

Precarious pay and uncertain hours:

Insecure work in the UK Labour Market.

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1. Glossary

THE REAL LIVING WAGE (rLW)

The **real Living Wage** (rLW) is an independently calculated hourly rate, produced by the Resolution Foundation and overseen by the Living Wage Commission. The rate is updated annually to reflect actual living costs, based on the best available evidence. The London Living Wage (LLW) rate is higher to reflect higher living costs.

The current rates are £11.95 in London and £10.90 in the rest of the UK. Accredited Living Wage employers pay the rLW to all employed staff, including third party staff, aged 18 or over. The real Living Wage is different to the National Living Wage (see below). In this report, we use the terms ‘real Living Wage’ and ‘Living Wage’ interchangeably.

THE NATIONAL LIVING WAGE (NLW) AND NATIONAL MINIMUM WAGE (NMW)

The rLW is voluntary, unlike the government’s **National Living Wage** (NLW), which is a statutory minimum that applies to all UK employees aged 23 and over. The NLW is currently £10.42 for workers across the whole of the UK. Those under 23 are entitled to the **National Minimum Wage** (NMW), which currently stands at £10.18 for those aged 21-22, £7.49 for those aged 18-20 and £5.28 for those aged under 18 and apprentices.

LIVING HOURS

The **Living Hours** scheme was set up to tackle the problems associated with casualised and insecure work. Living Hours employers commit to providing secure hours and predictable shifts to help low paid workers make ends meet. The Living Hours scheme covers directly employed staff and third-party staff covered by the Living Wage commitment. More information about the Living Hours scheme can be found in the first annex of this report.

THE LIVING WAGE FOUNDATION

The **Living Wage Foundation** was created in 2011 to promote the Living Wage and celebrate employers who pay through accreditation. Since its establishment in 2011, the Foundation has accredited over 13,000 Living Wage Employers, putting over £2 billion back into the pockets of low paid workers.

2. Methodology and definition of insecure work

Data used in this report comes primarily from quarterly Labour Force Surveys (LFS') and annual Family Resource Surveys (FRS'). These have been used to identify the scale of insecure work in the UK, how this has developed over time, and who is most impacted by it. For the timeseries data, we have used quarterly LFS data from Q2 2016 to Q1 2022, and the annual FRS data from 2016-17 to 2021-22. The quarterly LFS' were aligned to cover the same period of time covered by the FRS' from the respective year. While there are more recent quarterly LFS' available, these were not used for the analysis to make sure the two cohorts were aligned in the period of time covered.

We define insecure work as workers who meet at least one of the following criteria (those that met more than one of these were not double-counted):

- People in non-permanent work (casual, seasonal jobs, fixed-term and agency) excluding anyone who said they did not want a permanent job.
- People who report working less than 16 hours a week despite wanting to work more (ie, under-employed).
- People who self-report volatile pay or hours while being below median income.
- People on zero-hours contracts.
- Low paid self-employed people.

We have also used primary polling to compliment the findings from the LFS and FRS data. Despite being a key feature of insecure work in the UK, information on shift notice periods, cancellations are not captured in these national-level worker surveys. We have therefore commissioned polling agency Survation to survey UK employees on the amount of notice they receive of their working hours, shifts or work schedules, and whether they

have experienced shift cancellations. This survey, which consists of over 2,000 workers per poll, has been running for 5 iterations, running on a bi-quarterly basis from Q2 2021 to Q2 2023. Data from each individual poll are presented in the timeseries graphs used in this report.

More information regarding both the methodology and the definition of insecure work can be found in the second Annex of this report.



3. Executive summary

Several shockwaves have been sent through the UK Labour Market over recent years. Covid-19 saw all non-essential economic activity grind to a halt, leaving millions of workers furloughed and a smaller (though not insignificant) number fall out of the labour market due to long-term sickness or caring responsibilities, many of whom are yet to return. More recently the cost-of-living-crisis has also left its mark, the clearest manifestation being the real-term pay cut most UK workers are currently facing, despite nominal wage growth being at historically high levels – hitting 7.2 per cent in April 2023.

Throughout this period, a welcome, yet unexpected constant, has been low unemployment, peaking at 5.2 per cent since the start of the pandemic and sitting at 3.8 per cent at the time of writing. While the post-pandemic peak was somewhat elevated, it is by no means high in historic terms, with the rate being higher only as far back as 2015. However, while a high quantity of jobs has been a prominent feature within the UK Labour Market, a high quality of jobs has not.

As argued in this report, insecure work is a key feature of the UK economy, with 6.1m workers experiencing this. This represents a slight decrease from 2021 - when we last ran this research - when 6.6m workers were in insecure work. Additionally, insecure work is unevenly distributed throughout the UK, with particular sectors, regions and communities being more impacted than others. Finally, insecure work is also deeply connected with low pay, meaning a similar cohort of workers feel the sharp end of both low pay and insecure hours.

Key findings from this research are summarised below:

SCALE OF INSECURE WORK:

- 6.1m workers in the UK are in insecure work, with 3.4m being in low paid insecure work. This represents a slight decrease from 2021, when 6.6m workers were in insecure work and 3.7m were in low paid insecure work.
- This amounts to 19 and 11 per cent of workers in the UK respectively, slightly down from 21 and 12 per cent respectively in 2021.

TYPES OF INSECURE WORK:

- The most common forms of insecure work in the UK are workers with pay/hour volatility (2.9m workers) and low paid self-employment (2m workers). Less common forms of insecure work include having a non-permanent job (1m workers), being on a zero-hours contract (1m) and being under-employed (220,000).
- Looking at how these have developed over time, most types of insecure work have declined over the past 6 years, with zero-hours contracts being the only exception. Zero-hours contracts have increased by almost 90,000 workers since 2016.

WHO IS MOST IMPACTED BY INSECURE WORK:

- More than half (55 per cent) of workers earning below the Living Wage are in insecure work (3.4m workers in total), compared to 11 per cent of those earning at or above the Living Wage (2.7m in total). This makes low paid workers around five times more likely to be in insecure jobs than those paid above the Living Wage.
- The sectors with the highest incidence of insecure workers are 'Agriculture, forestry and fishing' (53 per cent) 'Accommodation and food services' (41 per cent) and 'Arts entertainment and recreation' (37 per cent).
- The regions with the highest proportion of insecure work are the North East (24 per cent), South West (21 per cent) and Wales (21 per cent). The regions with the lowest percentage of insecure workers are Scotland (17 per cent), London (18 per cent) and the South East (18 per cent).
- Minority ethnic workers, young workers and older workers are all disproportionately impacted by insecure work.

IMPACT OF INSECURE WORK:

- 59 per cent of workers whose hours vary have been called into work with less than a week's notice. 13 per cent of those with varying hours have been given less than 24 hours' notice.
- A quarter (24 per cent) of workers with varying hours have had shifts cancelled by their employer unexpectedly.

- When shifts are cancelled, 90 per cent of workers do not receive full payment, with 26 per cent not receiving anything.
- 27 per cent of workers with varying hours have had to pay higher travel costs due to being called into work on short notice, while 17 per cent have had to pay higher childcare costs.



4. Introduction

With the UK in the midst of the worst cost-of-living-crisis in almost half a century, adjustments in the UK labour market are to be expected. Over the course of the crisis, we've seen higher than expected levels of nominal wage growth, as employers seek to recruit and retain talent while employees look to avoid a real term pay cut. Even with a tight labour market, wages are still below inflation for most workers, and no one is feeling the squeeze more than those earning a wage which doesn't meet actual living costs.

For any employer looking to shield their workforce from increased living costs, paying the real Living Wage is a crucial first step. That said, it is important not to lose sight of the other side of the coin – secure and stable hours. Hours matter to workers. Employees, particularly lower earners, need a sufficient number of hours per week to make ends meet. However, it is not just a numbers game, the stability and security of working hours matter as well. Quality of work has an established relationship with wellbeing,¹ with workers in insecure work being more than twice as likely to say that work makes them feel 'miserable' than those with secure hours.²

Insecure work also comes at a cost. As outlined in this report, over a quarter of workers (27 per cent) with varying or insecure hours have had to pay additional travel costs as a result of being called into work on short notice, while 17 per cent have faced higher childcare costs. These additional costs add up, with workers reporting losing out on up to £600 a year as a result. With pay packets already being eroded by high inflation, these additional costs place a further burden on workers impacted by the cost-of-living crisis.

Providing employees with Living Hours, alongside a real Living Wage, is therefore more important than ever. As outlined in the first Annex of this report, 'Living Hours' is an accreditation standard set and managed by the Living Wage Foundation (LWF), designed to provide employees with secure and stable hours with decent notice for shifts.

The remainder of this report will be set out as follows. The first section of this report outlines the scale of insecure work – including low paid insecure

¹Felstead et al (2020). Unpredictable times: the extent, characteristics and correlates of insecure hours of work in Britain, Industrial relations journal.

²Cominetti et al (2023). Low Pay Britain. London: Resolution Foundation.

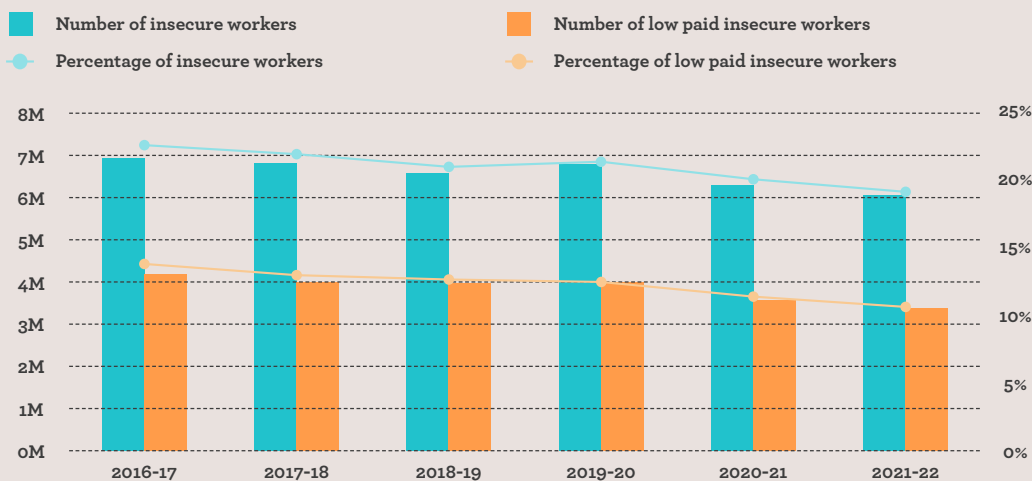
work - in the UK, with analysis on how this has developed over time. The second section outlines how insecure work is distributed in the UK, with particular attention the connection between insecure work and low pay, and the sectors, regions and demographics where insecure work is most prevalent. In the final section, we discuss the impact of insecure work, using polling data to outline the proportion of workers who receive short notice for shifts, see shifts cancelled, and face additional costs as a result of the way hours are organised.



5. Insecure work in the UK

6.1 million workers in the UK are in insecure work, with 3.4 million being in low paid insecure work. As a proportion of the UK workforce (including the self-employed), this amounts to 19.2 per cent and 10.7 per cent respectively. Graph 1 tracks the scale of insecure work and low paid insecure work between 2016-2022. As can be seen, there's been a steady decline in both insecure and low paid insecure work over this period, albeit the decline has not been particularly pronounced.

Graph 1: Number and percentage of UK workers in insecure work and low paid insecure work, UK, 2016-2022:



Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2016-2022.

Over this period, the number of workers in insecure work has fallen from 6.9 million to 6.1 million, while the number in low paid insecure work has fallen from 4.2 million to 3.4 million. In percentage terms, this represents a drop of 3.5 percentage points and 3.1 percentage points respectively. While not insignificant, these decreases are fairly muted, particularly when considering how much low pay has declined over the same period. Since 2016, the number of low paid employee jobs³ has fallen from 6.2 million (22.2 per cent of all employee jobs) to 3.5 million (12.2 per cent of all employee jobs), a drop of 2.7 million workers and 10 percentage points respectively.⁴

Further to this, there are two important caveats to note when it comes to

³ This is from analysis of the ASHE data which covers 'employee jobs' and not the self-employed.

⁴ Abdul Aziz, S. & Richardson, J. (2022). Employee jobs below the Living Wage. London: Living Wage Foundation.

the apparent decline in insecure work, muted as it has been.

Firstly, the latest available data (2021-22) coincides with the Covid-19 pandemic. Over this period, insecure workers, such as those on temporary and/or zero-hours contracts were considerably more likely to lose their jobs than those in more secure forms of work,⁵ therefore meaning that the share of insecure workers as a proportion of the labour market reduced. This slight decline may therefore represent a temporary blip rather than a more sustained decrease in insecure work.

Secondly, even with the slight dip illustrated above considered, the scale of insecure work remains high by historical standards. As has been presented elsewhere, the post 2008 Financial Crisis era saw an explosion of atypical working practices, particularly part time work, self-employment, zero-hours contracts and under-employment.⁶ This was in the context of a significant jobs boom (particularly in the latter half of 2010), which was fuelled by greater work casualisation – with two thirds of the post 2008 Financial Crash employment growth coming from ‘atypical’ work.⁷

This development tilted the balance in the quality and quantity of jobs in the UK labour market, with the latter seemingly taking precedence over the former. As a result, the ‘returns’ that workers received through having a job started to recede, particularly for lower earners. In financial terms, for example, work was no longer an automatic route out of poverty. In 2018-19, more than half of all working age adults living in poverty were in a working household for the first time ever.⁸ By 2020-21, that had increased to 61 per cent (albeit, this was down from 68 per cent in 2019-20).⁹ This is a significant increase when looking at previous decades. For instance, in 1996-97, 50 per cent of working adults in poverty were in working households, 11 percentage points lower than in 2020-21.

Unsurprisingly, over the same period, job satisfaction for low paid workers has also decreased. Low paid workers had previously enjoyed a ‘satisfaction premium’ over those further up the earnings distribution, but that premium has disappeared. Between 1991-93, 76 of the lowest fifth of earners reported being satisfied with their job – the highest across the entire wage distribution. However, by 2020-22, this had fallen to 62 per cent – and this drop has meant that these workers are no longer the most likely to be satisfied with their job, being broadly consistent with the rest of the pay distribution.¹⁰

⁵ Sandor, A (2021) What the first lockdown meant for people in insecure poor-quality work. London: JRF. McKay, S&Smith,R.[2014] The labour market before and after recession. Lincoln:Social Policy Association.

⁶ Bourquin, P & Waters T. (2021) Jobs and job quality between the eve of the Great Recession and the eve of COVID-19. London: Institute for Fiscal Studies.

⁷ Clarke, C & Cominetti, N. (2019) Setting the record straight: how record employment has changed the UK. London: Resolution Foundation.

⁸ Barnard et al (2018) UK Poverty: A comprehensive analysis of poverty trends and figures. London: JRF.

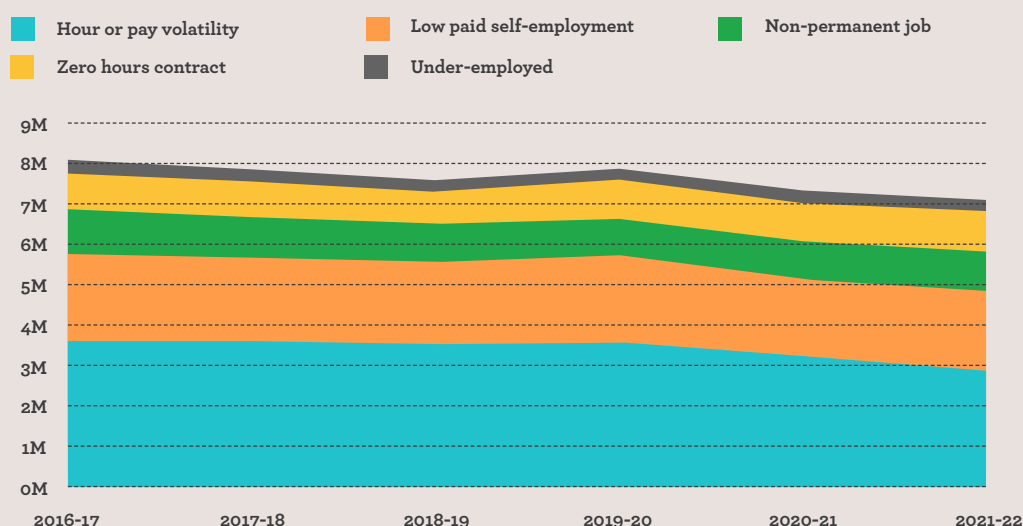
⁹ Cebula et al (2023) UK Poverty: The essential guide to understanding poverty in the UK. London: JRF.

¹⁰ Cominetti et al (2023). Low Pay Britain. London: Resolution Foundation.

WHAT TYPES OF INSECURE WORK ARE MOST PREVALENT?

As previous research has shown, workers can be exposed to several forms of insecure work simultaneously, which increases the severity of the effect that insecurity may be having on their lives.¹¹ Graph 2 outlines the various forms of insecure work and the number of workers who experience them respectively. As illustrated, almost all of the measures of insecure work have reduced over recent years. The only exception here is the number of workers on zero-hours contracts, which has increased by almost 90,000 workers since 2016, meaning around 1m workers are employed on this basis. However, zero-hours contracts remain among the more uncommon forms of work insecurity.

Graph 2: Number of workers experiencing particular types of insecure work, UK, 2016-2022:



Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2016-22

Notes: Some workers will fall into more than one of these categories which is why the accumulative total of those in individual forms of insecure work is higher than the overall scale of insecure work. For the figures on the overall scale of insecure work, workers meeting more than one criteria were not double counted.

In contrast, the most common form of work insecurity continues to be those who report pay or hour volatility - with 2.9 million workers experiencing this - albeit, this is down from 3.6 million in 2016. Another commonly experienced form of insecure work is 'low paid self-employment' which effects around 2 million workers in the UK, and more than half (52 per cent) of all self-employed people. During the 'peak pandemic' years (2020-21), it appears that the number of low paid self-employed workers fell substantially, from 2.15 million to 1.9 million - a fall of 12 per cent in a single year. However, this is likely to be driven by

¹¹ Florisson, R (2022). The UK Insecure Work Index. Lancaster: Work Foundation.

a large number of self-employed workers reclassifying as ‘employees’ as a result of the pandemic and the shape of government employment support available, such as the Job-Retention-Scheme (Furlough) which was only available to employees.¹² Indeed, the latest available data on self-employed workers suggests the number of low paid self-employed workers has already started to return back to pre-pandemic levels. As such, the decrease in low paid self-employment over this period should be treated with some caution.

¹² ONS (2022) Understanding changes in self-employment in the UK: January 2019 to March 2022.

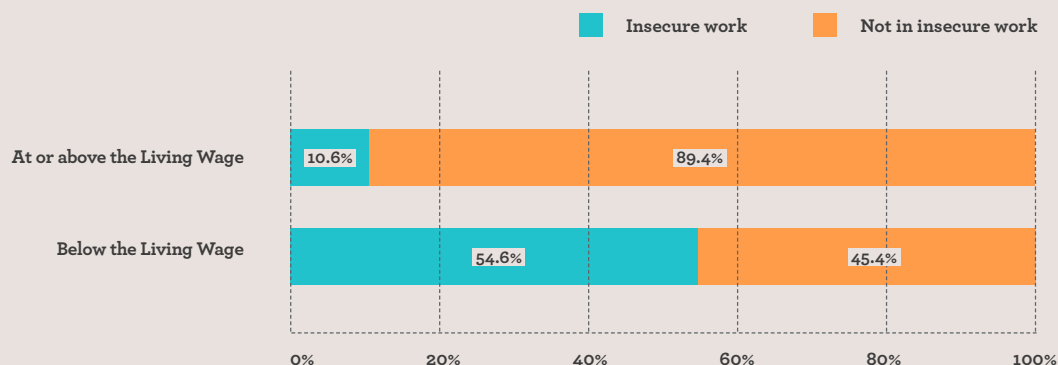
6. Who is most impacted by insecure work?

Much like low pay, insecure work is unevenly distributed through the UK Labour Market. This section will outline who is most impacted by work insecurity, with a particular focus on how this issue is spread across the pay distribution, as well as the different demographics, regions and sectors that are most impacted. We find that not only are low paid workers more likely to be in insecure work than those with better pay, but also that those demographics and sectors with lower levels of pay also experience greater levels of work insecurity.

INSECURE WORK BY LOW PAY STATUS:

Insecure work is intrinsically linked to low pay. Analysis by the Health Foundation shows that the scale of insecure work is much larger at the lowest end of the pay distribution, with the bottom 10 and 20th percentile of earnings facing the greatest risk of insecure work amongst all earnings deciles.¹³ The analysis also found that the risk of insecure work gets progressively lower as you progress further up the pay scale, with one exception being the highest earners, who also face an elevated risk.

Graph 3: Percentage of workers in insecure work/not in insecure work by Living Wage status, UK, 2021-22:



Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2021-22

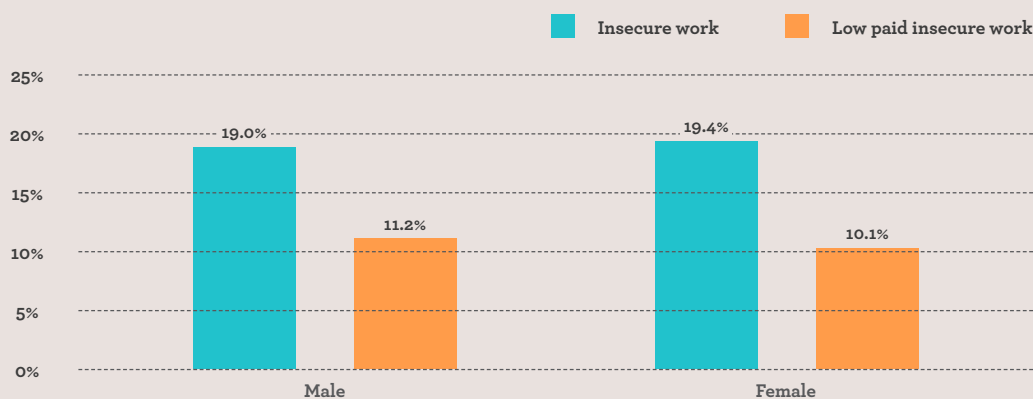
¹³ Health Foundation (2022) Percentage of employees in insecure work by region/nation, sex, age, ethnicity and income.

Our own findings also show a clear gap between lower and higher earners when it comes to insecure work. As shown in Graph 3, more than half (54.6 per cent – 3.4 million in total) of low paid workers experience work insecurity, with around a tenth (10.6 per cent – 2.7 million in total) of those paid at or above the Living Wage, making low paid workers around five times more likely to be in insecure jobs than those paid above the Living Wage.

INSECURE WORK BY GENDER:

As outlined in Graph 4, there is very little separating the rates of insecure work between men and women, including low paid insecure work. Among male workers, 19.0 per cent are in insecure work and 11.2 per cent are in low paid insecure work. This compares with 19.4 per cent of female workers in insecure work and 10.1 per cent in low paid insecure work. This is somewhat surprising, given that women are typically more impacted by low pay than men – albeit, the gap has been closing¹⁴ – and the typically strong connection between low pay and insecure work, as described above. That being said, it is broadly consistent with previous research into this area. For example, TUC research found the difference between men and women workers experiencing insecure work was around 1 percentage point (with men being more likely than women to experience work insecurity).¹⁵ The Health Foundation also found the gap to be fairly marginal, around 2 percentage points, but with women more likely to be insecure than men.¹⁶ Similarly, dominance regression analysis by the Resolution Foundation found that gender had some of the lowest explanatory power when it comes to shaping under-employment/low hours and volatile hours and earnings – with low weekly pay, occupation, industry and age all being more influential.¹⁷

Graph 4: Percentage of UK workers in insecure work and low paid insecure work by gender, UK, 2021-22:



Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2021-22

¹⁴ Abdul Aziz, S & Richardson, J (2022). Employee jobs below the Living Wage. London: Living Wage Foundation.

¹⁵ TUC (2021) Insecure Work: Special edition of TUC's jobs and recovery monitor. London: TUC.

¹⁶ Health Foundation (2022) Percentage of employees in insecure work by region/nation, sex, age, ethnicity and income.

¹⁷ Cominetti et al (2022) Low Pay Britain 2022: Low pay and insecurity in the UK labour market. London: Resolution Foundation.

That being said, research by the Work Foundation has found that women are more likely to be in ‘severely’ insecure work than men,¹⁸ which would suggest that there are differences in the severity of insecurity between men and women, if not the overall scale. Our own research does appear to support this. While there is little to separate men and women when it comes to the overall scale of insecure work, women are more likely than men to experience most of the ‘types’ of insecure work embedded into our definition. For example, women are more than twice as likely to be ‘under-employed’ than men (defined as working less than 16 hours and wanting to work more) and are more likely to be on zero-hours contracts. Meanwhile, women are also slightly more likely to experience pay or hour volatility. This would suggest that women are more likely to experience multiple forms of insecure work than men.

The only areas of work insecurity that men were more likely to experience than women were having a temporary job, and low paid self-employment. However, in the case of the latter, this is almost entirely down to men being more likely to be in self-employment than women in the first place. For example, 7.6 per cent of working men are in low paid self-employment, compared to 4.7 per cent of working women, however, this is in the context of men being around twice as likely to be in self-employment in the first place. Looking just at the self-employed, women are actually more likely to be in insecure work than men – 56 per cent of self-employed women are in insecure work, while this is the case for 51 per cent of self-employed men.

Therefore, while men and women experience insecurity at similar levels, the above evidence indicates that women are more likely to experience most of the individual ‘facets’ of insecure work. This would suggest that the severity of insecure work may be worse for women, with women being more likely to experience multiple forms of insecure work than men.

INSECURE WORK BY ETHNICITY:

There is a well-established link between particular ethnic groups and lower labour market outcomes. Although there are some exceptions – with Chinese and Indian workers and some workers from mixed/multiple ethnic groups having higher median pay than white workers,¹⁹ most non-white ethnic groups have lower than average levels of pay²⁰ and above average levels of both unemployment and economic inactivity.²¹ This also appears

¹⁸ Florisson, R (2022). The UK Insecure Work Index. Lancaster: Lancaster University.

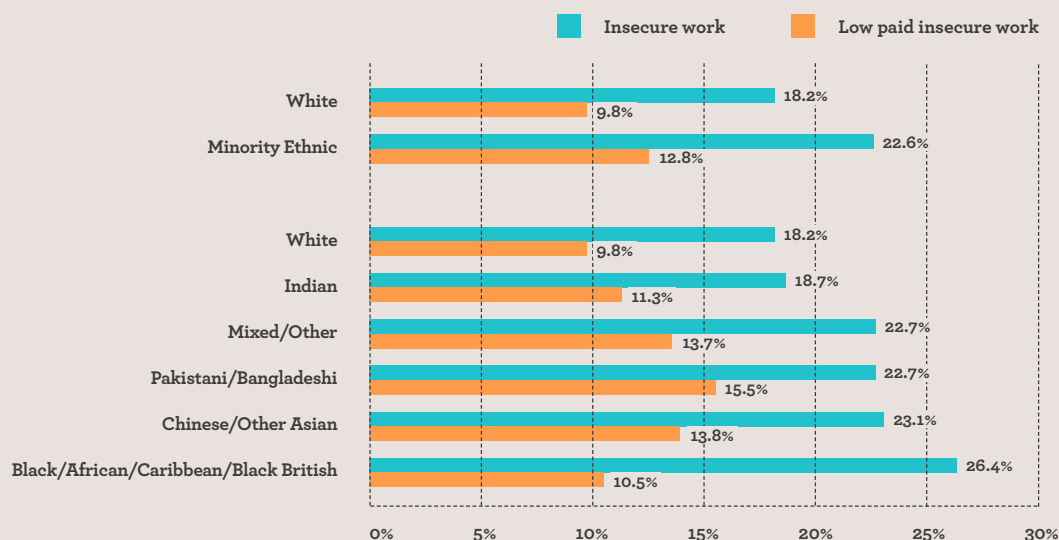
¹⁹ ONS (2020) Ethnicity Pay Gaps 2019.

²⁰ ONS (2020) Ethnicity Pay Gaps 2019.

²¹ ONS (2023) A09: Labour market status by ethnic group.

to be the case when it comes to work insecurity. For instance, as shown in Graph 5, white workers have a lower incidence of both insecure work and low paid insecure work than all other ethnic groups.

Graph 5: Percentage of UK workers in insecure work and low paid insecure work by ethnicity, UK, 2021-22:



Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2021-22

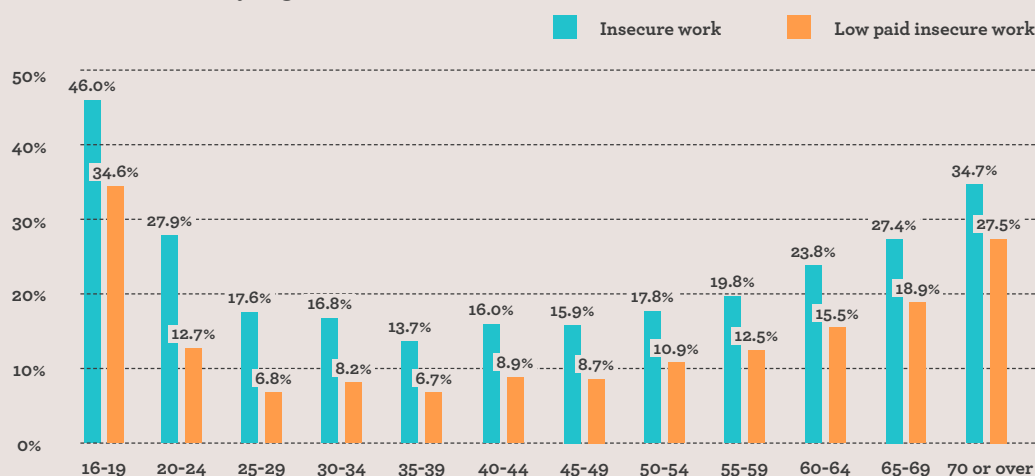
Notes: Due to short sample sizes and high volatility, we used a sample for the last three years of LFS and FRS data and merged some ethnic groups together – hence categories ‘Mixed/Other’, ‘Pakistani/Bangladeshi’ and ‘Chinese’/‘Other Asian’. Results for all ethnic categories were then scaled to be in line with the latest available data.

Looking at the differences between ethnic groups, we see a more complicated picture. For example, Black/African/Caribbean/Black British workers are the most likely to be in insecure work of all ethnic groups, with over a quarter (26.4 per cent) experiencing work insecurity. However, they are the second least likely to be in low paid insecure work. Meanwhile, Pakistani/Bangladeshi workers have the highest levels of low paid insecure work (15.5 per cent) – not surprising given they are the lowest paid ethnic group – while also having the third highest rates of insecure work.

INSECURE WORK BY AGE:

Both younger and older workers experience elevated levels of insecure work, including low paid insecure work. This is outlined in Graph 6, which illustrates the ‘U-Shaped’ trend in both insecure work and low paid insecure work, with those at the lower and upper end of the age distribution being at the greatest risk, and those in the middle (from around 25-50) being at lowest risk.

Graph 6: Percentage of UK workers in insecure work and low paid insecure work by age, UK, 2021-22:



Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2021-22

We see a similar pattern when it comes to the scale of low pay amongst different age groups, albeit, when it comes to pay, younger workers face a much higher risk than older workers. Analysis of the Annual Survey of Hours and Earnings (ASHE), shows that young workers have the highest incidence of low pay across all age groups, with almost half (49.5 per cent) being low paid, much higher than the UK average of 12.2 per cent. Meanwhile, older workers face a slightly elevated risk of low pay, with 14.8 per cent being paid less than the real Living Wage.²²

Once again, there are interesting patterns when it comes to the type of insecure work which young/older workers typically face. For example, older workers are significantly more likely to be in low paid self-employment. This is largely driven by composition effects, as older workers are much more likely to be self-employed than younger workers, with older workers frequently using self-employment as a transitional period before retirement, or as a means of returning to the workforce after retirement while maintaining a degree of flexibility.²³ Over a third of workers aged 65 and older are in self-employment, while the same is true for around 5 per cent of those aged 25 and below.²⁴ In all other measures of insecure work, younger workers are more likely to be impacted than older workers. For instance, 11 per cent of those in the 16-24 age group in employment are on zero-hours contracts – this is the only age group with a zero-hours contract rate of over 10 per cent.²⁵ For those aged 65 and above, around 5 per cent are on zero-hours contracts, which while above the UK average, is still less than half of the rate seen among younger workers.

²² It should be noted however that the ASHE dataset has different age brackets than other UK datasets, with younger workers being categorised as '18-21' and 'older workers' being categorised as anyone aged 60 and above. Also, as mentioned above, the ASHE dataset does not include the self-employed.

²³ Solinge, H (2013) Who opts for self-employment after retirement? European Journal of Ageing.

²⁴ Crawford et al (2021). Changing patterns of work at older ages. London: Institute for Fiscal Studies.

²⁵ ONS (2023) Zero-hours contracts data tables. Data from the average of the previous four quarters from which data is available.

INSECURE WORK BY SECTOR:

As numerous reviews of insecure work have shown, working sector has a significant impact on workers likelihood of experiencing insecure work.²⁶ Similarly, geographical concentration of sectors in the UK also appears to have an impact on the regional distribution of insecure work, with the regions with more jobs in high-insecurity sectors typically having elevated levels of work insecurity. We explore this in more detail in the chapter below.

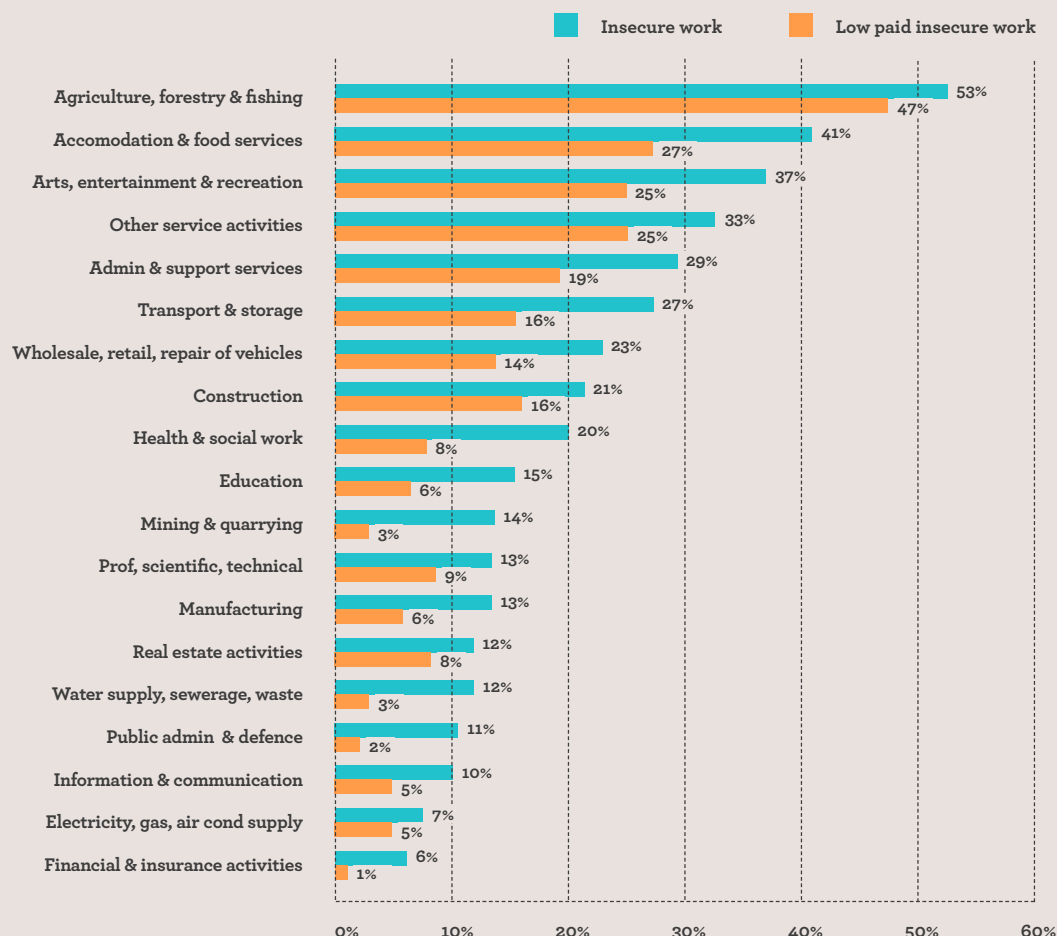
Focusing on sector exclusively, we find further evidence of the connection between low paid and insecure work. For example, the 5 sectors with the highest level of insecure work are 'Agriculture forestry and fishing', 'Accommodation and food services', 'Arts entertainment and recreation', 'Other service activities' and 'Admin and support activities', and 4 of these are also in the top five sectors with the highest incidence of below Living Wage pay. Interestingly, the only exception here is 'Agriculture, Forestry and Fishing', the sector with the highest level of insecure work, with a majority (53 per cent) of workers being insecure. However, this is a sector that, by nature, is largely seasonal, and therefore relies on a large number of temporary workers. Evidence from 2021, for example, showed that over a third of workers in this sector were seasonal/casual workers,²⁷ who evidently come under our understanding of 'insecure workers'. Similarly, with an above average rate of below Living Wage pay, and the third lowest median wage rates across all sectors (£11.72), the high rate of insecurity in this sector provides further support for the connection between low pay and work insecurity across sectors.

At the other end of the spectrum, it is unsurprising to see that higher paying sectors report significantly lower levels of insecure work and low paid insecure work. For example, the three sectors with the highest median hourly wages in the UK – 'Financial and insurance activities' (£21.88), 'Electricity and Gas' (£20.46) and 'Information and Communication' (£20.44) are also the three sectors with the lowest proportion of insecure workers. These sectors also have proportions of low paid insecure work well below the UK average of 10.7 per cent (1.1 per cent, 4.9 per cent and 4.9 per cent respectively).

²⁶ Cominetti et al (2022) Low Pay Britain 2022: Low pay and insecurity in the UK labour market. London: Resolution Foundation; Bivand, P& Melville, D (2017). What is driving insecure work? A sector perspective. London: Learning and Work Institute and Richardson, J. (2021) An Insecurity Complex: Low paid workers and the growth of insecure work. London: Living Wage Foundation.]

²⁷ DEFRA (2022) Agriculture in the UK: Evidence Pack. London: DEFRA.

Graph 7: Percentage of UK workers in insecure work and low paid insecure work by sector (1 digit SIC), UK, 2021-22:

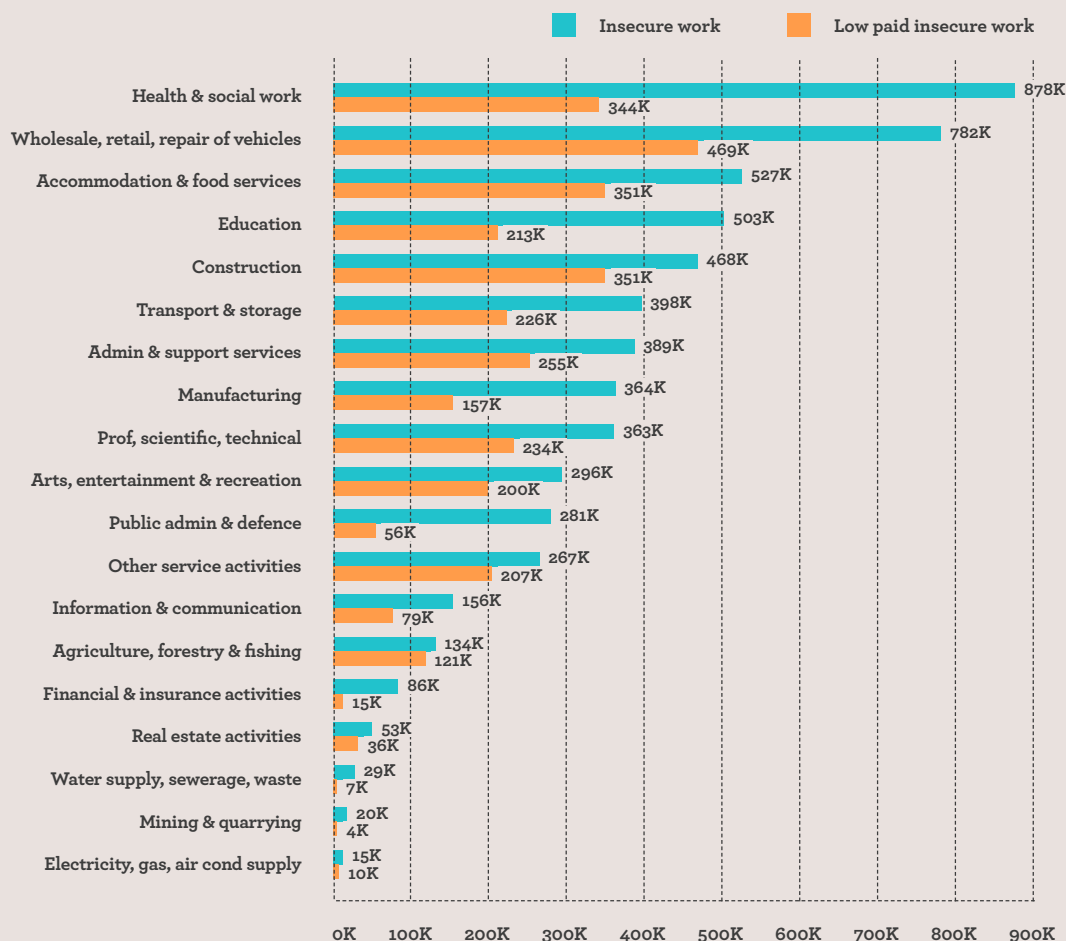


Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2021-22

When looking at the sectoral split of insecure work in the UK, it is important to consider the scale as well as the proportion. This is because certain sectors account for a much larger share of workers overall, and thus, can have a higher number of insecure workers despite having a lower proportional rate of insecure work.

This is illustrated in Graph 8, which shows the sector with the highest number of insecure workers is ‘Health and social work’, with almost 900,000 workers in the sector experiencing work insecurity. This is despite the sector having a proportion of insecure jobs which is broadly consistent with the UK average (20 per cent). Other sectors with a high volume of insecure workers are ‘Wholesale and retail’ (782,000), ‘Accommodation and food services’ (527,000), ‘Education’ (503,000) and Construction (468,000). Interestingly, only one of these sectors – Accommodation and food services, features in the top five sectors when it comes to the proportion of insecure workers, giving further evidence of the disconnect between the group of sectors with high number of insecure workers and those with a high proportion.

Graph 8: Number of UK workers in insecure work and low paid insecure work by sector (1 digit SIC), UK, 2021-21:



Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2021-22

Looking at the number of insecure workers per industry also provides some insight into the scope of the sectoral inequalities within the UK Labour Market. For example, the five sectors with the highest number of insecure workers account for 52.5 per cent of all insecure work in the UK, while also accounting for 51.8 per cent of low paid insecure work, both of which are elevated compared to these sectors' share of overall workers in the UK Labour Market. Contrastingly, the bottom five sectors account for just 3.3 per cent of insecure workers and 2.2 per cent of low paid insecure workers.

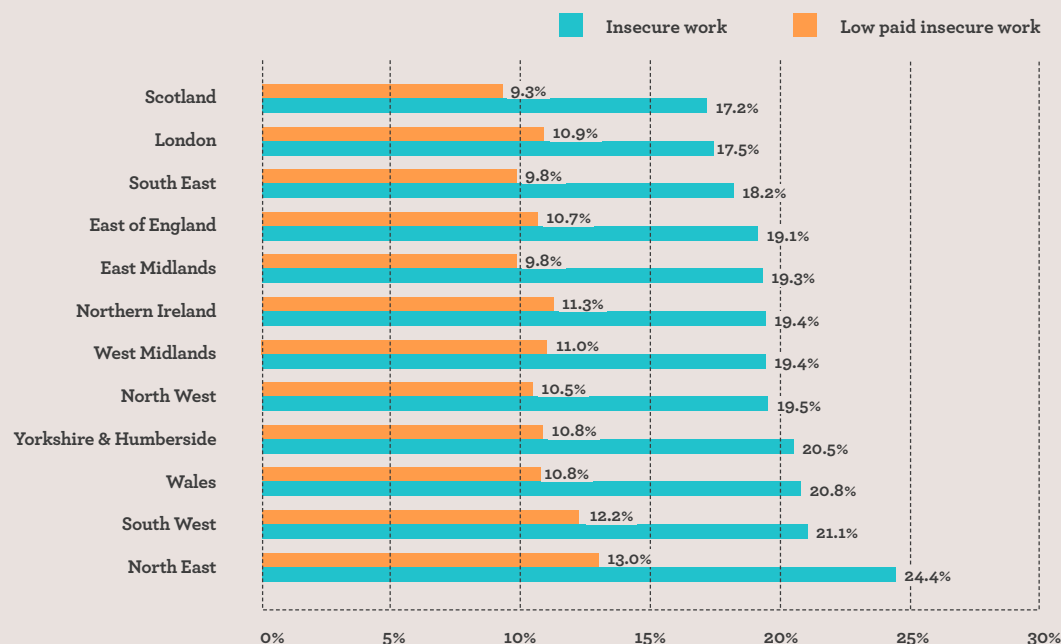
INSECURE WORK BY REGION:

Insecure work is unevenly distributed throughout the UK. The North East has the highest proportion of insecure and low paid insecure jobs throughout the whole of the UK. Almost a quarter (24.4 per cent) of jobs in the North East are insecure, amounting to around 277,000 workers in total. Other areas with a high concentration of insecure work include the South West (21.1 per cent), Wales (20.8 per cent) and Yorkshire and the Humber (20.5 per cent).

There is an apparent connection between the sectoral composition of regional economies and the incidence of insecure work. As outlined in the above section, insecure work is unevenly spread across working sectors, with more than half of all insecure workers being located in the five most impacted sectors. Unsurprisingly, the regions with a higher proportion of jobs within those sectors also have a higher incidence of insecure workers. For example, the top four regions with the highest proportion of insecure workers (North East, Wales, South West and Yorkshire) also have an above average proportion of workers operating within highly insecure sectors. Meanwhile, for the regions with lower levels of insecure work, such as London and the South East, the opposite is true.

Interestingly, the connection between the geographical spread of insecure work (including low paid insecure work), and regional distribution of low pay does not appear to be particularly strong. For example, looking at the top regions with the highest incidence of insecure work, only half of them (North East and Yorkshire and the Humber) have above average rates of low pay, while the other two (Wales and the South West) both have levels of low pay which are lower than average. Similarly, both Northern Ireland and London have elevated levels of low pay (the third and fourth highest respectively), and yet neither of them have particularly high levels of insecure work – Northern Ireland being slightly above average and London being the region with the second lowest proportion of insecure work across the UK.

Graph 9: Percentage of UK workers in insecure work and low paid insecure work by region, UK, 2021-22:



Source: LWF analysis of Labour Force Survey and Family Resource Survey, 2021-22

The exception to the rule here is Scotland. Scotland has the lowest levels of low pay across all UK regions, whilst also having the lowest levels of insecure work and low paid insecure work respectively. In all of these cases, Scotland has made significant progress over recent years compared to other regions. For instance, as outlined in our previous report on the scale of insecure work – “The Insecurity Complex”, Scotland had a higher incidence of insecure work than the likes of London and the South East as recently as 2020.²⁸ Similarly, Scotland has in recent years overtaken the South East when it comes to alleviating below Living Wage pay, becoming the region of the UK with the lowest incidence of low pay across the UK.²⁹

The data would suggest that Scotland’s ‘Fair Work First’ framework, launched in 2016, is having a positive impact on the labour market in Scotland. The framework looks to embed payment of the real Living Wage in Scotland as the norm, and this objective has been underpinned by the Scottish Government’s policy of making the payment of the real Living Wage a mandated requirement for all public sector grants.³⁰ Alongside this, the Fair Work First agenda also encourages employers to improve work security by providing contractual stability and allowing for collective

²⁸ Richardson, J. (2021) An Insecurity Complex: Low paid workers and the growth of insecure work. London: Living Wage Foundation.

²⁹ Abdul Aziz, S and Richardson, J. (2022) Employee jobs below the Living Wage. London: Living Wage Foundation.

³⁰ Scottish Government (2023) Fair Work First Guidance: Supporting the implementation of Fair Work First in workplaces across Scotland. Scotland: Scottish Government.

bargaining.³¹ The data presented above would suggest these measures have helped Scotland become the area with the lowest proportion of low pay and insecure work over recent years.³²

³¹ Fair Work Convention (2016) Fair Work Framework 2016. Scotland: Scottish Government.

³² It is worth mentioning that recent ONS data found Scotland had a higher incidence of workers on zero-hours contracts than most other UK regions. While not insignificant, it is worth noting that this is from one quarter of non-seasonally adjusted data, and so should be treated with caution. Analysis of the last four quarters, for example, shows that Scotland has a proportion of workers on Zero-hours contracts that is broadly consistent with the UK as a whole, and lower than the North East, Yorkshire and the Humber, East Midlands, London and the South West.

7. The impact of insecure work:

Short notice for shifts and shift cancellations

The previous two sections have shown that insecure work, including low paid insecure work, are significant features of the UK Labour Market, and that this issue is unevenly distributed across sectors, regions and demographics. The following section will focus on the impact that insecure work has on workers, with a particular focus on the amount of notice they get for shifts, and the lack of security associated with the shifts they are offered, with many workers seeing shifts cancelled unexpectedly without payment. Both of these issues relate to the LWF's 'Living Hours' standard, an accreditation scheme managed by LWF which seeks to alleviate insecure work in the UK. The scheme requires employers to provide the following measures for all employees, alongside a real Living Wage:

- Decent notice periods for shifts: of at least 4 weeks' notice, with guaranteed payment if shifts are cancelled within this notice period.
- The right to a contract that reflects accurate hours worked.
- A guaranteed minimum of 16 hours a week (unless the worker requests fewer hours).³³

As there is no data on shift notice periods or shift cancellations within the UK's major Labour Market surveys, such as LFS, FRS or ASHE, we use primary polling to estimate the scale and impact of these issues. We have therefore commissioned polling agency Survation to run a series of 5 polls of 2000+ workers in the UK, which is what this section will draw from.³⁴ To maintain the focus of just those workers who experience some form of insecurity, we have excluded those who said their hours didn't vary from our analysis – such as those working a regular 9am-5pm office hours. While this does not perfectly align with the definition of insecure work used in this report, it is the most effective way of ensuring sufficient crossover between the two cohorts.

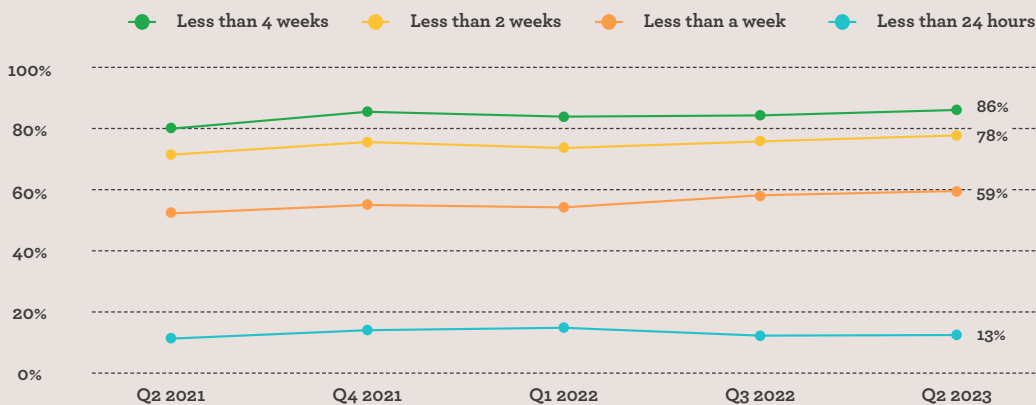
³³ For more information on Living Hours, visit here: <https://www.livingwage.org.uk/living-hours>

³⁴ This data has previously been used to inform the Living Wage Foundation's 'Living Hours Index'. For more information visit here: <https://www.livingwage.org.uk/living-hours-index>

SHIFT NOTICE PERIODS AMONG INSECURE WORKERS:

The Living Hours standard requires that employers provide workers with a minimum of 4 weeks' notice for shifts, working hours or work schedules. This standard was developed with workers, Trade Unions and employers. Providing workers with this advanced notice means they know how many shifts they can expect over the next month and can therefore budget effectively for the month ahead. This is particularly important given the number of bills paid monthly. Our polling, however, shows that less than a fifth (14 per cent) receive more than four weeks' notice for shifts, with almost 9 in 10 workers (86 per cent) falling short of this benchmark (illustrated in Graph 10).

Graph 10: Minimum amount of notice workers get for shifts, working hours or work schedules, UK, 2021-23:



Source: Living Wage Foundation analysis of Survation data. Data for each quarter is circa 2000 workers. The pooled data yielded a sample of 10,193 respondents aged 18+ who live in the UK. All samples were asked: In your main job, what is the minimum amount of notice you get of your working hours, shifts or work schedules?

Notes: Graph excludes those who said their hours did not vary.

There are also alternative benchmarks for the amount of notice workers can get for shifts. For example, in a recent report, the Resolution Foundation made the case for all UK workers to have a statutory right to 2 weeks' notice for shifts, hours or work schedules.³⁵ Our polling suggests that almost four fifths of workers in roles with varying hours have been called into work with less than 2 weeks' notice. This would suggest that workers having this right could benefit over 10 million workers.³⁶ Perhaps even more shockingly, a majority (59 per cent) of UK shift workers have been given less than a week's notice for shifts, and 13 per cent have been given less than 24 hours' notice.

³⁵ Cominetti et al (2023). Low Pay Britain. London: Resolution Foundation.

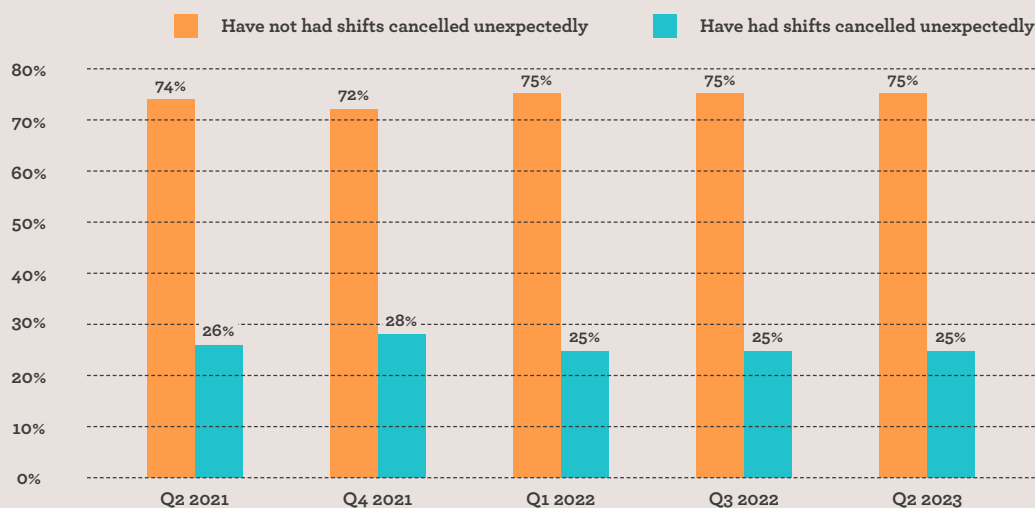
³⁶ According to our polling, around 38.7 per cent of UK employees have received less than 2 weeks notice for shifts. This amounts to 11 million UK workers overall when extrapolated to all employees in the UK.

Graph 10 also shows the lack of variance between different polling waves when it comes to the proportion of workers that get called into work on short notice, across all measured time thresholds. This level of consistency suggests that the issue is a perennial feature for UK workers with varying/insecure hours, and one that is not hugely impacted by seasonality, nor the significant exogenous shocks the UK economy has faced over this period.

SHIFT CANCELLATIONS AMONG INSECURE WORKERS:

Short notice for shifts is not the only issue facing insecure workers in the UK. Another problem is that these workers typically don't have hours sufficiently guaranteed in their contract. They may, for instance, be on a zero-hours-contract, or have a small number of hours per week guaranteed. As a result, they have little to no protection if employers reduce or cancel shifts unexpectedly, and this has a significant impact on personal finances, with workers often receiving no compensation when shifts are cancelled.

Graph 11: Proportion of workers who have, or had not, had shifts cancelled unexpectedly, UK, 2021-23:



Source: Living Wage Foundation analysis of Survation data. Data for each quarter is circa 2000 workers. The pooled data yielded a sample of 10,193 respondents aged 18+ who live in the UK. The pooled data yielded a sample of 10,193 respondents aged 18+ who live in the UK. All samples were asked: In your main job, what is the minimum amount of notice you get of your working hours, shifts or work schedules?

Notes: Graph excludes those who said their hours did not vary.

Graph 11 shows that around a quarter of workers whose hours vary have seen shifts cancelled unexpectedly. Once again, there is a consistency in the data, suggesting that this is a constant feature of working life for a proportion of those with irregular, insecure or fluctuating hours. The polling data also shows that the vast majority (90 per cent) of workers do not receive full payment when shifts are cancelled. Further to this, according to the latest data, 74 per cent receive less than half, 51 per cent receive less than a quarter and 26 per cent receive no payment.

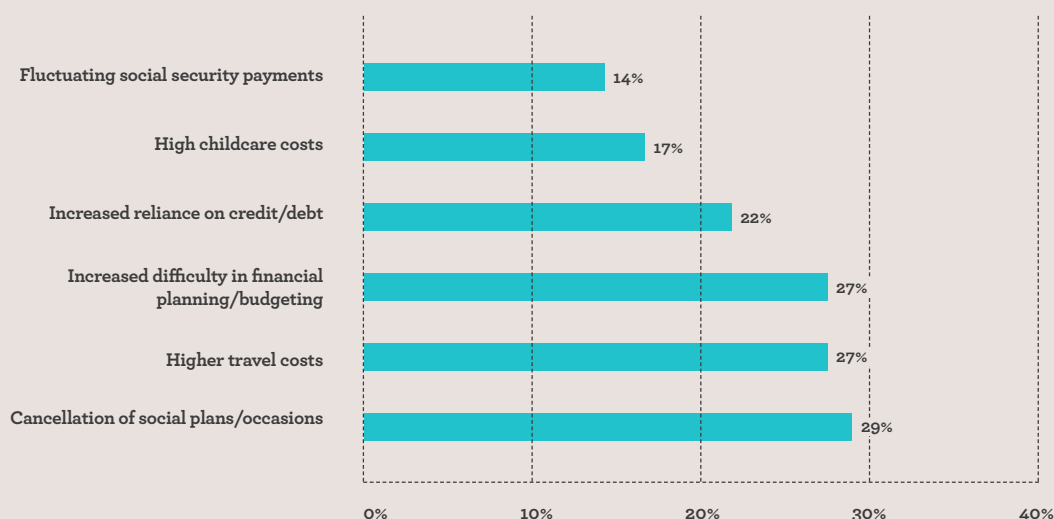
THE HIDDEN COSTS OF INSECURE WORK – THE ‘INSECURITY PREMIUM’:

Our polling of workers on shift notice periods and shift cancellations also allowed us to further explore the ‘insecurity premium’. The insecurity premium refers to the additional cost and income implications faced by those in casualised and insecure work, as a result of the way their hours are organised.

There are two key ways in which the insecurity premium manifests. Firstly, being called into work on short notice means workers may have to use more expensive services in order to get to work in the first place (such as getting a taxi to work or paying for a childminder). With few hours guaranteed, and shifts not being scheduled with sufficient notice, workers are unable to use the cheaper options such as having a bus pass or enrolling children in day-care/nurseries/after-school clubs. Secondly, as explored above, around a quarter of insecure workers have had shifts cancelled unexpectedly, and in the vast majority of occasions, workers receive less than their full wage when this occurs. This means workers have lost out on a proportion of their expected wages, which not only means their income is reduced, but also makes it more difficult to budget.

Findings from the polling are illustrated in Graph 12, and suggest that these costs/income implications are not infrequent for the UK’s insecure workers. For instance, over a quarter (27 per cent) have faced higher travel costs because of the way their hours are organised, while 17 percent have faced higher childcare costs. It is therefore unsurprising that similar proportions report facing increased difficulty in financial planning/ budgeting (27 per cent). While not included in the Graph, these results are consistent with previous rounds of polling. Moreover, previous LWF research using this polling data has shown that certain workers face an elevated risk of facing these costs, particularly low paid workers, workers in London, and those from minority ethnic backgrounds.³⁷

Graph 12: Percentage of workers facing cost/income implications as a result of short shift notice periods and/or shift cancellations, UK, 2023:



Source: Living Wage Foundation analysis of Survation data from Q2 2023, sample of 1034.

Notes: Graph excludes those who said their hours did not vary, and those who had not been called into work on short notice or seen shifts cancelled unexpectedly.

These additional costs pile additional, and in many cases unnecessary, financial pressure on insecure workers. Our polling suggests that these costs can total up to more than £50 a month (£600+ a year), which was the case for almost a fifth (17 per cent) of workers experiencing the premium. Almost half (48 per cent) of workers experiencing the premium face additional costs ranging from £20-£40 a month (£240-£480) a year. With the cost-of-living crisis already placing financial strain on households throughout the UK, it is more important than ever that workers are not hit with additional unnecessary costs which further erode their pay packets.

8. Conclusion

Insecure work continues to be a significant feature within the UK Labour Market. While the UK's decade of high-employment should not be undervalued, this report shows that more focus should be placed on job-quality to improve the nature of work, and particularly, the experience of the UK's low paid and insecure workforce. Over recent years, many low paid workers have felt the benefit of the UK's ambitious minimum wage policy, alongside the huge take-up of the real Living Wage by employers. Collectively, this has helped to bring the scale of low pay down, reaching its lowest recorded level in 2022.³⁸ However, hours matter as well, and improved wages will be much less impactful for workers who face volatile or infrequent hours, and even less so for those who pay a premium to get to work in the first place.

The Low Pay Commission's remit is set to be reviewed in 2024 as the National Living Wage reaches two-thirds of median income - which it is currently on course to do. It has been argued elsewhere that its remit should expand to cover labour standards aside from the minimum wage, and to include the amount of notice workers get for shifts.³⁹ We welcome this focus on work quality, alongside a strong wage floor, particularly given the absence of legislation around minimum standards with regards to work security. However, employers do not need to wait to provide security for their employees – the Living Hours standard provides an effective and practical approach to alleviating insecure work which almost 100 employers throughout the UK have already adopted. We will continue to work with employers to adopt the Living Hours standard, alongside a real Living Wage, to ensure that workers throughout the UK are able to meet basic living costs, which during a cost-of-living-crisis, has never been more important.

³⁸ Abdul Aziz, S. & Richardson, J (2022). Employee jobs below the Living Wage. London: Living Wage Foundation.

³⁹ Cominetti et al (2023). Low Pay Britain. London: Resolution Foundation.

9. Annexes

Annex 1 – About Living Hours:

The Living Hours campaign was developed over an 18-month period of consultation with workers, Living Wage Employers, Trade Unions and independent experts. This culminated in a set of measures to tackle the problems of under-employment and insecurity around working hours. Launched in 2019, there almost 100 Living Hours employers through the UK, with over 40,000 employees in the UK being covered by Living Hours contracts.

Alongside paying real Living Wage, the Living Hours standards requires employers provide their employees with the following measures:

- At least four weeks' notice for shifts, with guaranteed payment if shifts are cancelled within this notice period.
- The right to a contract that reflects accurate hours worked.
- A guaranteed minimum of 16 hours a week (unless the worker requests fewer).

We recognise that many people choose to work part time and/or work flexible hours to balance work with caring responsibilities and other commitments. This is why the Living Hours standard encourages worker autonomy across the measures, with workers able to work fewer than 16 hours a week if they wish, and/or maintain more flexible working arrangements with fewer guaranteed hours if it suits them. The measures, however, do protect against one-sided flexibility whereby workers are regularly called into work on short notice and have shifts cancelled without proper payment.

There is a five step process to Living Hours accreditation.

1. Gather information on relevant third-party contracts to understand those that will be within scope of Living Hours accreditation.

2. Complete a Diagnostic Tool which gives us a snapshot of your organisation's practice and where you might already be acting in accordance with Living Hours.
3. Workshop on the journey to Living Hours to identify the barriers to implementing the measures and concrete next steps for overcoming them. The workshop will be facilitated by the Living Wage Foundation with relevant members of your organisation.
4. Follow up on next steps and actions to implement the required changes identified in the workshop.
5. Confirm and celebrate becoming a fully accredited Living Hours employer.

Annex 2 – Methodology and definition of insecure work:

Unless stated otherwise, data in this report is from quarterly Labour Force Surveys (LFS') and annual Family Resource Surveys (FRS'). The LFS does not collect income questions for self-employed workers, which is why we adopted a hybrid model using both the LFS and FRS. To avoid duplicating our sample, the LFS was used to evaluate employees exclusively, and the FRS was used to analyse self-employed workers exclusively. Data relating to the trends over time uses quarterly LFS data from Q2 2016 to Q1 2022, and the annual FRS data from 2016-17 to 2021-22. While there are more recent quarterly LFS available, these were not used for the analysis to make sure the two cohorts were aligned in the period of time covered.

Data from the LFS on the Living Wage has also been scaled to correspond with data in the Annual Survey of Hours and Earnings (ASHE). Unlike ASHE, the LFS asks respondents to self-report income based on how they are paid – ie, by hour, week or month. A minority of respondents report their pay hourly, and for those that do not, the hourly pay variable in the LFS is derived from the amount of pay respondents receive divided by the number of hours typically worked per week.⁴⁰ Consequently, those that work more than their contracted hours, – such as for unpaid training, work events or those that typically work longer than their contracted office hours – will have a derived hourly pay that is lower than their official rate. The ASHE survey, on the contrary, samples from businesses own PAYE systems, and so avoids derivation issues. We have scaled the LFS figures to the ASHE by using standard re-weighting techniques, essentially pegging LFS data from Q2 of each year (when the ASHE data is collected), with the ASHE data from that year.

We define insecure work as people in work who meet at least one of the following criteria:

1. People in non-permanent work (casual, seasonal jobs, fixed-term and agency) excluding anyone who said they did not want a permanent job.
2. People who report working less than 16 hours a week despite wanting to work more.

⁴⁰ More information on the LFS income measures can be accessed here: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/methodologies/labourforcesurveyuserguidance>.

3. People who self-report volatile pay or hours while being below median income.
4. People on zero-hours contracts.
5. Low paid self-employed people.

Those that met more than one of these measures were not double counted.

Despite being a key aspect of work insecurity, information on shift notice periods, cancellations and to an extent, working contracts are not typically captured in the national worker surveys. As a result, LWF has sought to fill a knowledge gap on the issue by commissioning polling agency Survation to survey more than 2000 employees on the amount of notice they receive of their working hours, shifts or work schedules, whether they have experienced shift cancellations, how many hours they are guaranteed to work and how shift uncertainty impacts them. This survey has been running for 5 iterations, running on a bi-quarterly basis from Q2 2021 to Q2 2023. Data from each individual poll are presented in the timeseries graphs used in this report.

10. Acknowledgements

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