



EMPLOYMENT TRIBUNALS

Claimant: Mr I Stokes
Respondent: Danaward Limited
Heard at: Newcastle (by video)
On: 2 July 2025
Before: Employment Judge Yardley

Representation

Claimant: In person
Respondent: Debra Dixon, Director of the Respondent

REASONS

1. The Tribunal apologises for the delay in issuing these written reasons. The Respondent's request for written reasons was submitted in time, but due to an administrative error it was not processed as it should have been. In addition, the Judge was absent on leave for a period, which contributed further to the delay in preparing and promulgating these reasons.

Introduction

2. This is the Tribunal's judgment with written reasons in the Claimant's complaint of unauthorised deductions from wages. Liability was determined at a hearing on 2 July 2025. The Tribunal found the complaint well-founded.
3. A remedy hearing was listed for 5 September 2025 with a time estimate of two hours but was vacated and has yet to be relisted.
4. The dispute concerned sums claimed for the period 1 August to 16 November 2024 during which the Claimant served as Estate Manager to the Respondent. The Respondent accepted that some payment was due up to 16 September 2024 but disputed liability thereafter on the grounds that the Claimant was not an employee and that no valid agreement existed for him to continue in post after his resignation as a director.

5. Although the ET1 and early documents referred to breach of contract, at the outset of the hearing the Claimant confirmed that he pursued a claim for unauthorised deductions from wages and not a breach of contract claim. The case proceeded on that basis.

Procedural Matters

6. At the outset of the hearing, the Claimant applied to rely on two witness statements, from former directors Mr Griffin Thompson and Mr Mike Fletcher, together with a transcript of the final minutes of the directors' meeting on 16 September 2024. These documents were served on 1 July 2025, outside the seven-day deadline set in the Tribunal's case management orders of 7 May 2025.
7. The Respondent objected to their admission on the basis that the late service deprived it of any fair opportunity to respond before the hearing and constituted a breach of the Tribunal's procedural directions.
8. Having heard oral submissions from both parties, the Tribunal exercised its discretion to admit the evidence. Applying the overriding objective in Rule 3 of the Employment Tribunals Rules of Procedure 2024 and having regard to Rule 41, the Tribunal accepted the Claimant's explanation that he was unaware he needed to serve these materials on the Respondent and acted promptly once the issue was raised. The material was plainly central to the issues, particularly the content of the 16 September 2024 meeting, and the Respondent had possessed the underlying audio recording since 5 June 2025.
9. The Tribunal therefore concluded that admitting the witness statements, audio file and transcript would not cause material prejudice or disrupt the hearing and was necessary in order to determine the issues fairly and justly. However, Mr Griffin Thompson did not attend the hearing to give evidence. In those circumstances, whilst his statement was admitted, the Tribunal placed no weight on it.
10. Prior to the hearing, the Respondent also submitted a bundle of documents identified in a note entitled "Items sent as evidence against Ian Stokes for Employment Tribunal". These materials had been exchanged with the Claimant in advance of the hearing and were admitted as evidence and, where relevant, are referred to in these written reasons.

List of Issues

11. The issues for determination were:
 - 11.1. Whether, during the relevant period, the Claimant was an employee (or worker) of the Respondent, or instead self-employed;
 - 11.2. if the Claimant was an employee or worker, whether there was a valid agreement on 16 September 2024 for him to continue as Estate Manager for a further two months, and whether he is entitled to wages for 17 September to 16 November 2024; and

11.3. whether any alleged set-offs should reduce any sums payable, and if so to what extent.

Law

12. The claim was brought as unauthorised deductions from wages. The central question for liability in this case turned on employment status and the existence of wages due under an agreement during the period in dispute.

13. Section 230 Employment Rights Act 1996 (“ERA”) defines an “employee” and “contract of employment” as follows:

“(1) In this Act “employee” means an individual who has entered into or works under (or, where the employment has ceased, worked under) a contract of employment.

“(2) In this Act “contract of employment” means a contract of service or apprenticeship, whether express or implied, and (if it is express) whether oral or in writing.”

14. In determining employment status, the Tribunal applied the well-established body of authority concerning the distinction between a contract of service and other working arrangements.

15. It directed itself in accordance with the principles set out in **Ready Mixed Concrete (South East) Ltd v Minister of Pensions and National Insurance [1968] 2 QB 497**, including the need to consider mutuality of obligation, control, and all other relevant factors, and to assess the reality of the relationship between the parties rather than the labels they chose to apply to it.

16. In **Ready Mixed Concrete**, MacKenna J identified three essential conditions which must be satisfied for a contract of service to exist:

“(i) The servant agrees that, in consideration of a wage or other remuneration, he will provide his own work and skill in the performance of some service for his master.

“(ii) He agrees, expressly or impliedly, that in the performance of that service he will be subject to the other’s control in a sufficient degree to make that other master.

“(iii) The other provisions of the contract are consistent with its being a contract of service”

17. In relation to the second condition, MacKenna J explained that control includes the power to decide what is to be done, how it is to be done, the means to be employed, and the time and place of performance. All these aspects must be considered in the round when assessing whether the requisite degree of control exists. The right of control need not be unrestricted.

Findings of Fact

18. The Claimant began providing services as Estate Manager on 1 November 2023. The parties agreed that his services ended on 16 November 2024.
19. In April 2024 the annual remuneration for the Estate Manager role was set at £7,000. From 1 August 2024 the Claimant sought payment of a fixed monthly sum consistent with that arrangement.
20. The Claimant did the work personally. There was no right or practice of substitution. He reported to the board of directors, received direction at board meetings and was expected to deliver specific objectives and provide progress reports.
21. The Claimant was integrated into the Respondent's undertaking. He used a company email and phone, was presented to residents as the Estate Manager and was not treated as an independent contractor.
22. The Claimant produced payslips showing fixed monthly sums and tax treatment consistent with employment. Although formal payroll arrangements were in transition, the documentation resembled pay statements rather than commercial invoices. The Respondent's suggestion that the Claimant was to invoice like his predecessor was not borne out by the documents.
23. Any instance of no tax deduction was credibly explained by reference to annual personal allowance thresholds. The Claimant is a Chartered Management Accountant and his evidence on PAYE treatment was clear and reliable and the Tribunal accepted that explanation.
24. On 16 September 2024, at a directors' meeting, the Claimant resigned as a director but an agreement was reached that he would continue in the Estate Manager role for a further two months. A recording and transcript of the relevant part of the meeting support that agreement.
25. The Respondent contended that the continuation arrangement was not validly ratified and that the Claimant was self-employed and paid only on invoice. The Tribunal does not accept that contention. The contemporaneous material and the manner in which the work continued thereafter, point to an employment relationship and to a binding agreement to continue for the two-month period, which the Tribunal finds was operative.

Conclusion

26. Considering the *Ready Mixed Concrete* criteria in the round, the Tribunal finds that, during the relevant period, the Claimant was an employee of the Respondent. This is because:
 - 26.1. The work was performed personally with no right of substitution, satisfying the first condition identified in **Ready Mixed Concrete**.
 - 26.2. The board directed the Claimant's activities and required reporting against objectives. Although the Claimant exercised professional

judgment in carrying out the role, the Respondent retained sufficient control over what was to be done and the priorities to be addressed, consistent with employee status.

- 26.3. The Claimant was paid a fixed monthly amount independent of the specific quantum of tasks, consistent with an ongoing obligation on the Respondent to provide work and on the Claimant to perform it.
- 26.4. The Claimant's integration, the nature of the documentation (payslips rather than invoices), and the intended payroll arrangements support employment rather than independent contracting. He was presented to residents as the Estate Manager and was not treated as operating an independent business.
27. The Tribunal finds that an agreement was concluded on 16 September 2024 for the Claimant to continue in post for two months. The recording and transcript corroborate the Claimant's account. The Respondent's ratification point is not made out on the evidence before the Tribunal.
28. It therefore follows that wages were due for 1 August to 16 November 2024 under the employment relationship and, in particular, for the period 17 September to 16 November 2024 under the two-month continuation agreement.
29. The non-payment of those wages constitutes unauthorised deductions and the complaint of unauthorised deductions from wages is well-founded

Remedy

30. The Tribunal did not determine remedy at the liability hearing. The necessary documentary evidence bearing on the calculation of wages, expenses, and any asserted set-offs was not before the Tribunal, and it was therefore not possible to make properly informed findings on quantum. Further, the time available on the day had been fully occupied by the determination of liability.
31. The Tribunal consequently issued further directions requiring the parties to exchange and lodge their remedy documentation in advance of the adjourned remedy hearing to be listed.

Employment Judge Yardley

Date: 4 February 2026

Case No: 6014795/2025

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