

Measurement of zero-hours contracts

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ONS

What are “zero-hours contracts”?

- **LFS:** “where a person is not contracted to work a set number of hours and is only paid for the number of hours they do”;
- **Chartered Institute of Personnel & Development (CIPD):** “an agreement between two parties that one may be asked to perform work for the other, but there is no set minimum number of hours. The contract will provide what pay the individual will get if they do work and will deal with the circumstances in which work may be offered (and, possibly, turned down)”;
- **Department for Work and Pensions:** “There is no legal definition of a zero-hours contract in domestic law. In general terms a zero-hours contract is an employment contract in which the employer does not guarantee the individual any work, and the individual is not obliged to accept any work offered.”;
- **HM Revenue & Customs:** “A zero-hours contract generally is a contract where the employer does not guarantee to provide the worker with work and will only pay the worker for those hours which are actually worked.”

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Army of workers trapped in insecure, badly-paid 'jobs'

Zero-hours contracts tie employees to on-call working and have become part of the efficiency drive in the public sector



Phillip Inman

The Guardian, Tuesday 30 July 2013 22.20 BST

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Initial estimates

- LFS - October to December 2012
 - 250,000 people on “zero-hours contracts”
- Chartered Institute of Personnel & Development (CIPD)
 - 1 million “zero-hours contracts”
- Government admin data
 - 300,000 contracts in social care sector

ONS steps in!

theguardian

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ONS to change method of calculating zero-hours contracts

Agency admits that current figures on controversial employment practice, recently raised by 25%, may still be too low

Simon Neville

The Guardian, Thursday 22 August 2013 19.19 BST

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ONS statement

“ONS's role is to provide reliable statistics that inform debate and improve decision making. We have followed the debate on zero-hours contracts and there is **a clear need for better statistics**. The best way to gather the information needed is to **ask employers rather than individual employees**. They are **best placed to provide accurate information about the employment terms of their workforce**. We plan to add some new questions to one of our business surveys to shed new light on this important issue.”

LFS definition

'Some people have special working hours arrangements that vary daily or weekly. In your (main) job is your agreed working arrangement any of the following...'

- 1 Flexible working hours (Flexitime)
- 2 Annualised hours contract
- 3 Term-time working
- 4 Job sharing
- 5 Nine day fortnight
- 6 Four-and-a-half day week
- 7 Zero-hours contract
- 8 On-call Working
- 9 None of these

The respondent can provide up to 3 different responses, of which the first option is the main arrangement. This is called FLEX10(1-3)

LFS definition continued...

- The FLEXW(1-10) range of variables records all instances of that response being given across any of the three responses to working arrangements (from each multi-coded variable FLEX10(1-3) .
- FLEXW7 is whether the respondent works a zero-hours contract, recorded as a yes or no answer. This would be the case when any of $FLEX10(1-3) = 7$, i.e. a zero-hours contract being a working arrangement is a response for any of FLEX10(1-3).
- This ensures we capture any instance of zero-hour working, even if it isn't the main working arrangement.

LFS definition 'imputation'

- When some responses are missing within the LFS, responses are imputed from the previous quarter in order to create a more complete data set. If a household is unavailable for interview, but was interviewed in the previous wave, responses from the previous wave are rolled forward. This is referred to as 'imputation'.
- With the FLEX10 variable imputation is not possible. This is because it is quarterly specific and therefore not asked in the previous quarter. This would therefore create an undercount of those on zero-hour contracts.
- The series adjustment takes the proportion of people who are employed and whose responses were brought forward from the previous quarter of all those who are employed, at each year. The series is then adjusted by this proportion at each year to estimate for the undercount. These people can be identified using the IOUTCOME variable.

New definition for a business survey

“Contracts that do not guarantee to provide the employee with any set hours and will only pay the employee for those hours actually worked.”

Questions on survey:

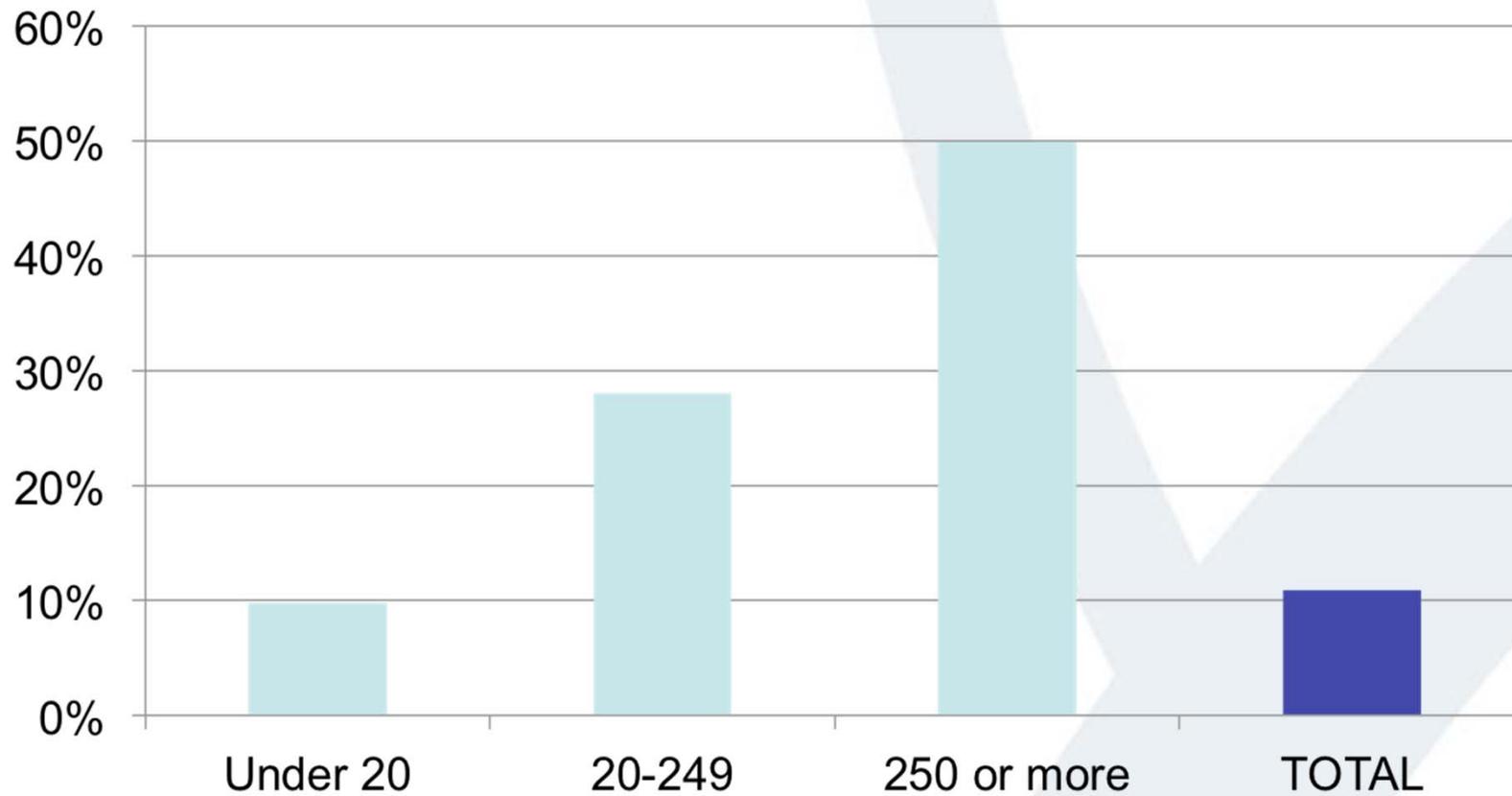
- Does your company/organisation employ any staff on zero hour contracts?
- Does your company/organisation employ people on a contract that guarantees between one and seven hours work? (this could be weekly, fortnightly, monthly or annually)
- Thinking about those employees with employment contracts that do not guarantee a set number of hours work or with less than seven hours work guaranteed. Do these contracts include any obligations/restrictions around working for other employers?

The results – Business Survey

- For fortnight beginning 11 November 2015:
 - 3.7 million NGHCs where held by businesses
 - **1.7 million** NGHCs where work was provided
 - Around 11% of businesses used NGHCs in this period

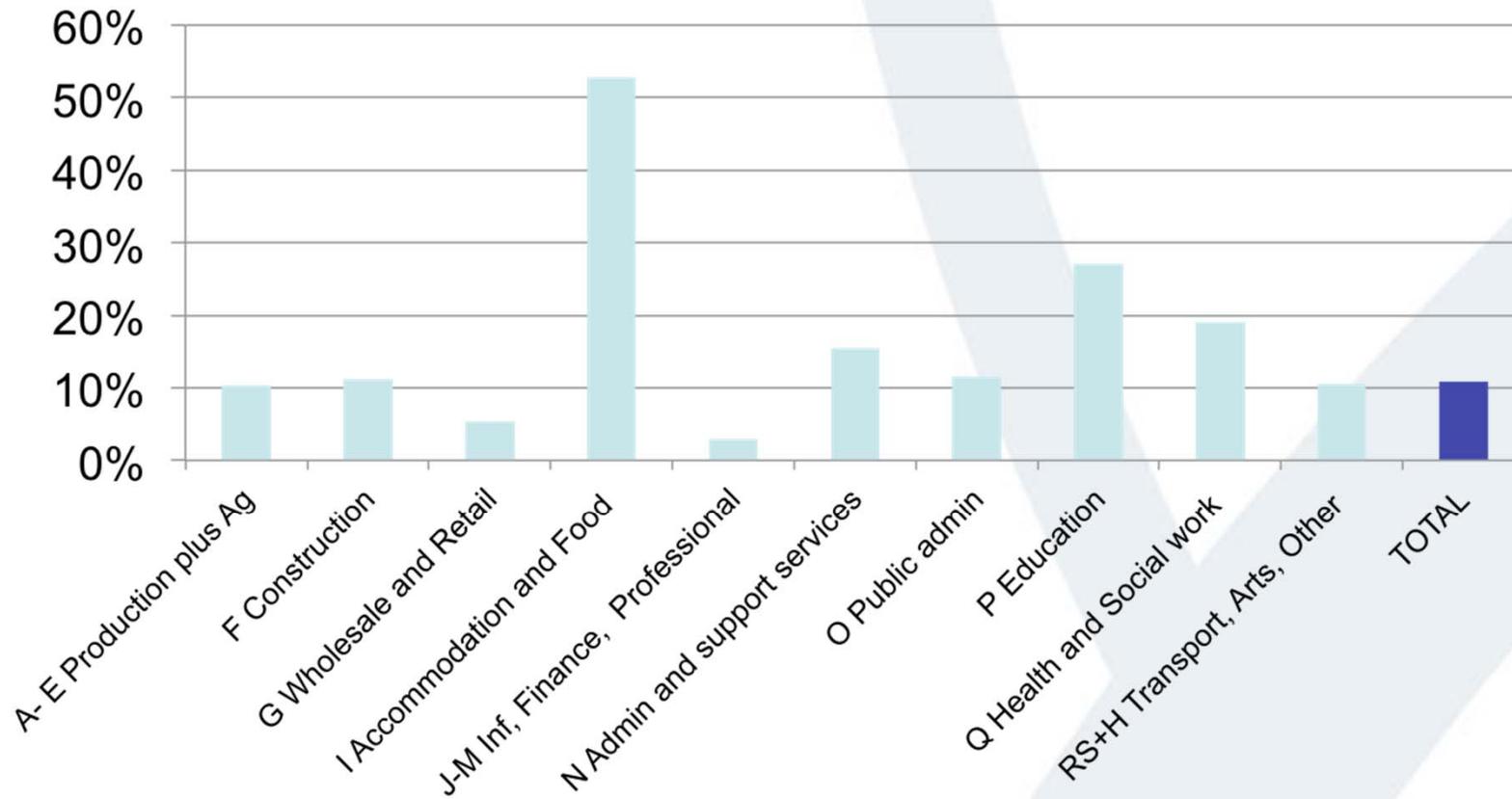
By employment size

Proportion of businesses using NGHCs



By Industry group

Proportion of businesses using NGHCs



The results – Labour Force Survey

- For April to June 2016:
 - 903,000 people reported their main job as a “zero-hours contract”
 - Represents 2.9% of people in employment
 - An increase of 156,000 on the year

Publication: “Contracts that do not guarantee a minimum number of hours: September 2016”

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/september2016>

“Zero-hours contracts” over time



'Recognition' factor

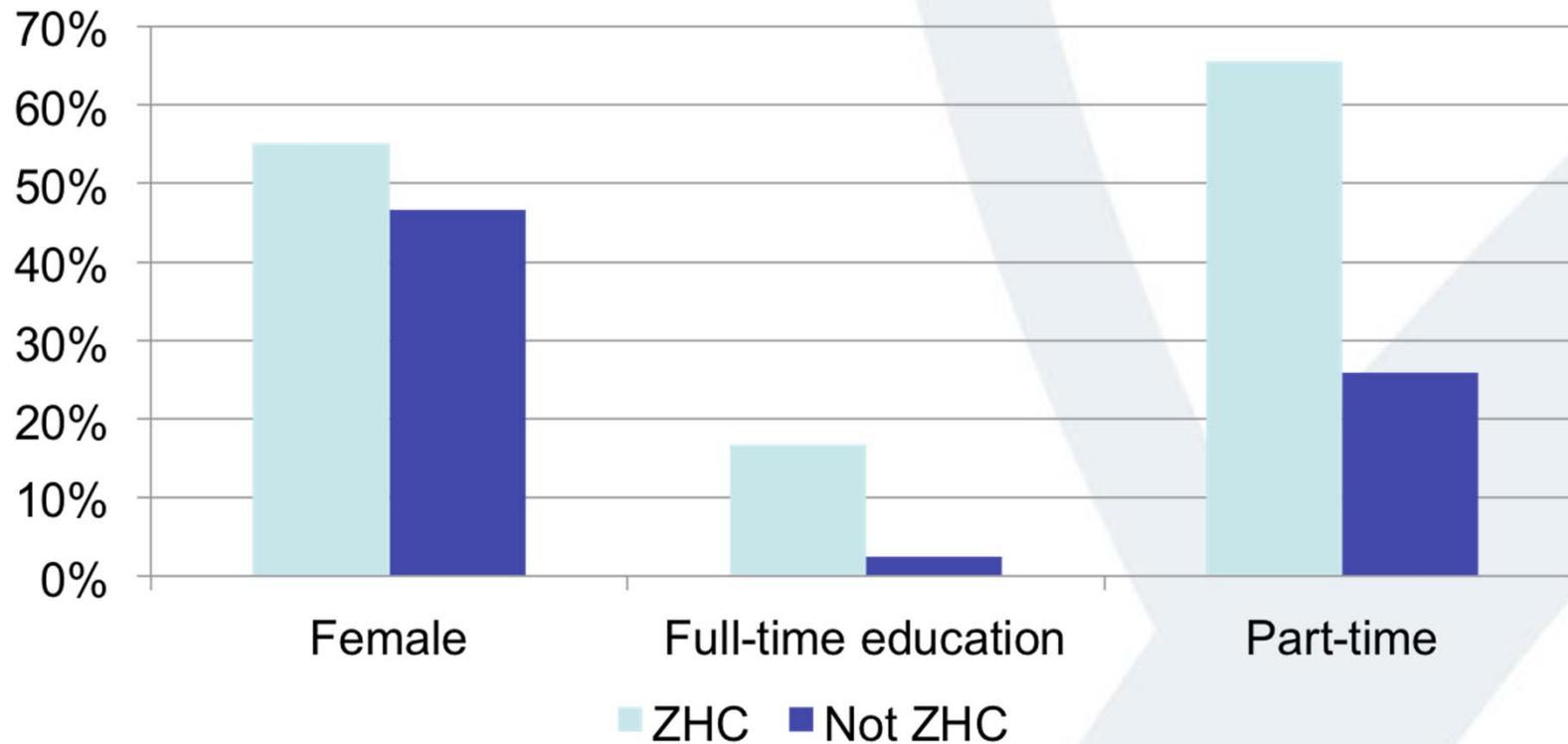
- In recent years, increases in the number of people reporting to the LFS that they were on a “zero-hours contract” were likely to have been affected by greater awareness and recognition of the term “zero hours contract”.
- When looking at the length of time in current job, two-thirds (66%) of the increase in “zero-hours contracts” is from people in their job for more than a year, that is, they were already with their current employer in April to June 2016. This could reflect either increased recognition or people moving on to a “zero-hours contract” with the same employer.

Why are the survey results different?

- employers and employees will have differing perceptions and awareness about the types of employment contracts used;
- the employer survey will count employee contracts, not people;
- employers in the business survey may report multiple contracts for each job;
- the questions asked of respondents differed slightly, with the business survey asking about contracts not guaranteeing any hours, while the LFS question uses the term “zero-hours contracts”;
- the LFS includes all people in employment (including the self-employed) while the business survey only includes employees

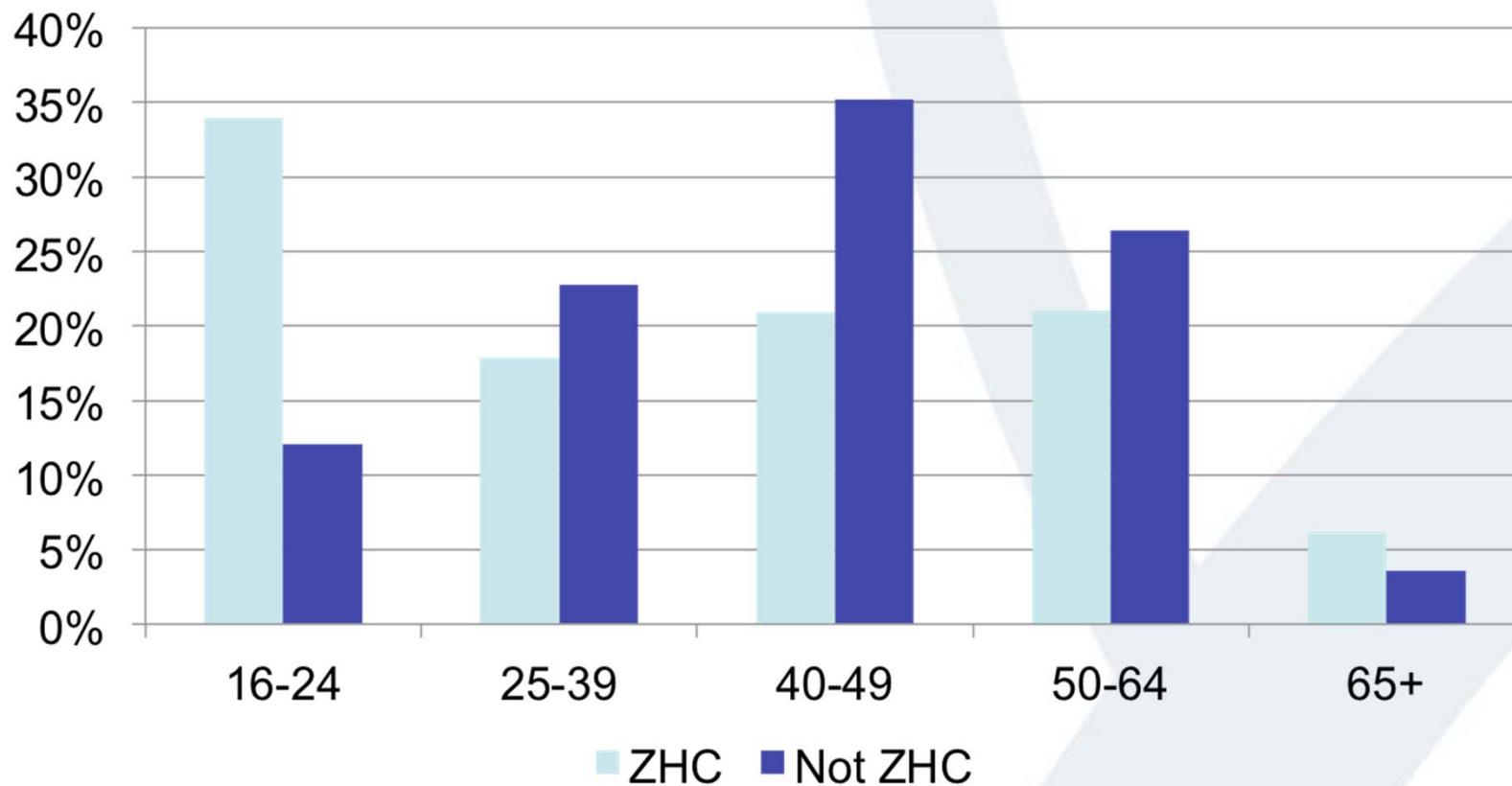
Characteristics of people

Proportion of people employed by gender, education status and part-time

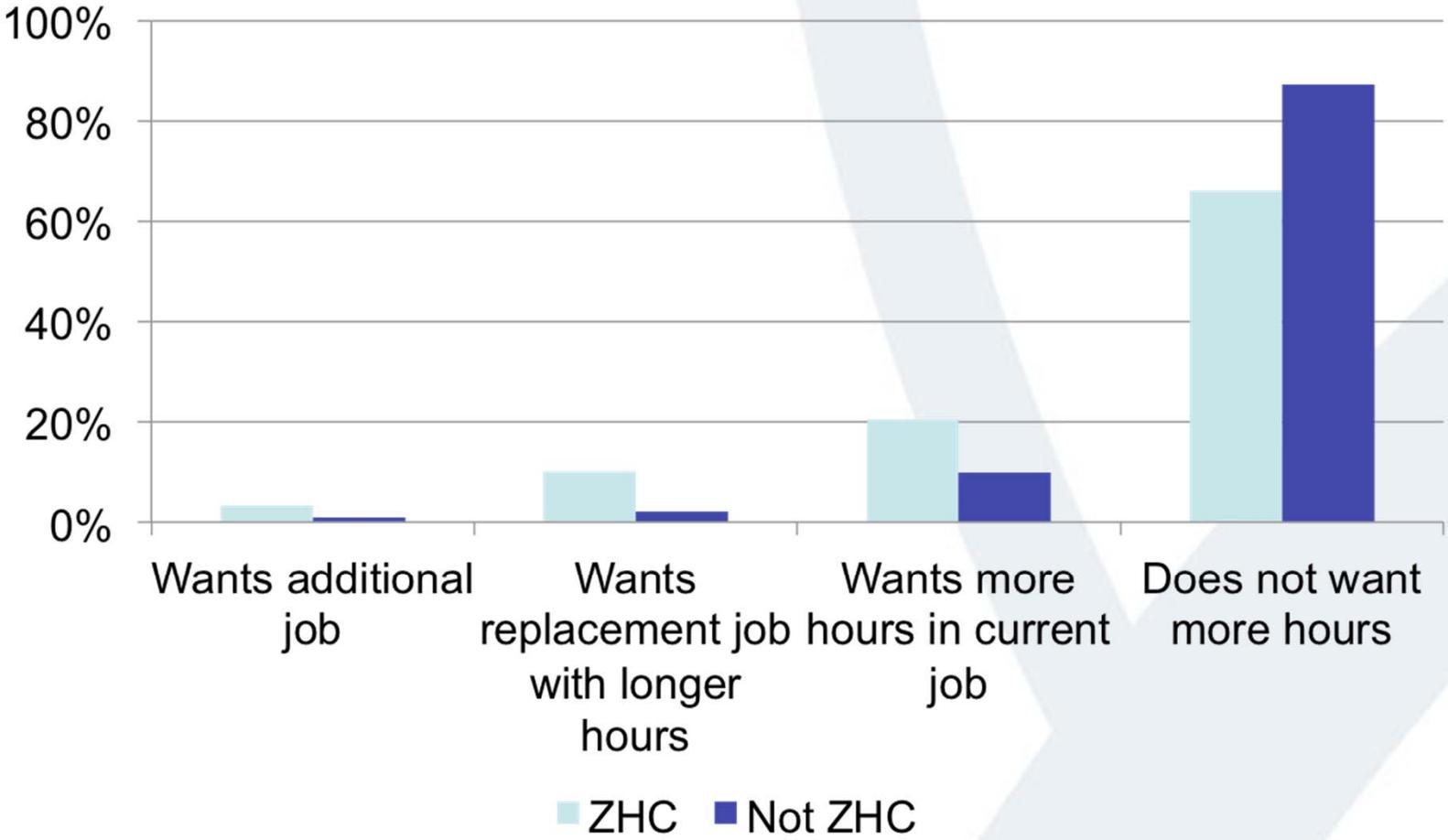


Age of people

Distribution of people employed by age



Want more hours/another job



Next steps and contact details

- Business survey for May-2016 to be published soon
- Publish additional information around 'low hours working'

Contact details:

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