

THE EFFECT OF ZERO HOURS CONTRACTS ON THE WELLBEING AND CAREER PROGRESSION OF THE WORKER

University of Hertfordshire

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Executive summary

This report details a research project that was undertaken by staff at the University of Hertfordshire in collaboration with Unite the Union and GMB. In July 2017, we brought together class of people to discuss how zero hours contract affects the wellbeing and career progression of the worker. Participants at the workshop included academics, trade unions, local council authority and zero hour contract workers.

Many points of view were expressed during the course of the discussion which was informed by expert presentations by Dr Ernestine Ndzi (University of Hertfordshire), Dr Steve Shelley (University of Hertfordshire), Dr Alex Wood (University of Oxford), Dr Brendan Burchell (University of Cambridge), Dr Joseph Choonara (University of Middlesex), Neil Foster (GMB), Egan Mat (Unison), Jonathan White (UCU), Luke Primarolo (Unite) and Bryan Simpson (STUC). The common theme expressed by all speakers was the negative impact of zero hour contract on the wellbeing of the worker which include, health, social life and financial cost. Jonathan Gray (Pitmans LLP) discussed on the effect of zero hour contracts on the workers' pension.

The speakers' presentations highlighted the fact that issues zero hours contract is much wider than suggested by the Employment Rights act 1996, and including casual workers and agency workers. The key point to be noted is the fact that zero hours contract, casual work and agency work are simply branded names, with the same issues. There was consensus among the all the participants that the concept of flexibility in zero hours contracts is only a one sided feature that only benefits the employer and not the worker. The flexibility is simply for managers to alter the working times of the worker as they deem necessary to the advantage of the organisation. This manager controlled flexibility was recognised as being detrimental to health and career wellbeing of the worker. Zero hours contract workers that were present offered different views as to how the flexibility of zero hours contract worked for them. Most of the zero hours contract workers expressed the view that flexibility was manager controlled and very detrimental to the health and career wellbeing, whilst a small proportion expressed the view that flexibility worked both for the worker and the employer. However, the view of all seemed to suggest that banning zero hours contract could be ideal because of its effect on workers wellbeing.

Ideally flexibility should take account of the needs of both employers and employees. Flexibility can provide firms with the ability to match labour supply to demand but should also encourage workers wellbeing and career progression. Various suggestions were advanced such as for workers to be given the right to opt out of zero hours contract, or those that have worked with an employer for more than six months to be given a permanent contract.

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Background to the Workshop

The workshop was convened in Hatfield at the University of Hertfordshire to bring together experts and practitioners to discuss the advantages, challenges and measures to redress the problems of wellbeing and career progression faced by workers on zero hours contracts. ‘Zero-hour contracts’ are those in which the employee, paid by the hour, has no fixed number of hours per week or guarantee of work, and whose hours are determined by management on the basis of short-term projections of demand. Zero hours contract has become an established feature of the labour market and has been in the media spotlight for a few years now. The workshops featured presentations which shared expert perspectives, followed by group discussions involving attendees as well as experts to relate experiences of zero-hour contracts, the emergent issues, and possible ways forward.

Participants

Dr Ernestine Ndzi (University of Hertfordshire)

Dr Steve Shelley (University of Hertfordshire)

Janet Barlow (University of Hertfordshire)

Dr Alex Wood (University of Oxford)

Dr Brendan Burchell (University of Cambridge)

Dr Joesph Choonara (University of Middlesex)

Neil Foster (GMB)

Egan Mat (Unison)

Jonathan White (UCU)

Luke Primarolo (Unite)

Bryan Simpson (STUC)

Jonathan Gray (Pitmans LLP)

Expert Perspectives

Academic research

Dr Ernestine Ndzi and Dr Steve Shelley discussed their online survey findings on Zero hours contract which covered important themes such as the health and wellbeing of the worker. The survey results was based on a total of 356 response. The survey report is available online <https://www.research.herts.ac.uk/admin/files/12097546/Report.pdf>. Following on from the online responses, 35 semi-structured interviews were conducted. The interview participants willingly volunteered to take part in the study and covered workers from all age groups, workers from across UK and from different sectors. Questions were designed to tease out the effect of zero hours contracts on the workers' health and wellbeing, social life and career progression. The findings confirm existing research findings on the detrimental effect of zero hours contracts on the health and wellbeing of the worker. However, the new theme on the effect of zero hours contract on the career progression of the worker and the concept of underutilisation of skills and qualification has gone unconsidered my academic research.

Dr Brendan Burchell (University of Cambridge)

Dr. Brendan Burchell who is a reader in the Social Sciences, Department of Sociology at the University of Cambridge presented on 'The European Working Conditions Survey'. In his presentation he examined changes in the use of flexible scheduling between the 2010 and 2015 waves of the European Working Conditions, focussing on differences between the UK and other EU countries. He also touch upon the relationship between manager driven flexible scheduling and wellbeing. His presentation outlined the findings of Europe-wide surveys and large data-sets, in particular the European Working Conditions Survey held every five years. The European surveys assess workers according to the five-point Wellbeing scale established by the World Health Organization. Those with variable and unpredictable hours score lower than other workers; the effect is most harmful for those who are the principal contributors to a household's income. His presentation demonstrated that manager controlled flexible schedules had negative effects on the mental health and work-family-life compatibility.

Joseph Choonara (University of Middlesex)

Joseph Choonara is from the University of Middlesex and is near completing a PhD on precarity and insecurity in the UK labour market, with the department of Leadership Work and Organisation, University of Middlesex, presented on the 'The use of Zero Hours Contracts in the UK: its growth and its limits'. In his presentation, he argued that the increased use of ZHCs by employers in the UK has provoked commentary in the media and from politicians, and has become an important issue taken up by trade unions. He explored the extent of their use and explained some of the limits to their ability to penetrate the labour force as a whole, leading to their concentration in particular areas of employment."

Dr Alex Wood (University of Oxford)

Dr. Alex J. Wood, Researcher of work, employment and labour markets at the Oxford Internet Institute, University of Oxford, UK, presented on how the growth of data-driven economic processes are leading to a new flexible capitalist temporality entailing the sophisticated real-time modeling of demand. Accordingly, firms are placing greater emphasis on temporal flexibility and developing novel mechanisms by which labour can be utilised on-demand. I will highlight some methods by which manager-controlled flexible scheduling is achieved, demonstrating this to be a much wider phenomenon than zero hour contracts. He also argued that all forms of manager-controlled flexible scheduling can lead to insecurity, stress and anxiety for workers.

Mr Luke Primarolo (Unite)

Luke Primarolo is the Regional Officer for East Midlands for Unite the Union and he presented a case study on Sports Direct where he explained the workers situation at Sports Directs and way forward as follows. 'Unite has been at the forefront of the campaign highlighting the harsh working conditions experienced by thousands of workers at Sports Direct's Shirebrook warehouse, including low pay, precarious working arrangements including a dependence on agency working, and a culture of fear. Some concerns have been addressed in response to Unite's work, but serious issues remain. Following the Unite campaign, thousands of workers at Sports Direct's Shirebrook warehouse in Derbyshire received back pay totalling an estimated £1 million for non-payment of the minimum wage. This covers workers directly employed by Sports Direct and those employed through employment agency The Best Connection. Unite also recently informed the House of Commons BEIS Select Committee that workers employed at Sports Direct are still awaiting the wages that they are owed by their agency Transline, who

failed to pay the workers the minimum wage. Unite has called for Transline not be allowed to ‘dodge’ its responsibilities as it emerged that the firm had submitted court documents preparing it for insolvency.^[1]

This has been followed by a 15p pay rise for all minimum wage workers, the appointment of a full time nurse and welfare officer, and the removal of the ‘six strikes’ policy, after which workers could be dismissed. All workers on zero hours contracts have been offered the option of moving onto fixed hours or minimum hours contracts. An independent review of working practices and corporate governance is now set to take place including a review of Sports Direct's model of predominantly using agency workers. The Sports Direct business model means that in reality those who are precariously employed have no access to justice. If they are treated badly they are in fear of raising it in case they lose their employment. They have very little protection which means there are no consequences for those who commit poor treatment. This inevitably leads to more extreme situations. Unite has wished well to the newly appointed board member supposed to represent workers’ interests but has questioned the method of selection and warned that he will face an uphill struggle to have workers’ heard and to resolve the deep-rooted problems across the business. Unite has called for the company to waste no further time in now moving agency workers onto permanent contracts.’

Egan Matthew (Unison)

Matthew Egan is the Assistant National Officer for Unison, and he presented on the prevalence of zero hours contracts amongst care workers, particularly those who are homecare workers, has increased rapidly in recent years. A recent UNISON survey of 1,000 homecare workers revealed that 66% of private sector homecare workers were employed on zero hours contracts. Our work has highlighted how the use of zero hours contracts has a detrimental impact on both care workers and the people they care for.

The widespread use of zero hours contracts leaves care workers facing financial insecurity and workplace insecurity. Care workers can often find themselves unable to access mortgages or other loans. In the workplace we have observed how zero hour contracts are often use as a weapon through which to control staff. Care workers who have spoken out about poor

^[1] *Transline must not be allowed to ‘dodge’ its responsibilities to workers, says Unite* - [URL](#)

standards of care or about the abuse of workers' rights have subsequently found that the amount of hours their employer will give them has dropped. Despite zero hours contracts supposedly allowing care workers to refuse an offer of work we have also documented how many are often under pressure to never turn down work. Requests for care workers to undertake excessive hours due to chaotic scheduling from employers are often accompanied by emotional blackmail, namely that a service user will be the one to suffer should the care worker refuse to work. Care workers who turn down these requests can often find that it leads to a substantial reduction in the offer of future work.

The widespread use of zero hours contracts also has a detrimental impact on care standards. UNISON has documented how continuity of care is a huge problem in the care sector. The failure to offer care workers regular rotas only serves to exacerbate this problem. The use of zero hours contracts also exacerbates the problem of non-payment of the minimum wage, a practice which is endemic in the homecare sector. In order to tackle these problems UNISON has been campaigning for an improvement in the standard of treatment of care workers. UNISON's Ethical Care Charter is a set of standards that 30 councils across England, Wales and Scotland to date. The charter provides a baseline of standards that all councils must insist upon when they commission their homecare services. One of these stands includes ensuring that homecare workers are offered guaranteed hours and ensuring continuity of care for service users. Our research has indicated that adoption of the Charter leads to improvements in recruitment and retention rates, morale levels amongst staff as well as improving satisfaction levels for service users.

Jonathan White (UCU)

Jonathan White is the Bargaining and Negotiation Official from UCU and he presented on Zero hours contracts and precarious work in the post-secondary education sector presented on 'Why universities and colleges use them and what UCU is doing about it'. The use of zero hours contracts in further and higher education has achieved a high profile in the national press, in part because it operates to signal the extent to which the restructuring of the British labour market around insecure and precarious work has penetrated former 'white collar' middle-class professions.

His presentation examined the use of zero hours contracts in further and higher education in more detail. He discussed the forms of zero hours contracts in post-secondary education such

as open-ended contracts with no guaranteed hours, casual workers/bank workers and agency workers. He pointed out that 60% of colleges use zero hours contracts and 53% of universities. 30% of teaching workforce in HE being on some form of hourly paid contracts and 28% of the FE teaching workforce on an hourly or variable hours contract. His presentation also included statistics on people working on zero hours contracts to be overwhelmingly early to mid-career academics and teachers. 37,000 of the 70,000 'atypical' teachers working in 24 Russell Group Universities. His presentation echoed employers' justification for such contracts as the need for a flexible, agile, and responsive workforce. However, a significant percentage of the staff (48% from UCU 2015 survey) struggled to pay bills, 40% struggle with rent or mortgage payments and 28% struggled to put food on the table. The effect is not only on the worker but the employer should be worried as well because the use of zero hours contract workers affects student outcomes. His presentation ended with UCU's strategy which is to lobby for changes to government policy, use sectorial bargaining structures to achieve results.

Neil Foster (GMB)

Neil Foster who is the National Policy and Research Office for GMB presented on the perspective of GMB on what is known about zero and short hours workers. He highlighted an important quote by Tim Roache, the general secretary of GMB while speaking to the BEIS Select Committee in March 2017, 'Working people deserve dignity in their work and in their lives, the ability to plan for the future, to know where their next pay cheque will come from. All this is possible, but the government needs to take action to make it so.' Neil discussed some characteristics of zero hours contracts such as, the workers having to sit by the phone waiting for a chance to feed their families, the fact that workers are often undermined by the employer, the fear of turning down work but are stressed with the amount of work they are given, and the uncertainty of work or hours they might be getting. He argued that UK's statistics is of limited use and need to improve public data for precarious workers. Furthermore, he presented the statistics on zero hours contract workers in the UK as follows; 488,000 females on zero hours contract to 420,000 men; young workers age 18-24, 25-34 are most likely to be on zero hours contracts followed by age group 55-64 years old which represents 142,000 workers. In terms of academic qualification 202,000 worker have degrees and 294,000 have A levels qualifications. Blacks (5.1%) are more likely to be on zero hours contract than white (2.6%) people. More zero hours contracts workers in wales (14.3%) than North East (13.0%) and Yorkshire (11.0%). Disable people (3.4%) are more likely to be on zero hours contract than

those who are not disabled (2.7%). He further argued that more than 50% of their surveyed sample on workers on zero hours contract have or are currently experienced mental health issues directly as a result of their job; have gone to work while sick for fear of losing pay, future hours or their job or assignment; and 35% of the people struggled to pay unexpected bills within a month without borrowing. Other concerns expressed by workers on zero hours contracts workers was the inability to save, the difficulty to cope with the rising cost of living, the inability to contribute for pension; and the inability to go on holiday. Some of the people on zero hours contracts were in a permanent position in their previous employment.

Bryan Simpson (STUC)

Bryan Simpson is Unite's trade Union Organiser of 'Better than Zero' contract campaigner in Scotland presented on the better than zero hours contract in Scotland. The Better than Zero campaign seeks to equip precarious workers specifically in the services and hospitality sector with the employment knowledge, organising skills and collective confidence to challenge unscrupulous employment practices. Bryan explained the impact of the 'better than zero' hours contract in Scotland and particularly in the case of G1 Group company. G1 Group Company workers were predominantly zero hours contracts and the 'better than zero' campaign succeeded in getting the company to make some positive changes. In the words of Paul Bailey, the HR Director for G1 Group, he said 'No member of staff will be placed on zero-hour contract and the Group will look at the possibility of introducing minimum hour contracts of at least 15 hours'. The 'better than zero' campaign involved peaceful strike at the respective company's head offices and at the various business outlets. Strike involves talking to the customers of the respective companies on the effect of zero hours contract on the workers and the customers to support the strike action by boycotting the company's products and services. The 'better than zero' campaign condemned the 40 hours unpaid labour used by MooBoo Bubble Tea in Glasgow as 'training' which did not guarantee a job at the end of the trial. A pizza company called Deliveroo employ workers on zero hours contract and the workers are paid below minimum wage, are given 30 seconds to accept orders, are penalised for refusing orders, their health and safety is ignored, senior management refuse to respect them and they are denied access to employment rights including holiday and sick pay. 'Better than zero' hours contract campaign has been working hard to change the employment circumstances of these workers. Coming to the workshop on zero hours contract, Bryan wanted to understand how Unite could

use education and direct action to raise public consciousness and worker confidence against zero hours contracts and poverty pay.

Jonathan Gray (Pitmans LLP Law Firm)

Jonathan Gray is an employment law specialist at Pitmans LLP Law Firm. He advises on all aspects of employment law, including pensions, benefits and incentives with considerable experience representing clients in employment litigation and advising on restructures, re-organisations, collective consultation, TUPE and Union recognition and bargaining. His presentation considered whether the “gigging economy” will ever be able to retire. He questioned whether the new ways of working, particularly zero hours contracts, would help to create an even bigger pensions black hole?

He considered what the “gigging economy” actually is and who are the winners and losers. To briefly explore the differences between, employment, self employment, fixed term contracts, and zero hour contracts included a brief reflection on the current legal view of these relationships e.g. Uber, Deliveroo etc. His presentation further considered the implications of these different working relationships on pensions and saving for retirement. What type of pension benefits are the different types of employee/worker getting access to and are they enough? Defined benefit schemes are dying out. Defined contribution schemes place the risk on the employee/worker and require a contribution commitment. Does auto-enrolment fix this and if so is it right for the zero hours workers?

Jonathan explored the triggers for auto-enrolment and consider if they are fit for purpose for all. Auto-enrolment requires all employers in the UK to automatically enrol eligible workers in a pension scheme. Employers can use existing or new occupational or personal pension schemes, provided certain statutory requirements are met. Alternatively, they may enrol eligible jobholders in a central scheme set up by the government known as NEST. The legislation applies to “workers”, so not only those working under a traditional contract of employment, but also those working under zero hour contracts. Once auto-enrolled, a worker is free to opt out of the scheme. But while they remain an active member, their employer will be required to pay a minimum level of pension contributions. A job holder, who works under a contract in the UK, is between the age of 16 and 75 and is paid “qualifying earnings” in the relevant period, should potentially be auto-enrolled. For the current 2017/18 tax year, “qualifying earnings” in a 12-month pay reference period are an individual's earnings between

£5,876 and £45,000. For a worker to be compulsorily auto-enrolled they need to hit the earnings trigger. For the 2017/18 tax year, the earnings trigger for auto-enrolment (and re-enrolment) is £10,000.

Discussion of Problems with Zero Hours Contracts

The group discussion raised issues on why more 18-25 year old are working on zero hours contracts. It was highlighted that most of the people do not even know that they are working on zero hours contracts and for the 18-25 years old, they may be happier with the fact that they have a job. Since they have never worked before, and they may not understand what job satisfaction is or power shift. The group highlighted the fact that zero hours contract leads to low productivity and there is a need for more sensitisation and trade union activism. Trade Unions were called upon to consider their membership fees for people working on zero hours contract because they may not be able to pay the membership fee given their circumstances. There was the bigger question of what exactly the law should be doing to remedy the situation and how the law is going to achieve the important balance. To these points, its worth noting that the Taylor Review

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