

Legal Issues 2020

What should UK Contractors be aware of?



Building Safety Reforms

Legislation reforming safety standards for high-rise residential buildings is to be proposed following the Hackitt Report. An independent safety regulator is likely to be created, providing greater accountability for building safety. Before these proposals are made, a protection board will identify and inspect all high-risk and known buildings with ACM cladding by 2021.



Future Homes Standards

A consultation is looking to improve Building Regulations for new build homes in England, and a new 'Future Homes Standard' will be operable by 2025. These new standards will include: increased energy efficiency requirements, high fabric standards and low-carbon heating system requirements.



Sexual Harassment in the Workplace

Following an industry consultation, the government hopes to introduce a new code of conduct in late 2020. The code will specify steps that employers should take to prevent and respond to sexual harassment and introduces a new "Preventative Duty".



Employment Contracts

New statutory rules affecting employment contracts for new employees starting on or after 6 April 2020 will change the information to be included in the employment contract and requires the contract to be issued to workers and/or employees on or before they commence employment. From 6 April 2020 there will also be statutory changes to holiday pay calculations and the reference period for determining an average week's pay will be lengthened. Changes to confidentiality clauses are also afoot.



Domestic Reverse VAT Charge

The "Reverse Charge" means companies in the construction supply chain will no longer receive a 20% VAT payment on their bills but instead the recipient of the services must account for the VAT due. Initially due October 2019, the Reverse Charge will now be introduced 1 October 2020.



'Off-Payroll' Working

A new tax regime for "off-payroll" working (IR35 rules) is likely in 2020. These rules will bring major changes for off-payroll contractors working through a Personal Service Company, recruitment agencies or large/medium sized private sector organisations. Small, private sector organisations will be exempt.



Pensions

The UK Government has confirmed it will proceed with a Pension Schemes Bill in 2020. A key objective is to discourage mismanagement of pension schemes by strengthening the Pensions Regulator's powers and the existing sanctions regime, which will include new criminal offences and civil penalties of up to £1 million.



Ring-Fenced Cash Retentions on Projects

The Scottish Government has launched a consultation (closing 25 March 2020) on cash retentions, existing payment measures and alternative payment measures in projects, with a view to introducing legislation in this area.



Opt-out class actions

New Scottish legislation has introduced a process whereby all potential claimants will be included in a claim without having to elect to participate, significantly increasing the risk profile of the claim. A trend towards the class action approach was also seen in the Court of Appeal recently, where a data breach claim affecting 4 million claimants was allowed.



Brexit

Although there is still uncertainty surrounding Brexit, the recent General Election result means that UK withdrawal from the EU (with or without a deal) on or before the 31 January 2020 deadline is more likely than not. We have seen an increasing number of Brexit provisions in contracts to provide for risks and uncertainties arising.

For more information please get in touch with your usual CMS contact.