

News

Pay rise for Asda staff who switch to 'flexible' contract

14 Mar 2017

By Annie Makoff

Workers invited to trade paid breaks and bank holidays for higher hourly rate; experts say more employers may revise contracts to cope with NLW increases

Supermarket giant Asda is offering employees flexible contracts with a requirement to work over bank holidays and take unpaid breaks in exchange for higher pay.

Under the new contracts – where staff will earn £8.50 an hour (£1 more than the increased national living wage (NLW) rate set to be implemented in April) – employees can work on different days and shifts, depending on their personal circumstances.

Unsociable hours, which currently run between 10pm and 6am, will be changed to between midnight and 5am. Staff working these hours will be paid an additional £2.54 an hour instead of the current £2.04. Asda estimates that **95 per cent of current staff** will be better off under the new terms.

But despite the GMB union approving the contracts, and Asda insisting they are voluntary rather than zero-hours, there are concerns that organisations are turning to new contracts to mitigate the NLW increase.

People Management reported last year that some organisations were responding to the NLW rises by cutting overtime rates, reducing premiums for weekend or evening work or cutting perks – a concern backed up by a Dispatches investigation that revealed many larger employers, such as Pennine Foods and B&Q, were cutting premium payments that included overtime and holiday pay rates.

At the time, Alan Price, chief executive of HR consultancy Croner HR, told People Management there had been a “sudden spike” in calls from employers that appeared to be targeting the over-25s for redundancy.

“It might just be anecdotal but we don't normally at this time of year see a spike in redundancy calls... but the only real change in business models pre-Brexit was the NLW so you can more or less time it exactly to the beginning of April [2016], when it was implemented,” he said.

Research by the British Chambers of Commerce (BCC) showed that the “sharp increases” in the NLW would cause many companies to implement cost-reduction measures, such as cutting recruitment and staff hours or increasing prices of goods and services, said Mike Spencer, the BCC's director of research and economics – particularly as “myriad other upfront costs” such as business rates, insurance

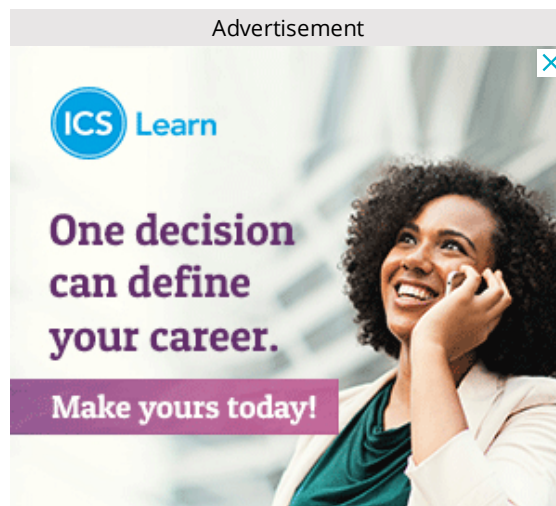
Cookies on this website We use cookies on our website to ensure we give you the best experience and relevant advertising on 3rd party websites. If you are happy with this, click the Accept and close button. Alternatively, use the following links to [view our full cookie policy](#), [manage your cookie preferences](#), or [visit this external site](#) to find out more about cookies in general.

ACCEPT AND CLOSE

Sarah Peacock, partner in the employment team at law firm Blake Morgan, said it was “not surprising” that some employers were looking to mitigate the detrimental effects of the NLW, particularly as the increase would have a “knock-on” effect on national insurance contributions and pensions auto-enrolment. At the same time, she felt it was likely that organisations were learning how to make changes to benefit the employer and employee alike.

She told People Management: “There was a lot of publicity when the NLW was introduced about employers that were changing terms and conditions to minimise the detrimental impact on their business, leaving some employees no better off. It may be that employers like Asda are now taking a long-term view to make sure that they can offer well above the NLW while achieving benefits for the business.”

Meanwhile, Katherine Chapman, director of the Living Wage Foundation, said retailers such as Ikea, Lush and Majestic Wines were already paying staff the real living wage – £8.45 in the UK and £9.75 in London – and called on Asda to do the same.



[View More Jobs](#)

HAYS
Recruiting experts
in Human Resources

L&D Advisor - 12 Month FTC

London, England
£38000.00 - £43000.00 per annum
Hays



HR Officer

Merseyside, England
£21000.00 - £24000.00 per annum
Hays



Interim EMEA HR Administrator

London, England
Negotiable
Hays

Share



Explore related articles

Legal

How should companies handle senior exits?

Legal

Time to spring clean your employment contracts

Legal

Using non-disclosure agreements in employment contracts

Legal

How to make restrictive covenants work for your business

Sign up to PM Daily and keep up to date with all the latest HR and business news from
People Management

Sign up

People Management

News

Voices

Long reads

Experts

PM Jobs

Contact us

PM Insight

CIPD Events

CIPD

Terms and conditions

Privacy policy

Cookie policy

Social bookmarks

Anti Modern Slavery statement

Join the conversation



© Copyright Chartered Institute of Personnel and Development 2018, 151 The Broadway, London SW19 1JQ, UK Incorporated by Royal Charter, Registered Charity no. 1079797