

Sufficient and predictable hours

Policy briefing from Citizens UK & Living Wage Foundation

Summary

- In the UK today 6.1 million people are trapped in insecure forms of work, unable to get the regular, secure hours they need to meet everyday needs and plan for the future. It is one of the major challenges facing this UK Government.
- Living Hours accreditation was developed by the Living Wage Foundation through an in-depth listening campaign with over 700 local community leaders who are members of Citizens UK Chapters and spoke to us about their experiences of insecure work. It has been adopted by over 170 Living Hours employers and provides a stretching standard to support a race to the top, where employers who provide security of hours are recognised and rewarded.
- When it comes to sufficient and predictable hours, our Living Hours accreditation can also provide the basis for policy discussions about the introduction of a statutory minimum. We have an existing model, implementation approach and network of supportive employers to bring to this.
- We ran a co-design process with Citizens UK members and Living Hours colleagues, with input from employers and policy advisers, to develop a recommendation for how the UK Government should address the problem of insecure work. We share our findings below.

The problem

Statistics

Our analysis¹ shows the prevalence of insecure work in the UK. 6.1m workers are in insecure work, with 3.4m in low paid insecure work. This amounts to 19 and 11 per cent of workers in the UK respectively. Low paid workers are around five times more likely to be in insecure jobs than those paid above the real Living Wage. The most common forms of insecure work in the UK are pay/hour volatility (experienced by 2.9m workers) and low paid self-employment (2m workers). Other forms of insecure work include having a non-permanent job (1m workers), being on a zero-hours contract (1m workers) and being under-employed² (220,000 workers). Use of one of the

¹ Analysis of the quarterly Labour Force Surveys (LFS') and annual Family Resource Surveys (FRS') 2016 to 2022 by Joe Richardson (August 2023) *Precarious pay and uncertain hours: Insecure work in the UK Labour Market*. Living Wage Foundation. Available at: <https://www.livingwage.org.uk/precious-pay-and-uncertain-hours-insecure-work-uk-labour-market>

² People who report working less than 16 hours a week despite wanting to work more.

most extreme forms of insecure work arrangement, zero-hours contracts (ZHCs), has increased by almost 90,000 workers since 2016.

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 prevalence of insecure work in these regions is contributing to regional inequality in economic outcomes. Minority ethnic workers, young workers and older workers are all disproportionately impacted by insecure work.

Our polling of 2000+ workers in the UK shows the impact of insecure work³. 27 per cent of workers with varying hours (ie. shift workers, those working on rotas, agency workers, those on Zero Hours Contracts) 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. These costs can add 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. We call this the 'insecurity premium'.

In terms of shift notice, 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. When shifts are cancelled, 90 per cent of workers do not receive full payment, with 26 per cent not receiving anything. A quarter (24 per cent) of workers with varying hours have had shifts cancelled by their employer unexpectedly.

Experiences

- *"The hardest part for me was the extremes. The intense worry and anxiety of not getting enough hours often meant I would overextend myself and take on too many hours when they did come available. This would lead to long shifts with limited time off, a fear of not taking the hours in case there were none or few the following week/month."*
- Gayle, Tyne & Wear Citizens

Half of our co-design team is made up of people with direct experience of the struggle with insecure work. They spoke about their experience and the impact on daily life:

- Workers talked about having weeks without enough hours and needing to be given food by family/friends at these times.
- Lack of a guaranteed minimum number of hours can lead to workers taking on too many hours when these are offered, in ways that are detrimental to personal and familial wellbeing.

³ Joe Richardson (August 2023) *Precarious pay and uncertain hours: Insecure work in the UK Labour Market*. Living Wage Foundation. Available at: <https://www.livingwage.org.uk/precarius-pay-and-uncertain-hours-insecure-work-uk-labour-market>

- Fluctuating income wreaks havoc with budgeting and benefits.
- We heard that there are ‘unwritten rules’ at play about turning down shifts - you won’t get offered them again so you take them out of fear.
- With that comes a sense of competition and unfairness among colleagues - because you’re all competing for the hours you need with no security.
- The lack of employment rights until 2 years exacerbates this sense of being at the mercy of the employer - meaning you are vulnerable to discrimination, exploitation and preferential treatment, too afraid to challenge for fear of dismissal.
- Lack of shift notice and shift cancellations are highly disruptive. It’s possible to make all of the arrangements for childcare and travel, only to find out that your shift is cancelled or shortened. Some describe turning up at work only to be sent home, without payment.

Combining a strong legal floor with a stretching standard

The Living Wage Foundation’s Living Hours accreditation provides an effective and practical approach to alleviating insecure work which over 170 employers throughout the UK have already adopted. It benefits employers as well as workers - improving recruitment, reducing staff absence rates, and increasing productivity and retention.

But alongside this voluntary regulation there is also a need for a strong floor, a statutory minimum that ensures all workers’ rights are protected. This approach - combining a strong legal floor with a stretching voluntary standard - has already been effective with the minimum wage and real Living Wage, where large numbers of employers paying the higher voluntary rate helps create upward pressure in the labour market and public attitudes. In a similar way, Living Hours accreditation should be combined with minimum for security of hours.

From our listening, research and work with employers, we know what’s needed to provide sufficient hours and predictability of shifts. On that basis, we make a recommendation below for what should be brought into law.

Our policy recommendation

Strengthen people’s rights and access to predictable, sufficient hours, learning from the Living Wage Foundation’s Living Hours standard, by introducing:

- a. A new right to an employment contract that reflects actual hours worked based on a 12-week reference period.
- b. The requirement for employers to provide four weeks’ minimum advance notice of shifts with reasonable compensation for shifts cancelled at short notice.
- c. A minimum number of guaranteed hours from day one of employment, set out in the employment contract unless the worker requests otherwise.

Considerations for policymakers

Based on what we have learned from Living Hours accreditation and our co-design process, here are answers to some frequently asked questions regarding how to put our recommendations into practice.

What is required for Living Hours accreditation?

Our Living Hours accreditation requires employers to provide workers with the right to:

- A contract that reflects accurate hours worked, reviewed after the first 12 weeks of employment.
- Decent notice periods for shifts: of at least 4 weeks' notice, with guaranteed payment (full compensation) if shifts are cancelled within this notice period.
- A guaranteed minimum of 16 hours a week (unless the worker requests otherwise).

Why do you recommend four weeks' notice of shifts?

When we consulted on the development of Living Hours, there was strong consensus that four weeks was the minimum necessary to plan and budget for life. For many families, rent and other large outgoings are due monthly. Household bills such as utilities are also often cheaper when paid on a monthly rather than pay-as-you-go basis. Sharing rotas four weeks in advance means workers will know the amount of work they will be doing and what they can expect to take home in pay, helping them budget for the month ahead. Last minute shift changes impact on healthy family life and make it difficult to plan childcare arrangements (which at short notice are also more expensive).

In Living Hours, workers receive guaranteed full payment if a shift is cancelled within this four-week period. This creates an incentive for employers to plan effectively and share the risk of any fluctuations with workers, rather than expecting workers to shoulder the full cost of uncertainty. Our polling data suggests that up to 14.5 million workers could benefit from this measure.⁴

What about emergencies? Is overtime still possible, and would four weeks' notice be required?

Unforeseen circumstances do arise which might mean four weeks' notice of shifts is not always possible. For Living Hours accreditation, the four weeks' shift notice does not prevent employers offering overtime shifts at shorter notice for emergencies, a limited number of unforeseen circumstances, and to cover for last-minute staff sickness. The key point is these shifts **must be additional to contracted hours and genuinely voluntary**.

⁴ Our polling data of over 12,000 UK employees suggests 50.6 per cent of employees in the UK have been called into work with less than four weeks' notice of shifts, hours or work schedules, which amounts to around 14.5m workers when extrapolated to all employees in the UK.

Employees will still have their minimum hours and must be free to turn down these additional shifts. If cancelled, full compensation must also still be paid. The Government should explore similar mechanisms in law and consult on implementation with worker and employer representatives.

What is your recommendation for the minimum number of guaranteed hours?

We do not stipulate a minimum number of hours in our recommendation to Government.

Living Hours accreditation requires a minimum of 16 hours a week, based on the agreed consensus from the cross-sectoral working group which helped develop it. All groups said that between 12-20 hours was a decent minimum, and 15-16 hours was the most frequently cited amount. We are undertaking new research to explore whether 16 hours remains the most appropriate benchmark from the viewpoint of workers and employers, particularly regarding changes in its interaction with Universal Credit and childcare entitlements.

International comparators also provide examples for how Government could implement minimum hours without stipulating a single number. For example by using banded contracts (as in Ireland) or stating that working hours must be greater than zero, and that employers can only request that an employee works 25% more or 20% less than the agreed hours (as in Germany).⁵ These examples put the onus on employers to set an accurate number of minimum hours from the start which can then be reviewed and adjusted after 12 weeks.

What about workers that want the flexibility of a zero hours contract?

Within Living Hours, workers who don't want to receive one or more of the Living Hours measures can opt out. To do so, they must sign an opt-out letter which states that they understand their entitlement under the Living Hours agreement but wish not to receive some of the measures. Anyone who opts out can withdraw it at any time and request a Living Hours contract - in this case, the employer must endeavour to provide them with the measures within 12 weeks.

On a similar basis, we would recommend that the Government enable workers to opt out of one or more of the measures by request, for a defined period and with justification based on employee wishes. This could be facilitated through the right to request flexible working.⁶ Safeguards would need to be in place to ensure that this is initiated by the worker and not required by the employer. In the case of Living Hours, employers report opt-outs to the Living Wage Foundation and if there were to be a high proportion we would investigate this further.

The right to request flexible working from day one (in law as of April 2024) could also help ensure that when workers receive their right to a contract that reflects hours worked, this contract also offers hours which align with the worker's preferred working patterns. We have heard through our co-design process that when sufficient hours are offered, they still need to be flexible enough to fit work around important commitments like care, education and training. Research suggests that

⁵ International examples from Ireland and Germany are particularly instructive. See: Martin, A., Williams, G.D., Atay, A. & Florisson, R. (2024). *Zero Choices: Swapping zero-hour contracts for secure, flexible working*. The Work Foundation at Lancaster University. Available at: <https://www.lancaster.ac.uk/work-foundation/publications/zero-choices>

⁶ With thanks to The Work Foundation (ibid) for this suggestion that employees could opt out via a flexible working request.

70 per cent of workers are unaware of their right to request flexible working.⁷ This right could be better promoted, and strengthened to ensure that workers can assert the right to regular hours and agreed working patterns.

What if employers seek to circumvent requirements by creating low-hours contracts and offering most of the shifts as emergency overtime?

Within Living Hours, workers have the right to a contract that reflects actual hours worked over a 12-week reference period, so if the employer regularly has employees working extra shifts then they will gain the right to have this reflected in an amended contract. The first review of actual hours worked takes place after 12 weeks of employment. After this, employers are required to incorporate reviews of working hours into regular supervisions to ensure that employees' actual working hours are reflected in their contracted hours. Similar mechanisms would need to be embedded in law or statutory codes of guidance with plans for enforcement.

Living Hours Employer Case study - Adept Corporate Services

Cleaning and Security services company Adept⁸ were set up with the ethos of paying the real Living Wage from the beginning. In 2017, they became an accredited a Living Wage Employer, and in 2022, they became the first cleaning and security company in the UK to be Living Hours accredited.

Implementing Living Hours prompted Adept to reissue all their contracts to reflect actual hours worked. They increased notice periods for shifts to a minimum of four weeks, and (going beyond the Living Hours accreditation) began sharing shift patterns with employees 12 months in advance. Since then, alongside the introduction of other key changes like sick pay from day one, morale has improved noticeably, sickness rates have decreased, retention is high and through their employee survey they can see that the commitment to provide Living Hours is hugely valued by colleagues.

One concern Adept had when becoming a Living Hours Employer was how to provide employee security in an unstable industry. The company was aware that clients sometimes could cut or cancel service hours. That could put Adept in a difficult position when staff have been guaranteed hours. In reality, Adept has found that demand is high, so as Managing Director Nick Cooper says, "if a client turns to me and says, 'we don't need those 80 hours anymore', I've probably got three other clients who want those hours."

The benefits of Living Hours for Adept have been clear. Adept now have a retention rate of 94 per cent which far outperforms the industries they work in (average sectoral retention is 72 per cent in cleaning and 77 per cent in security). Bringing on a member of staff costs around £800 in training, uniform and induction, so high retention saves the company thousands of pounds. Once employees were given contracts that secured their hours and pay, their loyalty to Adept also

⁷ ACAS (2023) '7 out of 10 employees are unaware of new day one right to request flexible working'. Available at: <https://www.acas.org.uk/7-out-of-10-employees-are-unaware-of-new-day-one-right-to-request-flexible-working>

⁸ <https://www.adeptcorporateservices.co.uk/>

increased. One cleaner, who had previously been working for five different companies, has now committed fully to Adept and works 40 hours a week for the company.

Staff are feeling the benefits - Adept's recent employee survey, which had a response rate of 93 per cent, found that:

- 91.3 per cent of staff feel valued in their role
 - 88 per cent feel they receive a fair day's pay
 - 93 per cent would recommend Adept to a family member or friend
 - 91 per cent would call Adept a 'good employer'
 - 89.3 per cent see their long-term career with Adept.⁹
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- *"We've seen so many benefits of treating our staff so well. More and more clients are coming to us and saying they like working with us because of our commitment to decent pay and hours."*
- Nick Cooper, Managing Director of Adept

⁹ For a full case study of Adept's experience of Living Wage and Living Hours accreditation, see: <https://www.livingwage.org.uk/adept-first-cleaning-and-security-company-become-living-hours-accredited>