

# Measurement of zero-hours contracts

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# Summary

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- Background
- Setting up the business survey
- Results
  - Business Survey
  - Labour Force Survey
- Next steps

# Initial estimates

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- LFS - October to December 2012
  - 250,000 people on “zero-hours contracts”
- Chartered Institute of Personnel & Development (CIPD)
  - 1 million “zero-hours contracts”
- Government data
  - 300,000 contracts in social care sector

# ONS statement

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“ONS's role is to provide reliable statistics that inform debate and improve decision making. We have followed the debate on zero-hours contracts and there is **a clear need for better statistics**. The best way to gather the information needed is to **ask employers rather than individual employees**. They are **best placed to provide accurate information about the employment terms of their workforce**. We plan to add some new questions to one of our business surveys to shed new light on this important issue.”

(Glen Watson, 22 August 2013)

# What are “zero-hours contracts”?

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- **LFS:** “where a person is not contracted to work a set number of hours and is only paid for the number of hours they do”;
- **CIPD:** “an agreement between two parties that one may be asked to perform work for the other, but there is no set minimum number of hours. The contract will provide what pay the individual will get if they do work and will deal with the circumstances in which work may be offered (and, possibly, turned down)”;
- **BIS (zero-hours consultation):** “There is no legal definition of a zero-hours contract in domestic law. In general terms a zero-hours contract is an employment contract in which the employer does not guarantee the individual any work, and the individual is not obliged to accept any work offered.”;
- **HM Revenue & Customs:** “A zero-hours contract generally is a contract where the employer does not guarantee to provide the worker with work and will only pay the worker for those hours which are actually worked.”



# Definition

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- Contracts that do not guarantee to provide the employee with any set hours and will only pay the employee for those hours actually worked
  - Non-guaranteed hours contracts (NGHC)
  - How many are there?
  - How many of them did some work recently?

# Collecting the data

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- Business survey? 
- Telephone 
- Pilot
  - 1000 sample
  - Achieved 450 responses (target 300)
- Full survey
  - 5000 sample
  - 3000 responses (January 2014)
  - 2500 responses (August 2014)

# The results – Business Survey

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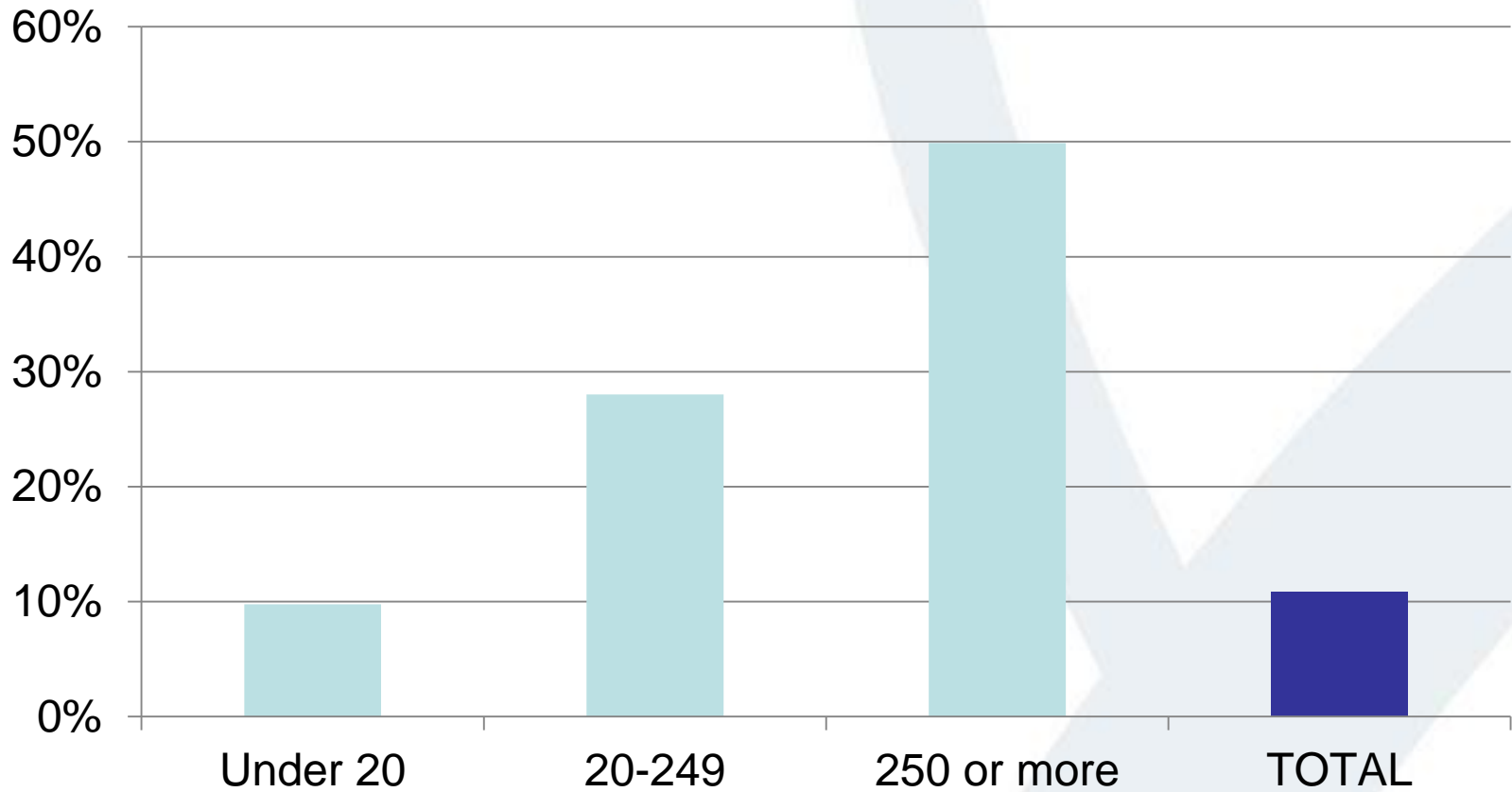
- For fortnight beginning 11 August 2014:
  - **1.8 million** NGHCs where work was provided
  - Around 11% of businesses used NGHCs in this period
- For fortnight beginning 20 January 2014:
  - **1.4 million** NGHCs where work was provided
  - Around 11% of businesses used NGHCs in this period



# By employment size

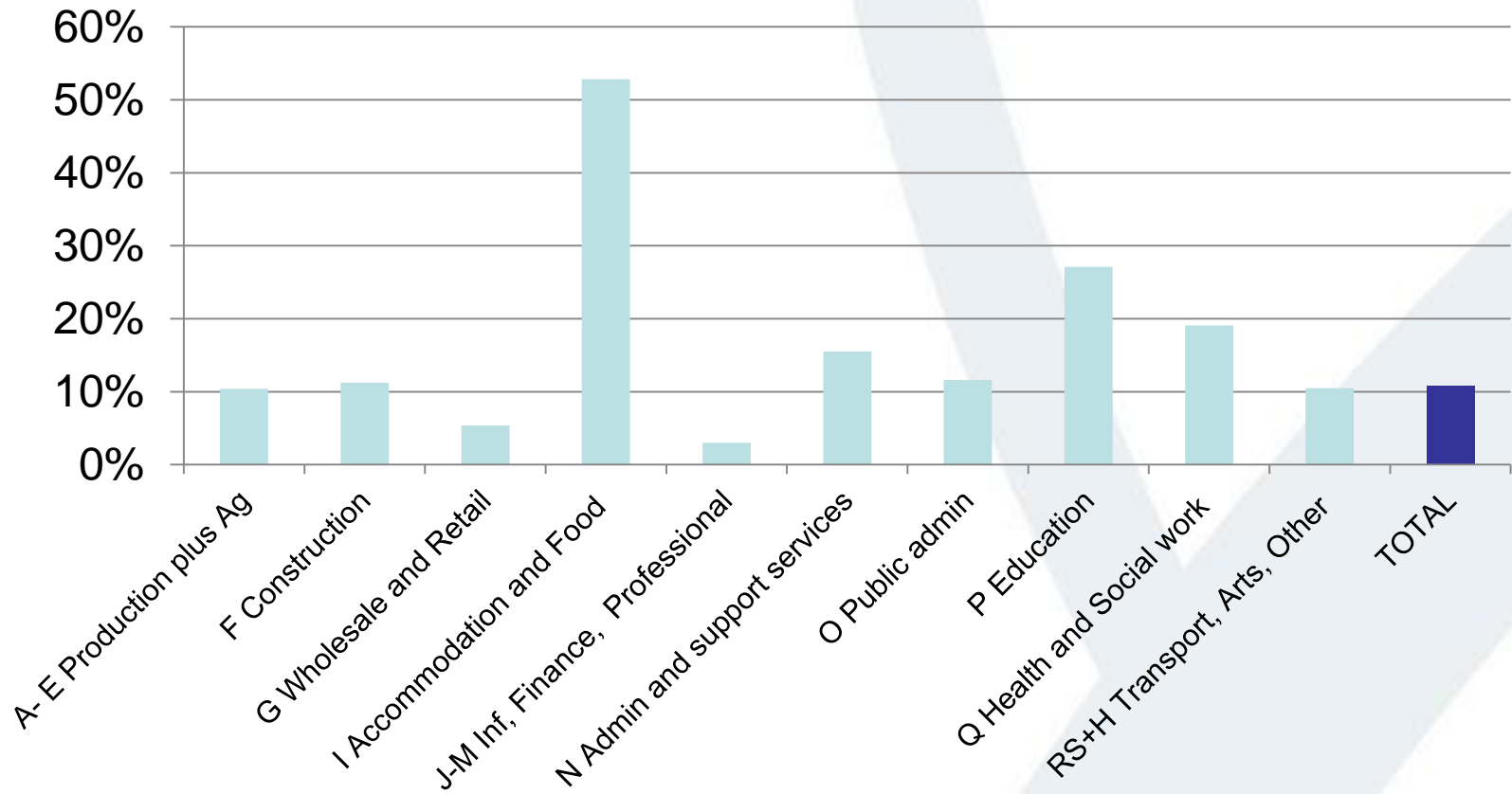
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**Proportion of businesses using NGHCs**



# By Industry group

## Proportion of businesses using NGHCs



# The results – Labour Force Survey

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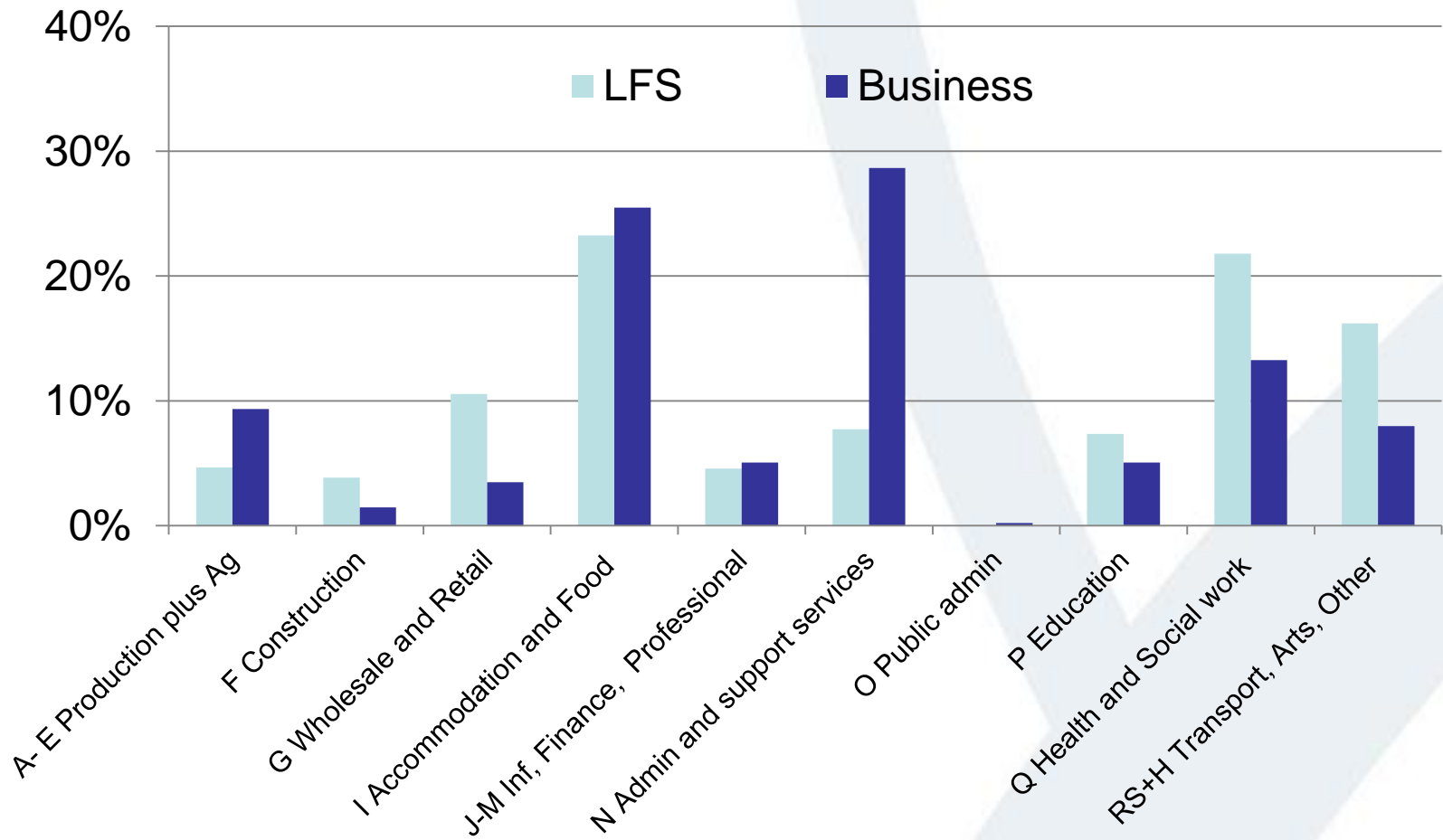
- For October to December 2014:
  - 697,000 people reported their main job as a “zero-hours contract”
  - Represents 2.3% of people in employment

# Why are the survey results different?

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- employers and employees will have differing perceptions and awareness about the types of employment contracts used;
- the employer survey will count employee contracts, not people;
- employers in the business survey may report multiple contracts for each job;
- the questions asked of respondents differed slightly, with the business survey asking about contracts not guaranteeing any hours, while the LFS question uses the term “zero-hours contracts”;
- the LFS includes all people in employment (including the self-employed) while the business survey only includes employees

# Distribution of workers



# What about contracts without work?

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- 1.4 million NGHCs where no work provided
  - Employees not accepting work for personal reasons;
  - Work offered but no-one accepted;
  - Work not available due to fluctuations in demand;
  - Out-of-date contracts

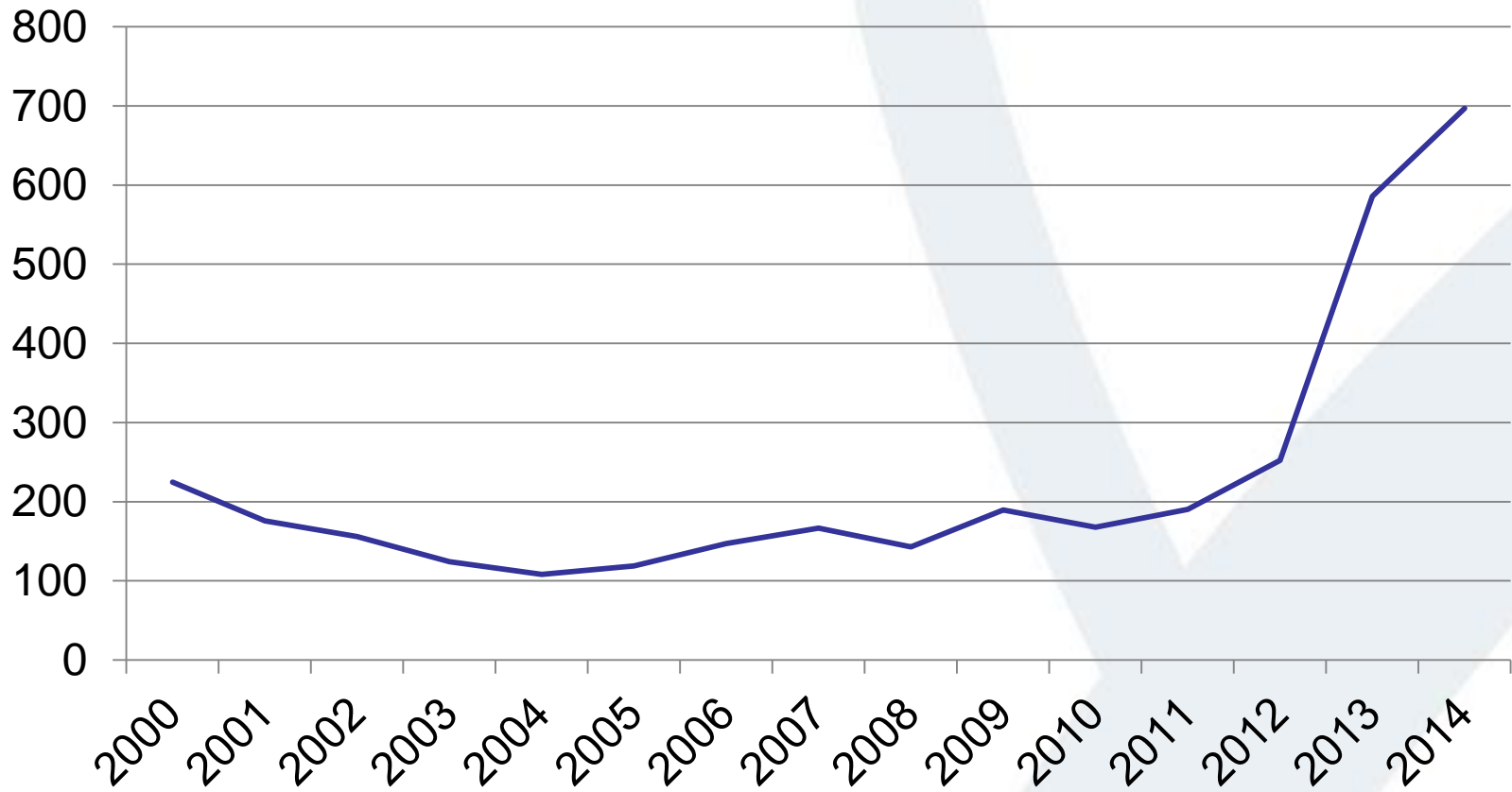
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# LFS ANALYSIS



# “Zero-hours contracts” over time

LFS measure of “zero-hours contracts”





# LFS Flexible Working question

## FLEX10

Some people have special working hours arrangements that vary daily or weekly. In your (main) job is your agreed working arrangement any of the following...

Code up to 3

- 1 flexitime (flexible working hours),
- 2 an annualised hours contract,
- 3 term-time working,
- 4 job sharing,
- 5 a nine-day fortnight,
- 6 a four-and-a-half day week,
- 7 zero hours contract,
- 8 on-call working, or
- 9 none of these?

ONS ✓

GOV ✓

SPL ✓

EUL ✓

**Applies if in work during reference week**

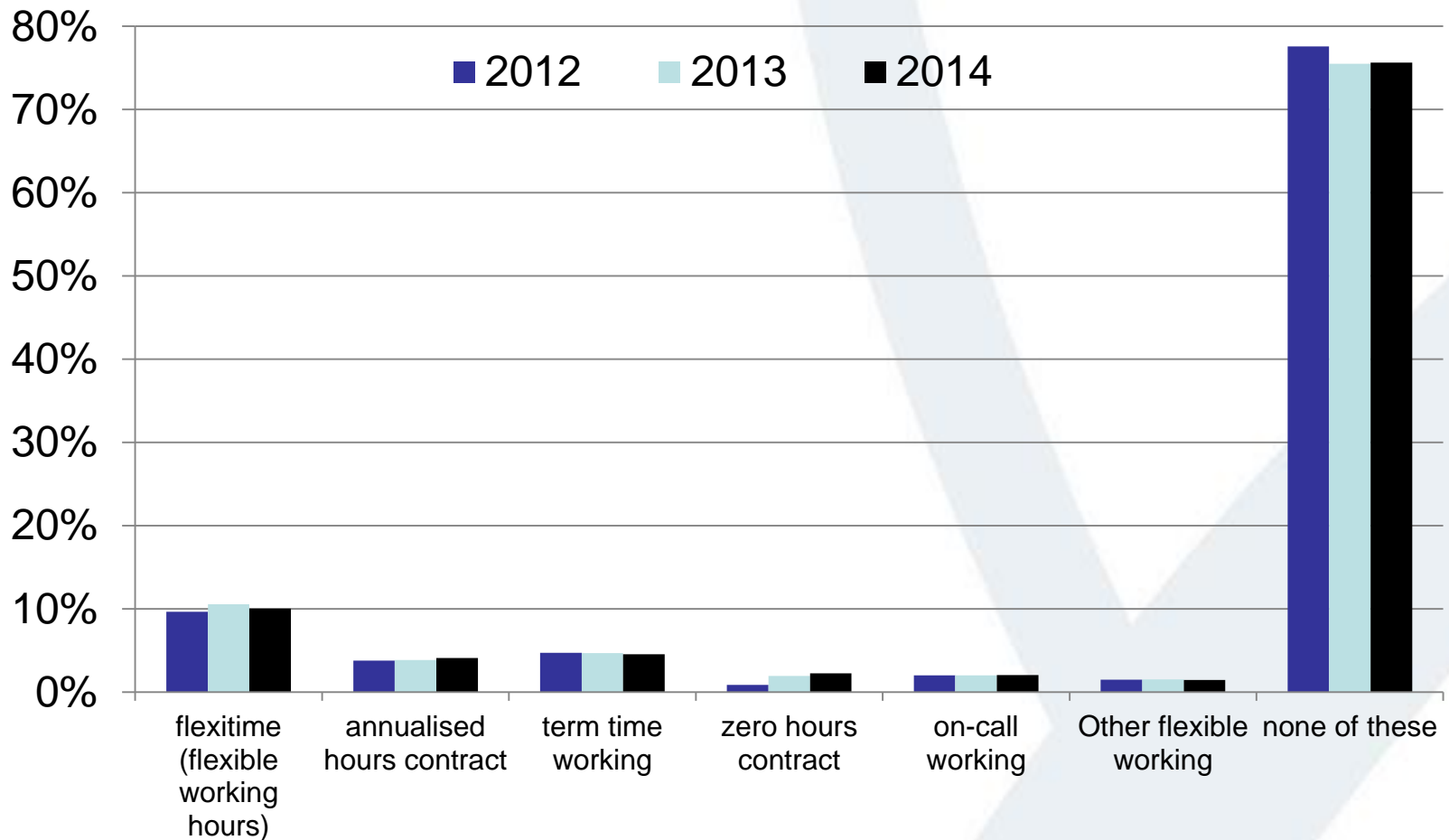
IF (Wrking=Yes) OR (JbAway=Yes) OR (OwnBus=Yes) OR (RelBus=Yes)

OR (TYP SCH12=1,2,3,5.8) On a government training scheme considered as employment

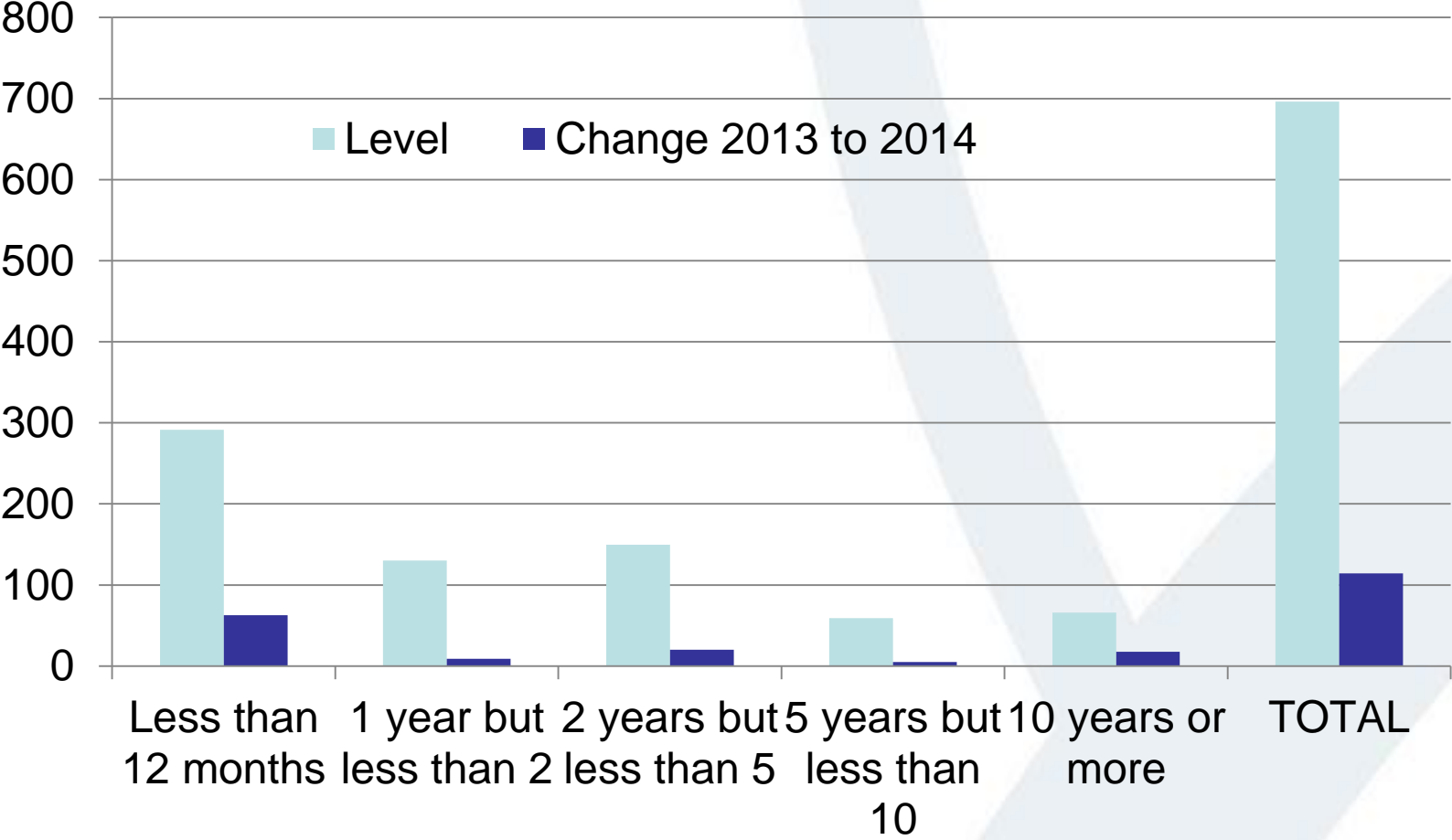
OR ((TYP SCH12=9) AND (YTETJB=Yes)) OR (YTETJB=Yes) Doing paid work in addition to this particular government training scheme

UK  
W1/EQ  
MAIN  
AW/AJ and OD  
RUNNING PROMPT

# Flexible working responses

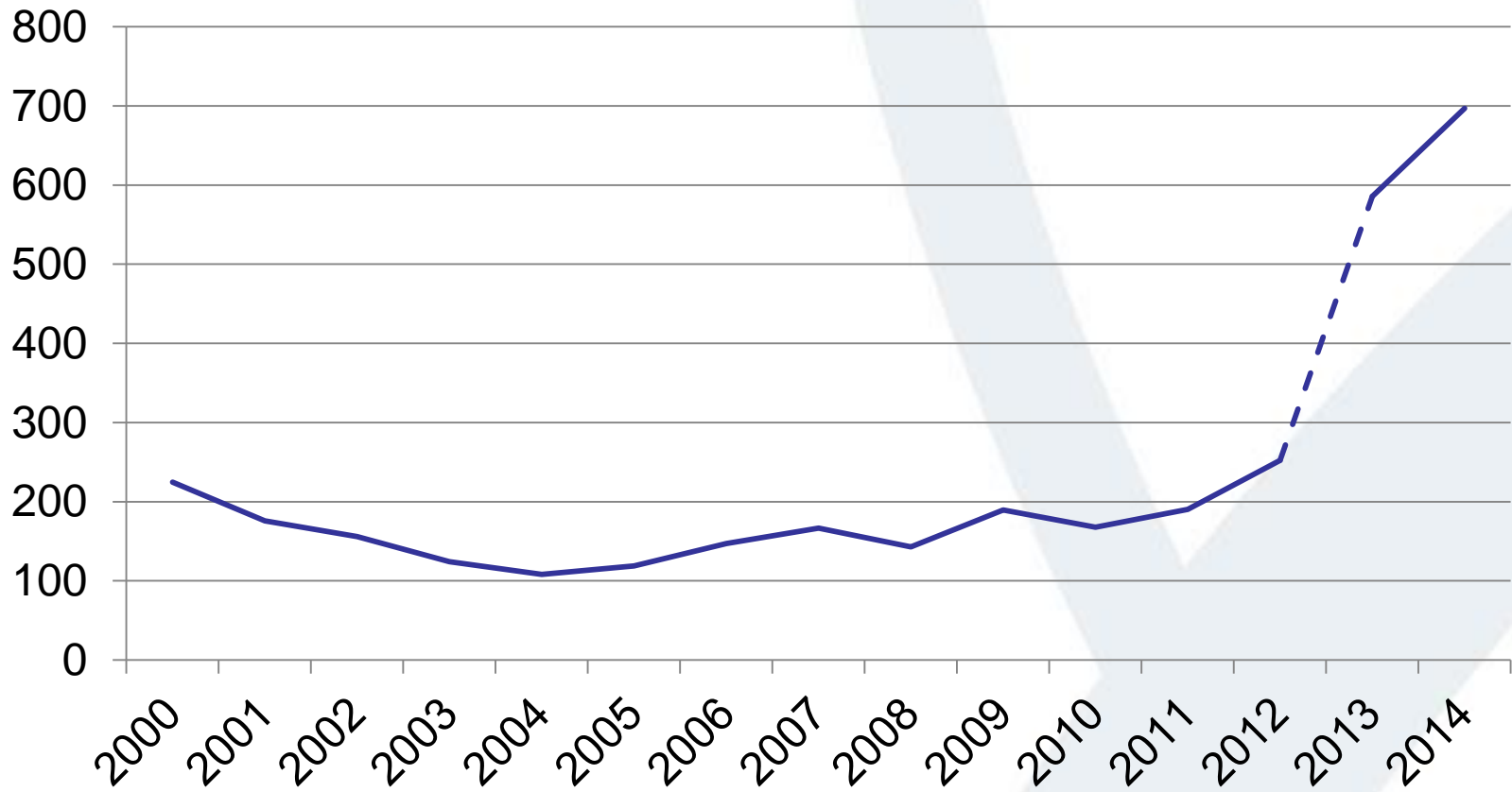


# Zero-hours – Length of time in job



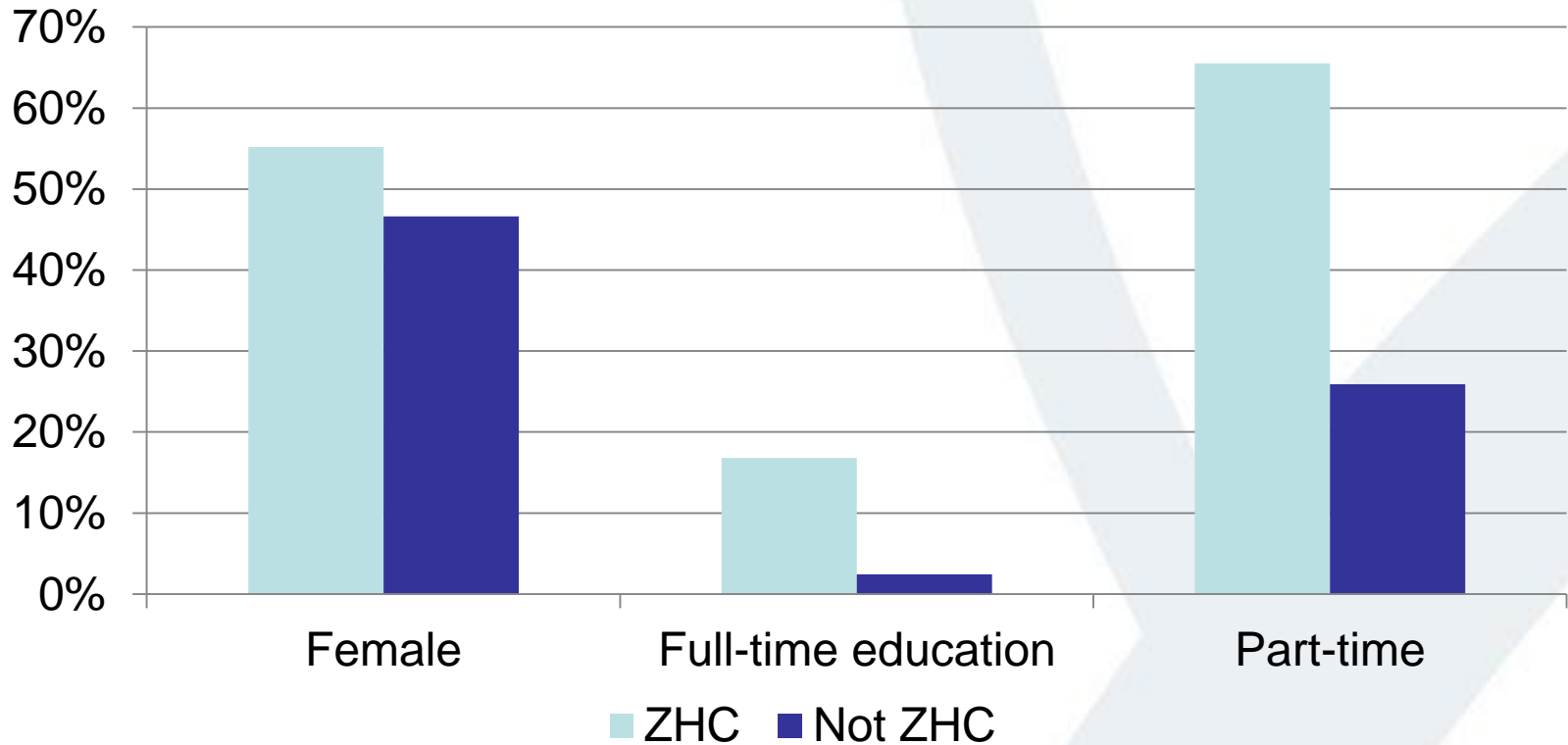
# “Zero-hours contracts” over time

LFS measure of “zero-hours contracts”



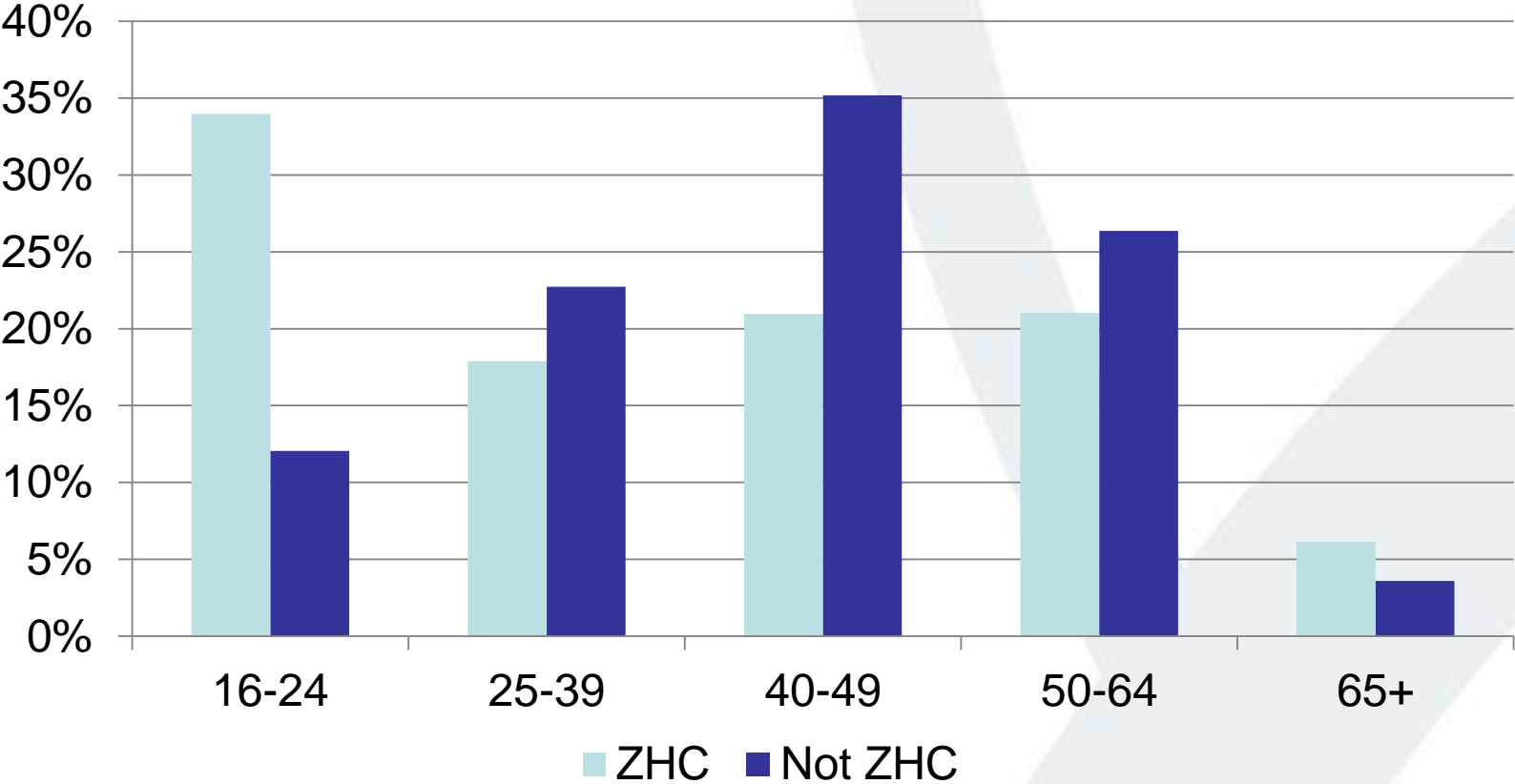
# Characteristics of people

Proportion of people employed by gender, education status and part-time



# Age of people

## Distribution of people employed by age



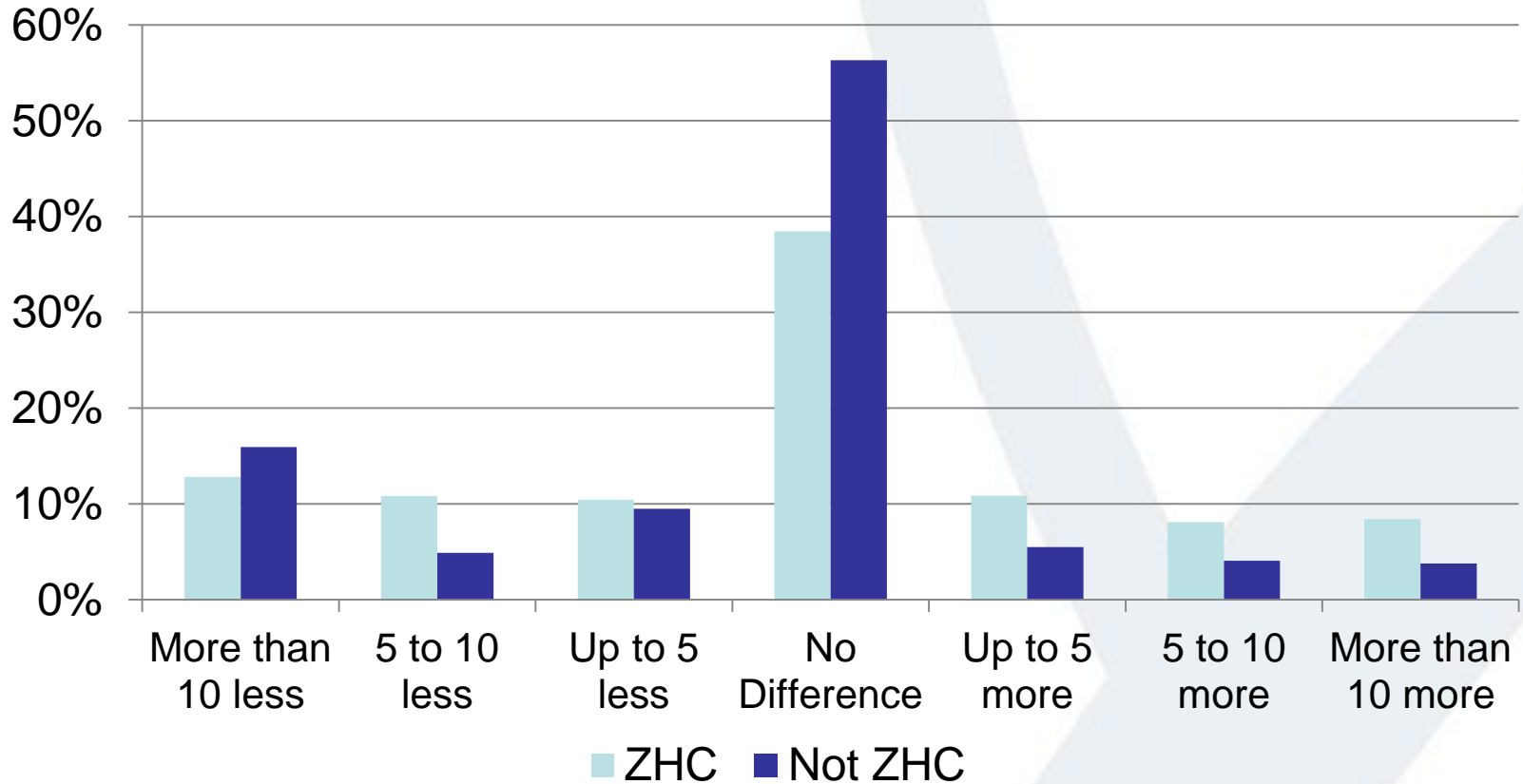
# Hours worked

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- Average usual hours
  - ZHC – 25 per week
  - Non-ZHC – 37 per week
- Proportion of people working no hours
  - In week before LFS interview
  - ZHC – 14%
  - Non-ZHC – 10%

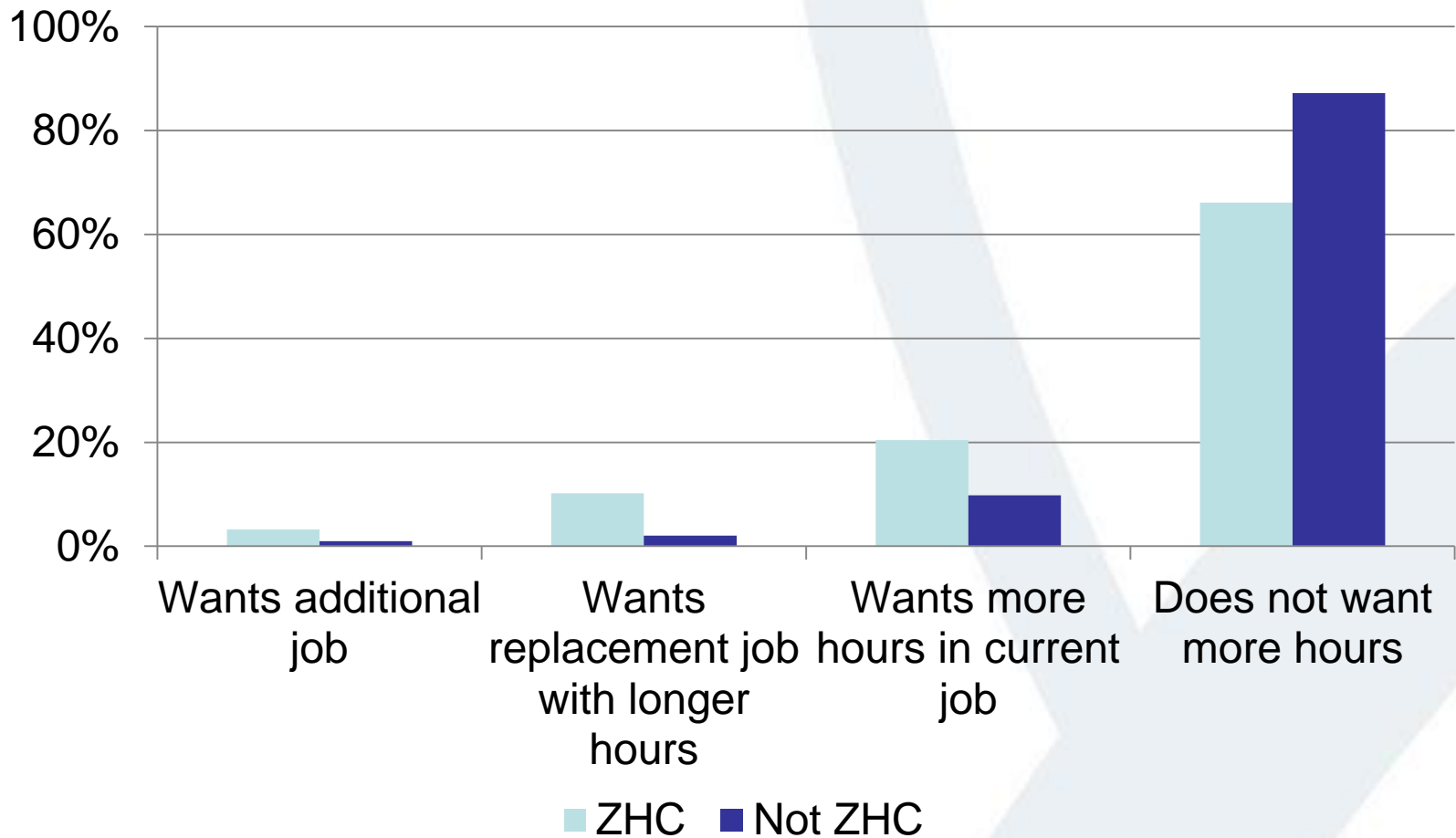
# Actual vs. Usual Hours

## Actual hours minus usual hours





# Want more hours/another job



# Next steps

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- Survey repeated in January 2015
- Future surveys will be in May and November
  - Align with LFS results for Apr-Jun and Oct-Dec
- Reports published in August and February
- Looking at additional questions for LFS