



Delivering income security in the modern economy

Citizens Advice helps people find a way forward. We advocate for our clients and consumers on the issues that matter to them.

Despite people considering income security to be as important as their level of pay, 4.5 million are in potentially insecure work.¹ The rapid pace of change in the jobs market means it is often difficult for people to understand their rights and entitlements. Even when someone's rights are clear, the enforcement system - designed for a different labour market - means they can be hard to enforce.

Both business and workers can, and do, benefit from some flexibility. The benefits of flexible working arrangements for employers are clear. Primarily, they allow businesses to respond to peaks and troughs in demand.

There are benefits for workers too, but these are often heavily dependent on personal circumstances. Flexible arrangements allow people to fit work around their lives; around children, caring responsibilities, or ill health. They can also be helpful for those who need to supplement their household income, work in a particular sector, or seeking opportunities for progression.

For flexibility to work for both businesses and workers, however, there needs to be a balance between flexibility and security. If an employer can decide the hours someone works but an employee does not have certainty regarding their employment status and rights at work, that work is insecure - not flexible.

Good work is also more than a reliable paycheck, just as it is more than simply having a job. Work should provide people with opportunities to progress and a well functioning labour market should provide jobs that suit people in diverse situations, including disabled workers, older workers and carers.

Creating secure, decent jobs will require more than employment legislation. Employers need to commit to improving their practices and government needs

¹ Citizens Advice, [The importance of income security](#), June 2016.

to make a long term, cross cutting commitment to building services that work for people with flexible jobs.

Employment problems are the 4th biggest issue affecting Citizens Advice clients. Last year, we advised 200,000 people on 350,000 issues related to people's working experiences. This work, together with our extensive labour market research over the last 2 to 3 years, provides us with a unique insight into problems at work and allows us to spot new areas of detriment.

The Matthew Taylor Review on modern employment practices should build its approach to improving the quality of work in the UK around three principles:

1. The types of employment and people's rights at work should be clear and transparent
2. The system of employment rights and protections should be accessible and responsive, ensuring rights adapt to changing labour market practices
3. A broad and long term commitment by government and employers is needed to create stable and decent jobs.

1. Employment legislation should be made clearer and more transparent

Employment law was largely designed for a very different labour market. This creates gaps and grey areas when economic trends, working patterns and practices change. For example, there is currently confusion around the legal definition of self-employment. Citizens Advice research found 1 in 10 self-employed people are likely to be bogusly self employed, and recent high-profile court cases point to ongoing and costly debates over the rights people in work should be entitled to.²

This gap in legislation means people miss out on employment rights unless they can prove they fit sometimes outdated definitions of employment. The review should look again at where the burden of proof lies in employment status disputes and assess the extent to which it should be reversed.

The government should introduce a clear, statutory definition of self-employment. Such a measure would improve transparency and clarity for both employers and individuals.

² Citizens Advice, [Neither one thing nor the other](#), August 2015.

As well as clearer legislation, the government should respond to changing labour market conditions. This means reviewing the various levers through which it can shape the labour market. Clearer legislation should be supported by greater transparency and accessibility to information about employment rights for both workers and employers.

The government should provide an intuitive online test to help workers determine whether they are self-employed.

By building on recent steps to introduce transparency in areas such as the gender pay gap, government can also nudge employers to change their behaviour.

Large businesses should be required to publish information on the proportions of their workforce on different types of contract.

Expanding existing transparency requirements to cover the types of contracts used by large employers will require businesses to engage in discussion about job quality and the overall shape of their workforce. It will also encourage public debate as the labour market continues to evolve, helping businesses adapt their practices to attract and support workers in a variety of employment types.

2. Employment rights should be accessible and responsive to change

Clearer employment rights are only as good as the enforcement and redress systems that underpin them. In the short-term, workers need to be able to enforce their rights when they feel they are not being treated fairly.

In the longer term, the process of enforcing employment rights is also what makes them adaptable and responsive. However, while the growing variation in working patterns and contracts has made accessibility and responsiveness more important, options for enforcing rights have become less readily available.

Fees for employment tribunals – currently of up to £1,200 – should be removed or significantly reduced. Among Citizens Advice clients, 90% of those with employment issues said they would not be put off by a £50 charge.³

³ Citizens Advice, [Fairer fees](#), January 2015.

Access to enforcement and what rights are covered by Government enforcement bodies is also unclear. The enforcement bodies responsible for protecting workers and improving their treatment are often poorly-resourced and can be confusing. In particular, the multitude of different bodies, including HMRC, GLAA and EASI, makes it very difficult for workers to know what rights are enforceable and where they should go to enforce their rights.

Enforcing rights workers currently have is at least as important as making sure those rights keep pace with a changing labour market. For example, between 20 and 30,000 people visit the Citizens Advice website every month to see if they're entitled to sick pay. They face a range of problems - employers refusing to pay sick pay, being discriminated against, or even being dismissed for claiming sick pay.⁴ People exercising maternity rights or taking paid holiday can face similar sharp practice.

A single dedicated organisation - the Fair Work Authority - should be created as a single body for enforcing workplace rights. This would bring together the specialisms and responsibilities of existing bodies, which are currently often under-resourced and fragmented.

The Fair Work Authority should be proactive as well as reactive. A proactive institution would help to embed new norms and expectations about employment rights by raising awareness of rights and changes to legislation among employers and workers.

We know for instance that people on zero-hours contracts are significantly less likely to know about their rights at work than people in other contracts. Half of people on a zero-hours contract wrongly believe they are not entitled to any paid holiday. In contrast to less than 3% of permanent workers.⁵

3. There needs to be broad and long-term support for secure, decent jobs

Improving the clarity, transparency and enforcement of employment rights would improve the quality of work in the short-term. Ensuring these improvements become embedded in the labour market requires a long term commitment from both government and employers.

⁴ Citizens Advice, [Sharp practices at work](#), February 2017.

⁵ Citizens Advice, [How can job security exist in a modern world of work](#), January 2017.

i. Employers need to update their approaches to managing a flexible workforce

While many employers have changed their employment and contracting practices in recent years, management standards have not always developed to meet the new demands these changes create. There are three actions employers could take to provide more security and create better jobs.

First, all employers should offer line management or similar support to all their workers.

Effective line management is crucial for those employed under non-standard contracts, yet Citizens Advice polling suggests it is often these workers who are least likely to get it. Just 54% of part time workers said they had a line manager compared to nearly three quarters (73%) of full time workers. More than three quarters (77%) of permanent workers reported having a line manager compared to 46% of temporary workers. Workers with guaranteed hours were also more likely to have a line manager than those on zero hours contracts - 75% compared to 47%.⁶

Good line management can make a difference to quality of work, with 74% of people saying that good line management contributes to their general feeling of security.⁷ Line management is also essential to providing opportunities for professional development and encouraging more productive working practices.

Second, employers should make better use of technology in areas such as rota and shift management to offer workers greater control, allowing them to plan, budget and ensure they are receiving the appropriate rights.

Employers have a duty of care to all their staff, including those on non-standard contracts. This is not always reflected in rota and staffing management processes. Of over 1,000 line managers polled by us:

- 1 in 5 said contracted staff didn't tend to receive more than 48 hours notice of their shift times
- 1 in 5 said contracted staff couldn't specify times or days when they were unavailable to work
- 1 in 10 said contracted staff could not turn down a shift or specify their availability.⁸

⁶ Citizens Advice, [How can job security exist in a modern world of work](#), January 2017.

⁷ Citizens Advice, [How can job security exist in the modern world of work?](#), January 2017.

⁸ Citizens Advice, [How can job security exist in a modern world of work](#), January 2017.

The benefits of flexible work should be balanced between employers and workers. Both employers and workers benefit from a degree of certainty and flexibility. The government, trade bodies, trade unions, and consumer groups should work with employers to help drive good practice.

Third, employers should undertake due diligence to make sure the employment agencies they appoint are legitimate, responsible businesses, complying with all regulations and with fair sickness and deductions policies. This should be a legal requirement.

At least 800,000 people work on either zero hours or agency contracts. For those on agency contracts, it is important that it is clear who is responsible for guaranteeing their rights. Employers should not be able to avoid responsibility for decent working conditions by employing workers through a third party.

ii. The government needs to make a long-term, cross-cutting commitment to improving the quality of work and security of people's income

Improving the security and quality of work in the UK will also require a long-term commitment by the government to improve the various systems and bodies that interact with the labour market.

Too many systems and government decisions are built around traditional models of employment, and the labour market excludes too many potential workers. One system which doesn't work well for those with flexible working arrangements is the pension system. Automatic enrolment has been very successful for employed people, encouraging millions to save for retirement. Self-employed workers, however, are excluded from that system and so are far more likely not to be saving for their retirement.⁹

Auto-enrolment should be extended to self-employed people. Savings should be encouraged through tax returns or personal tax accounts.

Another important challenge for self-employed people is taking parental leave. Self-employed women are entitled to Maternity Allowance, paid at the same basic rate as Statutory Maternity Pay, but without the additional top-up to 90 per cent of their previous salary for the first six weeks. Self-employed fathers, unlike those in employment, are not entitled to any paid parental leave.¹⁰

⁹ Citizens Advice, [Shy of retiring](#), January 2016.

¹⁰ Citizens Advice, [Going solo](#), December 2015.

Maternity and paternity support for self-employed parents should be equalised.

There are similar problems with the welfare system, which often works poorly for those with flexible, often insecure, working arrangements. For self-employed people, the minimum income floor for Universal Credit recipients is unrealistic.

The government should extend the one year time limit to meet the minimum income floor in Universal Credit to two years and provide business support for small businesses to help them meet it.

A third problem is that the labour market also excludes large numbers of workers. For example, there are currently 1.4 million disabled people who want to work but aren't in a job. Closing that gap and getting more disabled people into work is not simple and will take a range of approaches:

- Employers and line managers need to lead a significant shift in workplace culture to get more disabled people and those with health conditions into the workforce
- Employers need to be better informed on how they can support disabled workers and think about innovative ways they can redesign jobs, change their sickness policies, redeploy employees and deal with different types of health conditions, particularly mental health and fluctuating or hidden conditions.
- The government should work with a range of employers to expand Disability Confident and invest in a significant public information campaign which reaches line managers and smaller employers
- Support schemes like Access to Work and Fit for Work should be reformed, expanded and promoted so more people are aware of them and accessing them when they need to.

Crucially, a single set of decisions, or one off fixes, will not be enough to provide more secure and decent jobs in the long-run. To embed better practices and create a system of employment rights and enforcement that works in a rapidly changing jobs market, the conversation about the quality of work, what good work is, and how to provide secure and decent jobs needs to be ongoing and responsive to change.

The review should recommend a commitment to review employment legislation and practices periodically - in a similar way to the state pension age and labour market enforcement.

For more information on Citizens Advice previous labour market [research](#) please see our previous reports, including:

[Having the disability employment gap](#), April 2017.

[Sharp practices at work](#), February 2017.

[How can job security exist in the modern world of work?](#), January 2017.

[Secure and steady incomes](#), August 2016.

[Going for broke](#), March 2016.

[Shy of retiring](#), January 2016

[Going solo](#), December 2015.

[Neither one thing nor the other](#), August 2015.

[How we can fix bad job ads](#), August 2015.

[Second choice jobs](#), March 2015.

[Fairer fees](#), January 2015.

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We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



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