

Second Choice Jobs

The real life impact of the changing world of work – notes from the frontline



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Executive Summary

The economy is recovering but many workers are not feeling the benefits. This could simply be down to the slow rate of recovery, but it could also suggest a fundamental shift in the labour market. Many employers innovated during the recession, increasing their use of temporary contracts, split shifts and short hours work rather than making people redundant – and these practices seem to be sticking in some sectors even as the economy recovers. This report explores the lived experience of these modern working patterns – which may well be here to stay – and their effects on people's lives.

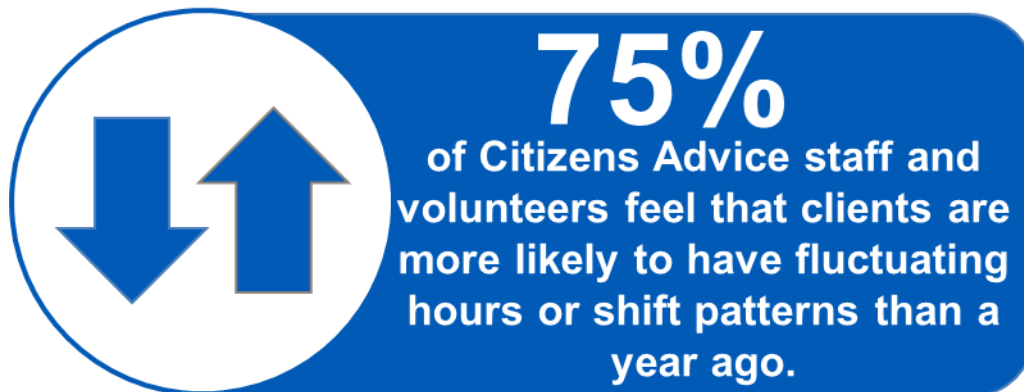
Since 2008 more people are in temporary work, work multiple jobs or have zero hour contracts. Unusual working patterns can present positive choices for some people. But we have found widespread evidence that many people are struggling in 'second choice jobs', often fighting hard to make ends meet and maintain a decent quality of life. People are bringing more employment and in-work benefit problems to Citizens Advice, and in-work poverty is increasing. And we know from the cases we see every day that work which gives people little security or certainty of income or of their working patterns has a detrimental impact on many different aspects of their lives.

This new research with local Citizens Advice staff, volunteers and clients finds that people are paying the price for second choice jobs in eight ways. Second choice jobs make it harder to budget, increase exposure to financial risks, increase the chances of struggling with debt, make benefits and tax credit claims more difficult, make it unclear what you're entitled to at work and make you afraid to ask, limit consumer choice and make it hard to plan family time.

Employers have reacted quickly to changes in the business environment, but the benefit system and employment law have not kept pace. This has left many people marginalised, and missing out due simply to the structure of the work available to them.

The severity of detriment, complication and the way that it can affect all areas of a person's life is clear. This requires the Government and indeed employers to look beyond those who are enjoying the flexibility of this type of work and focus on improving the lives of those forced into difficult compromises at the sharp end of these working practices.

The world of work has changed



Since the late 2000s recession the population in temporary work, on zero hour contracts, or working multiple jobs has increased. The Office for National Statistics estimates that nearly 700,000 people now work on a zero hour contract¹ and 1.7 million people have temporary jobs². There are still nearly 10 per cent more people in temporary work and seeking permanent work than there was before the recession, and over 1.3 million people in part time work but seeking full time work³.

Over 10 per cent of employers continue to use agency work whilst the use of shift work increased by over a quarter between 2004 and 2011⁴. Different sectors have also seen significant change; the use of shift work and zero hours contracts in education has more than tripled whilst hospitality, restaurant, wholesale and retail sectors have also seen large increases in the use of these working practices.

These changes have resulted in many workers having to settle for unsuitable second choice jobs because they do not offer enough hours, have hours at unsuitable and irregular times or they have limited security of work and income.

Much of the debate about the quality and security of work has concentrated on zero hours contracts, but our research shows that there are many other working structures that can have significant negative impacts on people. These include:

- Agency work
- Fluctuating shift work
- Split shifts
- Commission only work
- Work with monthly hours
- Short hours work
- Temporary fixed term contracts
- Piece work

¹ ONS, 'analysis of employee contracts that do not guarantee a minimum number of hours', February 2015

² ONS, 'Labour Force Survey', March 2015

³ Ibid

⁴ Department for Business, Innovation and Skills, 'Work and Employment Relations Survey', 2011

Throughout this report we look at the problems that people with these types of 'second choice jobs' have with:

- Budgeting, benefits and debt
- Access to employment rights
- Limited consumer choices
- Attempts to have a life outside of work

This report uses findings based on our client enquiry data, evidence submitted from bureaux and six depth interviews with clients who have these type of working patterns. It also uses data from the Citizens Advice Network Panel which regularly surveys staff and volunteers from over 100 bureaux across our network. This report is part of our continuing programme of work on the labour market which includes work specifically looking at low pay self-employment. It draws on learning from our network of bureaux and our other research on debt, housing and childcare.

Budgeting without certainty



During the recent recession, unemployment was surprisingly low but wage growth was also very limited. Growth in earnings failed to keep pace with rising prices for five years from 2009⁵, putting acute and sustained pressure on many household budgets and increasing debts⁶. As a result, working poverty has also increased; half of those in poverty are now in working households.⁷

All too often low pay and fluctuating working patterns can be found together creating significant challenges for those workers. 65% of zero hour contracts are found in the three of the lowest paying occupational groups⁸.

Keeping on top of bills and budgeting for essential outgoings requires some degree of certainty. Unfortunately for many workers this is not something that their jobs provide.

⁵ The Low Pay Commission Report 2015

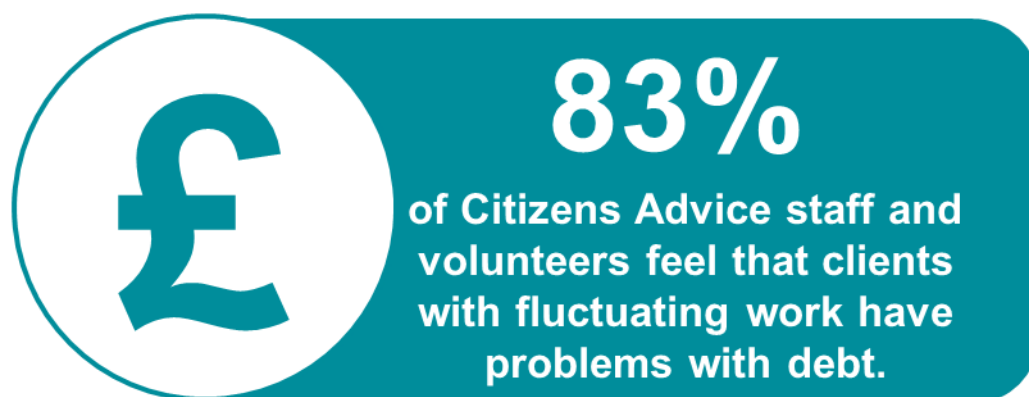
⁶ Citizens Advice, 'Consumer Challenges Report 2015', February 2015

⁷ Joseph Rowntree Foundation, 'Monitoring poverty and social', 2014


⁸ ONS, 'Analysis of employee contracts that do not guarantee a minimum number of hours', February 2015

Short term contracts, agency work, commission only work and work with fluctuating hours leave many people without the ability to plan their spending and ensure that they can cover all of their costs. Beyond covering basics, low paid workers with these types of jobs can struggle to allocate money for non-essential costs. Often money saved for these things can quickly be wiped out when hours or jobs are not available. Even when work is seemingly regular, making decisions about spending can be complex and risky when someone has no certainty of how long their income stream is going to last.

An increased risk of debt?



Citizens Advice sees many clients who have found themselves in debt following gaps between jobs, lack of opportunities to get commission or sudden drops in hours. Careful budgeting and saving can only provide limited protection from debt in these circumstances. Conversely, getting out of debt on a fluctuating income becomes an uphill battle with narrow options. Common debt remedies like negotiated payment plans are not accepted by creditors if somebody does not have surety of income. This means more formal and drastic remedies like Debt Relief Orders, where debt is written off, become the only available options.



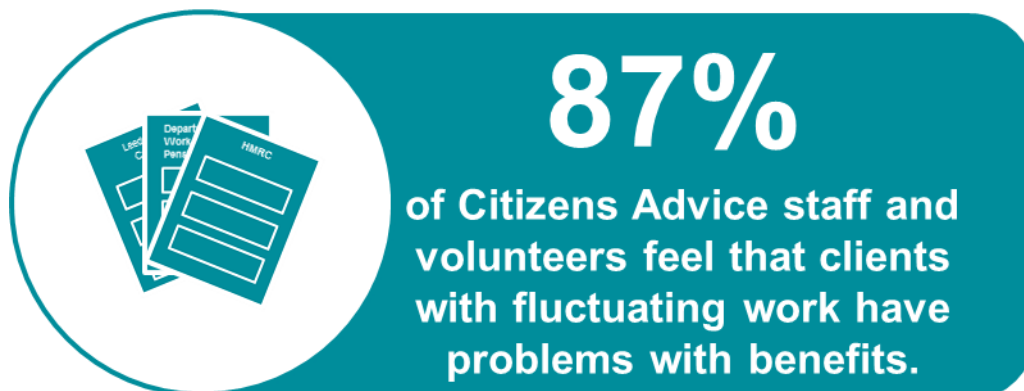
Rob a debt adviser

‘Insecure work leaves people with limited achievable debt solutions’

Pretty much all of the debt cases I see find their route in insecure income and the resulting problems with benefits and managing bills. Staying out of debt with so many changes in budget is very difficult for clients. For those in debt creditors don’t want to set up payment plans with people who don’t know how much money they have coming – meaning the only realistic option is a Debt Relief Order.

At Citizens Advice debt is our second most common problem, with over 1.6 million enquiries last year. Our working clients are seeking help with a variety of debts, often for essential items such as Council Tax and rent. Debt enquiries from working clients form over a third of all debt enquiries and our working clients are more likely to have debt enquiries about council tax, credit or store cards, mortgages, overpayments of benefits and bankruptcy.

Complications with and delays to benefits



Claims for housing benefit from people who are in work have more than doubled since the recession⁹ and claims for tax credits have more than doubled in the last ten years.¹⁰ For people with fluctuating incomes making claims for benefits, managing them and preventing overpayments is a significant undertaking which can be complex, hugely time consuming and stressful. The current structure of out of work benefits does not allow for frequent changes in working circumstances. Whilst Universal Credit may ease these problems, frequent changes in circumstance create more opportunities for things to go wrong.

Benefits such as Jobseekers Allowance and Housing Benefit require claimants to report all changes of circumstance relating to work and income as they happen. For claimants whose work changes frequently this can mean weekly communication with benefit agencies. This takes up the small amount of time people have outside of work repeatedly with numerous stressful calls, forms and visits to benefit departments.

Delayed administration of these changes can leave claimants struggling with long lags between benefits payments actually reflecting their income. Data from 2012-13 has shown that the amount of time to process changes of circumstances for housing benefit and council tax benefit increased by 30 per cent since 2009/10 with processing times varying from 2 to 42 days between different authorities.¹¹ With more than 90 per cent of local authorities recently reporting having to spend more money on processing benefits the increases in claims and changes of circumstances carry a significant cost implication for benefit departments.¹²

Workers with repeat changes of income can easily find themselves with errors in their benefit claims and large overpayments. In 2012/13 the total value of housing benefit overpayments increased by over 10% compared to the year before and nationally stood at

⁹ DWP, 'Housing Benefit caseload statistics: data to November 2014', February 2015

¹⁰ HMRC, 'Child and Working Tax Credits statistics; finalised annual awards: 2012-2013', December 2014

¹¹ Audit Commission, 'Councils' expenditure on benefits administration', Jan 2014

¹² Ibid

£677 million. Over and underpayment of tax credits have consistently affected over 40 per cent of all claims, with overpayments in 2011-12 totalling £1.6 billion.¹³

At Citizens Advice one third of our benefit enquiries are from people in work and they are most commonly about working and child tax credits, housing and council tax benefits and employment and support allowance. We had nearly 40,000 benefit enquiries from working clients in the last quarter alone.



Patricia a benefits adviser

'People can't predict their income but the benefit system forces them to take a risk'

Keeping on top of notifying everyone when your income fluctuates is a massive undertaking and clients struggle with this. Even when they manage this it can be months before the changes take effect. For many constant changes in circumstances mean constant overpayments despite following the correct procedures. Some clients won't take the risk or have had problems in the past so they end up in extreme poverty.



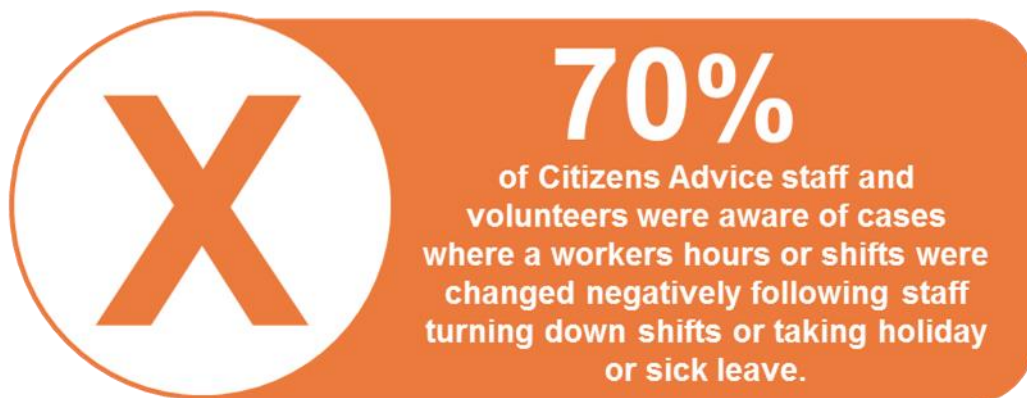
Lorna a fast food worker

'It's so difficult and stressful trying to keep on top of everything'

Lorna works in fast food and struggles to make ends meet because her income fluctuates. She cannot reliably pay for food and is under threat of eviction. Lorna was getting housing benefit but when her income went up for a few weeks her housing benefit was reduced. When her wages reduced her benefit claim didn't get sorted out quickly. She constantly feels worried and anxious about how she is going to cover everything and says she never has anytime to herself.

¹³ HMRC, 'Child and Working Tax Credits statistics; finalised annual awards: 2011-2012: supplement on payments in 2011-2012', December 2014

Struggles to access employment rights



With increasing variety in the way people work it can be difficult for many workers to establish what their rights are, enforce these rights and take action when their rights and protections are denied. With nearly one million visits to our basic rights at work page this year, it is clear that many people struggle to understand their employment rights.

Deciphering employment rights

Many people expect their contract of employment to determine their rights and entitlements at work. However it is actually their employment status – and the distinction between being an employee or worker – that is important. For example, entitlement to basic statutory rights related to time off for holidays, sickness or maternity are determined by employment status.

Employees are afforded more rights and protections than workers and typically agency workers, casual or temporary staff and those on zero hour contracts fall into the worker category. It can be incredibly complex for people to determine their employment status and therefore their statutory rights. The length of time that someone stays in a role, how far their work is guaranteed and how much choice they have in taking work that is offered all have a bearing, along with other factors. It is not unusual to have to go to employment tribunal to get a final decision on a person's employment status.



**Matt an
employment
specialist**

'A permanent contract is a valuable possession – not just for security but for the ability to access your rights'

Working out employment status and therefore rights and entitlements for people in jobs that fluctuate and are insecure can be extremely complex, even for experienced employment advisers. Many people don't have contractual information and aren't aware of their rights. Others have jobs structured in ways that either reduce their rights or make it difficult and complex to enforce them.

Applying them in practice

Even when employment status and rights are established it can be incredibly difficult for people to work out how their rights apply to their individual situation. Changing shift patterns can easily end up with contraventions of working time regulations and working out how much holiday leave someone is entitled to when their hours change week by week is complex.

People working fluctuating shifts, nights and weekends may also struggle to get support and information from their manager or human resources teams because they are not working during conventional business hours.

At Citizens Advice we've had over 220,000 employment enquiries last year with the most common issues relating to pay, entitlements and disputes at work.

Fear of asserting their rights

Work without security around terms, hours, duration or working pattern also presents unscrupulous employers with additional avenues to avoid employment rights or pressure employees into forgoing them. The ability of employers to reduce hours, change favourable shift patterns or end a temporary contract can create significant pressure on workers which stops them defending their rights. For many, these pressures can render their rights useless.



John a security worker

'I feel constantly scared that my boss will "punish" me for asking for leave or training by changing my shifts'

John feels that he is treated unfairly and differently to permanent members of staff. He always gets shifts at anti social times and has been given access to training or things like uniforms like other staff. He has asked for clarification of his leave entitlement but as his hours of work change his future entitlement is hard to predict. As a result his unable to book any holiday. He doesn't want to challenge this as he thinks he'll get less shifts as a result.

Limited consumer choices

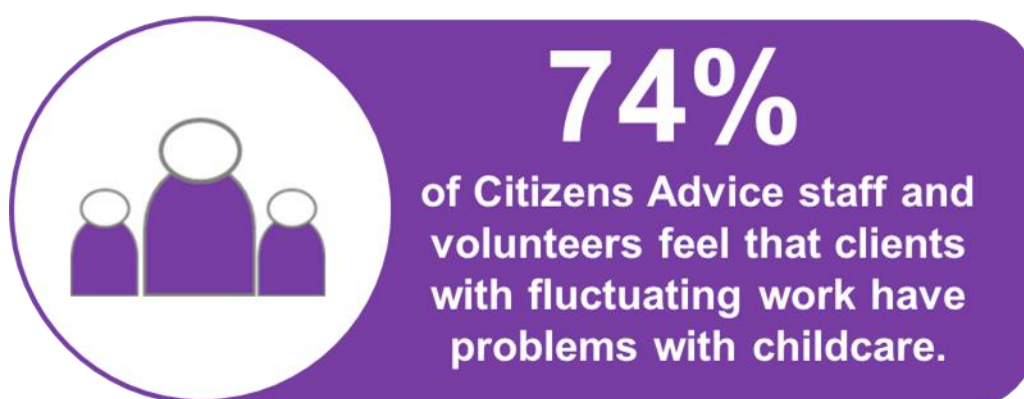
As with budgeting, making consumer choices can be incredibly difficult when you have no certainty of work or of continuing need for that service or product. Common products and services, like communications, housing and care often reflect mainstream or traditional jobs and as a result people working with fluctuating hours or working patterns have narrower choices which can end up costing more.

Items that involve longer term commitments like mobile phones or internet provision are often more expensive if you make a flexible pay as you go choice rather than a lengthy contract. Options to bulk purchase and therefore reduce the overall costs are also off limits to people who can't risk spending money that they may need if their work ends. For travel, cost saving choices like buying a weekly or monthly bus pass can be risky and potentially an unnecessary outlay if people don't have certainty of their work schedule and are at risk of being called into work without any notice.

Being unable to show steady income or to show guaranteed future income also presents challenges for many people. This is a particular issue for housing options as landlords prefer tenants with secure and steady income. Where landlords are willing to take on someone with insecure income many seek to reduce the risk of rent arrears by asking for larger deposits or for guarantors.

Those with prepayment meters for gas and electricity can find themselves effectively disconnected when income drops.

How does this work with childcare?



For parents, fluctuating hours, changing shift patterns and limited security of work presents significant childcare challenges.

Finding quality care that parents are comfortable with is a significant undertaking. But finding childcare that is also flexible or available in the evenings and weekends can leave parents with only informal childcare options.

Our recent research on childcare¹⁴ found that 90% of childcare providers required payment in advance and nearly 60% of providers required a month or more notice to end or change arrangements. In addition 75% of providers did not provide evening or weekend care meaning substantially narrow options for those with shifts at these times.



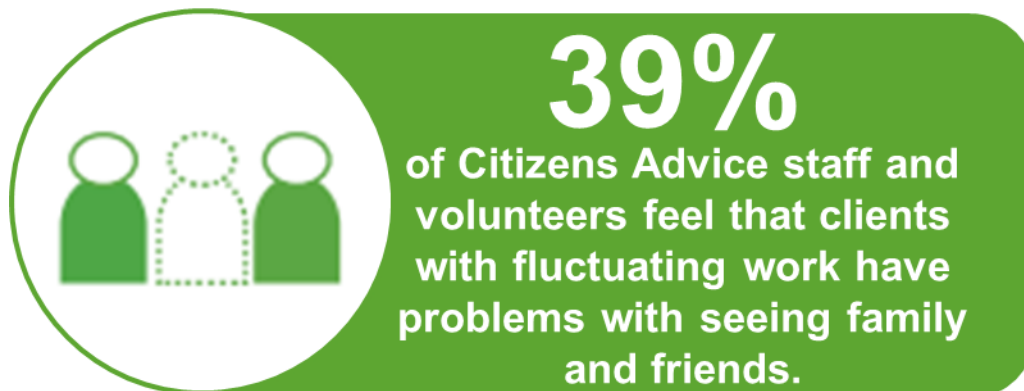
Alison a care worker

‘I want to set an example to my children of the importance of work’

Alison had previously relied on informal childcare from her mother but when she became ill she was stuck for childcare. Alison wanted to use a child-minder but needed more surety of her shifts for this. When she asked her boss for this she was threatened with dismissal. She’s not sure what to do now as she simply cannot work when she has no childcare.

¹⁴ Citizens Advice, ‘The practicalities of childcare: an overlooked part of the puzzle’ July 2014

Attempts to have a life outside of work



Planning and maintaining a life outside of work is extremely difficult for people whose jobs have fluctuating shifts patterns, or jobs which require them to take shifts or overtime at short notice.

Being able to agree to any plans in the future without knowing whether you will be working or what days and times you will be required at work becomes risky and people with these types of jobs have to cancel plans at short notice. Many end up having to take annual leave to guarantee that they are not given a shift on a particular time or day. Participating fully in family or community life is also struggle when parents can't agree to take children to regular activities or groups or attend school events or groups themselves because they are unsure of their working situation.

The worry around job and income security combined with the limited ability to have a life outside of work can have a significant impact on workers' health and wellbeing as well as their relationships. And those who are trying to improve their ability to progress to a more suitable job have a limited ability to reliably and consistently attend courses or training or take up voluntary opportunities because they cannot plan around fluctuating work.





Steve a utilities
worker

'It's worse than inconvenience; it takes over your whole life'

Changing shifts and having to stay for several hours at work without any notice means that it's impossible for Steve to plan anything outside of work. He has let people down so many times that he has lost friends. Steve is so tired from working late and long shifts that he struggles to do anything outside of work let alone see his family.

Conclusion

For many people working hours, pay and terms have become more insecure and more volatile and this can have a variety of negative impacts on their lives. The combination of low pay and insecure work means that a lot of people have to make difficult compromises over and over again to keep their job and keep food on the table.

Working patterns that have a higher degree of risk of a negative impact are all too often found together. Those on zero hour contracts may also have fluctuating shift patterns and be working for an agency on a fixed term contract for example.

This often means that many people face multiple challenges because of their work structure and the fact that the systems around work, like benefits, do not reflect their needs.

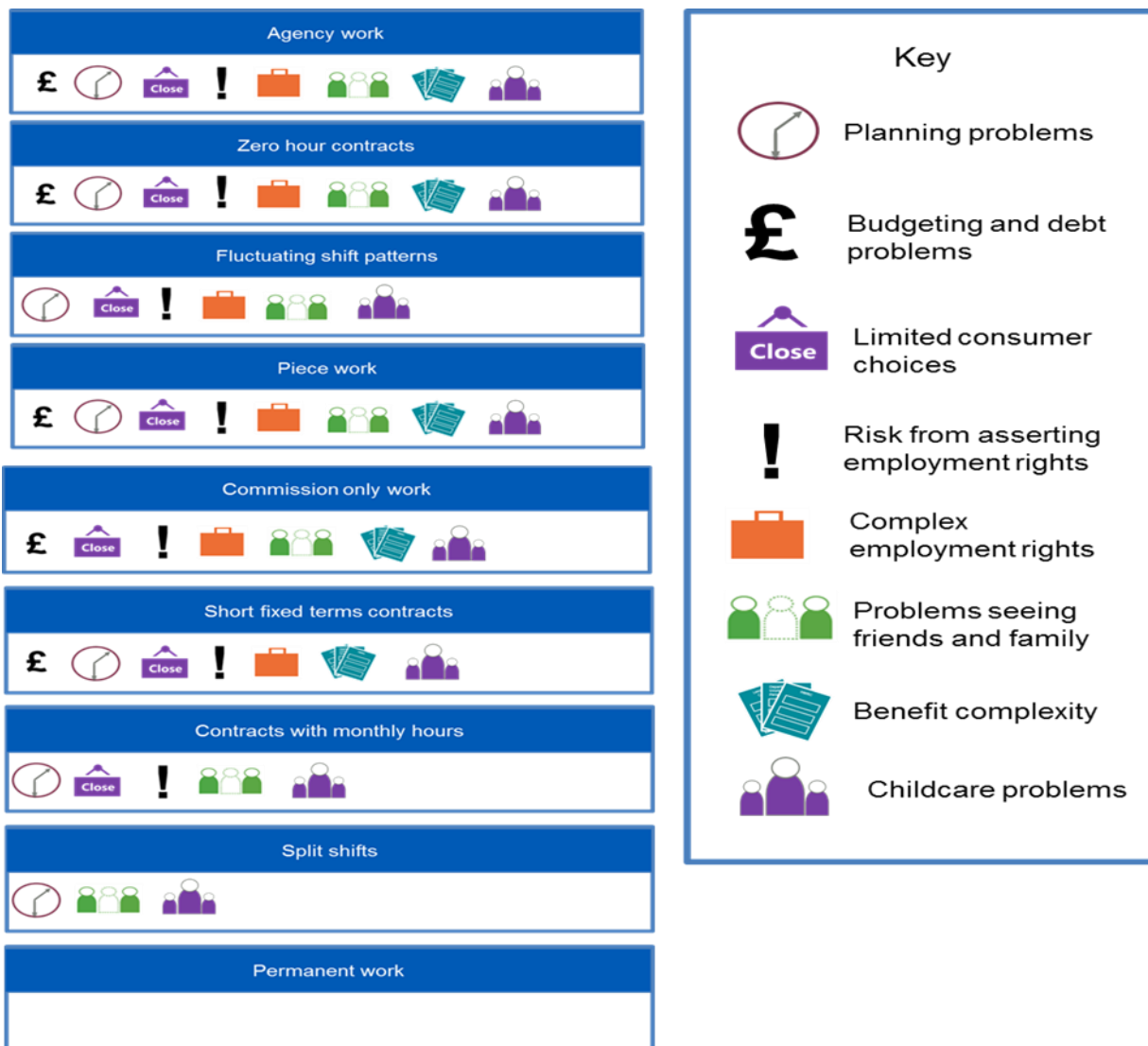
When these compromises and challenges are combined with low pay many workers are left with a very negative experience of work and the support systems in place to prevent poverty.

A crucial question for our new Government is whether we need to do more to ease some of the inherently negative features and reduce the incidence of these types of work - or whether we should push for the systems around work – rights, consumer options and benefits – to catch up with this change, so that people aren't left with the worst of both worlds.

What are the potential impacts of different working structures?

People experience working patterns in different ways and for some they can be a help rather than a hindrance.

Whilst every job has the potential to be unsuitable for an individual it is clear from our research so far that particular working patterns carry a higher degree of risk of unsuitability for many people.



Our continuing programme of work in this area will be producing further research on the different impacts of second choice working structures and the impact different groups of people.

Our aims

- Provide the advice people need for the problems they face.
- Improve the policies and practices that affect people's lives.

Our principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

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Citizens Advice is an operating name of
The National Association of Citizens Advice Bureaux.

Registered charity number 279057
Published February 2015