

Works for you?

Investigating the Impact of Insecure Employment in Bristol

October 2015



**citizens
advice**

Bristol

Executive summary

Workers on zero-hours contracts, as well as other casual, agency and temporary workers, are ending up in debt, or with their homes threatened when promised work hours do not materialise. Irregular work and unpredictable incomes can make it hard to budget for living expenses, or claim top-up welfare benefits. In many of the cases we encountered, the flexibility of these working arrangements was all on the employer's side, with workers expected to be available all day or at short notice, with no guarantee of work.

Key issues, their impacts and our recommendations

Lack of information	Lack of flexibility	Holiday and sick pay	Debts and benefits
<ul style="list-style-type: none">❑ Poor information about hours and income❑ Full-time offers but zero-hours contract❑ Contractual arrangements lack transparency	<ul style="list-style-type: none">❑ Restrictions on finding other jobs❑ Unable to turn down shifts❑ Unpaid gaps between intermittent work❑ Lack of control and little notice	<ul style="list-style-type: none">❑ Unclear employment status❑ Lack of information and access to equal status❑ Difficulties getting holiday and statutory sick pay	<ul style="list-style-type: none">❑ Debt problems due to variable income❑ Difficulty claiming benefits as earnings fluctuate❑ Tenancies put at risk and homelessness
Written contract and terms for all casual and zero-hours staff	Right to regular hours after 12 weeks of work	Encourage workers to challenge their employment status	Monitor Universal Credit and sanctions

Citizens Advice is a major source of external advice for people who experience employment problems. In the year 2014/15 Bristol Citizens Advice dealt with 3,236 employment enquiries. One area of concern is the challenges faced by workers with flexible and insecure working arrangements. Existing Citizens Advice research has highlighted that since the recession, many employers have innovated in their approach to staffing, with a preference for flexibility that allows them to respond to short term variations in demand. Since 2008 more people are in temporary work, work multiple

jobs, or have zero-hours contracts.¹

The Bristol Citizens Advice research and campaigns team secured part of a research seed funding pot from Citizens Advice nationally. We were one of 12 bureaux to receive a share of £10,000 worth of funding, aimed at supporting research into issues affecting clients in the local area. The team set out to investigate problems faced by precarious workers, following high numbers of employment related enquiries. The research focused on:

- ❑ How people's flexible employment arrangements worked out in practice

¹ Citizens Advice 'Second Choice Jobs: The real life impact of the changing world of work – notes from the frontline' February 2015.

Works for you?

Investigating the impact of insecure employment in Bristol

- What the effects were of fluctuating income
- Whether precarious workers struggled to access employment rights

We found that workers on zero-hours contracts, as well as other casual, agency and temporary workers, are ending up in debt, or with their homes threatened when promised work hours do not materialise. Irregular work and unpredictable incomes can make it hard to budget for living expenses, or claim top-up welfare benefits. In many cases, the flexibility of these working arrangements is all on the employer's side, with workers expected to be available all day or at short notice, with no guarantee of work.

Many workers hoping to come off benefits are eager to accept jobs when they are offered, but are not given clear information about how many hours they will be working, and what sick pay or holiday pay they are entitled to. Some contract workers say they worry about turning work down, even when ill, because it might affect their chances of being given work in the future or even lead to disciplinary action by their employer.

We carried out qualitative analysis of 33 Citizens Advice client stories to identify problems faced by people working irregular hours or in insecure work. Key issues arising from the research are outlined below. The project was initially targeted through analysis of 18 case studies based on existing Citizens Advice clients, who had faced issues relating to their employment circumstances. This was followed up by face to face interviews with 15 people from Citizens Advice and organizations within Bristol City Councils 'Ways2work' network.

We do not claim that our sample is representative of everybody who works under these employment circumstances, and it is clear that flexible employment circumstances can work well for some people. Our research aims to highlight problems that some people can face because of poor employment practice and insecure working arrangements. We suggest that too often people are let down by employers and the benefits system, and that the consequences of this for individuals and their families can be severe.



70% of Citizens Advice clients said insecure employment made it 'hard' or 'very hard' to budget and manage bills compared to 30% of people with permanent jobs

The trouble is, if you turn down the work you might not get offered again, and with zero contract hours you've got to take the work when you can get it.

Anna, 54 year old contract caterer

It all started with this zero-hours contract. Everything that they told her was wrong. It has made her jobless, almost homeless, and bankrupt, that's the consequences.

Citizens Advice caseworker

Bristol employment survey

The impacts of insecure employment are very clear and Citizens Advice clients are three times more likely to be coping with uncertain work than the workforce nationally



£1171

Workers with insecure employment earn 30% less on average than those with permanent fixed hours contracts



£820

A survey of 420 Bristol Citizens Advice clients found that a relatively high proportion of those in work were in insecure employment (non-permanent or with variable hours):

- 11% of in-work Citizens Advice clients were employed on zero-hours contracts, compared to 2.3% of the workforce nationally², or 2.8% in the South-west³
- 20% of in-work clients were in temporary work (casual, fixed-term or agency workers), compared with 6.5% of the national workforce⁴

Of those in insecure employment, Citizens Advice researchers found that 70% said their work made it 'hard' or 'very hard' to budget and manage bills, compared to 30% of people with permanent jobs.

64% of those in the insecure group found dealing with benefit claims 'hard' or 'very hard', compared to 53% of permanent

employees. Workers on zero-hours contracts were worst affected, with 85% finding it hard to juggle work and benefit claims.

People in insecure jobs were also less likely to be receiving holiday pay, worked less hours and had lower incomes.

- Only 63% of non-permanent workers claimed they received holiday pay, compared to 93% of permanent workers. Only 52% of workers on zero hours contracts thought that they received holiday pay.
- Workers in the insecure categories averaged 25 hours per week, compared to 32 hours per week for permanent workers.
- Earning an average of £820 per month workers falling into the non-permanent categories of work earned 30% less on average than those in the permanent fixed hours group.

2 ONS, Analysis of Employee Contracts that do not Guarantee a Minimum Number of Hours, 25 February 2015.

3 ONS, Statistical bulletin: Regional Labour Market, June 2015.

4 ONS, Analysis of Employee Contracts that do not Guarantee a Minimum Number of Hours, 25 February 2015.

**Workers with
insecure
employment
averaged 25 hours
per week ...**



**... compared to
32 hours per
week for workers
with permanent
contracts.**

11% of in-work
Citizens Advice
clients were
employed on
zero-hours
contracts ...



... compared
to 2.3%
of the
workforce
nationally,
or 2.8% in the South-
west.

20% of in-work
clients were
in temporary
work (casual,
fixed-term
or agency
workers) ...



... compared
with 6.5% of
the national
workforce.

Only 63% of non-
permanent workers
claimed they
received holiday pay,
compared to 93% of
permanent workers.



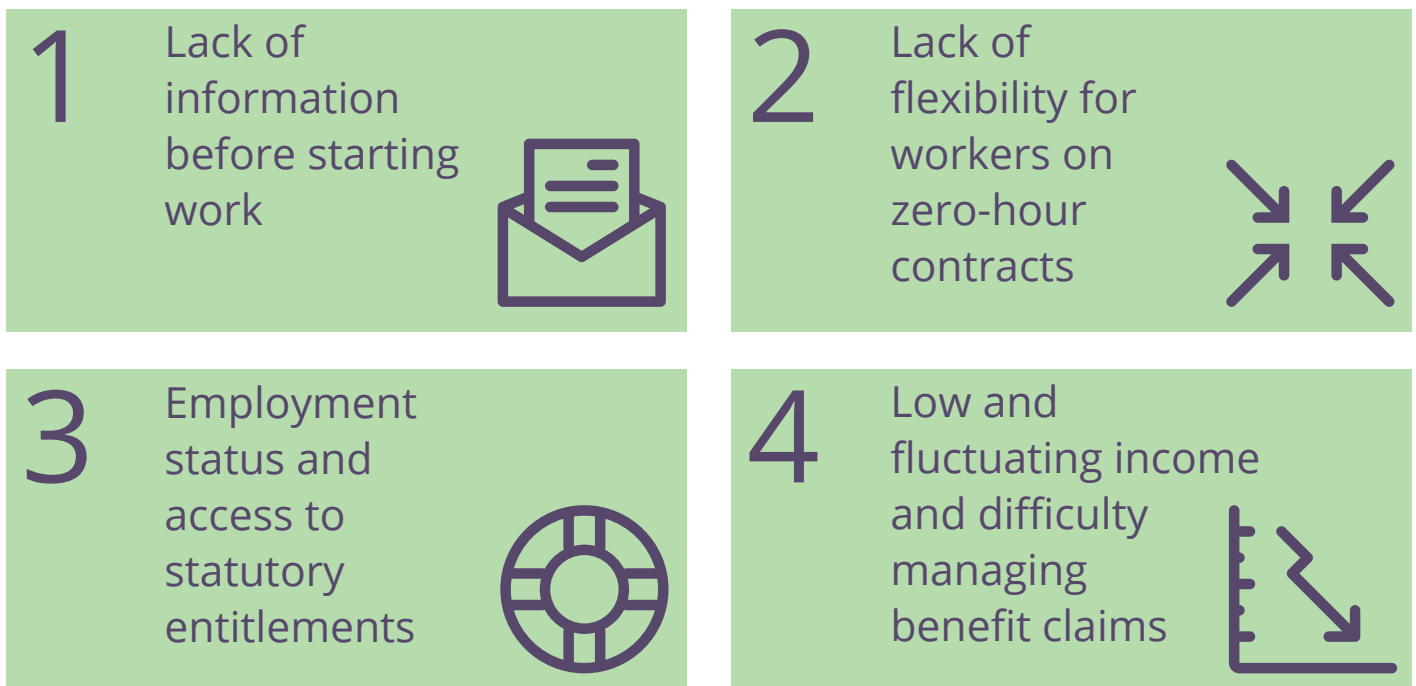
Only 52% of workers
on zero hours
contracts thought
that they received
holiday pay.



Key issues

1. Lack of information before starting work

Our research highlighted four key issues for people with insecure employment in Bristol. Each have their own particular impacts and disadvantages - but they're also interconnected and compound each other, making it even harder for individuals and families to provide the basics and deal with unexpected challenges.



1. Lack of information before starting work

- ❑ Poor information on expected hours and income
- ❑ Employers suggesting full time work but using zero-hours contracts
- ❑ Lack of transparency in contractual arrangements

When making decisions about taking a job, good information about expected hours and income is essential. A lack of good information about what to expect in terms of how many hours people could expect to work, and how much they would earn, was an issue for 9 of our 15 research participants. In some cases people were told no more than “we can guarantee you work”, and had to make important decisions about ending

benefit claims, or leaving other work, without any certainty about their new position. In other cases employers would claim or imply there would be full time hours available, but a preference for employing people on a zero-hours basis with no formal offer of regular hours left people with little clarity over what to expect. In some cases the reality of the position was a constant struggle to survive on low and fluctuating hours and income.

2. Lack of flexibility for workers on zero-hour contracts



Beverly left her role as a full time carer for her son with special needs when he turned 16. She was hoping for a better standard of living for the family, now that she didn't have to rely on benefits. She took a position as an agency care worker, having been told to expect a full time role. It wasn't mentioned in the advert, or at interview that it was on a zero-hours contract basis. On work days she was required to carry out home care visits between 7am and 6pm, but would only be paid for actual time spent with patients. On this basis she found the most hours she could get in a week were about 25, with some weeks as low as 15. Having left benefits to go into

work, Beverly ran quickly into debt. The lower than expected pay meant she had to borrow £3000 from a relative to keep up with living costs, ran up large rent arrears, and is now undergoing a Debt Relief Order which threatens her current tenancy.

"I really went into this blindfolded, they knew how it was going to work but I really didn't know anything. ... I was saying to my son 'things are going to get so much better, we are going to be so much better off', but it never materialised. I never knew how much worse it could get."

2. Lack of flexibility for workers on zero-hour contracts



- ❑ Availability requirements prevent workers taking up additional employment
- ❑ 'Casual' workers unable to turn down shifts
- ❑ Unpaid waiting time, or gaps between paid work throughout the day
- ❑ Lack of control over working hours, short notice before shifts and last minute cancellations of work by employers.

Casual work arrangements such as zero hour contracts are supposed to provide flexibility for both parties. The flexibility of the arrangement should allow workers to pursue work elsewhere or to take care of other responsibilities. In reality for many of

the people we spoke to, the flexibility was only apparent for the employer. Five out of our ten participants who worked on zero hours contracts reported that the availability requirements of their jobs left them unable to pursue additional work, despite their need

Key issues

2. Lack of flexibility for workers on zero-hour contracts

» to earn more to afford to live. Most of these workers stated that they had to be available for work at very short notice, or risked not being offered as many hours in the future. One participant reported facing a “very unpleasant disciplinary” if they were to turn down a shift, another worker was required to be on site all day waiting for paid work. Many of these workers also reported being subject to occasional or regular last minute cancellations of work, with no compensation for the lost earnings. For many of our participants, the reality of constantly required availability, lack of control over working hours, short notice periods for work and last minute cancellations of shifts seriously impaired their ability to manage their working lives.

“He has struggled along like this for so long because he had no other options. ... You can’t look after a family on that money but he was totally stuck. There are plenty more people working there in the same situation, it’s total exploitation.”



Darius, his wife and young daughter moved from Estonia to Bristol in October 2013 so he could work at a local garage. He was told he would earn at least £1,200 per month. He was required to be available at the garage from 09.00-18.00 Monday to Friday and 09.00-15.00 on Saturdays every week, but was only paid £6.50 for each hour worked, depending on how busy the garage was. On many occasions he would spend the entire day at the garage but would not be paid at all. Often he would only get one or two hours of paid work in a day. Some of the workers there had raised the issue of all the unpaid hours in waiting time, but were just told to put up with it or leave. The family struggled on his low income, which rarely exceeded £800 per month, often having only £20-£30 per week on which to live. He has since had numerous problems with his employer concerning unpaid sick and holiday pay, illegal deductions from his wages, and an attempted eviction due to his landlord having links to his employer. He has been receiving assistance from a Citizens Advice caseworker in pursuing the missing pay and dealing with his housing situation.

3. Employment status and access to statutory entitlements



- ❑ Lack of Clarity over employment status
- ❑ Lack of information about and access to equal status for agency workers after 12 weeks
- ❑ Difficulties in Accessing Statutory Sick Pay

Whether an individual is employed as a ‘worker’ or an ‘employee’ is integral to determining their statutory employment

rights. Worker status provides the broad employment rights such as National Minimum Wage (NMW), holiday pay and rest

3. Employment Status and Access to Statutory Entitlements

breaks. Employee status overlaps with these rights and provides additional entitlements such as minimum notice periods for work ending, protection against unfair dismissal and redundancy pay. Workers do not have the same rights to a written statement of the terms and conditions of their employment as employees do. The majority of zero hour contracts are designed to confer worker status, as are employment arrangements for agency workers. However, factors such as the length of time someone spends in a role, how far their work is guaranteed and how much choice they have in taking work that is offered may all have a role in determining their actual status. This can be very complex and it is not unusual to have to go to employment tribunal to get a final decision on a person's employment status.

Most of our research participants were unaware of the distinction between worker and employee or how it applied to them, and were very unclear on their in work entitlements. Agency workers are legally entitled to equal pay and status with regular employees after 12 weeks in the same position, yet agency workers we spoke to were either unaware of this, or had exceeded 12 weeks with no mention of any changes coming in to place. In two cases people reported having been moved away from a job when nearing the 12 week point, only to be replaced there shortly after; their continuity on site having now been broken.

"I had always worked hard for them and thought we were friends, but now I just can't believe anybody would treat someone like this. ... If it hadn't been for Citizens Advice and the Law Centre, and my family helping me out I just don't know where I'd be."

Access to Statutory Sick Pay emerged as an issue for workers in insecure employment. Over half of our participants were either unclear on their entitlement to SSP, had gone into work whilst ill as they did not believe they were entitled to it, or had taken time off sick unpaid. Eight of our fifteen participants reported that they felt badly informed of their in work entitlements, in particular concerning SSP, and rights to notice periods for work ending and their position should their hours be reduced to nothing or their contracts terminated. In some cases workers on zero hours contracts had been told they were not eligible for holiday pay.



Emma, a 55-year-old care assistant from St. Pauls was employed as an agency care worker when she was diagnosed with breast cancer in September 2014. Despite having a long track record with the care company, she was concerned that she wouldn't be eligible for Statutory Sick Pay (SSP) due to her status as an agency worker. She felt she had little information concerning her employment rights and, having initially delayed essential treatment due to financial concerns, she approached her boss only to be told "We don't pay sick pay." With assistance from Rose, a Citizens Advice Macmillan caseworker, and Avon & Bristol Law Centre, Emma pursued her claim for SSP, but her employer refused to discuss the matter, leaving Emma for a long period with no income. Distressed and exhausted by the process and her ongoing treatment, Emma was forced to rely on the support of friends and family to cope financially. Nine months on from her diagnosis, Emma is still pursuing her employer for the SSP she is owed.

Key issues

4. Low and fluctuating income and difficulty managing benefit claims

4. Low and Fluctuating Income and Difficulty managing Benefit claims



- ❑ Difficulty in budgeting and debt problems due to fluctuating income
- ❑ Financial problems caused by switching between work and benefits
- ❑ Housing Benefit overpayments due to fluctuating incomes
- ❑ At risk tenancies and homelessness

Over half of the people we spoke to had run into serious financial difficulties and debt whilst trying to cope with fluctuating income and employment. In many of these cases the intersection between insecure employment and the benefits system exacerbated their financial difficulties. Many of our participants spoke of difficulties in coping with the gap between benefits ending and a first pay cheque arriving. Some people ran immediately into rent arrears and debt as their benefits were stopped on the first day of work, but they had to wait a month to get paid. Overpayment of housing benefit was also a common problem. People spoke of trying hard to constantly keep the council informed of fluctuations in their income, but still ending up facing huge repayments due to the time it took for these changes to be processed. One care worker was careful to send off her payslips every month but twice had to struggle to repay overpayments of £190 and £90. The tenancies of two of our participants had been threatened, and one person had become homeless. For two of our interviewees, difficulties in going between short-term work and benefits had deterred them from taking up offers of

work. Andy and Maria, both agency workers, had experienced difficulties with housing benefit overpayments, and periods of no income whilst restarting JSA claims. Both felt that taking up short term offers of work was too much of a financial risk. They had solid work backgrounds prior to their first jobseeker claims, and were very keen to take up employment so long as it provided some stability. Many other participants spoke of difficulty budgeting, and the stress and anxiety of not knowing how much they would earn one week to the next. In many of these cases the financial detriment participants experienced was directly linked to the lack of reliable information about working hours and expected income that they had received at the beginning of their employment. Low hourly rates were a significant issue for many of our participants, particularly those earning minimum wage. However stability of income and regular earnings was expressed as equally important. Two thirds of the people we spoke to expressed both increased hourly rates and more regular and reliable hours as the two most important factors in their working lives.



Peter is currently homeless, and has been sofa-surfing and staying in hostels for the last 4 weeks. He is currently signed up to 4 different employment agencies, and frequently shifts

between jobseekers allowance and short periods of work. He is 47 years old, with a career background as an IT consultant. In recent years he has struggled to find work in IT, and says he believes his age has become an obstacle to finding work, and that his specialist knowledge has become outmoded as the technology has changed.

Following the end of his last IT contract in early 2013, he was on JSA for a year, before taking work as a driver for an agency, working on a zero-hour's contract. Since then he has sought work through numerous employment agencies. Peter has struggled to survive on a low and fluctuating income, getting short stints of work but then facing long gaps with nothing. He often waits a few days before signing back on to JSA, in the hope that some more work will be forthcoming, but ends up signing back on, only to face a further 7 days with no income waiting for his claim to restart.

His current homelessness is a result of the shortfall between his housing benefit,

capped at the local housing allowance of £526, and his rent of £580 per month. He was unable to make up the shortfall, and was evicted on the basis of his rent arrears. Peter says he would have moved but it was hard to find anywhere much cheaper, and the costs of finding a deposit, paying agency fee's and making the move were impossible for him to cover. He currently pays £10 a night to stay with a friend, as he feels he has exhausted any free options for sofa surfing.

More than anything he wants some stable ongoing work, and hopes he may be taken on somewhere permanently. He is worried about switching from weekly agency pay to monthly payments, but hopes if he can get at least two days a week from now he might be able to put some money aside to help bridge the gap.

My real panic at the moment, my fear, is what happens if I can't keep getting at least two days a week. One day covers my accommodation for the week, and one for my storage costs and food. If I can get more than that then maybe I can start trying to really sort my situation out.

Looking ahead to Universal Credit

Universal Credit will begin to replace a range of other welfare benefits with a single payment this year. It's supposed to be simpler to manage and make it easier for people to work flexible hours. But will it?

The introduction of Universal Credit (UC), which is due to be introduced through Bristol Job Centre's from November 2015 is intended to allow an easier transition from welfare benefits to work, including improving problems encountered by people with fluctuating incomes. It is hoped the system will reduce instances of overpayments, and it should prevent gaps between benefit payments stopping and a first pay cheque arriving, with alterations to benefits payments made in arrears. However, the experiences of our research participants suggest the system will still pose significant challenges for people in insecure employment:

1 Complex budgeting for people with fluctuating income: Alterations to claimants UC entitlement will be made one month in arrears. This would mean that earnings during March would affect the UC payment at the beginning of April – yet earnings during April could be much lower.



2 New claimants will face up to a six week gap between signing on to Universal Credit and receiving their first payment, potentially facing debt and rent arrears as a result of a long period with no income.



Universal Credit will be rolled out in Bristol Jobcentres between November 2015 and April 2016.



November 2015: Bristol Central, Bedminster, and Bishopsworth Job Centre Plus.



December 2015 - April 2016: Easton, Horfield, and Shirehampton Job Centre Plus.

3

Universal Credit claimants who are out of work will be required to take on zero-hours contracts as part of their claimant commitment. The lack of flexibility and short term notice periods for work raised as issues for zero hours workers in this study, would lead to clashes between the requirements for availability made by employers, and the requirements of the UC claimant commitment to actively seek more hours and additional employment.



4

Universal Credit claimant commitments would be sanctionable, potentially leading to hardship for claimants struggling to fit extra work around the availability requirements of their existing jobs.



Bristol University Employment Tribunal Research

Researchers at Bristol University have found that the introduction of tribunal fees has lead to many workers being 'priced out' when it comes to accessing justice on employment issues.

New research from Bristol University has highlighted the difficulties faced by workers in seeking access to justice around employment issues. The report argues that low paid and vulnerable workers have been 'priced-out' by the introduction of fees for Employment Tribunals (ET), the lack of legal aid, and the complex nature of the system.

The report highlights the importance of access to employment tribunals for low paid and precarious workers, often seeking small sums of money for unpaid wages, withheld statutory entitlements and redress for wrongful dismissal. Lacking access to trades union representation and expensive



University of
BRISTOL

solicitors, these workers rely on services such as Citizens Advice to assist them in seeking justice.

In view of the lack of clarity on employment status and entitlements for insecure workers which we raise in this report, there is a risk that workers in precarious employment are being doubly disenfranchised as a result of:



Poor information, and complex issues around employment status act as a barrier to accessing entitlements within the workplace



Fee's, lack of legal aid and difficulties accessing assistance and representation act as barriers to pursuing claims at tribunal

For copy of the full University of Bristol research report go to: goo.gl/hgZ74T

Conclusions

This study has highlighted some of the detrimental impacts that a lack of security of income can cause for people. Whilst it is clear flexible arrangements can work for both employers and employees, it is essential that people taking up flexible and non-permanent positions are given a clear picture of what to expect in terms of hours and income. Most of the people we spoke to just wanted some basic stability around hours, knowing what the minimum they would earn each week would be.

In some of our cases workers were recruited on a zero-hours basis, but the employer expected availability for regular shifts. People were expected to maintain availability but had no guarantee the work would materialise, often facing last minute cancellations with no compensation for the hours they had lost. The outlawing of 'exclusivity clauses', which prevent workers on zero hours contracts from seeking additional employment, would have no effect for most of the people in our study as none of the participants on zero-hours contracts were subject to them. Their difficulties in seeking additional employment were caused by the availability required by their jobs. The lack of genuine flexibility for workers on zero-hours contracts is of particular concern in the context of Universal Credit and the requirements of the claimant commitment. Problems in budgeting and managing welfare

benefit claims for workers with fluctuating incomes are also unlikely to be resolved by Universal Credit. In particular payments in arrears will mean that budgeting effectively on a fluctuating income will present a significant challenge.

Clarity over employment status and rights was a problem for the majority of our participants. In particular workers lacked awareness over their eligibility for holiday pay and statutory sick pay. In order to ensure access to statutory entitlements, people need clear information on what their rights are. Better information for employees around employment status and entitlements would enable them to request clarification of their status once in a job, and challenge employers where they are being wrongly denied entitlements. In particular migrant workers may struggle to assert their rights. It is notable that two of the worst cases we found concerned workplaces with very high concentrations of migrant labour. Employers need to be engaged with to support best employment practice, and should consider providing the maximum possible stability for employees. In addition improving access to good information on employment status and rights for all workers, and targeted information for economic migrant groups will help people challenge bad practice and uphold their rights.

Bibliography

- Citizens Advice: 'Second Choice Jobs – The real impact of the changing world of work, notes from the frontline' February 2015.
- The Resolution Foundation 'Zeroing in: Balancing protection and flexibility in the reform of zero-hours contracts' March 2014.
- Joseph Rowntree Foundation 'The Low-pay, No-pay cycle' February 201.
- Joseph Rowntree Foundation 'What do low-paid workers think would improve their working lives?' July 201.
- Wellspring Healthy Living Centre 'Work and Health in Bristol: Economic insecurity and Health Inequality' July 2013.

Recommendations

1

To provide workers with the opportunity to transition to

more stable employment

workers should have a statutory 'right to request' a regular hours contract after 12 weeks regular work in the same position.⁵

2

To ensure all workers are aware of the nature of their contract and employment entitlements, the right to a written statement of terms and conditions should be extended to casual and zero hours workers. Employees should be encouraged to request

clarification of employment status

and advice services should promote awareness of employment status and rights.

3

Encouragement for employers to provide the maximum stability and security possible commensurate with their requirements as

best employment practice.

For employees some minimum guaranteed regular hours would provide stability of income and allow more control over their working lives.

4

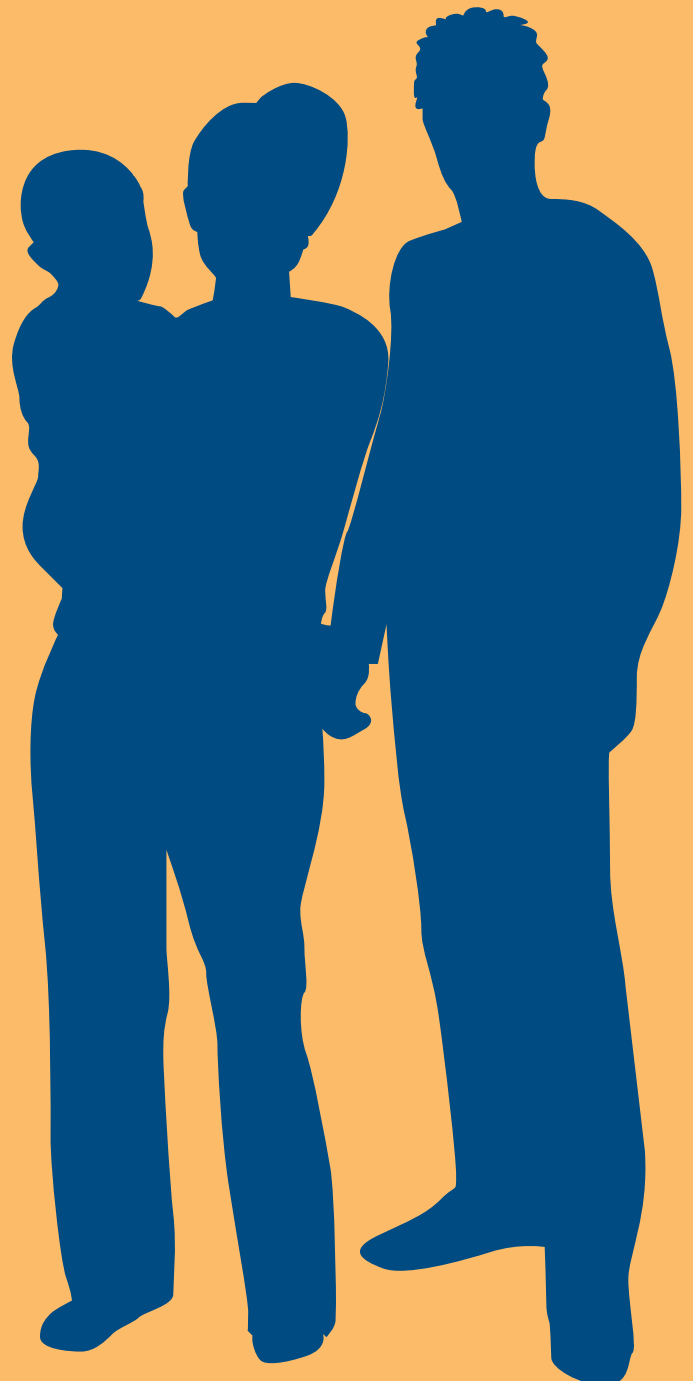
The impact of Universal Credit on workers in insecure employment should be monitored as it begins in Bristol. In particular concerning the claimant commitment and

possible sanctions.

⁵ Provisions for the 'right to request' flexible working hours established in June 2014 could allow 'employees' on zero-hours contracts to request a regular shift pattern after 26 weeks. Most zero-hours contract 'workers' are missing out on the provisions of this legislation due to their employment status.

Acknowledgements

- ▣ Chris Mitchell, Ways2work, Employment and Skills Team (ways2work.org.uk)
- ▣ Andy Hollick, Avonmouth Work Club (ways2work.org.uk/jobs-skills-south-west/service/avonmouth-work-club)
- ▣ John Windsor, Pennywise (pennywise.org.uk)
- ▣ Professor Morag McDermont, Professor of Socio-Legal Studies, University of Bristol Law School
- ▣ Rimi Hussein, Postdoctoral Researcher, Bristol Business School, University of the West of England
- ▣ Gail Bowen-Huggett and Harry Tedstone, Advice Centres For Avon (advicewest.org.uk)



Bristol