiting event without being renewed under the same contract.”.

(6) In subsection (6) of that section for paragraph (c) insert—

“(c) in relation to an employee who is employed under a limited-term contract which.”.

(7) In section 95 (circumstances in which an employee is dismissed), in subsection (1), for paragraph (b) insert—

“(b) he is employed under a limited-term contract and that contract terminates by virtue of the limiting event without being renewed under the same contract, or”.

(8) In section 97 (effective date of termination) in paragraph (1), for paragraph (c) substitute—

“(c) in relation to an employee who is employed under a limited-term contract which terminates by virtue of the limiting event without being renewed under the same contract, means the date on which the termination takes effect.”.

(9) In section 105(16) (redundancy as unfair dismissal), in subsection (1)(c) (which requires one of a specified group of subsections to apply for a person to be treated as unfairly dismissed), for “or 7E” substitute “, (7E) and (7F)”.

(10) In that section, after (7E) insert—

“(7F) This subsection applies if the reason (or, if more than one, the principal reason) for which the employee was selected for dismissal was one specified in paragraph (3) of regulation 6 of the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002 (unless the case is one to which paragraph (4) of that regulation applies).”.

(11) In section 108(17) (exclusion of right not to be unfairly dismissed: qualifying period of employment), in subsection (3) (cases where no qualifying period of employment is required) omit “or” at the end of paragraph (hh) and after paragraph (i) insert—

“or

(j) paragraph (1) of regulation 6 of the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002 applies.”.

(12) In section 109(18) (exclusion of right: upper age limit), in subsection (2) (cases where upper age limit does not apply), omit “or” at the end of paragraph (hh) and after paragraph (i) insert—

“or

(j) paragraph (1) of regulation 6 of the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002 applies.”.

(13) In section 136 (circumstances in which an employee is dismissed for the purposes of the right to a redundancy payment), in subsection (1) for paragraph (b) substitute—

“(b) he is employed under a limited term contract and that contract terminates by virtue of the limiting event without being renewed under the same contract, or”.

(14) In section 145 (relevant date for purposes of redundancy, in subsection (2), for paragraph (c) substitute—

(16) Section 105 has been amended on a number of occasions to specify additional circumstances in which an employee dismissed by reason of redundancy is to be regarded as unfairly dismissed.

(17) Section 108(2) was amended by S.I. 1999/1436, Article 3, reducing the qualifying period from two years to one year. Section 108(3) has been amended on a number of occasions to specify additional cases where the qualifying period does not apply.

(18) Section 109(2) has been amended on a number of occasions to specify additional cases where the upper age limit does not apply.
“(c) in relation to an employee who is employed under a limited-term contract which
terminates by virtue of the limiting event without being renewed under the same contract,
means the date on which the termination takes effect.”.

(15) Sections 197(19) shall cease to have effect.
(16) In section 199, subsection (6) is omitted.
(17) In section 203(20) (fixed-term contracts: agreement to exclude right to redundancy
payment), in subsection (2)—
(a) paragraph (d) is omitted, and
(b) in paragraph (f)(21), after sub-paragraph (ii) insert—
“(iii) paragraph (i) (proceedings arising out of the Fixed-term Employees
(Prevention of Less Favourable Treatment) Regulations 2002),
(iv) paragraph (j) (proceedings under those Regulations),”.
(18) In section 235 (other definitions), after subsection (2) insert—
“(2A) For the purposes of this Act a contract of employment is a “limited-term contract”
if—
(a) the employment under the contract is not intended to be permanent, and
(b) provision is accordingly made in the contract for it to terminate by virtue of a
limiting event.
(2B) In this Act, “limiting event”, in relation to a contract of employment means—
(a) in the case of a contract for a fixed-term, the expiry of the term,
(b) in the case of a contract made in contemplation of the performance of a specific
task, the performance of the task, and
(c) in the case of a contract which provides for its termination on the occurrence of
an event (or the failure of an event to occur), the occurrence of the event (or the
failure of the event to occur).”.

PART 2
TRANSITIONAL PROVISIONS

4. Paragraph 1 of this Schedule applies where the relevant date (as defined in paragraph 3 of
Schedule 11 to the Social Security Contributions and Benefits Act 1992) falls on or after 1st October
2002.

5.—(1) This paragraph applies to the dismissal of an employee employed under a contract for a
fixed term of two years or more which consists of the expiry of the term without its being renewed,
where the employee has agreed in accordance with section 197 of the 1996 Act to exclude any right
to a redundancy payment in that event.
(2) The repeal of sections 197, 199(6) and 203(2)(d) of the 1996 Act provided for by paragraph
3(k) of this Schedule shall have effect in relation to a dismissal to which this paragraph applies where
the relevant date (within the meaning of section 145 of the 1996 Act) falls on or after 1st October
2002, unless both the following conditions are satisfied—

(19) Subsections (1) and (2) of section 197 of the 1996 Act were repealed by the Employment Relations Act 1999, sections 18(1)
and 44 and Schedule 9.
(20) Section 203(2)(d) was amended by the Employment Relations Act 1999, sections 18(1) and 44 and Schedule 9.
(21) Section 203(2)(f) was amended by the Employment Relations Act 1999, sections 18(1) and 44 and Schedule 9.
(a) that, where there has been no renewal of the contract, the contract was entered into before 1st October 2002 or, where there have been one or more renewals, the only or most recent renewal was agreed before that date, and

(b) that the agreement to exclude any right to a redundancy payment was entered into and took effect before 1st October 2002.

EXPLANATORY NOTE
(This note is not part of the Regulations)

These Regulations come into force on 1st October 2002. Part of their effect is to implement Directive 99/70/EC(22) (normally referred to as the Fixed-term Work Directive) in Great Britain.

The Regulations give fixed-term employees the right in principle not to be treated less favourably than permanent employees of the same employer doing similar work. The right, which is exercisable by complaint to an employment tribunal, applies where the less favourable treatment is on the ground that the employee is fixed-term and is not justified on objective grounds.

The Regulations make provision about what constitutes objective justification.

The Regulations also provide that where a fixed-term employee who has been continuously employed on fixed-term contracts for four years or more is re-engaged on a fixed-term contract without his continuity being broken, the new contract has effect under the law as a permanent contract unless the renewal on a fixed-term basis was objectively justified.

The Regulations make a number of amendments to primary legislation to remove discrimination in statutory rights between fixed-term employees (or certain types of fixed-term employees) and permanent employees.

A Regulatory Impact Assessment of the costs and benefits that will result from these Regulations has been placed in the Libraries of both Houses of Parliament. It is available to the public from Employment Relations Directorate, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET and is also available on the DTI website at www.dti.gov.uk.

A Transposition Note explaining how the Regulations gives effect to the Directive, has been placed in the libraries of both Houses of Parliament.

(22) OJNo. L 175, 10.7.99 p 43.