

Young People & Employment

**A report detailing the experiences of people
working on zero hours contracts**



Luciana Berger Labour MP for Liverpool Wavertree

Rt Hon George Howarth Labour MP for Knowsley

Alison McGovern Labour MP for Wirral South

June 2013

Contents	Page number
1. Introduction	2
1.1. Internships	3
2. Profile of Liverpool City Region	6
2.1. Employment	6
2.2. Education	8
3. Methodology	9
3.1. Online Survey	9
3.2. Discussion Group	10
3.3. Limitations of the Study	10
3.4. Employers	10
4. Key Findings	11
4.1. Survey questions	11
4.1.1. Underemployment	16
4.1.2. Flexibility	18
4.1.3. Managing factors outside the workplace	19
4.1.4. Terms and Conditions	20
4.1.5. Communication with Employer	21
4.2. Case Studies	22
5. Conclusions and Recommendations	25
5.1. Recommendations	26
5.2. Draft Code of Practice for employing part-time and temporary workers	27
7. Appendix	28

List of tables

Page Number

Table 1	Number of people estimated to be on a zero hours contract	3
Table 2	Number of people employed within the Standard Occupational Classification (SCO) groups in the Liverpool City Region	7
Table 3	Qualifications held by population within Liverpool City Region	8
Table 4	Summary of respondents' postcode data	11
Table 5	Summary of respondents' parental employment data	13
Table 6	Summary of respondents' experiences whilst working on zero hours/casual contracts/internships	15
Table 7	UK unemployment and underemployment Index 2001-12	17

List of maps

Map 1	Liverpool City Region	6
-------	-----------------------	---

Foreword

**Chuka Umunna
Shadow Secretary of State for Business, Innovation and Skills**

Chuka Umunna MP, Shadow Secretary of State for Business, Innovation and Skills:

“The use of zero hours contracts has increased markedly in recent years. While there are many employees who want extra flexibility at work, there are real concerns relating to the abuse of zero hours contracts, as well as their wider impact on people at work of their increased use. As part of our Policy Review, Labour is looking at how we can prevent the abuse of zero hours contracts – which is clearly happening around the country – and the best way to stop such abuse.”

“This report provides a very useful evidence base on the issue, highlighting instances in which zero hours contracts are being abused and the impact which this can have. This report helps us to gain a better understanding of zero hours contracts, both in relation to different sectors and on the labour market more widely.”

“We will be looking at the report’s recommendations in detail, as well as its suggested code of practice for employers, as we examine ways in which the abuse of zero hours contracts can be most effectively be tackled. We are very grateful for this important contribution to the debate.”

Acknowledgements

We would like to thank all of the people who responded to the survey and participated in the discussion group, their input was invaluable and this project would not have been possible without their open, honest participation.

Our thanks also to the staff in the three MPs' offices, in particular Kate Brady and Matt Garlick for their crucial contribution to this report.

We would also like to express our appreciation for the assistance given by the House of Commons Library.

1. Introduction

Our initial aim in conducting this survey was two-fold. First, to try to gain a better understanding of the extent and implications of “zero” or “nil” hours contracts, particularly as to how employment practices impact on those employed under this kind of arrangement. The expression ‘zero hours’ or ‘nil hours’ contract is a colloquial term for an employment contract under which the employee is not guaranteed work and is paid only for work carried out¹. The Advisory, Conciliation and Arbitration Service (Acas) has defined zero hours contracts as:

[...] companies in the retail and hospitality industries are taking on staff on 'zero-hours' contracts - that is, where people agree to be available for work as and when required, but have no guaranteed hours or times of work. Zero-hours contracts effectively provide employers with a pool of people who are 'on-call' and can be used when the need arises.

Generally, as an employer, you are not obliged to offer work to workers on zero-hours contracts - but nor are they obliged to accept any work you offer. It's important to be aware of the provisions of the National Minimum Wage Regulations, which state that workers on 'stand-by time', 'on-call time' and 'downtime' must still be paid the National Minimum Wage if they are at their place of work and required to be there. Similarly, such time is likely to count as 'working time' under the Working Time Regulations if the worker is required to be on-call at the place of work. This means that it's against the law to ask employees to 'clock off' during quiet periods but still remain on the premises.

Zero-hours contracts may suit some people who want occasional earnings and are able to be entirely flexible about when they work. However, the unpredictable nature of working times means that they won't be for everyone.²

Secondly, we hoped to examine what action could be taken, whether by statutory or other means, to tackle the potential abuse inherent in these relatively new forms of employment. We were similarly interested in other forms of temporary employment practices that have recently become more prevalent, such as the use of unpaid internships.

We started with the tacit assumption that the biggest impact would be on young people (for the sake of this report, we have used the definition of ‘young people’ as any person aged under 35 years). However, we did not rule out the possibility that other age groups might also be affected.

¹ House of Commons Standard Note [Zero Hours Contracts](#) SN/BT/6553 3 June 2013

² Acas website [The rise of the 'zero-hours' contract](#), accessed 16 January 2013

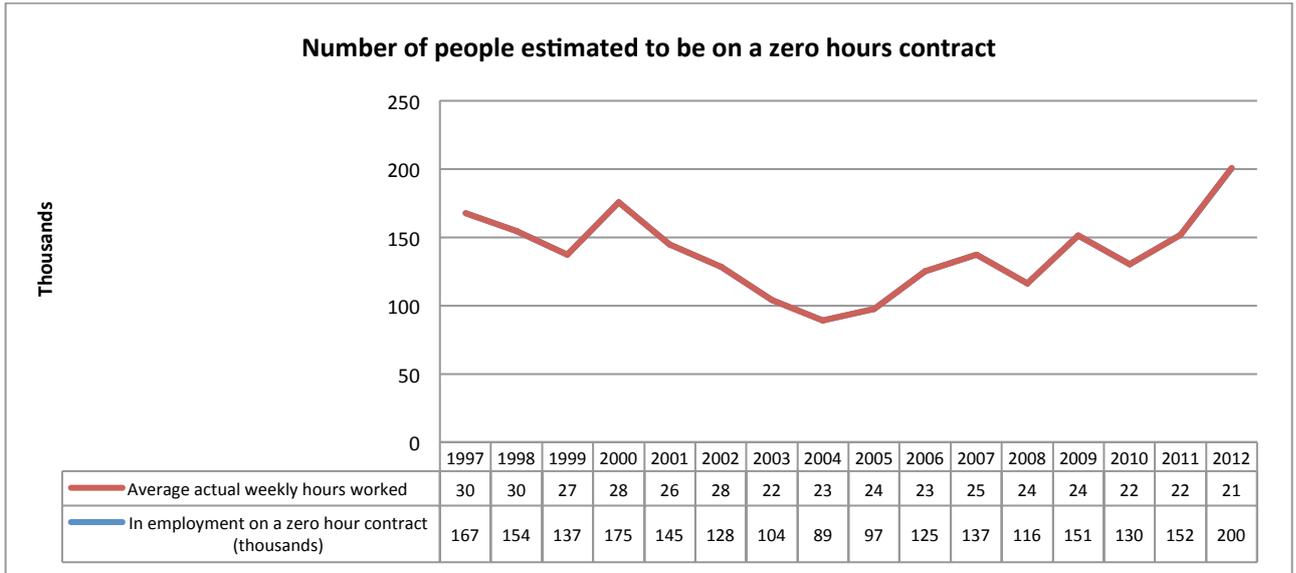


Table 1 – Number of people estimated to be on a zero hours contract (ONS)

The number of people estimated to be on a zero hours contract has been increasing since 2004³. In 2002 there were 128,000 people employed on zero hours contracts working an average of 28 hours per week. In 2012, this number had risen to 200,000 people, yet the number of hours people are working has decreased to an average of 21 hours per week.

1.1. Internships

In 2010, the Low Pay Commission noted that “...the use of internships is becoming increasingly commonplace in certain sectors, particularly the media, entertainment industry and in politics, for employers to demand a period of unpaid work experiences as a means of getting into the industry”.⁴

The Commission pointed out it had received evidence “...on unpaid work experience that there is systematic abuse of interns, with a growing number of people undertaking ‘work’ but excluding them from the minimum wage”.⁵

In a report published in April 2011, the Low Pay Commission suggested that the Department of Business, Innovation and Skills (BIS) needed to ensure that legislation was enforced in this form of employment:

We believe that stronger action needs to be taken on enforcement. It is clear this needs to be accompanied by better understanding of when a legitimate unpaid work experience opportunity becomes a work placement that should be paid at least the National Minimum Wage. We recommend that the Government takes steps to raise awareness of the rules applying to payment of the National Minimum Wage for those undertaking internships, all other forms of work experience, and volunteering opportunities. In addition, we recommend that these rules are effectively enforced by

³ Office for National Statistics (ONS) [Number of people on zero hours contracts 1997 – 2012](#).

⁴ [National Minimum Wage: Low Pay Commission Report 2010](#), Cm 7823, March 2010, pp109-110

⁵ Ibid.

HMRC using its investigative powers. We intend to continue monitoring how the regulations are operating in this area when taking evidence for our next report.⁶

The Government's response was given by the then BIS Minister, Mark Prisk:

"Work experience, whether as a paid or unpaid intern can be a valuable way for young people to get the experience, skills and confidence they need to start up. The Government want as many interns as possible to be made available, but we are clear that those who are entitled to the national minimum wage should get it"⁷.

There is, therefore, a genuine cause for concern, as highlighted by the Low Pay Commission, that, at best there is a grey area regarding interns and the potential for employers avoiding the minimum wage. Mark Prisk's response, although paying lip service to entitlement to the minimum wage, does not in any meaningful way address the problem.

Moreover, we do have an additional concern. Access to internships is not always as open, fair and transparent as we believe is appropriate, particularly given the potential advantages an internship confers. For example, the Daily Mail reported that:

"At the Conservative's Black and White Party, millionaire Tory supporters paid around £3,000 each for their children to have a golden chance of spending a week or two with a number of top finance companies and banks. If they do well and win a full-time job, they could join the ranks of city tycoons who earn multi-million pound bonuses".⁸

Leaving aside the party political implications, there is a real concern about the unfairness of this practice. As Ross Perlin comments:

"Seriously? Is the auctioning of full-time jobs next? That would surely raise eyebrows as a foolish and unfair hiring practice, but somehow bidding on internships passes muster. Access to internships is often restricted enough as it is – to enrolled students (sometimes at particular schools), to those with connections, to those using internship placement firms (increasingly common in the US), to those who can afford to work for zero or no pay. Internship auctions, whatever good causes they may benefit, are a crowning absurdity, especially when endorsed by a government which only recently launched its Equality Strategy, pledging that every Whitehall department would 'work to promote diversity, for example through internship schemes to widen access to the civil service for those who are currently under-represented, such as ethnic minorities and disabled people'.⁹

Most importantly, we do strongly believe that internships, unless accessed fairly and openly and paid, entrench privilege. Bluntly, the chance of any bright young person from our constituencies gaining access to such opportunities is virtually nil.

⁶ [National Minimum Wage: Low Pay Commission Report 2011](#), Cm 8023, April 2011; the Commission discuss the issue of internships at some length in pp81-83 and pp97-101

⁷ [HC Deb 17 June 2011, c1068](#)

⁸ Daily Mail, [Cash for internships: Tory backers pay party £2,000 a time to buy their children work experience at top City banks and hedge funds](#) Simon Walters & Brendan Carlin, 13th February 2011

⁹ [Guardian.co.uk, The new elitism of internships](#) Ross Perlin, 17th February 2011

A recent Westminster Hall debate on the topic of unpaid internships highlighted the reality of modern day internships. Hazel Blears MP, quoting the results of a survey by the European Youth Forum, stated that:

“[only] just over half of all the interns surveyed had been paid at all; 41% of those who received some money found that their remuneration was insufficient to cover day-to-day living expenses; and in total a quarter were able to make ends meet. Nearly two thirds relied on financial support from their parents”¹⁰.

Hazel Blears continued, quoting a survey by Survation on behalf of Unions 21:

“84% of people over 35 said that a young person in their family could not afford to do an unpaid internship in London. That is a massive exclusion barrier. The culture of unpaid internships is now so widespread that many young people no longer think about applying because they know that they will not be able to meet their living costs during the internship.”¹¹

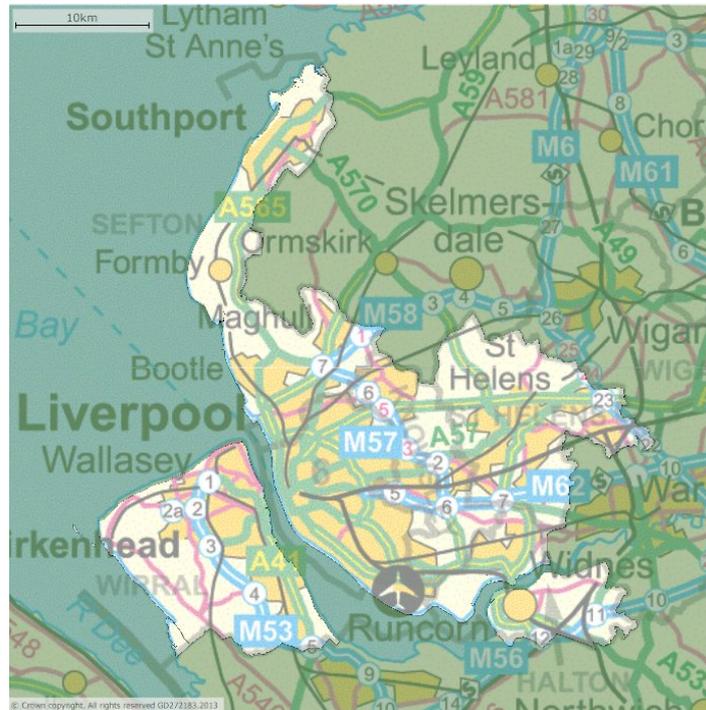
The debate surrounding internships is complex and there are a number of issues that need to be addressed. We are not disputing the value of short periods of unpaid work experience and volunteering, particularly for young people who have never been in a place of work, but if a person is carrying out duties in their place of work that warrant them being classed as a ‘worker’, they are entitled to, and should be in receipt of, at the very least, the national minimum wage. Long internships, by their very nature, are in almost all circumstances jobs and should therefore be paid.

¹⁰ Hansard [Westminster Hall Debate - Unpaid Internships](#) 18th June 2013

¹¹ Ibid.

2. Profile of Liverpool City Region

The Liverpool City Region is an economic and political area of England, incorporating the areas of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral. The population of Liverpool City Region is 1,506,500¹² with an unemployment rate of 9.9% (ibid.).



Map 1 – Liverpool City Region

2.1. Employment

Table 2¹³ shows the employment by occupation in the Liverpool City Region.

The number of people employed in Standard Occupational Classifications (SOC) groups 1 – 3 (managerial, technical and professional) in the Liverpool City Region (37.4%) is slightly below that of the North West (40.8%) and Great Britain (44%).

The numbers of people employed in SOC groups 4-5 (administrative and skilled trades) and 8-9 (machine operatives and elementary) in the Liverpool City Region are broadly similar to both the North West and Great Britain. The number of people in the Liverpool City Region with occupations in SOC group 6-7 (caring, leisure and customer service) is 22.2%. This is higher both than the North West (19.4%) and Great Britain (17.2%).

¹² NOMIS [Liverpool City Region profile 2011-12](#)

¹³ NOMIS [Employment by Occupation in Liverpool City Region 2011- 12](#)

	Liverpool City Region (Numbers)	Liverpool City Region (%)
Soc 2010 major group 1-3	234,300	37.4
1 Managers, directors and senior officials	48,500	7.7
2 Professional occupations	101,500	16.1
3 Associate professional & technical	84,400	13.3
Soc 2010 major group 4-5	137,300	21.9
4 Administrative & secretarial	78,700	12.4
5 Skilled trades occupations	58,700	9.3
Soc 2010 major group 6-7	139,000	22.2
6 Caring, leisure and other service occupations	74,900	11.8
7 Sales and customer service occupations	64,100	10.1
Soc 2010 major group 8-9	116,100	18.5
8 Process plant & machine operatives	51,000	8.1
9 Elementary occupations	65,100	10.3

Table 2 – number of people employed within the Standard Occupational Classification (SCO) groups in the Liverpool City Region

The Liverpool City Region Job Seekers Allowance (JSA) claimant rate for adults between 16 – 64 years old is 5.1%¹⁴. This is 1% higher than the North West region (4.1%) and 1.5% higher compared to Great Britain (3.6%).

The Job Seekers claimant rate for young people aged between 18 – 24 years old is 9%¹⁵ in the Liverpool City Region. This is almost 4% higher than the claimant rate for adults aged 16 – 64 (5.1%) in the Liverpool City Region. The JSA claimant rate for young people aged between 18 – 24 years old is 7.5% in the North West and 3.6% Great Britain.

¹⁴ NOMIS [Out of Work Benefits Liverpool City Region](#) May 2013

¹⁵ Ibid.

2.2. Education

Table 3¹⁶ below details the level of qualifications held by people aged 16+ in the Liverpool City Region.

The number of people in the Liverpool City Region holding qualifications of NVQ4 and above (25.4%) is almost 10% lower than the comparison for Great Britain and almost 5% lower than the North West region.

The number of people in the Liverpool City Region holding no qualifications is 13%, this is over 3% higher when compared to Great Britain (9.7%) and almost 2% higher than the North West (11.1%)

	Liverpool City Region (numbers)	Liverpool City Region (%)
NVQ4 and above	238,700	25.4
NVQ3 and above	444,100	47.3
NVQ2 and above	632,100	67.4
NVQ1 and above	765,900	81.6
Other qualifications	50,500	5.4
No qualifications	121,700	13.0

Table 3 – Qualifications held by population within Liverpool City Region

¹⁶ [NOMIS Qualifications held in Liverpool City Region 2011-12](#)

3. Methodology

The primary aim of this project, as detailed in the introduction, was to gain a better understanding of the implications of 'zero' or 'nil' hours contacts.

In order to examine this aim, we used two methods:

- Data collection via an online survey
- An informal discussion group hosted in Liverpool where participants were given the opportunity to discuss their experiences whilst working on zero hours / casual contracts

All survey data was collected during a three month period: 18th February 2013 - 17th May 2013.

3.1. Online survey

The survey was designed using Survey Monkey online software.

There were 11 questions to answer in the survey and respondents could skip any questions they did not want to answer. A copy of the survey can be found in the appendices.

All survey responses were anonymous.

The survey's title was 'Young People and Employment'. The initial intent of the survey was to focus on people under 35 years old in casual employment in the Liverpool City Region. A small number of respondents who completed the survey fell outside of this specified age range and geographical location but rather than be overly prescriptive, their responses were included in the data analysis.

The online survey was distributed via social networks – twitter & facebook, via the websites of Luciana Berger MP, George Howarth MP & Alison McGovern MP and by using mailing/contact lists of the three MPs. A unique link was created for each MP's office so we could track the origin of survey responses. The online survey was also distributed via local Colleges and Universities.

We received 87 survey responses in total.

The final question of the survey asked respondents if they would be happy to be contacted further to discuss their responses. Respondents who answered 'yes' to this question were asked for their contact information (phone number or email address). These respondents were contacted and asked if they would like to participate in a small discussion group to discuss their employment experiences in more detail.

3.2. Discussion group

A small group of people attended a discussion group in Liverpool on 4th April 2013 to discuss their experiences whilst working on zero hours / casual contracts. This was an informal meeting held between participants, MPs and support staff from each office.

Details of participants' experiences have been written up as case studies e.g. Case Study 1, Case Study 2 etc. and can be found in the 'key findings' chapter of this report. One participant requested that no identifiable information be used to describe them in the report.

3.3. Limitations of the study

The aim of this study was to collect quantitative (statistical and numerical information) and qualitative data (an impression of how people think and feel). The sample of 87 responses is statistically small and whilst it is difficult to base conclusions firmly on the numbers, we do feel that the detailed qualitative responses provided by participants provide us with substantive information and the opportunity to discuss key themes surrounding casual employment.

It was a challenge to achieve a balance of gender, ethnicity, age, and socio-economic group.

The survey was produced in the form of an online survey. The advantage of this is that it can be distributed easily via social networks and other online mediums such as MP's websites. Online survey links can also be shared easily between respondents, expanding their reach into areas that they may not normally have access.

The disadvantage of this type of survey is that access is restricted to those with ready access to the internet and a computer. Whilst many people, particularly those under 35, have access to a Smartphone, it is unlikely many would have chosen to complete this survey using their phone considering the number of open-ended questions requiring detailed responses.

3.4. Employers

Prior to completing the survey, all respondents were informed that responses would be anonymous but, we did state that, unless otherwise requested, all employers (organisations and agencies) would be listed in the final report.

Details of the employers mentioned can be found in the 'key findings' chapter of this report when used as direct quotes from respondents.

4. Key findings

This section will detail the key findings from the online survey and the results from the discussion group case studies. It will be broken down into three sections.

First, the quantitative data will be considered i.e. age, postcode, qualifications held by survey respondents and information on current employment.

Secondly, an analysis will take place of the qualitative responses provided by survey respondents, detailing their personal employment experiences working on zero hours contracts, casual contracts and internships. This analysis will focus on five areas:

- Number of hours employees received / underemployment
- Flexibility
- Period of notice of hours due to be worked
- Terms and conditions (i.e. sick pay, holiday pay)
- Communication with employer

Thirdly, using data collected from the discussion group, we will present four case studies. Three case studies were assembled from participants of the discussion group held in Liverpool and the fourth case study was gathered directly through one MP's office.

There were 87 survey responses in total. Respondents were permitted to skip any question they did not wish to answer.

4.1. Survey questions

Question 1 - What is your age?

There were 83 responses to this question. The largest age group of responses to the survey came from 16 – 19 year olds with 43 responses coming from this group.

There were 22 responses from 20 – 29 year olds, 6 responses from 30 – 34 year olds. Only 13 responses were received from those aged 35 years old and above (outside our targeted group).

Question 2 - What is your postcode?

Below is a summary of postcode information provided by respondents when answering the survey.

Postcodes	L1 - L9	L10 - L18	L19 - L27	L28 - L34	L35 - L36	CH	NG	WA / WR/PR
Total	11	17	6	17	16	14	1	3

Table 4 – Summary of respondents' postcode data

Question 3 - Which of these qualifications is the highest that you hold?

86 people answered this question.

21 respondents held 1 - 4 O'Levels/GCSEs and only 9 respondents held 5 or more O'Levels/GCSEs. 5 respondents held at least one A'Level or Higher Diploma.

25 respondents held vocational qualifications in NVQs (level 1/2/3), GNVQs (level1/2/3) or BTECs (first/general diploma). 4 respondents held vocational qualifications in NVQs (level 4-5), HNC, HND, BTEC Higher Level.

19 respondents held an advanced educational qualification such as a Degree or Higher Degree. 2 respondents held professional qualifications e.g. nursing, accountancy or teaching qualification and 1 respondent held an 'other vocational qualification'.

Question 4 – Please use the space below to state the occupation of your mum and dad.

In the survey, respondents were asked two questions regarding employment. One question asked the occupation of the respondents' parents. This information was summarised using the Standard Occupational Classification (2010).¹⁷

The most popular occupations listed for 'mother' were those in the 'caring, leisure & service' and 'sales and customer service' industries with 21 of 68 responses coming from these two categories. It is worth noting that the third highest group mentioned was 'professional qualifications' with 9 responses and 7 responded that their mother was 'unemployed'.

¹⁷ Office National Statistics [SOC2010 Volume 1 Structure and Descriptions of Unit Groups](#) 2010

Occupation	Mother	Father
Managers, directors & senior officials	3	5
Professional occupations	9	6
Associate professional & technical occupations	1	2
Admin. & Secretarial	7	0
Skilled trades	0	6
Caring, Leisure & Service	10	3
Sales & Customer Service	11	3
Process Plant & Machine	0	9
Elementary	2	3
Retired	5	5
Sick	2	2
Unemployed	7	4
Deceased	2	4
Voluntary work	1	0
Other	8	14
Number of responses	68	66

Table 5 – Summary of respondents’ parental employment data

The most popular occupations listed for ‘father’ was ‘process, plant & machinery’ with 9 responses, ‘skilled’ with 6 responses and 14 responses classed as ‘other’. Where it was not possible to classify occupation according to responses listed, they were placed in the ‘other’ category. Some examples of occupation included in this category were ‘work for Council’, ‘business man’ and ‘self employed’.

Question 5 - Are you currently employed

Question 7 - Use this space to provide details of your employer

The second question about employment asked whether respondents were currently working. If they answered ‘yes’, they were asked to state their role and employer.

Below is a summary of the employment sectors that respondents said they worked in.

Retail and Sales

McDonalds, Burger King, Bargain Booze, Dobbies, Peacocks, Sainsburys, Crocs Footwear, Co-Operative, Asda, Bakemark, Jersey Beauty Company

Leisure & Hospitality

Beauty Salon, Hairdressers, Gym Group, Bodytorque gym, Village Hotels, Pontins, Philharmonic Hall, Echo Arena, Tate Catering, Bluecoat, Thornton Hall Hotel and Spa

Education institutions

Liverpool Hope University, Liverpool John Moores University, University of Liverpool, University of Salford, Liverpool Student Union, Harmonize, Manchester College

Caring

Cherryfield Nursing Home, Merseyside Society for Deaf People, Liverpool Lighthouse, NHS Primary Care facility, Community Caring

Communications & Logistics

UPS

Local Authority

Liverpool City Council

Government Agency

Department for Work and Pensions

Recruitment Consultant

Blue Arrow Rullion, Crewlink, Arc Hospitality, Workforce

Other

British Airways, Ryanair, Merseyside Paper Supplies, Liverpool Architecture & Design Trust

Question 8 - How would you rate your experience in the following areas?

Respondents were to rate their experiences of the following five areas whilst in employment:

- Number of hours received
- Flexibility
- Period of notice of hours due to be worked
- Terms and conditions (i.e. sick pay, holiday pay)
- Communication with employer

How would you rate your experience in the following areas whilst working on zero hours/casual contracts, internships?	Very poor	Poor	Average	Good	Very good	N/A / Didn't answer
Number of hours you received	8	8	16	9	8	5
Flexibility	5	5	19	9	9	6
Period of notice of hours due to be worked	8	8	17	9	3	7
Terms and conditions (i.e. sick pay, holiday pay)	16	7	14	3	5	5
Communication with employer	5	8	22	6	6	5

Table 6 – Summary of respondents experience whilst working on zero hours/ casual contracts/ internships

Respondents were given five options to choose from – very poor, poor, average, good, and very good.

Respondents described the number of hours that they received in generally positive terms with 17 describing the hours they received as from their employer as good or very good. 16 described the hours they were receiving as poor or very poor and 16 as average.

Most respondents were happy with the flexibility offered by their contracts with 18 describing them as good or very good. Only 10 described them as poor or very poor.

Respondents' description of the period of notice they received for hours due to be worked varied between employers, with 16 describing them as poor or very poor, 17 average and only 12 as good or very good.

The question asking about 'terms and conditions' garnered the most negative response with 23 respondents describing their terms and conditions as poor or very poor. Only 8 said they were good or very good.

'Communication with employer' provided a mixed response with 22 of respondents describing it as average, 13 poor or very poor and 12 good or very good.

4.1.1. Underemployment

Background

The International Labour Organisation (ILO) defines time-related underemployment:

"As where the number of hours of work for an employed person is insufficient, that the person is willing to engage in more work and is not already working more than a specified number of hours"¹⁸.

Based on the ILO definition, employed people (aged 16 or over) are classified as underemployed if:

- they are willing to work more hours because they want a job additional to their current job,
- want another job with longer hours, or want more hours in their current job, they are available to start working longer hours within 2 weeks, and
- their 'constructed hours' during the reference week did not exceed 40 hours (if they are under 18 years of age) or 48 hours (if they are over 18 years of age) (ibid.)

A paper published in the National Institute Economic Review in May 2013 illustrated the growing trend of underemployment¹⁹. The paper, titled 'Prospects for the UK economy' written by Bell and Blanchflower, highlights the issue of underemployment in the UK labour market where:

"The demand for hours of work is less than workers' willingness to supply extra hours. Workers would like to work more hours, but there is insufficient product demand to justify additional hours" (ibid.)

¹⁸ [Economic & Labour Market Review | Vol 4 | No 7 | July 2010](#)

¹⁹ [Prospects for the UK Economy National Institute Economic Review May 2013 224: F51-F70](#). David N. F. Bell and David G. Blanchflower

Table 7 below compares UK unemployment and underemployment in the UK since 2001.



Table 7 – UK unemployment and underemployment Index, 2001-12

Underemployment has risen across the UK’s regions and nations. The largest increases in England have been in the East Midlands (where there has been a 50% rise) and the North West (where levels have risen by 49%)²⁰.

Among the EU Member States in 2012Q4, underemployed part-time work is highest in Ireland (6.8 % of the labour force), the United Kingdom (6.0 %) and Spain (6.4 %) and lowest in the Czech Republic (0.5 %) and Bulgaria (0.7 %)²¹.

Survey responses

Underemployment was a factor raised by respondents of our survey and during the discussion group.

Some respondents were positive about their experience working on zero hours and casual contracts, stating that [the contracts] were “very good”, “all positive”, “[they] felt like part of the team” and “[they were] offered lots of work regularly”.

One respondent said that they were allocated a 12 hour shift at their place of work and told to go home after working only one hour of their shift. This impacted on their finances on the day in question and also their eligibility for Working Tax Credits.

“I was on early 12hrs shifts. I work Mon, Tue, and turned up Wednesday morning and told by the shift manager at 7.15am to go home after one hour. It cost me more money than I had earned to get there and back home. As I was not getting enough hours I could not get the working tax credit I had applied for”.

²⁰ TUC [Under-employment Crisis](#)

²¹ European Commission [Underemployment and potential additional labour force statistics](#) 2012

Some employers were able to provide employees with a set number of hours each week but others are left vulnerable to their working hours changing each week.

“Other employees only get the minimum contracted hours each week and wish they got more”.

This respondent was given a low number of working hours initially, only to have their hours cut further with little notice.

“Hours are chopped and changed regularly. It’s common for me to be told I will have 13 hours work in a week (for example), only to find with little notice that it’s been cut to 3 hours... It is also deeply depressing sitting at home hoping for SOME hours each week”.

4.1.2. Flexibility

Flexibility is often touted as one of the key benefits of zero hours contracts. Zero-hours contracts may suit some people who want occasional earnings and are able to be entirely flexible about when they work, for example students. However, the unpredictable nature of working times means that they won't be for everyone²².

There were mixed reactions to the flexibility offered on zero hours/casual contracts from the survey respondents.

Some respondents stated that they were registered with multiple recruitment agencies and worked over multiple sites taking employment wherever the work was – illustrating a desire by an employee to work whenever they can.

The second quote praises their employer for obliging them with a minimum number of hours at work enabling them to claim Tax Credits to supplement their income.

The third quote praises their working environment and the amount of hours that they were receiving but highlights the short notice that they received to be called into work.

“I work shifts to fit in with my life and even though my contract is for very few hours, the management give me the certain number of hours I require to be able to claim tax credits too”.

“Tate Liverpool were good felt like part of the team & I was offered lots of work regularly but the period of notice was very short sometimes on the morning of the offered employment”.

²² ACAS [The rise of the 'zero-hours' contract](#)

Some respondents proffered that working zero hours contracts not only gave them flexibility week-to-week but also made it easier for them to move on to other opportunities if they came up and ultimately, being in some type of employment, however unsound, was better than being unemployed.

The period of notice given by employers was mentioned on a number of occasions by respondents. Some employers do not show due diligence to their employees, often calling employees in at very short notice. Some employees are required to be 'on call' leaving them in a position where they are unable to spend their rest days as they would like to in case they are called into work suddenly.

“The period of notice was very short sometimes”

“You can never use the time that you have off constructively because you could be called in to work at any time”.

The respondent quoted below was in receipt of the amount of hours that they wanted to receive and received plenty of notice for their rota but they are unhappy about the circumstances surrounding their employment and the precarious nature of their casual employment contract.

“I haven't found the council job too difficult on a 0 hour contract as I do often work up to 17.5 hours and I get told where I will work and what hours in plenty of time often with a month notice. The only problem with it is that I have been told a number of times that the job is finishing due to funding and I haven't got a leg to stand on when I do get finished”.

Working on a zero hours contract can suit those who want flexibility but the will of the employee to work is not enough to gain either the number of hours that they would like or a reasonable period of notice in which to receive them from their employers.

4.1.3. Managing factors outside of the workplace – childcare, benefits etc.

Some respondents wrote emotively about their experiences working on zero hours / casual contracts highlighting the impact that these types of contracts had on their day-to-day life. Respondents spoke of the stress of not knowing where their next work is going to come from or when they will become a 'permanent employee'. This goal of becoming a 'permanent employee' was mentioned by a number of respondents during the survey and through our discussion group.

“It has been very difficult as I want to move on with my life but can't as I don't know when and if I will be next out of work so this stops me from committing into anything financial like moving out or furthering my education more as I do not know if I will be in long term work as I am always waiting for them words that I am now a permanent employee. This has not only brought stress on myself but people that are nearest to me as it tends to be them that I vent my frustration to”.

Respondents were typically keen to work, keen to achieve goals such as moving out of home, furthering education, purchasing clothes but they believed that their contracts formed a barrier to achieving their goals.

4.1.4. Terms and conditions – sick pay, holiday pay etc.

Multiple respondents raised their disapproval about the terms and conditions that they received with their casual contracts. 23 respondents described their terms and conditions as poor or very poor, with 14 describing them as average and 8 respondents stated that they were good or very good.

Respondents felt that their rights were not the same as those who were on fixed hours contracts. Many employees felt that working on casual contracts meant that they were unable to raise issues or concerns with their employer, such as requesting more hours/turning down hours or requesting time off.

Respondents feared that raising issues with their employers would impact negatively on them, either in the form of reduced hours, or more critically, result in them being deemed 'inflexible' and not being allocated any work in future weeks.

“The zero hours contract and casual contracts made me feel that I had no rights and all the power was with employer. If I complained I knew that the next week I ran the risk of getting no hours and having no money to live on. Increasingly, casual and zero contracts are favoured by employers”.

“My contract said zero hours which meant I got no benefits if I was ever ill”.

“Awful. It's depressing and demoralising. I feel I have no rights and constantly question 'why am I even bothering to work?' Some weeks it would be more beneficial for me to sign onto job seekers allowance...I feel completely demotivated ..It's depressing and has me in a constant state of anxiety.

“I also feel unable to speak out about any grievances I have with my employer for fear of my hours being cut further...something needs to be done to put a stop to zero hour contracts as they are unfair and only benefit the employer. If the government wants to 'make being in work pay' it needs to ban the zero hour contract. My experience of a zero hour contract has been wholly negative”.

The respondent below raised concerns about their place of work but noted that the issues they are experiencing could be found at any place of work i.e. with employees in other workplaces, and potentially other types of contracts.

“Applies to all places of work: No work during university holidays...Significant delays in receiving contract and pay...No training...Constant worry and anxiety”.

4.1.5. Communication with employer

The communication between employee and employer appeared to vary widely amongst respondents. Some employers gave staff plenty of notice in advance for the hours they were given. One respondent commented that their employer used social networks which was very helpful in being kept informed about shifts:

“...brilliant experience [...] the use of Facebook to discuss hours and rotas was excellent”.

But some respondents complained about the way in which staff hours were distributed amongst staff at their place of work. Many complained that hours were distributed informally and on a ‘first come, first served’ basis. Those with Smartphones, allowing instant access to emails and social networks would be more likely to receive work as they could be alerted to, and respond to the availability of working hours more quickly than those without.

“It was very frustrating that in both circumstances I would have like to do more hours but there were a lot of people fighting over the few hours that were given out. For Jersey Beauty Company whoever responded first to a text would get the work and for The Bluecoat it was whoever replied to an email first. As someone who doesn’t own a smart phone I felt I was at a disadvantage because I couldn’t check my emails all the time”.

The use of technology in the workplace is increasing, be it in the form of online rotas, group text messages and the use of social networks to discuss hours. This technological shift favours those who have access to Smartphones and computers at home. Unfortunately however, this leads to a disconnect between employer and employee whereby staff can be dismissed by text message:

“Whilst the staff I was working with were very kind, the system of employment allowed a low ranking supervisor to dismiss me and another person by text message”.

4.2. Case Studies

Case Study 1 (CS1) – Crossroads Care Company

CS1 details her experiences working as a care worker for Crossroads Care Company. She visited clients in their homes and would need to be available to work over six, sometimes seven days of the week including evenings. The number of hours that she could work per day varied between 1 - 6 hours, often with large gaps in between calls. The calls could start as early 7.30am and finish as late as 11pm.

She would receive her timesheets four weeks in advance but her rota could change on a day-to-day basis as calls were added to her roll sheet or cancelled. If calls were cancelled, she would not be paid for any scheduled visits which were removed from her rota at late notice. If jobs were added at short notice, she would need to try and make arrangements to her personal family duties such as childcare arrangements and school pick-ups/drop-offs. Sometimes no arrangements could be made at short notice and she would need to decline the work.

Her experience at the start of her employment with Crossroads was generally quite positive. She enjoyed the flexibility but she was aware that other employees were complaining that they were not offered enough hours at work. She said that it was difficult for her to receive Tax Credits as the number of hours that she worked would vary week to week.

She was, however, very understanding of the difficulties that the management had in coordinating shifts and dealing with the addition and cancellation on appointments. CS1 did comment that if a client requested extra services, Crossroads would charge more to the client but the employees were not given any extra pay in accommodating extra services at short notice.

As a care worker, she was expected to provide and pay for her own mobile phone to use in the course of her duties.

She was not paid for travel time when driving to or from her calls. On some days, taking into account the time she spends travelling in-between calls, she would end up working for less than National Minimum Wage. CS1 estimates that during one year, her mileage (not including commuting) was over 4500 miles. If she drove at an average speed of 25 miles per hour, this equates to 180 hours of unpaid driving per annum.

If she left the company within three years, a percentage of her training costs would need to be repaid to her employer.

After leaving Crossroads, CS1 became a healthcare assistant with a fixed contract stipulating that she will work 25 hours per week. She is guaranteed hours so is able to make plans around her working week. The unpredictable nature of a zero hours contract was the primary reason for a change in employer.

Case Study 2 – De Vere Village Hotel / Tate Catering

CS2 worked as a member of hospitality staff at De Vere Village Hotel and Tate Catering. She described in detail a working environment of employees 'fighting for hours' and 'resentment in the team' between staff who were receiving the hours that they required and those who were underemployed

The number of hours available for staff varied according to levels of business but CS2 was 'forced' to take holidays during the summer months when the work levels dropped. She was 'frightened to take a day off' even if she was unwell, in case she would be seen as inflexible by her employers.

In response to a question asking whether she felt she could start a family whilst working on a zero hours contract, CS2 said she felt that this was 'just not viable', adding 'if I can't look after myself [on this type of contract] how am I going to look after someone else?'

Case Study 3 – Education / Research

CS3 held two jobs, one working for a higher education institution marking student exam scripts and the second working for a social research agency carrying out interviews. This person stated from the offset that there is little of this type of work available.

In order to carry out interviews, CS3 would travel by their own vehicle to interviewees' homes to conduct interviews. Sometimes interviews would be arranged in advance but on other occasions, CS3 would knock on doors in a specific location and request participation for interviews. On some occasions, they would be unsuccessful in finding anyone willing to participate. CS3 was only paid for the interviews that were completed and was not paid for travel time. It was possible, even by experience quite likely, that they would receive £20 for 8 hours work, well below the National Minimum Wage.

CS3 describes the period of notice given by both employers as good, typically they were informed one week in advance of the work due to be carried out the following week.

CS3 described themselves as 'marginally employed'. They are working two jobs but both are unpredictable. Despite working two jobs, they felt frightened about making small purchases, such as buying clothes for work – a belt or trousers, believing that this was an extravagance which they may financially regret a few weeks down the line.

Whilst there was an understanding of the difficulties that employers are facing, CS3 believed that employers were 'playing safe' with the hours that they were distributing and leaving employees in vulnerable positions.

CS3 was not eligible to receive any benefits or Tax Credits.

CS3 initially held a full time job with a government agency but they were made redundant. Despite their current difficulties, CS3 was still hopeful for a second career and/or that they will be able to generate enough income via their two current employment roles. They are

very keen to work but their 'marginal employment' and lack of other viable employment opportunities results in them feeling vulnerable to being exploited, living month-to-month. CS3 was a member of a trade union at their previous full-time role but is not currently a member.

They do not feel that enough is being done by the current government with regards to job creation and argue that there is less interest now for transferable skills by employers. CS3 believes employers are playing safe with recruitment.

Case Study 4 – Crewlink / Ryanair

CS4 was employed as a member of cabin crew by the agency Crewlink. Crewlink provide staff for the airline Ryanair.

CS4 is only paid 'flight pay' – i.e. the time the plane is in the air and is not paid for any other duties that they are carrying out such as:

- Duties on plane during turnaround time
- Compulsory briefing which takes place 45 minutes before flight
- Compulsory sales meetings

She is also not paid for any delays or flight cancellations. She is 'forced' to take three months unpaid leave each year and she was instructed that she was not able to take on any other employment during this time.

She receives 4 days paid work per week but is required to be on unpaid standby one or two days per week. If she is called in but the flight is cancelled, she is not paid.

CS4 was informed that she needed to pay £1800 to cover the costs of six weeks training for her role. In order to do this, she borrowed a £450 deposit from her parents & the remainder was taken from her salary in instalments.

She also had to pay a number of other 'fees'. Firstly, she is required to pay £30 per month (for 12 months) for her uniform. New employees are given a £1000 starter bonus in three instalments, which is repayable if she leaves within one year. There is a €200 admin fee in order to resign from the company if she leaves within 15 months of joining.

CS4 expressed her intention to leave Ryanair. As a result she will owe approximately £2000, which is payable within 14 days of leaving.

5. Conclusion and Recommendations

Aims of the report

- 1. To gain a better understanding of the extent and implications of “zero” or “nil” hours contracts, particularly as to how employment practices impact on those employed under this kind of arrangement**

The information received from respondents of the survey and participants of the discussion group were varied and respondents raised a number of issues and concerns.

The participants provided us with a valuable insight into what it is like to be employed on a zero hours/casual employment contract. Some respondents expressed satisfaction with their contracts; they were happy with the hours that they received and responded positively about their working environment. But the majority of respondents raised complaints about their employment on zero hours/casual contracts highlighting issues surrounding underemployment, communication with their employer, flexibility, terms and conditions and the impact of these types of contracts on their personal lives away from the workplace.

- 2. To examine what action could be taken, whether by statutory or other means, to tackle the potential abuse inherent in these relatively new forms of employment.**

Employers should take an ethical approach to the use of zero hours/casual contracts and they should be taking their due diligence responsibilities towards their employees more seriously. There appears to be a trend by some employers of consistent bad practice in the workplace whereby staff are sent home early during their shifts, [staff] are not being paid for all of the hours that they work, [staff] are having their hours cancelled at short notice or they work week-to-week with huge fluctuations in their working hours.

In light of the information we have received during the course of producing this report and the increasing use of zero hours/casual employment contracts within the UK labour market, we would like to make 8 recommendations regarding their usage. These recommendations can be found on the next page.

We have also proposed a code of practice for employers who employ part-time and temporary workers. We would like employers to voluntarily sign up to this code of practice and we intend to use this report to open up a dialogue with employers to discuss this proposal further.

5.1. Recommendations

1. We would like to recommend that companies using zero hour contracts, other forms of part-time and temporary employment practices sign up to a code of practice.
2. We acknowledge that there are circumstances in which, as a consequence of uneven demand for labour as a result of seasonal pressures or other sources of unpredictability, the use of part-time or temporary employment can be appropriate for some employers. We also recognise that some employees, as a result of family and caring responsibilities or out of choice, might find such employment appropriate to their personal circumstances.
3. We firmly conclude, however, that there is a fine line between part-time and temporary work being used responsibly and sensitively and practices which are, frankly, exploitative.
4. We have found convincing evidence that some high-profile and other companies are using employment agencies in order to meet uneven demand, as a means of evading their responsibilities - both moral and statutory – normally associated with good employment practice.
5. Zero hours contracts, whereby employers are given little or no notice of their hours in advance, are neither ethically acceptable or conducive to good relations between employers and those they employ by such means.
6. Whilst we acknowledge some short and unpaid work experience can offer some benefits, we do believe that long unpaid internships are unfair and exploitative in practice.
7. We believe strongly that membership of a trade union can be a vital protection against exploitation and arbitrary and unfair treatment in all workplaces.

5.2. Draft code of practice for employing part-time and temporary workers

We have drafted a **Code of Practice** which aims to provide guidelines for the use of part-time and temporary workers where the circumstances are justified. The key points of the Code of Practice are:

1. Working hours should be allocated with fair notice.
2. Employers will undertake to provide appropriate opportunities for equal access to internal training and career development opportunities to enable career progression.
3. Employers should take into account family commitments, the availability of public transport in relation to working hours and equal treatment in terms of conditions of employment regardless of age, belief, disability, gender, ethnicity, sexuality, between part-time and temporary workers and those employed full-time.
4. Other than in circumstances in which the part-time or temporary worker wishes to maintain their current employment status, employers should commit to trying to find either full-time or, alternatively, permanent part-time opportunities for those who would wish to attain such employment status.
5. Other than in short-term or emergency situations, employers should directly employ part-time and temporary employees rather than through employment agencies.
6. Employers should not deliberately break contracts solely in order to prevent part-time or temporary workers acquiring statutory employment rights.

Appendix

I. Survey

Dear respondent,

This survey is aimed at people under 35 years of age working in casual employment in the Liverpool City Region.

We are interested in finding out more about those employed on zero hour contracts, casual or 'rolling' contracts, employment agency contracts and interns.

All responses will be treated in confidence as regards the names and personal details of the respondent.

However, we would like to publish the names of employers and or agencies named in the survey, unless the respondent specifies otherwise.

1. What is your age?

2. What is your postcode?

3. Which of these qualifications is the highest qualification you hold?

1 - 4 O levels/CSEs/GCSEs (any grades), Entry Level, Foundation Diploma
NVQ Level 1/2/3, Foundation/Intermediate/Advanced GNVQ, BTEC First/General Diploma
5+ O levels (passes)/CSEs (grade 1)/GCSEs (grades A*-C), School Certificate
1 A level/2 - 3 AS levels, Higher Diploma
2+ A levels, Higher School Certificate, Progression/Advanced Diploma
Degree (for example BA, BSc), Higher Degree (MA, PhD, PGCE)
NVQ Level 4 - 5, HNC, HND, BTEC Higher Level
Professional qualifications (for example teaching, nursing, accountancy)
Other vocational qualifications

4. Please use the space below to state the occupation of your mum and dad:

Mum
Dad

5. Are you currently employed?

Yes
No

If 'Yes' please state how long you have been in employment. If 'No' please state how long you have been unemployed.

6. Have you ever worked on the following types of contracts? Tick all that apply.

Zero Hours (zero hour contracts are contracts of employment which do not specify any number of hours that the employee will be required to work).

Casual / Rolling

Internship

Apprenticeship

Comments

7. Use the space below to provide details of your employer (when you were working on the contracts listed in question 6).

Please state the name of your employer, type of business and address of business. Also, please state if you acquired this work through an agency or directly through an employer.

List as many employers as applicable

8. How would you rate your experience in the following areas whilst working on a zero hour contract/internship/casual employment?

	Very poor	Poor	Average	Good	Very good	N/A
Number of hours you received	<input type="radio"/>					
Flexibility	<input type="radio"/>					
Period of notice of hours due to be worked	<input type="radio"/>					
Benefits (i.e. sick pay, holiday pay)	<input type="radio"/>					
Communication with employer	<input type="radio"/>					

8. Please use this space to describe your overall experience whilst working on a zero-hours contract/internship/casual employment:

If this applies to more than one place of work, please list all relevant employers.

9. Please use this space to share additional information about your experiences (positive or negative) at your place of work that may be relevant to this survey:

10. Would you be happy to be contacted to discuss the subject of this survey in more detail?

Yes

No