THE INSECURITY COMPLEX:
LOW PAID WORKERS AND THE GROWTH OF INSECURE WORK

Joe Richardson, Living Wage Foundation,
with support from Dan Howard, Living Wage Foundation

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When it comes to the labour market, the tremors of Covid-19 are still being felt. While lockdown restrictions have been lifted in most corners of the economy, millions of workers across the country are already out of pocket due to the lengthy periods out of work, particularly for those in hard-hit sectors more exposed to lockdown measures. In addition, the long-term impacts of Covid-19 on the labour market are still uncertain. So far, unemployment in the UK has been the ‘dog that hasn’t barked’ through the pandemic, though it is far from a guarantee that this will continue.

With the government’s Job-Retention-Scheme (furlough) ending in September 2021, the main thrust of the economic displacement from Covid-19 may emerge sometime after then.

As argued in this report, an examination into employment in the UK provides some cause for concern with regards to the Covid-19 jobs recovery. The particular issue of focus is the prevalence of insecure work in the UK – a common issue among the UK workforce. For example, our analysis finds that:

A fifth (21 per cent) of workers in the UK experience work insecurity - that’s 6.6m workers across the country.

Of the 6.6m insecure workers, more than half (56 per cent) earn less than the real Living Wage of £9.50 an hour outside of London and £10.85 in the capital – that’s 3.7m workers in insecure work and earning below the Living Wage.

Insecure work is unevenly spread among regions of the UK. Wales and North East have comparatively high levels of insecure workers (26 per cent and 25 per cent respectively), while Scotland, South East and London all have slightly lower proportions (20 per cent, 19 per cent and 18 per cent respectively).

In certain sectors – ‘Agriculture forestry and fishing’ and ‘Accommodation and food services’ both have higher proportions of insecure work (52 per cent and 39 per cent respectively), while the ‘financial and insurance activities’ profession has a much smaller insecure work population in proportional terms (7 per cent).

Work insecurity is more prevalent...
Polling found that 53 per cent of shift workers receive less than a week's notice of their working hours, shifts or work schedules, while 12 per cent of shift workers receive less than 24 hours. A larger proportion (32 per cent) of shift workers reported having less than four days' notice for working hours, shifts or work schedules than having four weeks or more (20 per cent).

17 per cent of workers had to pay higher travel costs as a result of short notice for working hours, shifts or work schedules, while 13 per cent had to pay higher childcare costs. This had a larger impact on low paid workers (defined as those earning below the Living Wage) – with 25 per cent of low paid workers paying additional transport costs (compared to 15 per cent of those at or above the Living Wage) and 23 per cent paying higher childcare costs (compared to 10 per cent of those at or above the Living Wage).

Insecure work is evidently a crucial feature of employment in the UK, and will therefore need to be considered in the attempt to rejuvenate the UK workforce through and beyond Covid-19. This report shows how ‘Living Hours’ can be used as part of the solution. As outlined in more detail later on, ‘Living Hours’ is an accreditation standard set and managed by Living Wage Foundation (LWF) which allows employers to provide their employees with the security and stability they need to make ends meet.

The remainder of this report will be set out as follows: the first section provides an overview of how work insecurity has developed in the UK, while also providing more details on our proposed solution – Living Hours. The second section outlines the scale of insecure work in the UK and breaks down how insecure work impacts different subgroups, i.e., by multiple demographics, regions, and industry sectors. The third section details how insecure work has developed over time, while also accounting for the impact of Covid-19. The final section outlines the impact insecurity has on workers, with specific reference to the additional costs that come with being an insecure worker.
As businesses and policy-makers grapple with the ongoing impact Covid-19 is having on employment in the UK, some will hope the labour market shows the kind of resilience seen after the 2008 Financial Crisis. Despite the initial, and inevitable, spike in unemployment during its immediate aftermath (2008-2011), uninterrupted jobs growth has been a defining feature of much of the post-crisis era. It speaks volumes that UK unemployment rate dropped to its lowest point in nearly half a century (3.8%) in Q1 2019, little more than a decade after the crisis fully took shape in 2008.4

Despite this rapid turnaround in job creation, living standards have not followed the same trajectory, suggesting the link between increased employment and improved living standards is not as linear as it once was. Poverty over the past decade has stayed remarkably constant, while child poverty has generally been higher between 2011-2020 than between 2000-2010.5

While multiple factors are at play here, it is still the case that in 2018, more than half of people living in poverty were in a working family6: an unfavourable first for the UK economy.7 The state of the labour market has therefore played a crucial role in the economic position of low-income households, and the insufficiency of employment in lifting people out of poverty requires further inspection.

At the heart of this conundrum has been the trade-off between job quantity and job quality, with the post-crisis jobs boom seeing the former prevailing over the latter. The performance of the labour market post-crash is therefore a double-edged sword, and the flipside of sustained employment growth has been the sharp fall in real wages and productivity.8 It is in this context that low paid and insecure work has flourished, with research by the Resolution Foundation showing that as of 2018, two thirds of the post-crisis jobs boom was in ‘atypical’ roles such as self-employment, ‘zero hours contracts’ or agency work.9
Despite a tightening labour market in the latter half of the decade, the insecure work population did not reduce by anywhere near enough to fallback in line with pre-crisis levels. The knock-on effect is that we have entered a new crisis with structurally high levels of work insecurity. This is concerning for two reasons.

Firstly, it is those insecure workers – particularly low paid insecure workers, that have borne the brunt of the economic downfall from Covid-19, with this group being more likely to be furloughed than those in more stable work or better paid work, suggesting these workers are more exposed to the labour market constraints imposed by the pandemic. Secondly, another concern is that Covid-19 may act as another accelerant to this process, further depressing wages and pushing more workers into insecure roles.

The end of the furlough scheme in September 2021 will provide a proper assessment of the health of the labour market, as government support for pandemic induced lay-offs finally comes to a close. Some businesses – particularly those in high insecurity sectors which have struggled through the pandemic such as ‘Accommodation and food services’ or ‘Arts and entertainment’ will struggle when this is removed. Workers in these industries will be understandably fearful of losing work - be it through reduced hours or unemployment. The removal of the government’s safety net is therefore a pivotal moment in the broader recovery.

While these factors may prompt more pessimistic forecasts for those at the bottom end of the UK labour market, it is feasible to suggest the impact of the Covid-19 on the nation’s low paid and insecure workers may be more mixed. For instance, the pandemic has placed a spotlight on the pay and conditions of many ‘Key Workers’ who have been vital in keeping us safe over the last year. Social care workers, cleaners, and supermarket staff are among those who have continued to work throughout successive lockdowns, often on low pay and in insecure work. This may serve as a catalyst for improved pay and conditions in these sectors and across the economy more broadly, with policy-makers and businesses often pledging to ‘build back better’.

Providing these workers with decently paid and secure jobs should be a key part of any recovery that builds back a fairer society and stronger economy as we emerge from this crisis. A key element of this will be ensuring the Covid-19 jobs recovery process does not repeat the mistakes seen in the response to the previous crisis of 2008. Indeed, if ‘build back better’ is to be more than just a slogan, it is crucial that we do not simply build off the back of low paid, insecure labour.
For this reason, amongst many others, it is more crucial than ever that firms provide workers with ‘Living Hours’ – a standard set by Living Wage Foundation which requires employers to provide their workforce with stable, secure and predictable hours alongside a real Living Wage. Accredited Living Hours employers are required to provide the following measures for their employees:

• At least four weeks’ notice for shifts, with guaranteed payment if shifts are cancelled within this notice period.

• The right to a contract that reflects accurate hours worked.

• A guaranteed minimum of 16 hours a week (unless the worker requests fewer).

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 of under-employment and insecurity around working hours. The standard was launched in June 2019 and there are now five accredited Living Hours Employers, including abrdn, Aviva and SSE.

Here’s what some of them said about the importance of Living Hours and its impact on their business:

More details on how the measures were developed, and why they are important to insecure workers can be found in Annex 1 of this report.
2. Introduction

We have seen the way that many investors and business customers now ask whether we pay the Living Wage. Increasingly it seems that this commitment shows how a company operates and treats the people who work for it, which can be seen an indicator of wider sustainable practices. In time, we hope that our stakeholders will ask about Living Hours too alongside the Living Wage.

Kate Wallace Lockhart, Head of Social Impact, SSE PLC

It’s important organisations’ like ours who are willing to commit to Living Hours. To consistently deliver on the promises made to clients, you need a reliable and dedicated workforce. You can’t build that team and expect people to be motivated on a zero-hours contract. Living Hours is a step in the right direction. It shows a level of commitment to that individual and everyone benefits.

Robert Hoon, Managing Director, Datagraphic

Businesses need to provide jobs that treat and pay people fairly. We should not underestimate the impact unstable and unpredictable hours have on the individual, and on their families too. Signing up to Living Hours stands for providing financial clarity and certainty. That means happier and healthier colleagues which is good for customers, business and society.

Danny Harmer, Chief People Officer, Aviva

As a co-operative, our organisation has a fundamental belief in fairness and alleviating poverty. Being a Living Hours employer demonstrates we are putting these values into practice, to protect our employees from in-work poverty. It is also about providing stability to the business – we know there won’t be a turnaround of staff, meaning our business and employees can plan for the future.

Carol McHarg, Chief Executive, 1st Alliance Credit Union

The insecurity complex: low paid workers and the growth of insecure work
METHODOLOGY & DEFINITION OF INSECURE WORK
We define insecure work as people in work who meet at least one of the following criteria:

1. People in non-permanent work (casual, seasonal jobs, fixed-term and agency) excluding anyone who said they did not want a permanent job.
2. People who self-report volatile pay and hours including those on zero hours contracts.
3. People who self-report constant pay but volatile hours.
4. Low paid self-employed people.

Those that met more than one of these standards were not double counted.

Unless stated otherwise, the quantitative research in this report is from quarterly Labour Force Surveys (LFS') and annual Family Resource Surveys (FRS') dating back to the first quarter of 2016. All of the data that pertains to the current state of work insecurity in the UK (i.e., not timeseries analysis) is from the four quarterly LFS' of 2020 and the 2019-20 FRS. To avoid duplicating our sample, the LFS was used to evaluate employees exclusively, and the FRS was used to analyse self-employed workers exclusively. More details on the methodology can be found in Annex 2 of this report.

LWF also commissioned Survation to survey 2021 employees on the amount of notice they receive of their working hours, shifts or work schedules, whether they have experienced shift cancellations, how many hours and how shift uncertainty impacts them. Results on short shift notice periods in this survey are typically lower than when we ran a similar poll in April 2021, which may suggest that seasonality may impact the findings. The extent to which they can be considered representative of a full year is therefore limited.
STATE OF PLAY:
HOW MUCH INSECURE WORK IS THERE AND WHO IS MOST LIKE TO EXPERIENCE IT?
As outlined above, insecure work is a prominent feature within the UK workforce. As shown in Graph 1, there are 6.6m workers in insecure work in the UK, and this includes 3.7m who are in insecure work and earning below the Living Wage. These account for 21 per cent and 12 per cent of UK workers respectively (including self-employed workers). The issue of insecure work is intrinsically connected with low pay. For example, 50 per cent of workers that earn below the Living Wage are also in insecure work. Contrastingly, just 12 per cent of those that earn at or above the Living wage are in insecure work. This is why below Living Wage workers account for more than half of the insecure work population, but less than a quarter of the total working population.

**INSECURE WORK, LOW PAY AND THE LIVING HOURS STANDARD:**

Data from the polling provided further evidence of how insecure work disproportionately impacts low paid workers. It found that while sizeable proportions of the workforce work in conditions that fall short of the Living Hours standards, it was those in low pay that were typically at a much higher risk. For example:

- **Having at least four weeks’ notice for working hours, shifts or work schedules:** 43 per cent of the working population (80 per cent of shift workers) receive less than four weeks’ notice for working hours, shifts or work schedules. When it comes to below Living Wage workers, just six per cent receive four weeks’ notice for shifts (nine per cent of below

4. State of play: how much insecure work is there and who is most likely to experience it?

**Graph 1:** Insecure work and below Living Wage status UK, 2020

Living Wage shift workers), compared to 11 per cent of those at or above the Living Wage (23 per cent of shift workers at or above the Living Wage).

- **A guaranteed of full payment if shifts are cancelled**: 26 per cent of the working population have experienced unexpected cancellations of shifts, and of those, 24 per cent receive no payment and 81 per cent get shifts cancelled without full pay. Below Living Wage workers are more likely to have shifts cancelled (42 per cent compared to 22 per cent of those at or above the Living Wage) and are less likely to receive full payment when they are cancelled (10 per cent compared to 23 per cent).

- **A minimum of 16 hours of work per week (unless employee themselves request to work fewer)**: 21 per cent of workers do not have the guarantee of at least 16 hours per week, and 50 per cent of which would like to work more hours if given the option. 40 per cent of workers earning below the Living Wage are not guaranteed to work at least 16 hours per week, and 48 per cent would choose to work more hours if given the option. For those at or above the Living Wage, 17 per cent are not guaranteed to work at least 16 hours per week and 52 per cent would choose to work more hours if given the option.

- **A contract that reflects actual hours worked**: 19 per cent of workers typically work more than their contracted hours, this is the case for 32 per cent of below Living Wage workers and 16 per cent of workers at or above the Living Wage.

**SHIFT NOTICE PERIODS**:

4. State of play: how much insecure work is there and who is most likely to experience it?

A lack of known hours makes life choices very difficult and can lead to debt, stress and poverty. This can lead to illness and in-work poverty, driving absenteeism, which impacts productivity, creativity and the wider economic outlook. If all those organisations who can commit to Living Hours do so, we collectively sign-up to make life better for everyone and who does not want to see that!

Robert Hoon, Managing Director, Datagraphic
Looking at the data for each of these measures in more depth, large proportions of workers not only fall short of the Living Hours standards, but do so by quite some margin. For instance:

• A larger proportion of shift workers receive less than four days’ notice of their working hours, shifts or work schedules (32 per cent) than those who receive four weeks or more (20 per cent).

• 53 per cent of shift workers receive less than a weeks’ notice of their working hours, shifts or work schedules – 28 per cent of the total working population.

• 12 per cent of shift workers receive less than 24 hours’ notice for their working hours, shifts or work schedules – six per cent of the total working population.

Graph 2 provides a more detailed breakdown of the shift notice periods that workers receive by their Living Wage status. It is notable, if not surprising, that low paid workers are not only less likely to receive four weeks’ notice for shifts, but are also more likely to receive shorter shift notice periods overall, with two thirds (66 per cent) of low paid shift workers typically receiving less than a weeks’ notice for shifts, compared to 49 per cent of those at or above the Living Wage.

The reasons workers cited for receiving less than four weeks’ notice for working hours, shifts or work schedules were wide-ranging. As shown in Graph 3, the most oft-cited reasons were primarily circumstantial, such as covering a colleague’s shift or being offered paid overtime. However, there were

4. State of play: how much insecure work is there and who is most likely to experience it?

Graph 2: Minimum amount of notice of working hours, shifts or work schedules by Living Wage status (shift workers only), UK, 2021:

Source: LWF commissioned poll conducted by Survation of 2021 workers, fieldwork 9-16 June 2021.
also noteworthy examples of short notice periods being customary among employees – such as those that cited being offered extra shifts at the last minute, and those whose working rota was set out with less than four weeks’ notice. A particularly worrying finding was that unpaid overtime and mandatory unpaid training also featured for around a tenth of the workers with short shift notice periods.

SHIFT CANCELLATIONS:

It is not just short shift notice periods that is the issue for insecure workers. Shifts being cancelled are also a real problem – perhaps more damagingly if those shifts are being cancelled without pay being covered. Losing shifts without pay can create budgeting problems for any worker, but for those also suffering from low pay, shift cancellations can mean workers cannot afford to pay for essentials.

Around a quarter (26 per cent) of workers in the sample had experienced unexpected cancellations of shifts they had been due to work in the past 12 months. This was even more common among those earning below the Living Wage – 42 per cent of whom had experienced this compared to 22 per cent of those at or above the Living Wage. Of those that had their shifts cancelled, just...
Life on low pay in the pandemic

A fifth (19 per cent) had all of their payments covered – this was less common than receiving nothing when shifts are cancelled, which was the case for 24 per cent of those who had experienced shift cancellations. Below Living Wage workers were more likely to receive nothing when shifts are cancelled (28 per cent compared to 23 per cent) and were less likely to receive full payment (10 per cent compared to 23 per cent).

Contracts and actual hours worked:

More often than not, low paid workers will not have the savings buffer to cover temporary periods with little or no work. Having a contract with at least 16 hours work guaranteed is therefore crucial to ensure low paid workers can cope financially as and when working hours drop. This is why Living Hours mandates that workers have a guarantee of at least 16 hours per week, unless they themselves opt to work fewer hours.

Data from the survey found that around a fifth (21 per cent) of workers do not have the guarantee of 16 hours each week. Of these, half (50 per cent) of those without the guarantee of 16 hours said they would choose to work more than 16 hours a week if they were given the option. In further support of the idea that insecure work usually goes hand in hand with low pay, those working fewer than 16 hours per week were more likely to be paid below the Living Wage than those working 16 hours or more – 35 per cent compared to 14 per cent.

Our analysis also found that low paid workers were more likely to work more hours than set out in their contract than those with better pay. 32 per cent of below Living Wage workers worked more hours than their contract guaranteed, compared to 16 per cent of workers at or above the Living Wage.

The insecurity complex: low paid workers and the growth of insecure work

Graph 4: Proportion of payment that is paid when shifts are cancelled by Living Wage status, UK, 2021:

Source: LWF commissioned poll conducted by Survation of 2,021 workers, fieldwork 9-16 June 2021
WHO IS MOST IMPACTED BY INSECURE WORK

SEX:

Males and females experience similar levels of insecure work, with 21 per cent of working males experiencing insecurity compared to 20 per cent of working females. That said, female workers are more likely to experience certain forms of insecurity compared to males – such as having a temporary job or being underemployed, while males are more likely to be in low paid self-employment.

Looking at the data by both sex and working patterns, Graph 5 shows that part time male workers are the most likely of all to be in insecure work – including low paid insecure work. It also illustrates the difference between part time male workers and full time male workers, which is notably larger than for female workers. This corresponds with previous LWF analysis on low pay, which found that for part time jobs, males were more likely to be paid below the Living Wage than females (40.1 per cent compared to 34.5 per cent). But this is in the context of the majority (75 per cent) of all part time jobs being held by females, meaning that the number of part time jobs paid below the Living Wage held by females (2 million) is still over 2.5 times that of males.

Similarly, there are only marginal differences when it comes to notice periods for working hours, shifts or work schedules between males and females. For instance, 19 per cent of men in shift work receive at least four weeks’ notice for their shifts, nearly the same as for women (20 per cent). Moreover, males and females in shift work are almost equally likely to receive less than a week’s notice for working hours, shifts or work schedules (54 per cent and 52 per cent) respectively. The same is true for shift cancellations, with 26 per cent of both males and...
females experiencing unexpected cancellations of shifts in the past 12 months. That said, females were more likely to report receiving no payment when shifts were cancelled (29 per cent compared to 20 per cent for males).11

AGE:

When it comes to insecure work across age bands, there is a distinct ‘U-shaped’ trend in workers’ likelihood of experiencing insecurity. As can be seen in Graph 6, the youngest workers, those aged 16-19, are the most likely of all to be in insecure work and the second most likely to be in insecure work and earn below the Living Wage. Meanwhile, the oldest workers – aged 70 and above, are the second most likely to be in insecure work and the most likely to be in insecure work and earn below the Living Wage. The U-shaped trend continues through the age groups, with the likelihood of being in insecure work falling until the ‘30-34’ and above age groups, and then flatlining until you get to workers aged ‘60-64’ and above, where the likelihood of experiencing work insecurity increases.

When you look at the demographics of who doesn’t have access to secure work, it reinforces the fact that increasing pay isn’t the only answer. Living Hours has a significant role to play in reducing a range of inequality gaps.

Meredith Adams, Sustainability Manager - Social Impact, abrdn

4. State of play: how much insecure work is there and who is most likely to experience it?

Graph 6: Insecure work and below Living Wage status across age bands, UK, 2020

It is not surprising to see this play out in this way. Insecure work is heavily associated with labour market vulnerability, as those with less formal bargaining power, those with fewer qualifications/experience and/or fewer options elsewhere, are therefore more likely to suffer from insecure work.12 Younger workers by definition have less experience and those aged 16-19 are typically those that leave education with few or no qualifications, and therefore are less likely to take up less insecure and better paid roles which slightly older more qualified workers tend to occupy. Older workers on the other hand – despite...
having a lifetime of experience – will sometimes work into their old age as a result of being unable to retire due to limited pension pots – another development heavily associated with low pay.13 However, it is also the case that older workers tend to prefer flexibility as they get older and approach retirement, which may also explain this trend.

ETHNICITY:

Previous research has shown that racialised communities face a greater risk of insecure work than white workers.14 Our research suggests this continues to be the case. For instance, 41 per cent of Bangladeshi workers experience work insecurity, while the same is true for around a third (33 per cent) of Pakistani workers and 28 per cent of Black Workers. All of these are well over the total UK average of 21 per cent. Contrastingly, a small minority (11 per cent) of Chinese workers are in insecure work. Other low insecurity groups are Indian workers (16 per cent) and white workers (19 per cent).

It is unsurprising that the ethnicity-insecurity picture is effectively an inversion of the median pay rates seen among different ethnic groups, with Chinese and Indian workers having the highest median pay and the lowest levels of work insecurity, while Pakistani and Bangladeshi workers have the lowest median pay with the highest levels of insecurity. In simpler terms – and as shown in Graphs 7 and 8, low paid ethnic groups have a comparatively high likelihood of experiencing work insecurity, while for higher paid ethnic groups, the opposite is true.

Our commissioned polling found that Black and Minority Ethnic (BAME)15 workers were also more likely to have shorter shift notice periods than white workers. For example, 58 per cent of BAME shift workers reported having less than a

Graph 7: Insecure work and below Living Wage status across ethnicity groups, UK, 2020


4. State of play: how much insecure work is there and who is most likely to experience it?
weeks’ notice for working hours, shifts or work schedules, compared to 52 per cent of white workers. It was also the case that BAME workers were more likely to report being in work that included shift work or hour variability altogether. Consequently, those with less than a weeks’ notice for shifts comprise a much larger proportion of the BAME workforce (42 per cent) than the white workforce (26 per cent).

BAME workers were also more likely to report shifts being cancelled unexpectedly than white workers (36 per cent and 24 per cent respectively). That said, BAME workers were less likely to report receiving no payment when shifts were cancelled (16 per cent compared to 26 per cent of white workers), while also being less likely to receive full payment (10 per cent compared to 21 per cent of white workers).  

DISABILITY STATUS: 

Disabled workers are at a higher risk of experiencing work insecurity than non-disabled workers. For example, more than a quarter (26 per cent) of disabled workers are in insecure work compared to 20 per cent for those without a disability. Similarly, 15 per cent of disabled workers are in insecure work and earn less than the Living Wage compared to 11 per cent for non-disabled workers. This is not surprising, research by the TUC found that disabled workers earn 19.6 per cent less an hour than non-disabled workers, are more likely to be unemployed and are more likely to be on a ‘zero-hours contract’. Further to this, polling showed...
disabled workers to be at greater risk of short shift notice periods as well as shift cancellations. For example, over half (58 per cent) of disabled workers had less than a week’s notice for working hours, shifts or work schedules, while the same was true for 51 per cent of non-disabled workers. As was the case with BAME workers, disabled workers were also more likely than non-disabled workers to be in employment that involves shift work or hour variability. As a result, those with less than a week’s notice for shifts accounted for 41 per cent of disabled workers compared to 26 per cent of non-disabled workers.

Similarly, disabled workers were more likely to have experienced shift cancellations than non-disabled workers (38 per cent compared to 23 per cent). Moreover, when shifts were cancelled unexpectedly, just 11 per cent of disabled workers received their full payment, compared to 22 per cent for non-disabled workers.18

REGION:

The proportion of workers in insecure work differs from region-to-region. As shown in Graph 10, London is the region with the lowest proportion of insecure workers – with just 18 per cent of the working population experiencing insecurity in the capital. Other low insecurity areas are Scotland and South East.

Meanwhile, more than a quarter (26 per cent) of workers in Wales experience work insecurity, while the same is true for 25 per cent of workers in North East and 23 per cent in the South West and East of England respectively. These are the four areas with the highest percentage of insecure workers as a proportion of the working population. Interestingly, of the four, only the North East features in the

Graph 9: Insecure work and below Living Wage status by Disability status, UK, 2020


The insecurity complex: low paid workers and the growth of insecure work
4. State of play: how much insecure work is there and who is most likely to experience it?

**Graph 10: Insecure work and below Living Wage status by Region of the UK, 2020**


Top four regions when it comes to below Living Wage jobs, while the East of England is among the bottom four for the same measure, suggesting the correlation between below Living Wage jobs and insecure work is weaker when applied to regions of the UK.

**SECTOR:**

There is a significant disparity between the levels of insecurity seen among certain sectors, with sectors with lower rates of pay tending to have higher proportions of insecure work, while the reverse is true for higher paid sectors. For example, average pay among ‘Agriculture, forestry and fishing’ – the sector with the highest proportion of insecure workers (see Graph 11), is just £12.31 an hour – the second lowest among all sectors, and more than a third (32 per cent) earn less than the Living Wage – the third highest. Contrastingly, average hourly pay for ‘Financial and insurance activities’ – the sector with the lowest proportion of insecure workers, is £28.52 an hour (the highest among all sectors), while just 3.7 per cent earn below the Living Wage, the second lowest. This trend continues when applied further down, with workers in third most impacted sector, ‘Accommodation and food services’ having the lowest average wage and the largest proportion of below Living Wage workers.
4. State of play: how much insecure work is there and who is most likely to experience it?

Graph 11: Top ten industries (one-digit SIC code) by percentage of insecure workers and below Living Wage insecure workers, 2020:

Sectors with more entry level jobs such as hospitality and retail have been significantly impacted by the pandemic. When you look at the demographics of who doesn’t have access to secure work, it reinforces the fact that increasing pay isn’t the only answer. Living Hours has a significant role to play in reducing a range of inequality gaps.

Meredith Adams, Sustainability Manager - Social Impact, abrdn

INSECURE WORK OVER TIME AND THE IMPACT OF COVID-19
As mentioned in the introductory chapter, insecure work in the UK increased markedly after the 2008 Financial Crisis. One might expect this to have dropped as the labour market tightened and the employment rate increased, but the data points to a different picture. But for a sustained plummet between Q3 2016 and Q2 2017 (caused mainly by Brexit induced low growth in high insecurity sectors), it has typically zig-zagged from quarter-to-quarter. This is likely a result of seasonality trends in insecure work. Moreover, the number of insecure workers in the UK did bounce-back from the initial drop to the point where the number of insecure workers was about as high immediately before the pandemic (Q1 2020) as in Q3 2016.

Covid-19 has had a serious impact on the levels of insecure work in the UK. As can be seen in Graph 12, while insecure work tends to zig-zag from season-to-season, Covid-19 saw the insecure workforce drop by a total of 1m workers between Q1-Q2 2020, the largest quarterly decrease of the last five years. This is to be expected. Previous analysis has shown insecure workers were four times more likely to lose their job than people on permanent contract during the initial outbreak of Covid-19.21

5. Insecure work over time and the impact of Covid-19

Knowing that during Covid-19, so many workers had to go into work day in, day out, putting themselves on the front line, often on low wages and insecure terms of employment, reinforces the importance of the Living Wage and Living Hours.

Meredith Adams, Sustainability Manager - Social Impact, abrdn
Further to this, and as can be seen in Graph 13, this exodus of insecure workers from the labour market was disproportionately driven by insecure workers that were also earning below the Living Wage. Interestingly, this was not the case for better paid insecure workers. Indeed, while the number of insecure workers earning below the Living Wage decreased 34 per cent between Q1-Q4 2020, the number of insecure workers at or above the Living Wage only decreased by 12 per cent. While these findings correspond with other research conducted into the impact of Covid-19 on the labour market – which has consistently found that low paid employees more likely to have lost work – it is interesting that this remains the case when both low paid and better paid workers are also in insecure work.

Graph 14 provides further insights into the relationship between insecure work, low pay and how Covid-19 has impacted certain workers. It shows that during the height of the pandemic (Q2 2020), around half of below Living Wage workers were temporarily away from work – and this was the case for both those in and out of insecure work. Before Covid-19, being temporarily away from work would usually represent sickness absence or holidays, but since then is mainly representative of those on the furlough scheme and/or those with Covid-19 itself.

When it comes to temporary periods out of work, the longer-term trends are less favourable to low paid insecure workers, with more than a fifth (22 per cent) reporting still being away from work in Q4 2020, compared with 15 per cent of those in insecure work and earning at or above the Living Wage. Indeed, when it comes to the proportion of workers temporarily away from work, low paid insecure workers are the group which is the furthest from the pre-pandemic picture.
Those earning at or above the Living Wage were considerably less likely than those below the Living Wage to report being away from work when Covid-19 hit. That said, it was still the case that 25 per cent of those that were at or above the Living Wage and in insecure work reported being away from work, while the same was true for 17 per cent of those at or above the Living Wage and not in insecure work. Therefore, when it comes to losing work or being furloughed as a result of Covid-19, it appears that low pay is the more influential factor of the two, albeit insecure work does tend to exacerbate this issue for low paid workers.

The insecurity complex: low paid workers and the growth of insecure work
THE IMPACT OF INSECURE WORK
Sufficient pay and reliable hours are fundamental to having a decent quality of life. Data from the Survation poll illustrated how low paid, insecure work negatively impacts the core elements of worker’s physical, mental and financial wellbeing. As shown in Graph 15, below Living Wage workers are more likely to report short notice periods for working hours, shifts or work schedules having a negative impact than a positive impact in almost all of the measures studied.

It is telling, if not surprising, that as much as 40 per cent of low paid workers said short notice periods had negatively impacted their ability to plan their work and personal lives. Indeed, it is not difficult to see how being called into work at the last minute, or having shifts cancelled without consultation can wreak havoc on one’s ability to plan and balance work and non-work-related commitments. Sizeable proportions of insecure workers also reported short shift notice periods having a negative impact on their mental and physical health (42 per cent and 36 per cent respectively).

People without job security can’t save money for emergencies and often have to borrow money at high interest rates, which compounds the problem. We see these issues on a daily basis and the impacts they have on people’s lives.

Carol McHarg, Chief Executive, 1st Alliance Credit Union

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Graph 15: Impact of short notice for working hours, shifts or work schedules has had on below Living Wage workers over the past 12 months, UK, 2021:

![Graph 15](image)

Source: LWF commissioned poll conducted by Survation of 2021 workers, fieldwork 9-16 June 2021.
A similar proportion (35 per cent) of workers said that short shift notice periods had a negative impact on their finances and ability to budget respectively. This is not unexpected - without reliable hours, workers have a limited ability to predict the amount of income that is coming in from week-to-week and month-to-month, making financial planning nigh on impossible.

However, the impact on workers’ financial standing is not limited to income, but also, outgoings. This can be referred to as the ‘insecurity premium’. The insecurity premium refers to the extra costs of purchasing things at the last minute, and with insecure workers, will often manifest through purchases that enable them to go into work without much notice, such as last minute transport or childcare costs.

For example, our polling found that 17 per cent of workers had to pay higher travel costs due to short notice for working hours, shifts or work schedules, and 13 per cent had done the same with childcare costs. As outlined in Graph 16, it is the below Living Wage workers that bear the brunt of this problem. For instance, a quarter (25 per cent) of below Living Wage workers on short shift notices have had to pay higher transport costs, compared to 15 per cent of those at or above the Living Wage.

Knowing when I’ll be working in advance gives me the security of knowing the income I’ll have at the end of every month and to budget. It also allows me to plan my childcare and responsibilities outside of work. I have friends who don’t have these guarantees – it makes it impossible for them to know if they can pay the bills at the end of the month.

Employee,
1st Alliance Credit Union

**Graph 16:** Consequences of short notice for working hours, shifts or working schedules, UK, 2021:

- **Cancellation of social plans/occasions**
  - Below Living Wage: 30%
  - At or above Living Wage: 10%

- **Higher travel costs**
  - Below Living Wage: 25%
  - At or above Living Wage: 15%

- **Higher childcare costs**
  - Below Living Wage: 15%
  - At or above Living Wage: 5%

Source: LWF commissioned poll conducted by Survation of 2021 workers, fieldwork 9-16 June 2021.
Additionally, a similar proportion (23 per cent) of below Living Wage workers have had to pay higher childcare costs because of this, while the same is true for just 10 per cent of those at or above the Living Wage. Finally, even the non-financial consequences of short shift notice periods are worse for those earning below the Living Wage – with 37 per cent of this group having to cancel social plans/occasions due to short shift notice compared to 24 per cent of those at or above the Living Wage.

My mental health can fluctuate, so the commitment to predictable working hours means I don’t have to worry about my income at the end of the month.

Employee, SSE PLC

The real Living Wage movement has been an incredible phenomenon, championing the fundamental truth that people should be able to earn enough to live a decent life. Living Hours is the other side of that coin. The amount of pay employees take home can be affected by irregular and unpredictable hours. Like with our Living Wage accreditation, the most important impact of Living Hours is that, in time, it will flow through our supply chain activities and benefit those working regularly on our behalf too. It is the right thing to do and we are very proud to have achieved this accreditation and hope it will help show others the way.

John Stewart,
HR Director, SSE PLC

SSE’s commitment to Living Hours has given me stability and peace of mind through the pandemic. Accommodating work patterns have given me the ability to fit in family time around work.

Employee, SSE
CONCLUSION
AND NEXT STEPS
Covid-19 has altered our understanding of what we can expect from employers and employees alike, and many will hope the pandemic acts as a catalyst for better pay and conditions for the nation’s low paid and insecure workers. However, as this research has shown, the early signs are not encouraging. We entered the pandemic with historically high levels of insecurity, and these workers are the most likely of all to have been out of work during the pandemic.

While economic forecasts are not particularly buoyant – we know first hand the difference that providing Living Hours alongside the real Living Wage can have for these workers and the firms that hire them. We encourage employers to consider how they may provide a better settlement to their employees, including through providing them with a Living Hours contract.

Much like the Living Wage 20 years ago, we are just at the beginning of the Living Hours journey. We already have five organisations signed up, with over 30,000 workers covered by the guarantees that come with Living Hours. We will continue to work with businesses from within and outside our network to provide Living Hours alongside the real Living Wage. As the analysis demonstrates, those in low pay are also those most likely to be in insecure work, trapping them in in-work poverty. In doing so, we will be able to further deliver on our shared mission: to tackle in-work poverty in the UK.

7. Conclusion and next steps

If your organisation is interested in joining us on this exciting journey, please get in touch with the Living Hours team at the Living Wage Foundation:

Living.Hours@LivingWage.org.uk
The insecurity complex: low paid workers and the growth of insecure work

The Living Hours programme was designed and developed by the Living Wage Foundation and is managed by Dan Howard. We want to thank abrdn, Aviva, Richer Sounds and SSE for being Founding Partners of Living Hours and supporting this report. We would also like to thank our Steering Group for this project who provided invaluable strategic guidance and leadership:

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Andrew Selfridge, Development Project Manager, SSE
John Stewart, HR Director, SSE PLC
Kate Wallace Lockhart, Head of Social Impact, SSE PLC
Employees of 1st Alliance Credit Union and SSE

ACKNOWLEDGEMENTS
ANNEX

1. LIVING HOURS

The Living Wage campaign is based on the belief that no one should be working full time and still earning less than they need to live.

However, levels of in-work poverty are also affected by the number and security of hours people work. Whilst many people choose to work part time and flexibly to balance work with caring responsibilities and other commitments, these jobs are more likely to be low paid, and involve casualised working arrangements with one-sided flexibility.

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 of under-employment and insecurity around working hours.

Living Hours launched in June 2019 and there are now five accredited Living Hours Employers: abrdn, Aviva, Datagrhic, SSE and 1st Alliance Credit Union.

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.

**THE LIVING HOURS MEASURES:**

1. **At least four weeks’ notice for shifts, with guaranteed payment if shifts are cancelled within this notice period.**

It is well-known that low paid workers often fall victim to the ‘poverty premium’. The poverty premium refers to “the extra costs people on low incomes and in poverty pay for essential products and services. Essentials such as energy, loans and credit cards with high interest rates; and insurance that costs more in deprived areas.”[^23] The insecurity premium refers to the extra costs workers have to cover as a result of being called into work, such as last-minute childcare or transport costs. The insecurity premium can also manifest through unexpected shift cancellations on short notice and without compensation.

Having at least four weeks’ notice for shifts helps to combat these
challenges facing low paid, insecure workers. Firstly, 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 and negating the need for last minute purchases. Under our proposals, workers would also receive guaranteed full payment if a shift is cancelled within this four week period, thereby preventing sudden gaps in income from week-to-week and month-to-month. Secondly, as most large outgoings such as rent and household bills are paid monthly – and are usually cheaper when paid month-to-month rather than pay-as-you-go, paying these key costs in monthly instalments can help to keep more costly short-term purchases to a minimum.

2 THE RIGHT TO A CONTRACT THAT REFLECTS ACCURATE HOURS WORKED.

Those in low paid, insecure work will often have little control over the amount of hours they will work at any given time. In addition to the budgeting challenges this creates, persistent volatility in working hours also leaves employees vulnerable to arbitrary unfairness, such as supervisors cutting hours to prevent staff from raising concerns or as an alternative to good performance management. That is why we are asking employers to give workers the right for their contracts to be reviewed and adjusted if they are regularly working more than the hours they are contracted to do. We propose this review should take place after 12 weeks of employment, and after this, once a year.

3 A GUARANTEED MINIMUM OF 16 HOURS A WEEK (UNLESS THE WORKER REQUESTS FEWER).

More often than not, low paid workers will not have the savings buffer to cover temporary periods with little or no work. That is why Living Hours requires employers to guarantee at least 16 hours work per week to all of their employees, unless employees themselves opt to work fewer. Providing workers with 16 hours of guaranteed work per week provides a degree of stability for workers, while also allowing for employers to be reactive in their staffing decisions as and when demand fluctuates. The 16 hours guarantee also aligns with requirements under Universal Credit (UC) – which many low paid workers will also be using. UC mandates that claimants need to be working, or looking for work, for at least 16 hours per week in order to avoid benefit sanctions (reductions or pauses in UC payments). Parents also need to be working at least 16 hours to be entitled to their vouchers for 30 hours of free childcare.

BECOMING A LIVING HOURS EMPLOYER:

There is a five step process to Living Hours accreditation:

1. Gather information on relevant third-party contracts to understand those that will be within scope of Living Hours accreditation.

2. Complete a Diagnostic Tool which gives us a snapshot of your organisation’s practice and where you might already be acting in accordance with Living Hours.
2. METHODOLOGY

Unless stated otherwise, the quantitative research in this report is from quarterly Labour Force Surveys (LFS') and annual Family Resource Surveys (FRS') dating back to the first quarter of 2016. All of the data that pertains to the current state of work insecure in the UK is from the four quarterly LFS’ of 2020 and the 2019-20 FRS. This was used to avoid seasonality bias in the data, while also allowing us to account for the impact of Covid-19 on insecure workers. The LFS does not collect income questions for self-employed workers, which is why we adopted a hybrid model using both the LFS and FRS. To avoid duplicating our sample, the LFS was used to evaluate employees exclusively, and the FRS was used to analyse self-employed workers exclusively. Due to the nature of the LFS’ sampling, income questions were not asked of unpaid family workers and those on government training schemes. As a result, any workers in these groups have been excluded from our figures.

Data from the LFS on the Living Wage has also been scaled to correspond with data in the Annual Survey of Hours and Earnings (ASHE). Unlike ASHE, the LFS asks respondents to self-report income based on how they are paid – i.e., by hour, week or month. A minority of respondents report their pay hourly, and for those that do not, the hourly pay variable in the LFS is derived from the amount of pay respondents receive divided by the number of hours typically worked per week. Consequently, those that work more than their contracted hours, such as for unpaid training, work events or those that typically work longer than their contracted office hours – will have a derived hourly pay that is lower than their official rate. The ASHE survey, on the contrary, samples from businesses own PAYE systems, and so avoids derivation issues. We have scaled the LFS figures to the ASHE by using standard re-weighting techniques, essentially pegging LFS data from Q2 of each year (when the ASHE data is collected), with the ASHE data from that year.

We define insecure work as people in work who meet at least one of the following criteria (1) people in non-permanent work (casual, seasonal jobs, fixed-term and agency) excluding anyone who said they did not want a permanent job; (2) people who self-report volatile pay and hours including those on zero hours contracts; (3) people...
who self-report constant pay but volatile hours; (4) low paid self-employed people. Those that met more than one of these standards were not double counted.

Despite being a key aspect of work insecurity, information on shift notice periods, cancellations and to an extent, working contracts are not typically captured in the national worker surveys. As a result, LWF has sought to fill a knowledge gap on the issue by commissioning polling agency Survation to survey more than 2000 employees on the amount of notice they receive of their working hours, shifts or work schedules, whether they have experienced shift cancellations, how many hours they are guaranteed to work and how shift uncertainty impacts them.

Data from the poll provided crucial insights into the nature and scale of insecure work in the UK, and is used throughout this report. Results on short shift notice periods in this survey are typically lower than when we ran a similar poll in April 2021, which may suggest that seasonality may impact the findings. Similarly, this could also be related to the gradual lifting of lockdown measures that have occurred since then. The extent to which they can be considered representative of a full year is limited by both of these factors. We plan to continue to run surveys on this issue consistently and at different points in the year to produce results which can be applied to a full calendar year.
1. Survation interviewed 2021 workers in June 2021, the sample did not include any self-employed workers.

2 See reference 1.

3 See reference 1.


10 More information about the Living Hours accreditation scheme can be accessed here: https://www.livingwage.org.uk/living-hours. Further information on the Living Hours measures and how they support insecure workers can be found in Annex 1 of this report.

11 See reference 1.


15 Sampling constraints in the polling meant that we were only able to analyse ethnic disparities in the data by dividing into white and BAME workers. We recognise the limitations of splitting different racialised groups with their own experiences of labour market insecurity into one broad BAME classification, though we still felt highlighting the differences in shift notice periods among BAME and white workers was worth recognising. More information on the poll, and the methodology used for this report can be found in Annex 2.

16 See reference 1.


18 See reference 1.


23 Fair by design (2021) The Poverty Premium. Available at: https://fairbydesign.com/whats-the-poverty-premium/#.--text=The per cent20poverty per cent20premium per cent20jobs per cent20the%20costs%20per%20cent20more%20per%20cent20deprived%20per%20cent20areas.

22 More information on the LFS income measures can be accessed here: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/methodologies/labourforcesurveyuserguidance.

23 See reference 1.

REFERENCES