



# Zero hours contracts brief

## What are zero-hours contracts?

- Zero-hours contracts loosely cover a range of contract arrangements that mean workers have no guaranteed weekly hours or income, only being paid for the hours that they do work.
- These are not new types of contracts and one feature is that many people do not know that they are on them which means that statistics are not clear about the real number of zero hours contracts.

## Statistics

- The Office for National Statistics now estimates that 250,000 people are on zero hours contracts having risen from 134,000 in 2006 (0.5 per cent of the workforce). Others argue that the figure is much higher as many people do not know they are on them, e.g. most agency workers will be on zero hours contracts. Recent CIPD statistics point to around one million people being on zero hour contracts.

## **The Resolution Foundation and the Work Foundation recently reported the following:**

- Those employed on zero hours contracts receive lower gross-weekly pay
- Workplaces that utilise zero hours contracts have a higher proportion of staff on low pay
- Those employed on zero hours contracts work fewer hours on average than those who are not, but are also more likely to want more hours
- Zero hours contracts are higher among young people than other age groups
- Those employed on zero hours contracts are less likely to have a degree and more likely to have a GCSE as their highest level of education.
- The employment of non-UK nationals is higher among workplaces utilising zero hours contracts
- Zero-hours contracts are over-represented in the private sector

More info here:

<http://www.theworkfoundation.com/Events/Key-facts-about-zero-hours-contracts>

and here:

<http://www.resolutionfoundation.org/publications/matter-time-rise-zero-hours-contracts/>

## What's wrong with zero hours contracts?

- Unite believes that in general zero hours contracts are unfair, creating insecurity and exploitation for many ordinary people struggling to get by. They are one of many forms of underemployment (people working less hours than they want) blighting the British economy.
- Employers use them to cut wages, avoid holiday pay, pensions, or other benefits enjoyed by employees and agency staff.

- The assertions that this “flexibility”, is equally beneficial to both employers and employees in most cases untrue. Particularly in low wage sectors, workers on such contracts have no control over the hours they work, the amount of money they earn each week or even the breaks they take. Reports show that care workers on zero hours contracts are not paid for travel time, or gaps between appointments.
- Workers on zero hours contracts are also not able to take on other work, as they are obliged to be available for work when the employer wants.
- Such insecurity also increases the risk of bullying, harassment and stress.
- Unite members report that in low paying sectors, such as the docks, retail, catering and social care, where such precarious work is increasingly becoming the norm; these arrangements serve to trap workers in poverty and exploitation.
- Even in traditionally better paid professional roles - such as aviation, health specialists, education and local government - casualised contracts are on the increase.

### **Bigger problem than zero hours contracts?**

- Zero-hour contracts are just the tip of the iceberg. Underemployment is generally too high in all its forms.
- Self-employment has been rising too, with bogus self-employment likely to also be increasing, particularly in sectors like construction, agriculture and hospitality.
- Demand for agency workers has remained the highest in Europe despite the introduction of equal treatment rights in 2011. In fact commentators are suggesting that zero hours contracts may be increasing as a way to avoid these equal treatment rights.
- This is similar to the notorious Swedish Derogation contracts that guarantee minimum hours of pay between agency assignments in order to exempt them from equal pay. Such contracts have been used to guarantee as little as 1-4 hours a week at minimum wage. Unite evidence shows around 30 per cent of agency workers are now on this contract which is particularly rife in logistics and manufacturing.
- Britain has one of the most deregulated labour markets in the EU. We operate a complex legal system that creates multiple tiers of workers with various different rights, particularly separation between definitions for ‘worker’ and ‘employee’ rights.
- The government is making this worse by deregulating employment rights, attacking trade unions and cutting back on state enforcement agencies.
- Our economy is still stagnating badly and tackling underemployment, low pay and exploitation must be part of the solution to that.
  - Comprehensive simplification and strengthening of UK labour law so that rights cover all workers, not just employees,
  - National collective bargaining should be introduced to produce enforceable sector wide agreements that cover all workers as occurs in other European countries;
  - A major investment not cuts strategy to stimulate the economy.

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