Guidance Note: Contracts that do not guarantee a minimum number of hours

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Abstract

This document provides guidance for statistics relating to contracts that do not guarantee a minimum number of hours.

What is the latest figure?

The latest information was published in the report Analysis of Employee Contracts that do not Guarantee a Minimum Number of Hours published on 30 April 2014. The provisional estimate from the ONS survey of businesses indicates that there are around 1.4 million employee contracts that do not guarantee a minimum number of hours, where work was carried out in the fortnight starting 20 January 2014.

So 1.4 million is the number of "zero-hours contracts"?

No - 1.4 million covers employee contracts that do not guarantee a minimum number of hours (NGHCs), where work was carried out in the reference period. NGHCs include, but are not exclusively, “zero-hours” contracts, as they also include some other contract types that do not guarantee a minimum number of hours e.g. casual work.

What is the difference between zero hours contracts (ZHC) and no guaranteed hours contracts (NGHC), and why do you use different terms?

When developing the survey of businesses, ONS consulted on the definition to be used and decided on the ‘lack of any guaranteed hours’. The focus for question development for the business survey was around describing what needed to be measured rather than naming the contract. Looking from the employer’s perspective, the term zero-hours contract was not familiar to some employers until recently. The term used by employers may vary depending on the type of employer and/or industry. The following have all been used by employers when describing contract arrangements that do not guarantee hours: casual worker, on-call relationship, hours to be notified and occasional professional assistance.
What is the difference between the employer survey and the Labour Force Survey (LFS)?

The results of the business survey will differ from the LFS for a number of reasons:

- 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, and will provide higher estimates (as one person can have more than one contract).
- 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.

Why is the employer survey figure bigger than the Labour Force Survey (LFS) figure of 583,000?

As set out above, this reflects that the two surveys are measuring different concepts. Employers and employees may also have differing perceptions and awareness of the type of employment contract used: employers may be more aware of the formal contractual position, while employees’ responses may be influenced by their usual working arrangements. Estimates from businesses will also be higher than from individuals as someone can hold more than one contract and/or have a contract for a job other than their main employment. (The LFS only covers flexible working for someone’s main employment.)

You say that the figures cover those who worked in the period - what if they didn’t work in the period?

From the ONS survey of businesses, and in addition to those that provided work in the reference period, there are also employee contracts that do not guarantee a minimum number of hours, that did not provide work in the survey reference period of the fortnight beginning 20 January 2014. These contracts are more difficult to analyse, as we do not currently have many more details about them. However, some evidence from qualitative analysis indicates that these include a mixture of: people with contracts with several employers (who will be included in the headline estimate if they worked for one of those employers); agency staff; those not wanting to work; those who have found another job elsewhere but remain on employer records; some people on leave or sick; and those not offered work in the reference period. Overall, this will probably include some people that need to be added to the official 1.4 million estimate but this needs to be investigated in more detail, and ONS will undertake further research in this area and report later in 2014. The initial estimate of the number of employee contracts that do not guarantee a minimum number of hours, that did not provide work in the survey reference period of the fortnight beginning 20 January 2014 is around 1.3 million.
Is the number of people on ZHC increasing over time?

In comparing the figures from the employer survey and the LFS, it must be noted that they are both ‘point-in-time’ estimates. Whilst the LFS data exists for several years back, the employer survey data is the first estimate of its type. It is not, therefore, possible to say from the employer survey whether the number of employee contracts without a guaranteed minimum number of hours of work is increasing or decreasing.

The latest estimate from the LFS shows that 583,000 people reported that they were on a “zero-hours contract” in the period October to December 2013. This is more than twice the reported figure from the same period in 2012 (250,000). Looking at the difference between 2012 and 2013, a large part of the increase would appear to be from existing workers who previously reported no flexible working arrangements or who are now reporting a zero-hours contract in addition to another flexible arrangement. These changes in reporting are likely to have been influenced by increased awareness of “zero-hours contracts” following the coverage in the media.

When will the next set of figures be available?

The next business survey will be run during September 2014 and results published towards the end of 2014. The next set of LFS data will be available in August 2014 and will cover the period April to June 2014.

Background notes

1. Enquiries relating to this guidance note should be directed to David Freeman, Labour Market Division, Office for National Statistics.

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2. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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Supporting Information

Further information

Interpreting Labour Market Statistics
The purpose of this article is to help users of labour market statistics interpret the statistics and highlight some common misunderstandings.