THE LIVING HOURS INDEX 2:

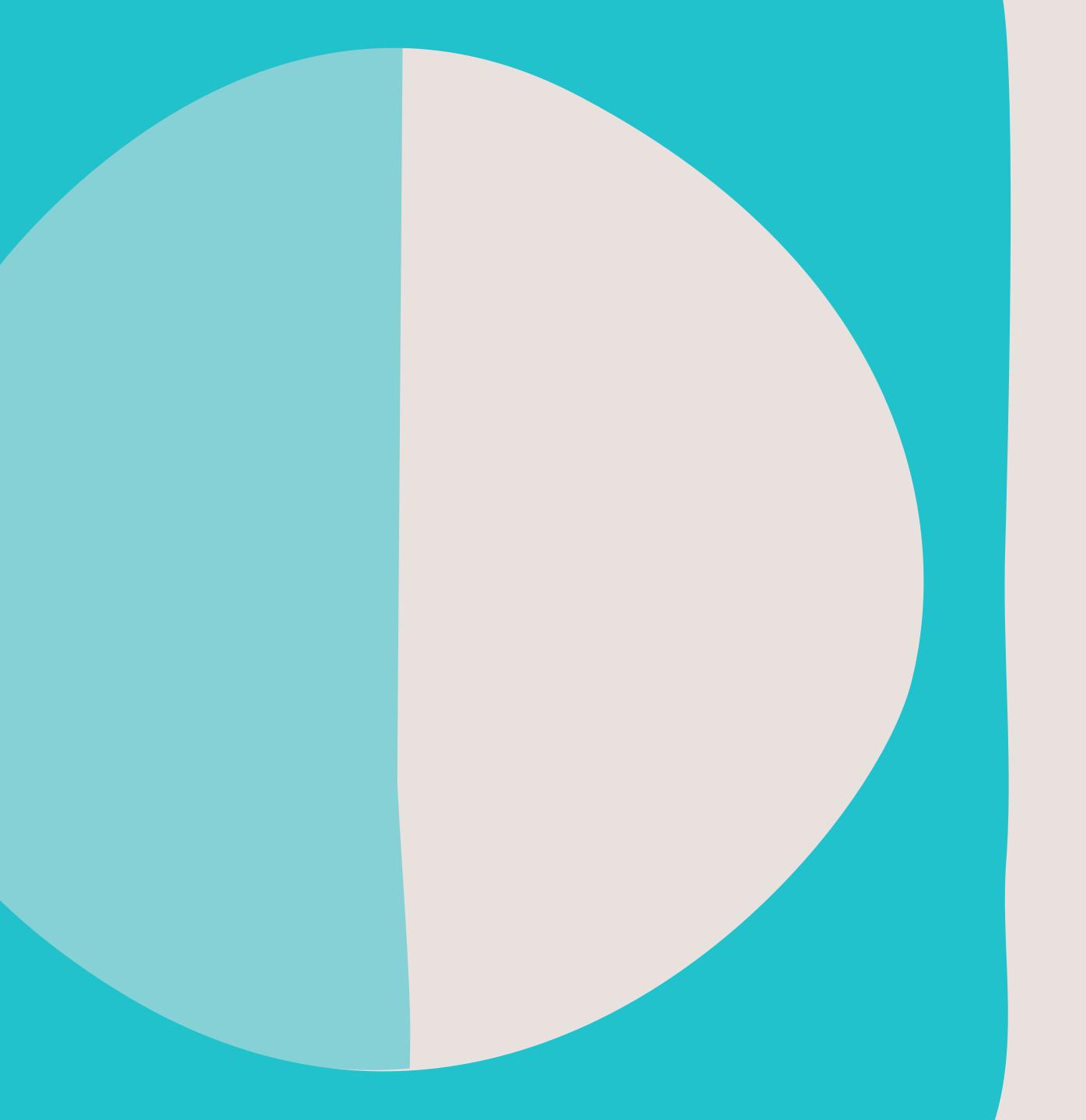
EXPLORING THE ETHNICITY HOURS GAP

Sakinah Abdul Aziz and Joe Richardson

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1 FOREWORD

The UK is facing the worst cost-of-living-crisis in almost half a century, and no one is feeling the squeeze more than the nation's 4.8m workers paid less than the real Living Wage. As our own research has shown, low pay is an issue which disproportionately impacts minority ethnic workers, many of whom will be facing the sharp end of the cost-of-living crisis as a result.

Earning a wage which meets rising living costs has never been more important. However, the other side of the coin is having stable, reliable hours. As the last 'Living Hours Index' showed, a third (32 per cent) of the UK workforce get less than a week's notice for shifts, working hours, or work schedules, while 8 per cent get less than 24 hours' notice. This new research shows that, like wages, work insecurity also has a racialised dynamic. This study highlights that workers from minority ethnic backgrounds are more exposed to unstable working patterns because a large majority (71 per cent) are employed in shift work compared to just over half (53 per cent) of white workers. But

even amongst shift workers, those from minority ethnic backgrounds are more likely to face forms of insecurity such as short notice periods and cancelled shifts – highlighting a clear ethnicity hours gap.

As a result, workers from minority ethnic backgrounds can also face greater exposure to the 'insecurity premium'. The insecurity premium refers to the additional costs and/or loss of income faced by those in casualised and insecure work that result from the way their working hours are organised. This includes losing out on expected income when shifts are cancelled, and having to pay additional costs when called into work on short notice, such as emergency travel or childcare costs.

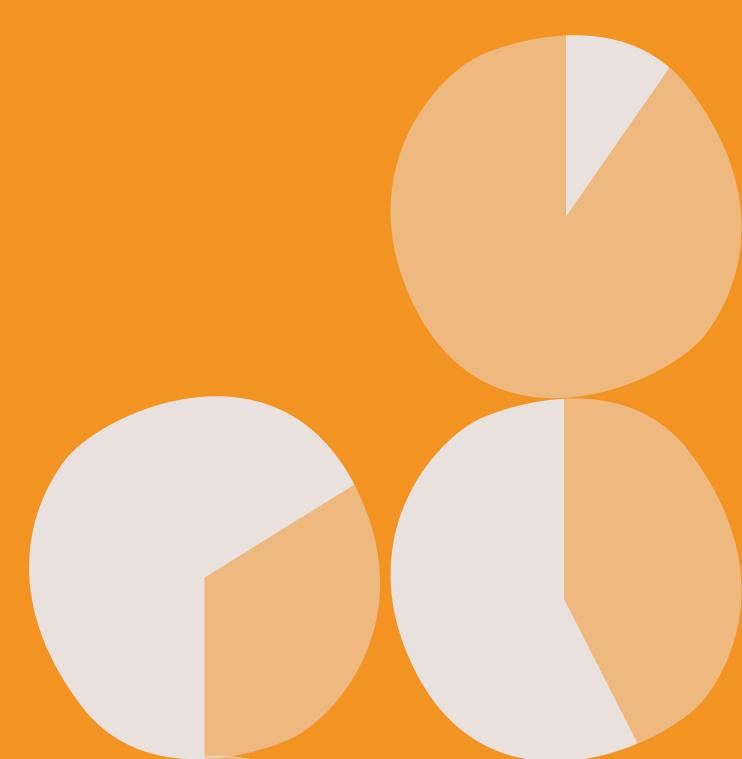
Our polling suggests a clear divide between white and minority ethnic workers when it comes to experiencing the insecurity premium, with different minority ethnic workers more likely to experience every facet of the premium including higher travel and childcare costs. Previous research has shown that workers from different minority ethnic groups are more likely to be in insecure work in the first place compared to white workers and more likely to earn less than the real Living Wage. This research shows these workers are also more likely to lose a portion of their income as a result of the insecurity premium, thereby reinforcing the financial gaps and inequalities between white workers and minority ethnic workers.

Low pay and insecure work are deeply intertwined, and in most cases, those from minority ethnic backgrounds are disproportionately impacted. This reflects longstanding racial inequalities in the UK labour market.

In our September 2022 report, we outlined how the Living Wage is an important step towards reducing racial imbalances in the labour market, while recognising that the Living Wage will only ever be a starting point on a much bigger journey towards racial equity. This report shows that Living Hours is also an important step on that journey.



KATHERINE CHAPMAN,DIRECTOR, LIVING WAGE
FOUNDATION



2 INTRODUCTION

This is the second edition of the 'Living Hours Index', the Living Wage Foundation's (LWF's) bi-annual report focusing on shift notice periods and shift cancellations, two key strands of the 'Living Hours' scheme. The Living Hours Scheme is an accreditation scheme managed by LWF focusing on stable and secure hours. To be a Living Hours employer, employers need to provide their employees with the following measures (while also paying the real Living Wage):

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

While not captured by the UK's major labour market surveys like the Labour Force Survey (LFS), the way shifts are organised can have a huge impact on workers and their families. As outlined in the inaugural Living Hours Index, significant proportions of the working population get called into work on short notice and/ or have shifts cancelled without compensation, leading to unexpected reductions in income, and increased costs. With living costs continuing to spiral, these additional constraints on household budgets can have a devastating impact, particularly as insecure work often goes hand-inhand with low pay.

This edition of the Living Hours Index focuses on the 'ethnicity hours gap', highlighting the disproportionate likelihood that minority ethnic workers will be called into work on short notice, and see shifts cancelled without full payment. The report

shows that there are two key drivers behind this - both of which illustrate structural inequalities in the UK labour market along racial lines. Firstly, minority ethnic workers are considerably more likely to work varying hours (i.e., shift work) than white workers, leaving them more exposed to these issues. Secondly, minority ethnic workers with varying hours typically receive shorter notice than white workers with varying hours, and are similarly more likely to see shifts cancelled unexpectedly.

NOTES ON TERMINOLOGY AND CONTEXT:

Throughout this report, we use the term 'minority ethnic' to describe workers from racialised backgrounds. We recognise that any term like this, which groups together different ethnic groups into a single category fails to fully capture the nuance of individual minority ethnic groups,

and their experiences in the labour market. That is why in our previous research on the ethnicity pay gap, we analysed each ethnic group independently. This research found that not only were there gulfs between white and minority ethnic workers when it comes to being paid less than the Living Wage, but also that there were significant wage gaps between different minority ethnic groups.

However, because data on the 'Living Hours' measures – such as shift notice periods and shift cancellations – are not available within national-level labour market datasets, we are reliant upon polling data, with much smaller samples, to explore the 'ethnicity hours gap'. As such, in order to ensure we have a sufficient sample to draw analysis from, we have grouped different ethnic groups together and analysed as a single cohort. We acknowledge



that conducting research in this way does obscure some of the nuances highlighted above.

It is also worth noting that our previous research into ethnicity pay gaps identified occupational/ sectoral clustering among certain minority ethnic workers as a key driver, with low paid ethnic groups disproportionately concentrated in low paid industries such as hospitality, social care or retail. We appreciate that this will also be a driver of the 'ethnicity hours gap', and that should be considered when drawing conclusions from this analysis. However, sampling shortages within the polling data mean we are unable to replicate this analysis for the ethnicity hours gap. We have tried to accommodate for this by looking at the ethnicity hours gap for both the whole sample of white/minority ethnic workers, and by just looking at those whose hours vary (ie, shift workers). This gives us some idea about the extent to

which the ethnicity hours gaps are 'vertical' – where increased likelihood of facing short shift notice and/or shift cancellations are explained by minority ethnic workers being in more insecure roles, or whether they are 'horizontal', where minority ethnic workers are more likely to face these issues despite being in similar roles.

We find that, while the ethnicity hours gap is still present when looking exclusively at those with varying hours, it is not as wide as for the working population as a whole. This suggests that ethnicity hours gaps are both vertical and horizontal. However, without the means to explore this more forensically (ie, by sector and occupation), the nature and severity of the gaps remain somewhat unclear. These limitations considered, we feel this work on the ethnicity hours gap is an important contribution to the conversation around racial inequalities in the UK labour market.

KEY FINDINGS:

In September 2022, we released research which found that most ethnic groups have an increased risk of earning less than the Living Wage. Findings in this report build on those findings, showing that minority ethnic workers are also less likely to receive 'Living Hours'.

Shift notice periods by ethnicity:

- 71 per cent of workers from minority ethnic backgrounds are in roles which involve varying hours, compared to 53 per cent of white workers.
- 45 per cent of workers from minority ethnic backgrounds get less than a week's notice for shifts, rising to 63 per cent when excluding those whose hours do not vary. This compares with 28 per cent of white workers, rising to 54 per cent when excluding those whose hours don't vary.



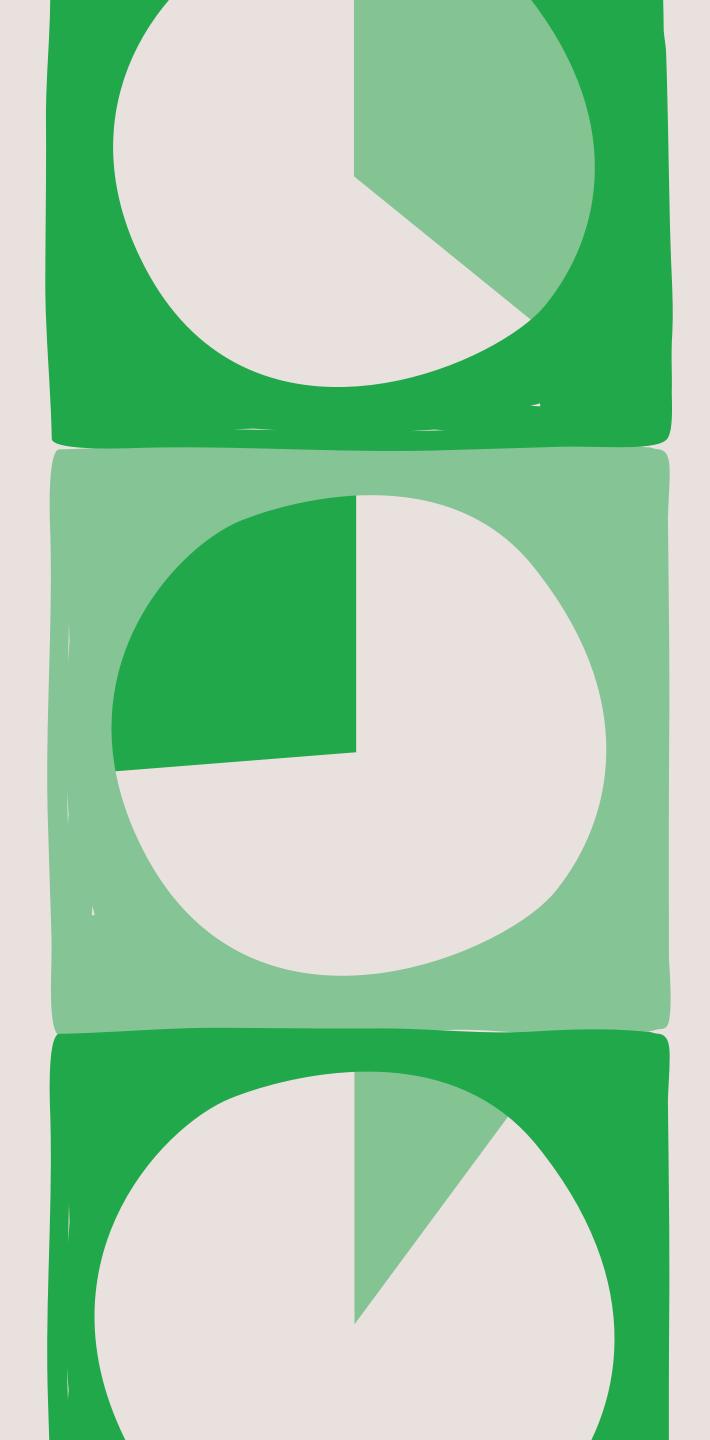
• 63 per cent of minority ethnic employees in the UK receive less than 4 weeks' notice for shifts, rising to 88 per cent when excluding those whose hours do not vary. This compares with 44 per cent of white workers, rising to 83 per cent when excluding those whose hours don't vary.

Shift cancellations by ethnicity:

- 38 per cent of minority ethnic workers have had shifts cancelled unexpectedly over the past 12 months, compared to 24 per cent of white workers.
- When shifts are cancelled, three quarters (74 per cent) of minority ethnic workers receive less than half of their regular wage, while 94 per cent receive less than the full amount. This compares with 66 per cent for white workers who, when shifts are cancelled, receive less than half of their regular wage and 88 per cent who receive less than the full amount.

The insecurity premium by ethnicity:

- Looking at those with varying hours, minority ethnic workers are more likely to face additional costs as a result of short notice periods and/or shift cancellations than white workers. For example:
- 37 per cent have paid higher travel costs, compared to 26 per cent of white workers
- 24 per cent have paid higher childcare costs, compared to 16 per cent of white workers.
- These workers are also more likely to report short shift notice periods and/or shift cancellations impacting their household finances. For example:
- 27 per cent said they had increased their reliance on debt as a result of the way their shifts are organised, compared to 19 per cent of white workers.
- 20 per cent had face fluctuating social security payments, compared with 19 per cent of white workers.

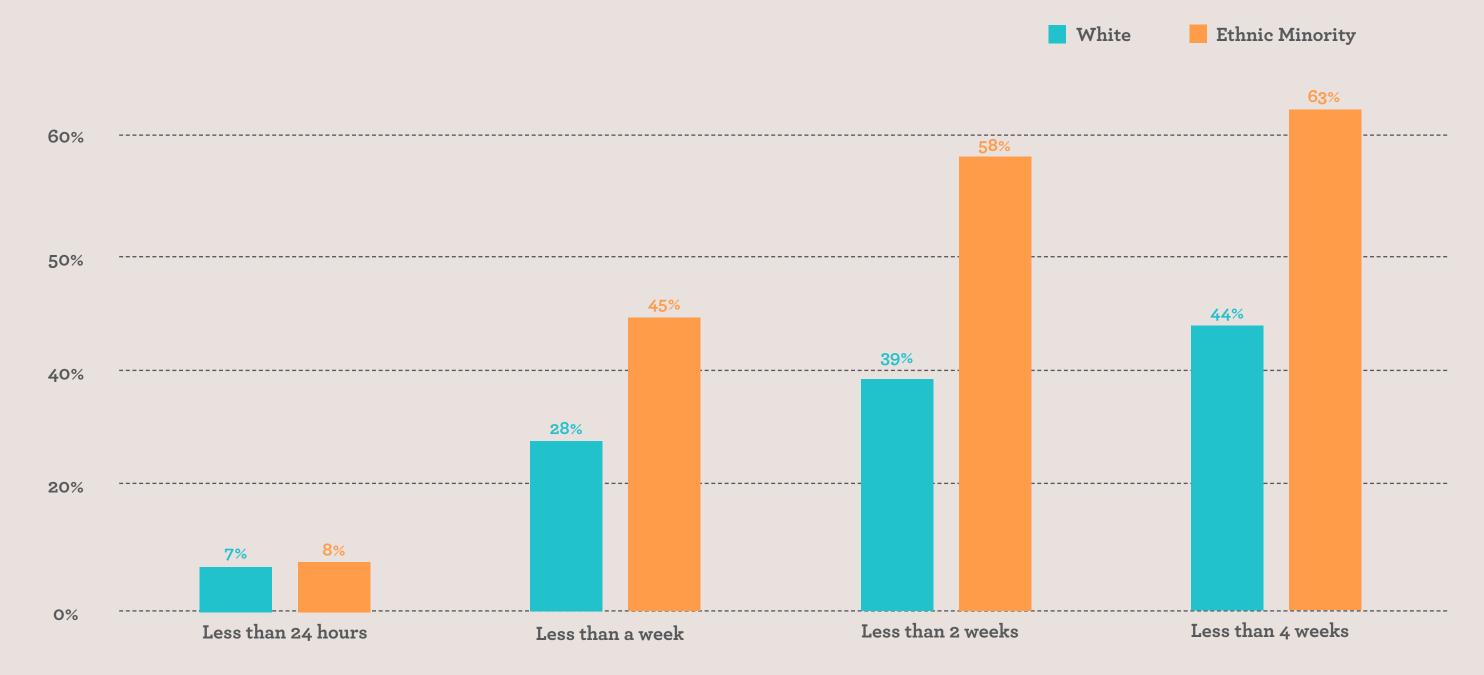


2. Introduction



Previous LWF research has shown that minority ethnic workers are more likely to be in insecure work than white workers. Our polling reiterates this finding, showing that they are more likely to fall short of the Living Hours measures, including receiving less than four weeks' notice for shifts, working hours or work schedules. Graph 1 illustrates the scale of the ethnicity hours gap, showing that 63 per cent of minority ethnic workers get less than four weeks' notice for shifts, compared with 44 per cent of white workers. Minority ethnic workers are also more likely to feel the 'sharp end' of short notice periods, with 58 per cent receiving less than two weeks' notice for shifts (compared to 39 per cent of white workers), while 45 per cent get less than a week's notice (compared to 28 per cent of white workers).

Graph 1: Minimum notice periods for work hours, shifts of work schedules by ethnicity UK, 2021-22:

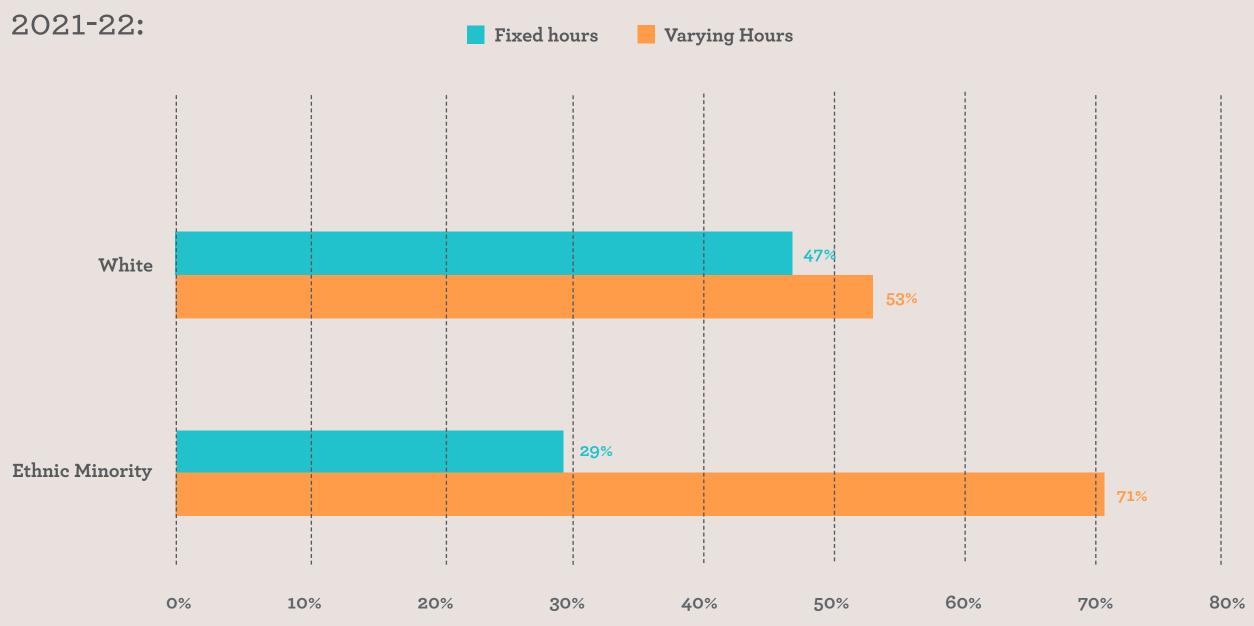


Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. The pooled data yielded a sample of 8,170 respondents aged 18+ who live in the UK. All samples were asked: In your main job, what is the minimum amount of notice you get of your working hours, shifts or work schedules?



In relation to this, there are two key drivers - both of which illustrate structural inequalities in the UK labour market along racial lines. Firstly, as shown in Graph 2, minority ethnic workers are considerably more likely to have hours that vary compared to white workers. By varying hours, we refer to hours that are organised without a fixed pattern (unlike for instance, 9-5 workers). This is often described as 'shift work', which can be organised in numerous ways, such as through rota systems, agency work or zero hours contracts. A large majority (71 per cent) of minority ethnic workers have their working hours organised on this basis, compared to 53 per cent of white workers.

Graph 2: Percentage of workers on fixed or varying hours by ethnicity, UK,

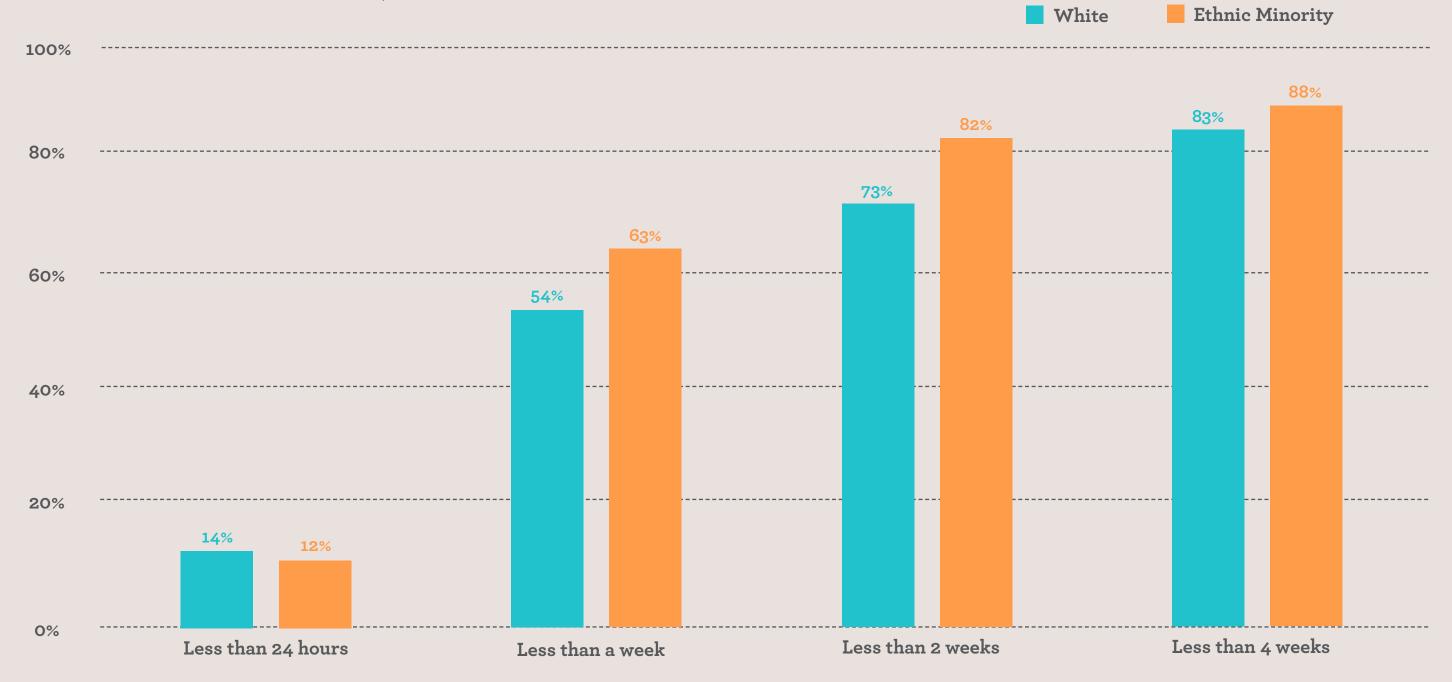


Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. The pooled data yielded a sample of 8,170 respondents aged 18+ who live in the UK. All samples were asked: On what basis are your working hours organised?



However, when it comes to the ethnicity hours gap, that minority ethnic workers are more likely to do shift work in the first place only tells part of the story. Even when looking at those with varying hours exclusively (illustrated in Graph 3), those from minority ethnic backgrounds are still more likely to have short notice periods for shifts than white workers. For example, 88 per cent of minority ethnic workers, compared to 83 per cent of white workers have less than four weeks' notice for shifts, and 82 per cent of minority ethnic workers, compared to 73 per cent of white workers receive less than two weeks' notice. A larger proportion of minority ethnic workers receive less than a week's notice compared with white workers (63 per cent compared to 54 per cent), while the proportion that receive less than 24 hours is relatively even (12 per cent and 14 per cent respectively).

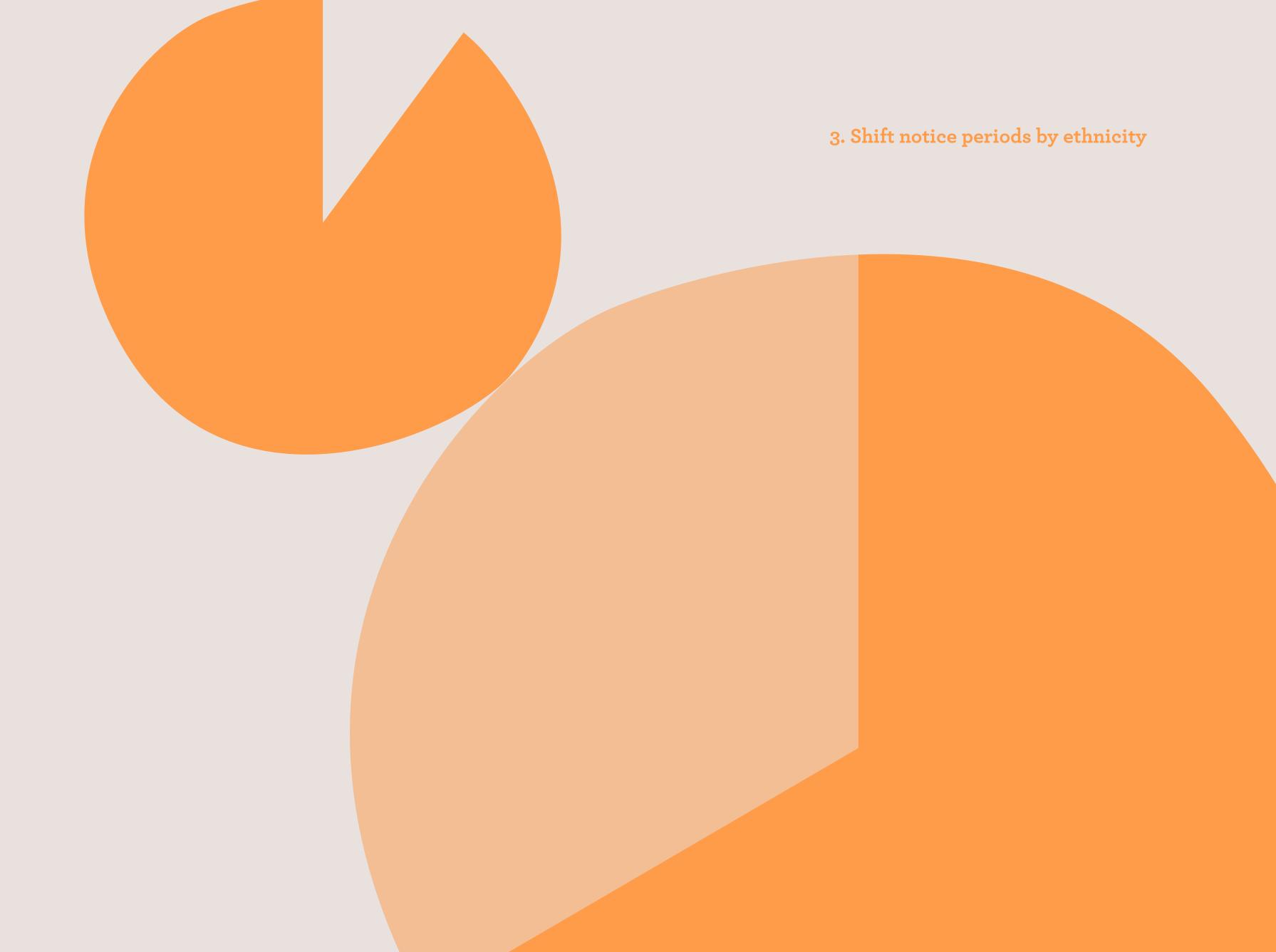
Graph 3: Minimum notice periods for work hours, shifts of work schedules (excluding those with fixed hours) by ethnicity UK, 2021-22:



Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. Data in this graph excludes those with fixed hours, resulting in a sample of 4,558 respondents aged 18+ who live in the UK whose hours vary. 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?



The ethnicity hours gap is therefore manifested in two key ways. Firstly, minority ethnic workers are more likely to have hours which vary in the first place, meaning a larger proportion of the workforce are exposed to the risk of short notice of work patterns. Secondly, among shift workers, minority ethnic workers on average get shorter notice for shifts than white workers. Consequently, we find much larger proportions of minority ethnic workers with short notice for shifts overall than for white workers.



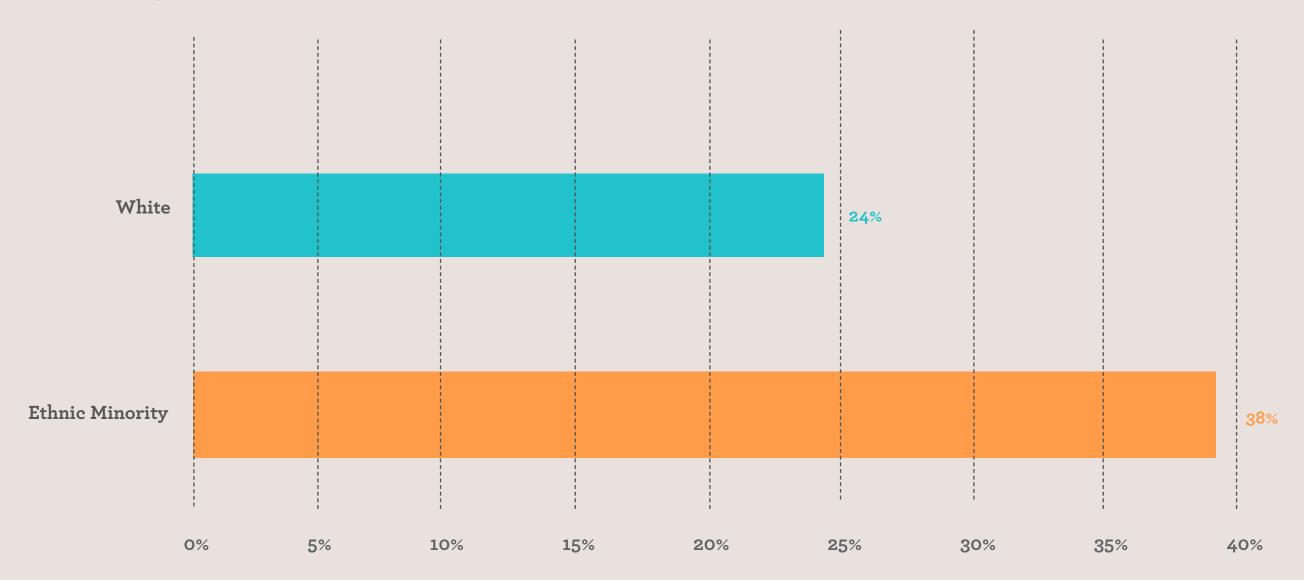
SHIFT CANCELLATIONS BY ETHNICITY



Short notice of shifts is not the only issue for those without fixed hours. Without secure or guaranteed hours, employees often see shifts cancelled unexpectedly. When shifts are cancelled, most employees don't receive their regular wage, with some receiving no payment at all. Unexpected cuts to income are damaging at any time, but even worse during a cost-of-living crisis. This is particularly the case when cancelled shifts are not compensated properly.

Our polling shows that this is an issue which impacts minority ethnic workers disproportionately – another manifestation of the ethnicity hours gap. As Graph 4 shows, 38 per cent of minority ethnic workers without fixed hours have had their shifts cancelled unexpectedly in the past 12 months, compared to 24 per cent of white workers without fixed hours.

Graph 4: Proportion of workers who have experienced unexpected shift cancellations in the past 12 months (excluding those with fixed hours), by ethnicity UK, 2021-22:



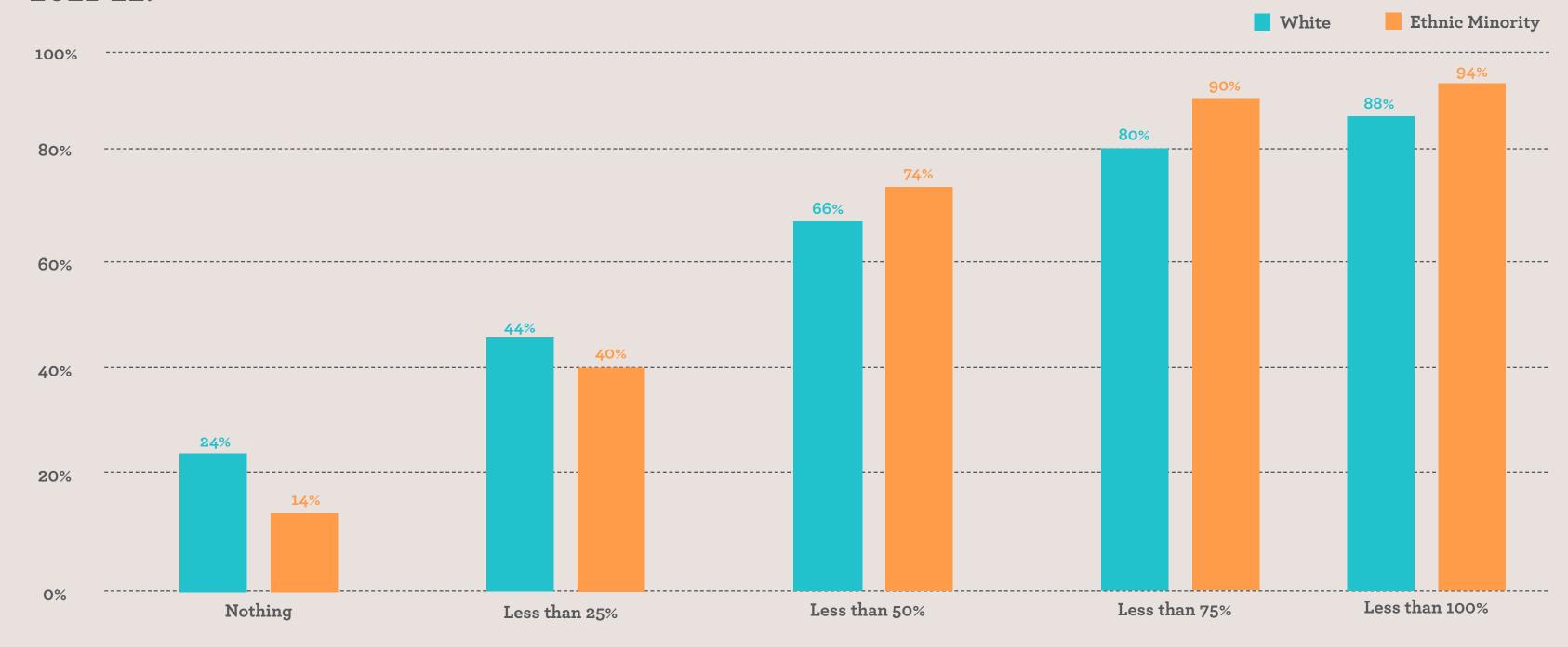
Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. Data in this graph excludes those with fixed hours, resulting in a sample of 4,558 respondents aged 18+ who live in the UK whose hours vary. All samples were asked: In the past 12 months, have you experienced the unexpected cancellations of shift you had been due to work?



While minority ethnic workers are more likely than white workers to see shifts cancelled unexpectedly, there is a less clear divide between the two cohorts when it comes to the amount they are paid when shifts are cancelled. For example, as shown in Graph 5, minority ethnic workers are less likely than white workers to report receiving no payment when shifts are cancelled (14 per cent compared to 24 per cent) and are also less likely to report receiving less than a quarter of their pay (40 per cent compared to 44 per cent). However, they are more likely to report receiving less than half, less than 75 per cent, and less than their full wage.

The data is therefore mixed when it comes to the proportion of regular pay workers receive when shifts are cancelled. On the one hand, minority ethnic workers are less likely to receive no payment when shifts are cancelled. On the other hand, they are also less likely to be completely unaffected by this issue, with just 6 per cent receiving all of their regular wage when shifts are cancelled, compared to 12 per cent of white workers.

Graph 5: Proportion of regular pay which is paid when shifts are cancelled by ethnicity, UK, 2021-22:



Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. Data in this graph excludes those with fixed hours, resulting in a sample of 4,558 respondents aged 18+ who live in the UK whose hours vary. All samples were asked: In your main job, When your shifts are cancelled, what proportion of your regular pay, if any do you receive on average?







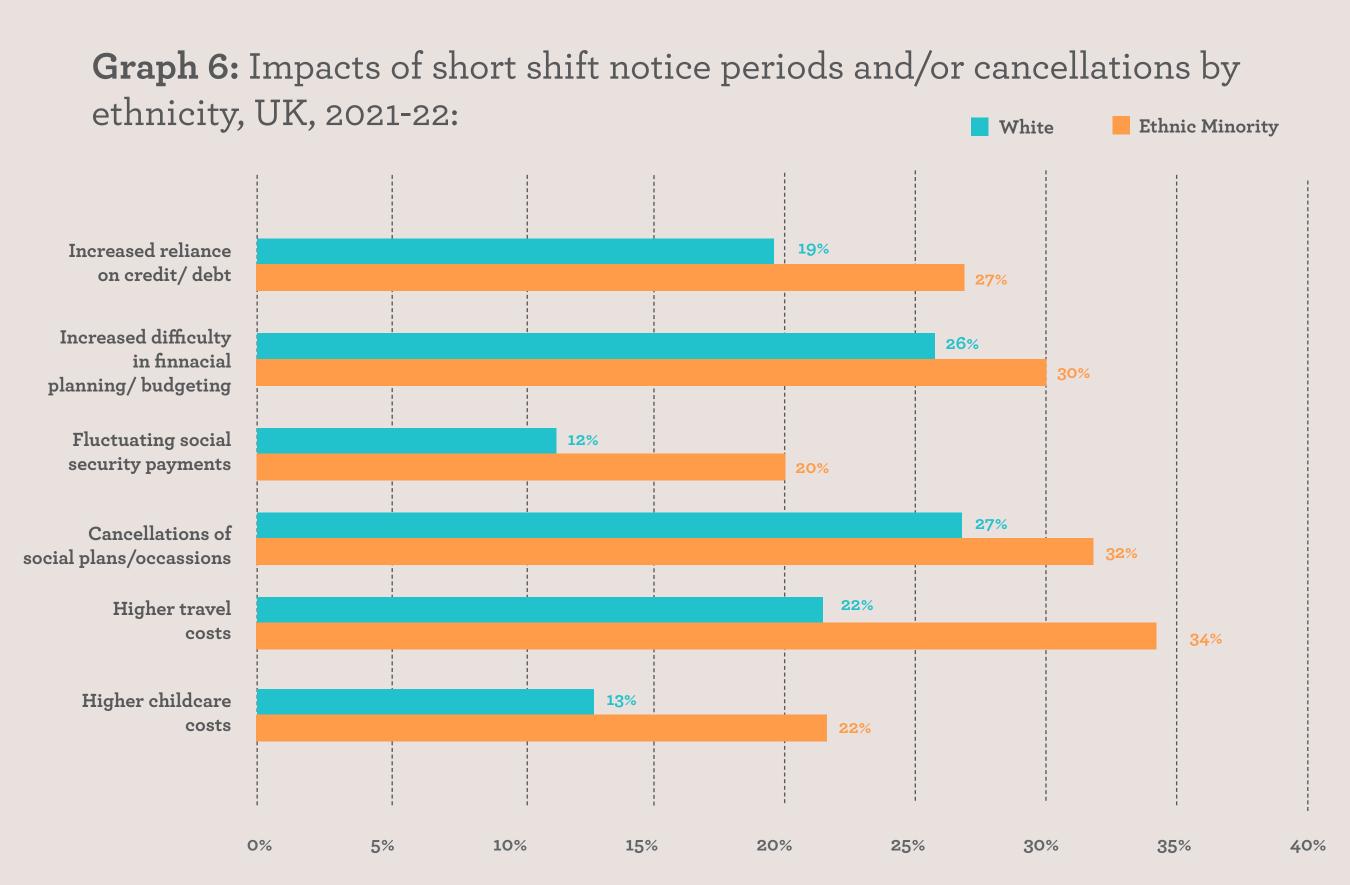
Shift notice periods and shifts cancellations often have a negative impact on workers' finances, with workers seeing income cut and/or costs increase as a result. We refer to these additional cost and income implications faced by workers in casualised and insecure work as the "insecurity premium". For instance, given the short notice period received for work, workers may need to engage in last minute childcare services or pay a high fare for commuting expenses, especially during night shifts where transport services are reduced, therefore needing to consider other commuting alternatives such as taxis that are typically more expensive.

INSECURITY PREMIUM BY ETHNICITY:

There are clear differences between white and minority ethnic workers when it comes to their likelihood of experiencing the insecurity premium. This is indicative of the ethnicity hours gap. As outlined in the earlier

sections of this report, minority ethnic workers are more likely to work in jobs with varying hours and are more likely to receive short notice for shifts. It is therefore unsurprising that ethnic minorities, compared to white workers, are more likely to be hit by every aspect of the insecurity premium (see Graph 6). The biggest difference found between the two groups was incurring higher travel costs (34 per cent of ethnic minorities bearing higher travel costs as compared to 22 per cent of white workers).

Other examples of minority ethnic workers with varying hours being harder hit by the insecurity premium than white workers include facing higher childcare costs (22 per cent compared to 13 per cent), having increased reliance on credit or debt (27 per cent compared to 19



Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. The pooled data yielded a sample of 8,170 respondents aged 18+ who live in the UK. All samples were asked: Data in this graph excludes those with fixed hours, resulting in a sample of 4,558 respondents aged 18+who live in the UK whose hours vary. All samples were asked: Which of the following, if any, have you experienced as a result of unexpected shift cancellations, or short notice for working hours, shifts or work schedules, over the past 12 months?





per cent), having fluctuating social security payments (20 per cent compared to 12 per cent), increased difficulty in financial planning (30 per cent compared to 26 per cent) and cancellation of social plans (32 per cent compared to 27 per cent).

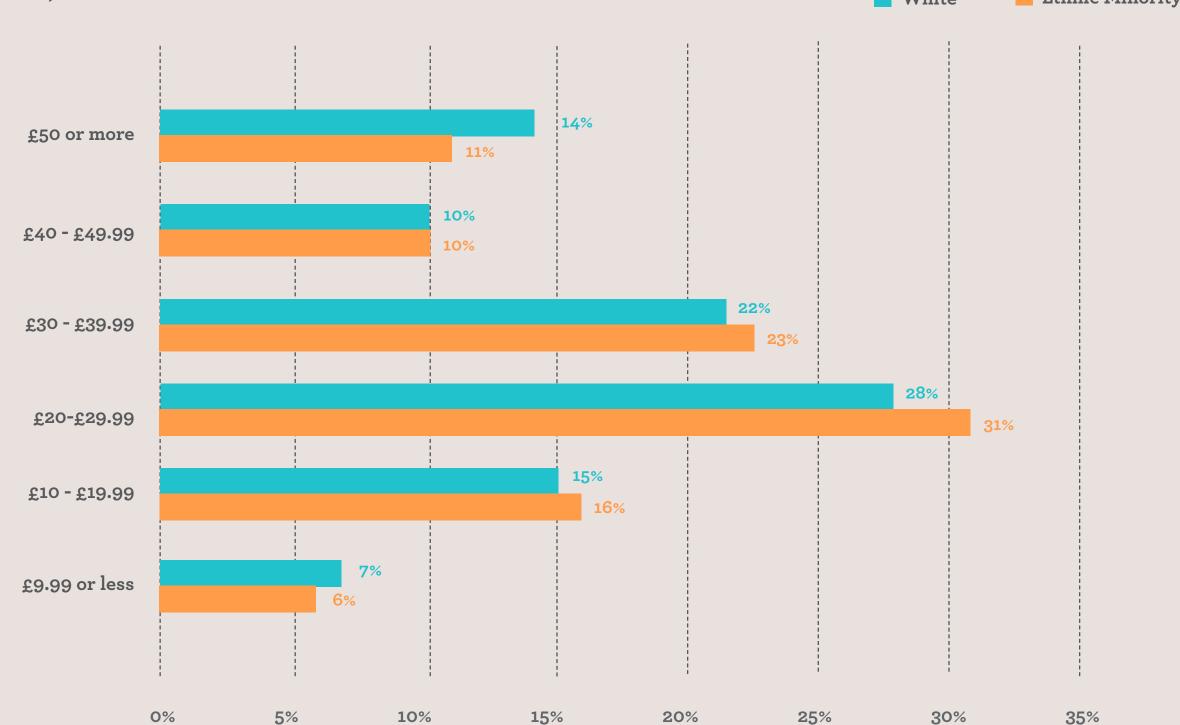
INSECURITY PREMIUM – AVERAGE ADDITIONAL MONTHLY COSTS:

The insecurity premium, resulting from unexpected shift cancellations and short shift notice periods carries significant costs. Looking at the breakdown of insecurity premium by ethnicity illustrated in Graph 7, the monthly costs incurred by ethnic minorities are comparable to the monthly costs incurred by their white counterparts. For both cohorts, there seems to be a significant proportion of workers incurring a monthly expenditure of £30 - £39.99 (22 per cent and 23 per cent respectively). However, a slightly larger proportion of ethnic minorities over white workers (31 per cent compared to 28 per cent

respectively), incurred the extra expenditure of £20 - £29.99 per month, which amounts to £240 - £359.88 per year. This money, crucially, would have had made significant differences in helping workers weather the current cost-of-living crisis.

Graph 7: Average monthly additional cost of insecure work by ethnicity, UK, 2021-22:

White Ethnic Minority



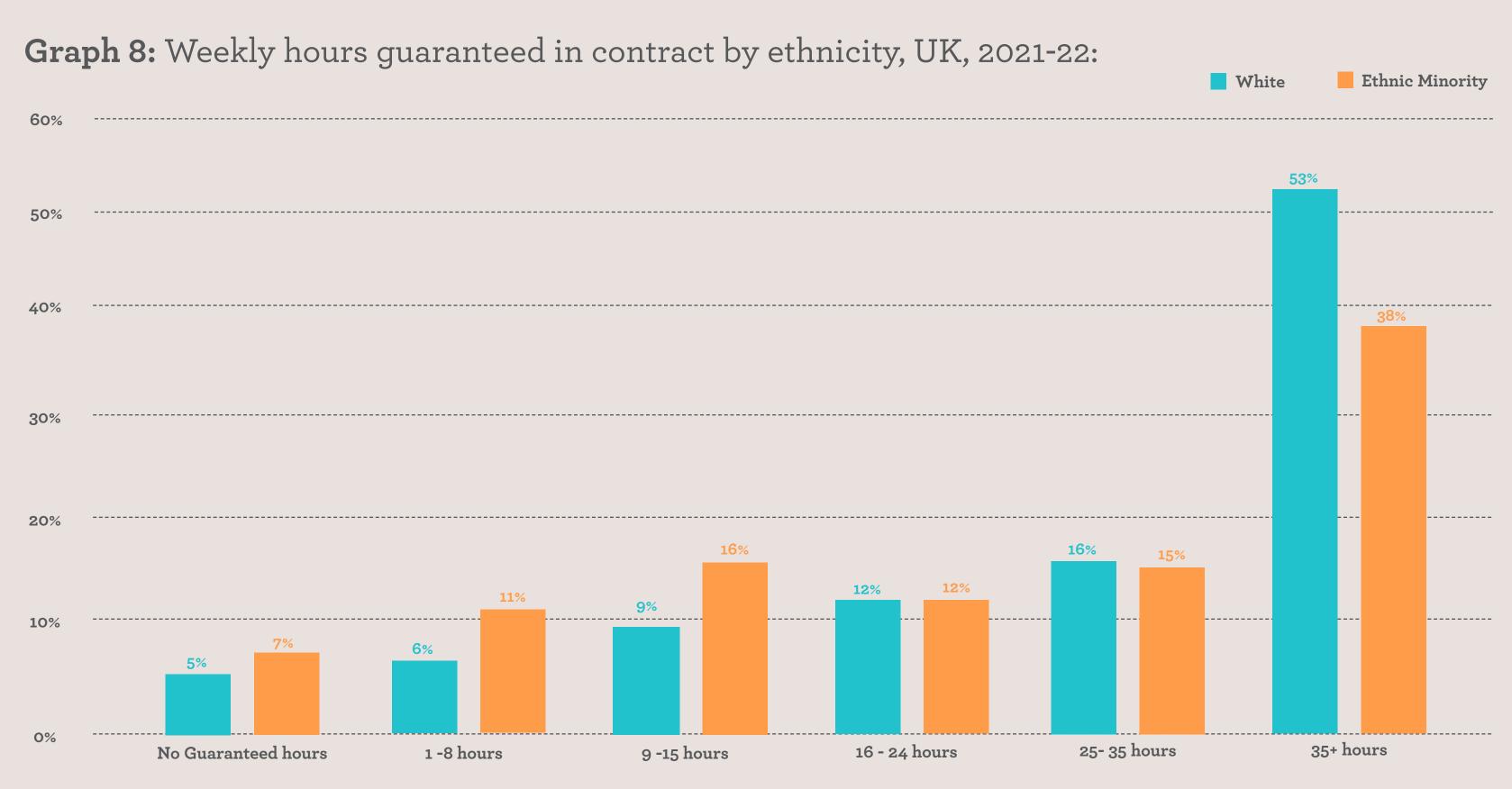
Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. Data in this graph excludes those with fixed hours, resulting in a sample of 4,558 respondents aged 18+ who live in the UK whose hours vary. All samples were asked: On average, how much extra money do you have to pay as a result of these additional costs in a month?







Graph 8 reflects the guaranteed weekly contracted hours for both white and minority ethnic workers. Minority ethnic workers are less likely to have guaranteed full time hours (i.e., 35 hours or more) than white workers. Only 38 per cent of minority ethnic workers have more than 35 hours per week contracts, while this is the case for more than half (53 per cent) of white workers. In total, 34 per cent of minority ethnic workers, compared to 20 per cent of white workers, are working 15 hours or less per week (including those with no guaranteed hours) and have typically shorter working hours. As previous LWF research has shown, the greater likelihood of working part time hours among minority ethnic workers is a key driver of the ethnicity pay gap, with part time jobs being around three times more likely to be low paid than full time jobs. This data would suggest there is a similar connection between minority ethnic workers, part time workers, and greater levels of work insecurity.

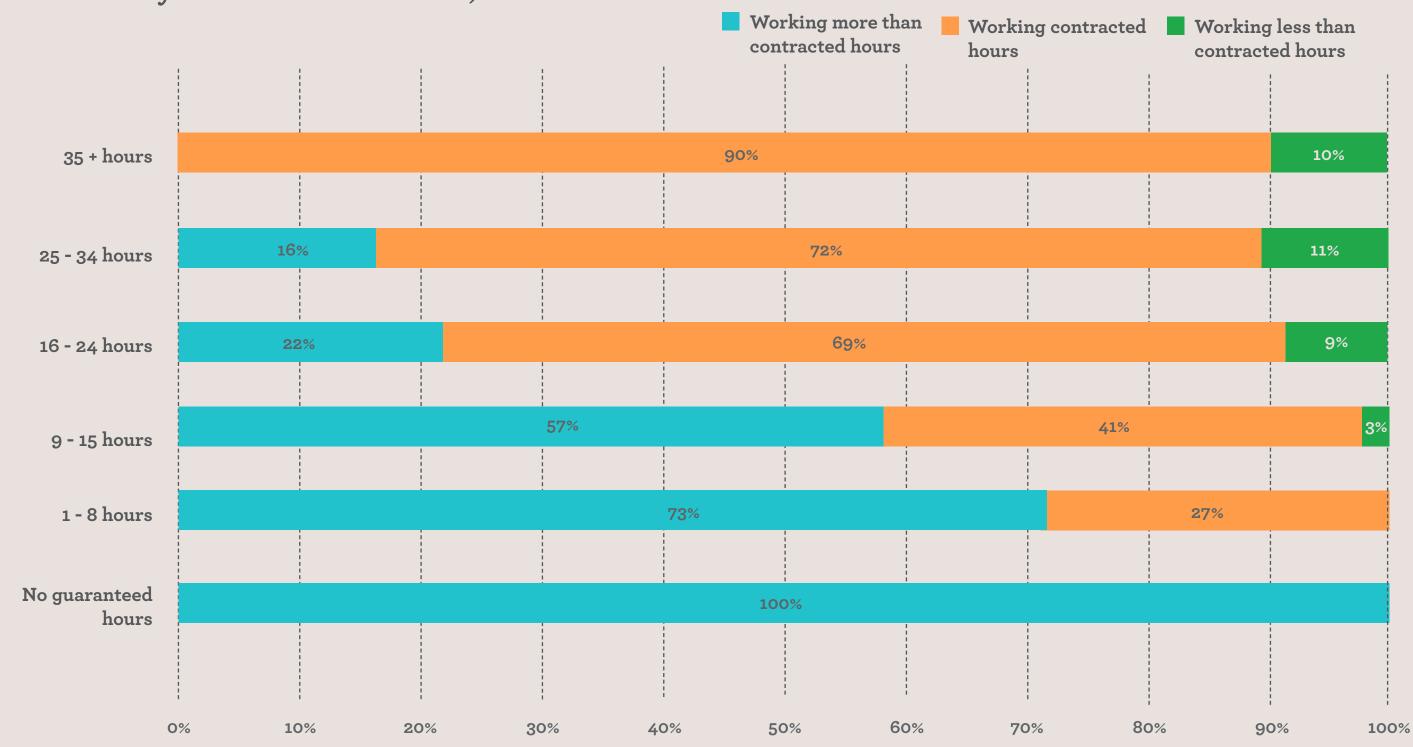


Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. The pooled data yielded a sample of 8,170 respondents aged 18+ who live in the UK. All samples were asked: In your main job, how many hours, if any, are you guaranteed in your work or other written work agreement, to work per week?



Graph 9 illustrates whether minority ethnic workers are working more or less than their contracted hours. Similar to the findings in the previous Living Hours Index, data from this polling shows that minority ethnic workers with fewer guaranteed hours tend to work more than their contracted hours. This follows a linear trajectory where the tendency to work more than the contracted hours increases, as the number of guaranteed contracted hours decreases. For instance, 73 per cent of minority ethnic workers on a weekly contract of 1 – 8 hours have worked more than required, while 57 per cent of them worked more than 9 - 15 hours reflected in their contracts. This suggests that minority ethnic workers with lesser hours guaranteed in their contract may be more vulnerable to overworking than their stipulated hours.

Graph 9: Weekly hours guaranteed in contract compared to actual hours worked by ethnic minorities, 2021-22:



Source: Living Wage Foundation analysis of Survation data. Data for second and fourth quarters in 2021 and first and third quarters in 2022 was merged together and analysed as a single data-source. The pooled data yielded a sample of 8,170 respondents aged 18+ who live in the UK. All samples were asked: In your main job, how many hours do you typically work each week, on average?

7 CONCLUSION

This report has shown that minority ethnic workers are considerably more likely than white workers to face short notice periods for shifts, see shifts cancelled without full compensation, and have fewer guaranteed working hours thereby alluding to a clear ethnicity hours gap. These findings corroborate long-standing research on the heightened risk that these workers face to casualised and insecure working practices, while showing that this continues to be the case when it comes to falling short of the 'Living Hours' standard. The findings also show that, while not being the sole solution, providing workers with 'Living Hours', alongside a real Living Wage, is an effective way of reducing ethnicity pay and hours gaps.

ABOUT LIVING HOURS

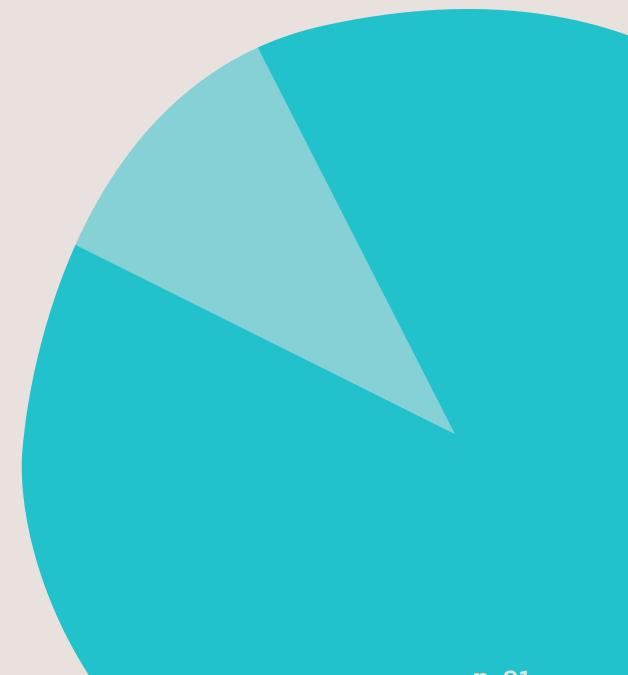
The Living Wage campaign is based on the idea that a hard day's work deserves a fair day's pay. However pay is not the only thing affecting in-work poverty: this is also driven by the number and security of hours people work. That is why we are asking employers to provide Living Hours alongside the real Living Wage. Living Hours offers a practical solution that employers can adopt to help provide the security and stability that low paid workers need to make ends meet. The Living Hours campaign was developed over an 18-month period of consultation with workers, Living Wage Employers, trade unions and experts. This culminated in a set of measures to tackle the problems associated with casualised and insecure work:

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

By offering Living Hours to directly employed staff who might be at risk of in-work poverty and relevant third-party staff covered by the Living Wage commitment, employers are committing to provide workers with secure hours and predictable shifts. This means continuing to build relationships with employees based on dignity and respect, as well as shaping employment cultures with shared responsibility and reciprocity at their heart.

For more information on the Living Hours scheme, visit:

https://www.livingwage.org.uk/ living-hours



8 ABOUT THE LIVING HOURS INDEX

The 'Living Hours Index' is a unique study of insecure work in the UK. Data on shift notice periods and shift cancellations, is not available within traditional labour market studies such as the Office for National Statistics' Labour Force Survey, so this survey aims to fill a knowledge gap within our collective understanding of the labour market.

We have commissioned polling agency Survation to fill that knowledge gap. As such, we will be running a series of polls into the Living Hours measures on a biquarterly basis. This data will be used to inform the Living Hours Index. Each poll will consist of over 2,000 workers interviewed by Survation. Survation is a member of the British Polling Council and adheres to its standards.

Alongside getting an understanding of the number and proportion of workers falling short of the Living Hours standards, we also want to ascertain who is most likely to experience insecure and casualised working arrangements. As such, we have crossbreaks in the data by:

- Sex
- Age
- Region
- Qualification
- Ethnicity
- Disability Status
- Full time or part time work
- LW Status
- Sector (2007 SIC Codes A-U)
- Free School Meal eligibility while in education.

8. About the Living Hours Index

9 REFERENCES

- 1. Richardson, J (2022) The Living Hours Index.
- 2. Richardson, J & Reddyhoff, L (2022) A Living Wage Matters: The role of the Living Wage in closing ethnicity pay gaps.
- 3. Living Hours is an accreditation scheme managed by LWF, requiring employers to provide the below criteria, alongside a Living Wage (see below for more details).
- 1. At least four weeks' notice for shifts, with guaranteed payment if shifts are cancelled within this notice period.
- 2. The right to a contract that reflects actual hours worked.
- 3. A guaranteed minimum of 16 hours a week (unless the worker requests fewer).
- 4. Richardson, J (2021) An insecurity complex: low paid workers and the growth of insecure work. London: Living Wage Foundation; Florrison, R (2022) The UK Insecure Work Index. Lancaster: Work Foundation; TUC (2019) BME workers far more likely to be trapped in insecure work, TUC analysis reveals.

- 5. Richardson, J & Reddyhoff, L (2022) A Living Wage Matters: The role of the Living Wage in closing ethnicity pay gaps.
- 6. Richardson, J. (2022). The Living Hours Index. London: The Living Wage Foundation.





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