

THE LIVING HOURS INDEX:

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Founding partners of Living Hours:





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1 FOREWORD

The effects of the pandemic, compounded by the unfolding cost of living crisis, have plunged millions into precarity and financial hardship. Many people find themselves trapped not only in low paid work, but work that provides little security of hours or shift patterns. The result is that many workers and families throughout the UK are struggling to make ends meet.

The Living Hours Index provides an important new perspective on insecure work, building on previous research by the Living Wage Foundation and others on the scale and impact of insecure and unstable work. We know that some workers benefit from having more flexible working arrangements where it is their choice. However, our polling shows that irregular working hours often lead to insecure and precarious working practices which negatively impact employees.

For example, our report finds that almost a third (32 per cent) of workers in the UK have less than a week's notice for shifts, with 8 per cent receiving less than 24 hours' notice. It is those in low paid work that typically bear the brunt of this, with half of below Living Wage workers receiving less than a week's notice for shifts, compared to around a quarter of those on better pay. This uncertainty makes it impossible for many low paid workers to plan their lives.

Short notice for shifts is not the only problem. Our polling found that over a fifth of workers have had their shifts cancelled

unexpectedly, and that when this happens, nine out of ten do not receive their regular pay. Once again, it is those that are in low paid roles that are left worse off – those paid below the Living Wage are three times less likely to receive their full wage when shifts are cancelled compared to those with better pay.

Unexpected cuts to income will affect workers and their families at all pay levels, but for those already on low pay, the impacts can be truly devastating. Rising living costs are adding pressure onto already tight budgets and our research suggests that for insecure earners this is compounded by the “insecurity premium”.

The “insecurity premium” refers to the additional costs faced by those in casualised and insecure work that result from the way their working hours are organised. For example, increased travel or childcare costs that result from being called into work at short notice, alongside the loss of earnings from unexpected shift cancellations.

Our research found that 27 per cent of workers who experience short shift notice periods and/or shift cancellations have paid additional transport costs as a result, and 17 per cent have had to pay higher childcare costs. All in all, nearly half of workers experiencing the insecurity premium typically lose out on between £20-40 a month (around

£240 - £480 per year) with a further 25% losing out on even more.

Despite being on lower incomes, those paid below the Living Wage typically have to pay more towards the premium than those on better pay. We've long known that it costs to be poor, but this research shows it's even more costly to be both poor and in insecure work.

With energy bills set to rise in April 2022 and inflation showing no signs of slowing, many low income households are facing dire “heat or eat” choices. Previous Living Wage Foundation polling found a significant increase in the number of low paid workers having to skip meals over the past year as a result of financial hardship. When these pressures are combined with the impact of insecure work, workers and families are under enormous financial strain, and often unable to meet their everyday needs.

Those employers that truly value their people, and commit to provide stable and secure hours and pay for their workers will be those that emerge strongest from these turbulent times. That is why we're calling on employers to do right by their employees and provide Living Hours alongside the real Living Wage.

KATHERINE CHAPMAN,
*DIRECTOR, LIVING WAGE
FOUNDATION*



2 INTRODUCTION & KEY FINDINGS

The Living Hours Index provides a unique perspective on the UK labour market by examining shift notice periods and shift cancellations. While not captured by the UK's major labour market surveys like the Labour Force Survey, these working patterns can have a huge impact on workers and their families. As outlined in this report, a huge proportion of the UK workforce get called into work on short notice and/or have shifts cancelled without compensation, and this has a major impact on their daily lives.

Compositional factors are important to our understanding of these issues in the UK workforce. For example, many workers have regular, guaranteed hours which do not deviate from week-to-week – such as those that work 9-5. Shift notice periods and cancellations are not an issue for this group, who according to our polling, account for 43 per cent of the UK workforce. When looking at the issue of shift notice periods and cancellations, it is therefore important to include analysis on both the proportion of workers in total as well as the proportion of workers who do not have fixed or unvaried hours. This allows us to understand both the scale of the issue in the context of the overall UK labour market as well as the nature of shift notice and cancellation amongst those who have their working hours organised this way. We refer to both throughout this report.

Polling for Living Wage Foundation of 2036 workers in the UK by Survation found that:

SHIFT NOTICE PERIODS:

8% of employees in the UK receive less than 24 hours' notice for shifts, hours or work schedules, rising to 14 per cent when excluding those whose hours do not vary.

32% of employees in the UK receive less than a week's notice for shifts, hours or work schedules, rising to 55 per cent when excluding those whose hours do not vary.

49% of employees in the UK receive less than 4 weeks' notice for shifts, hours or work schedules, rising to 86 per cent when excluding those whose hours do not vary.

50% of below Living Wage workers have less than a week's notice for shifts, hours or work schedules, rising to 66 per cent when excluding those whose hour do not vary. This compares with 28 per cent and 52 per cent respectively for those paid at or above the Living Wage.

SHIFT CANCELLATIONS:

21% of employees in the UK have had their shifts cancelled unexpectedly, rising to 28 per cent when excluding those whose hours do not vary.

When employees experience unexpected shift cancellations, **88%** do not receive their regular pay, including 23 per cent who receive no payment at all.

33% of below Living Wage workers have experienced unexpected cancellations of shifts, rising to 40 per cent when excluding those whose hours do not vary. For those paid at or above the Living Wage, 18 per cent have experienced unexpected cancellations of shifts, rising to 25 per cent when excluding those whose hours do not vary.

72% of low paid workers receive less than half of their wage when shifts are cancelled, compared to 63 per cent of those earning at or above the Living Wage.

COST OF INSECURE WORK – THE INSECURITY PREMIUM:

27% of workers who experience short notice periods and/or shift cancellations have had to pay higher travel costs due to the way their hours are organised, while 17 per cent that have had to pay higher childcare costs.

These premiums are costly for workers.

26% of workers who experience the premium pay an extra £20 - £29.99 per month (£240-£359.88 a year), 12 per cent pay between £40 - £49.99 a month (£480 - £599.88 a year) and 13 per cent pay £50 or more (£600+ a year).

INSECURE CONTRACTS:

Those with few or no hours in their contract typically work more than their contracted hours. Over two **2/3** thirds (68 per cent) of those with 1-8 hours in their contract work more than that, while the same is true for around half (49 per cent) of those with 9-15 hours.

Those with fewer hours in their contract are also more likely to want more contracted hours:

87% of workers on zero hours contracts want more contracted hours, while the same is true for 63 per cent per cent of those with 1-8 contracted hours.

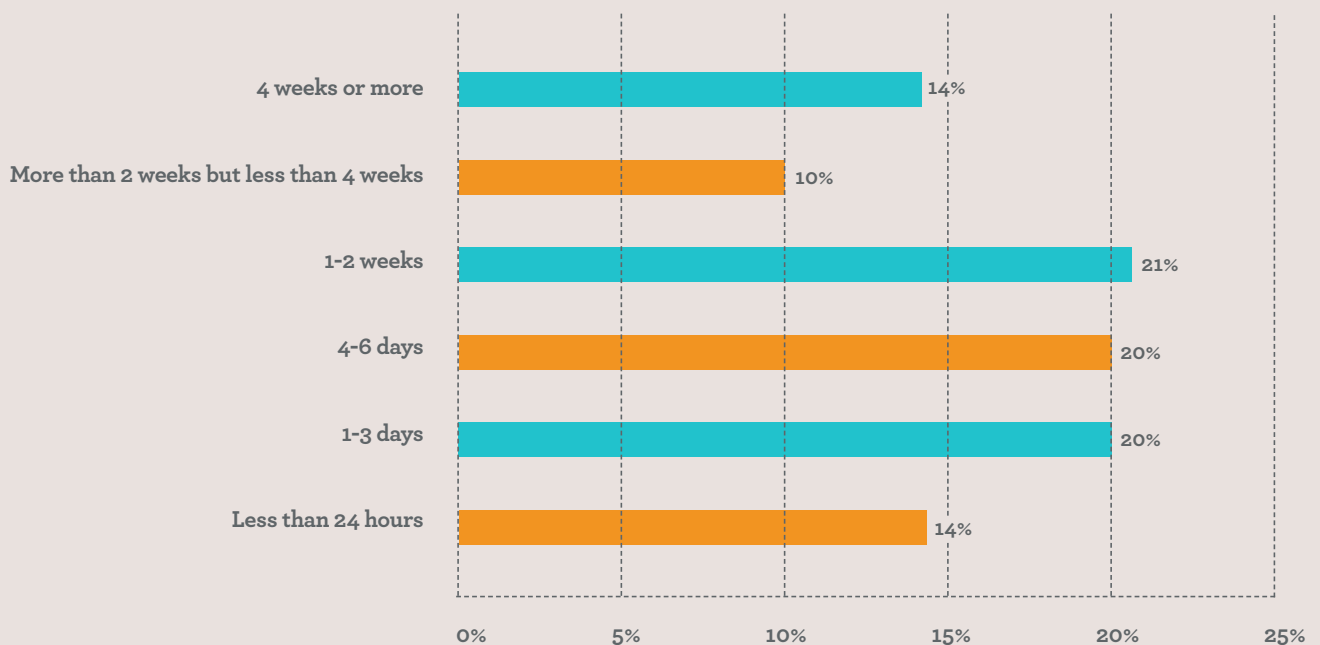


3 SHIFT NOTICE PERIODS

Our polling showed that 32 per cent of workers in the UK receive less than a week's notice for shifts, hours or work schedules – rising to 55 per cent when excluding those whose hours don't vary. Similarly, **8 per cent of workers receive less than 24 hours' notice for shifts – 14 per cent of those without fixed hours.** When it comes to receiving four week's notice – as per the Living Hours standard – 49 per cent of workers fall short of this. This rises to 86 per cent when excluding those whose hours don't vary.

It is also the case that certain groups are at a considerably higher risk of facing short notice for shifts. For example, receiving less than a week's notice was the case for 45 per cent of those with few or no qualifications – rising to 70 per cent of those without fixed hours, 48 per cent of those with a disability – rising to 67 per cent of those without fixed hours and 52 per cent of young workers (aged 18-24), rising to 68 per cent of those without fixed hours.

Graph 1: Maximum notice periods for shifts, working hours or work schedules (excluding those with fixed hours), UK, 2021:

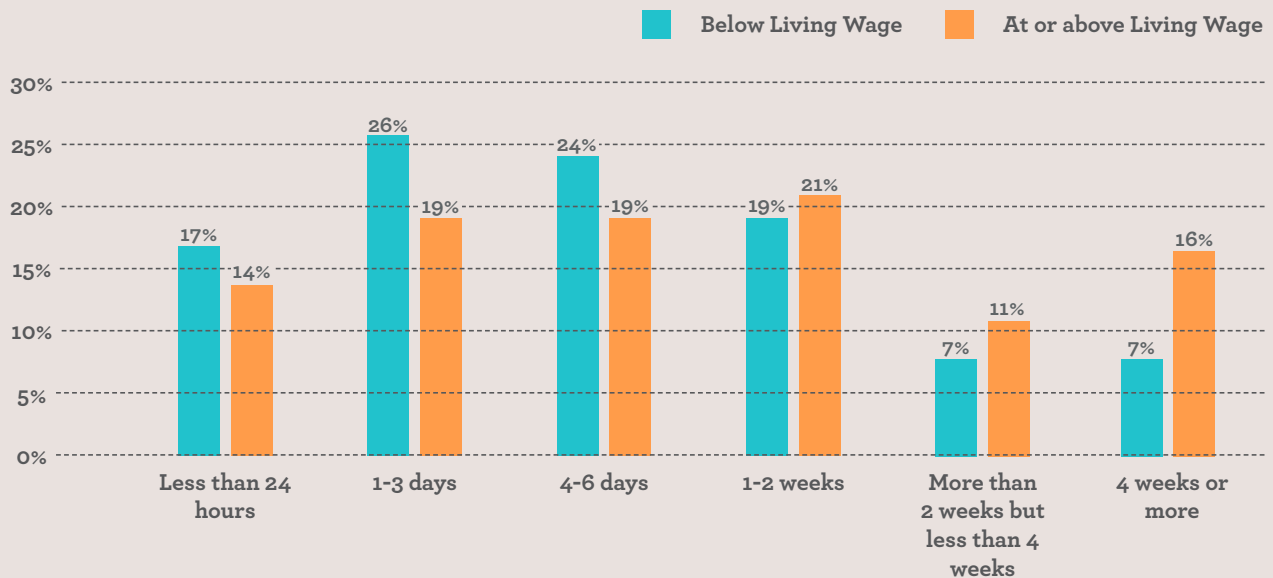


Shift notice periods by Living Wage status

Low paid workers – defined by those paid less than the real Living Wage – face an even greater risk of being called into work on short notice. **50 per cent of below Living Wage workers receive less than a week’s notice for shifts, rising to 66 per cent of below Living Wage workers whose hours vary.** In comparison, just 28 per cent of better paid workers get less than a week’s notice for shifts, rising to 52 per cent of better paid workers with varying hours.

Unsurprisingly, low paid workers are also much less likely to receive the Living Hours standard of four weeks’ notice for shifts. This is the case for just 6 per cent of workers paid less than the Living Wage. Even when excluding low paid workers who have fixed hours, just 7 per cent of these workers get four week’s notice for shifts. Contrastingly, 9 per cent of those paid at or above the Living Wage get four weeks’ notice, rising to 16 per cent when looking at those without fixed hours exclusively.

Graph 2: Maximum notice periods for shifts, working hours or work schedules (excluding those with fixed hours), by Living Wage status, UK, 2021:



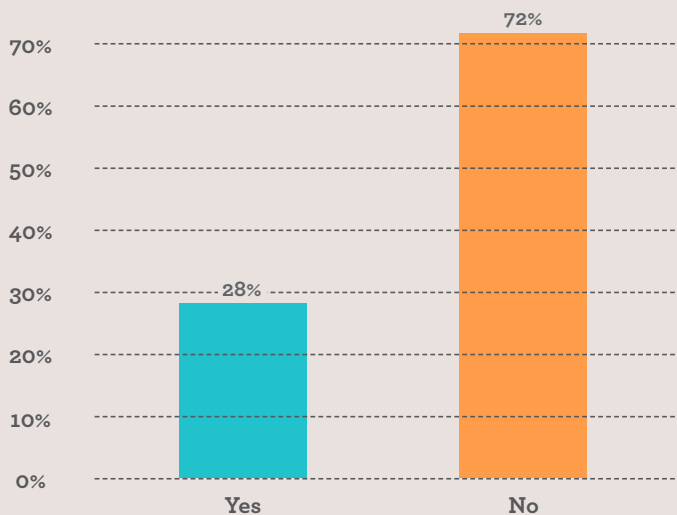
4 SHIFT CANCELLATIONS

Alongside short shift notice periods, not having fixed working hours also means shifts can be cancelled unexpectedly, often without the employee having any say in the matter. As discussed further down in the report, when shifts are cancelled, there is no guarantee that workers still receive their expected levels of pay – in fact, the vast majority do not.

Our polling found that a fifth (21 per cent) of workers have had shifts cancelled unexpectedly, rising to **over a quarter (28 per cent) of workers without fixed hours**. Certain workers were considerably more likely to experience shift cancellations, such as **workers aged 18-24 (40 per cent in total, 47 per cent of those without fixed hours)**, those with a disability (32 per cent in total, 41 per

cent of those without fixed hours). Racialised workers (30 per cent in total, 38 per cent of those without fixed hours) and workers in London (29 per cent in total, 38 per cent of those without fixed hours).

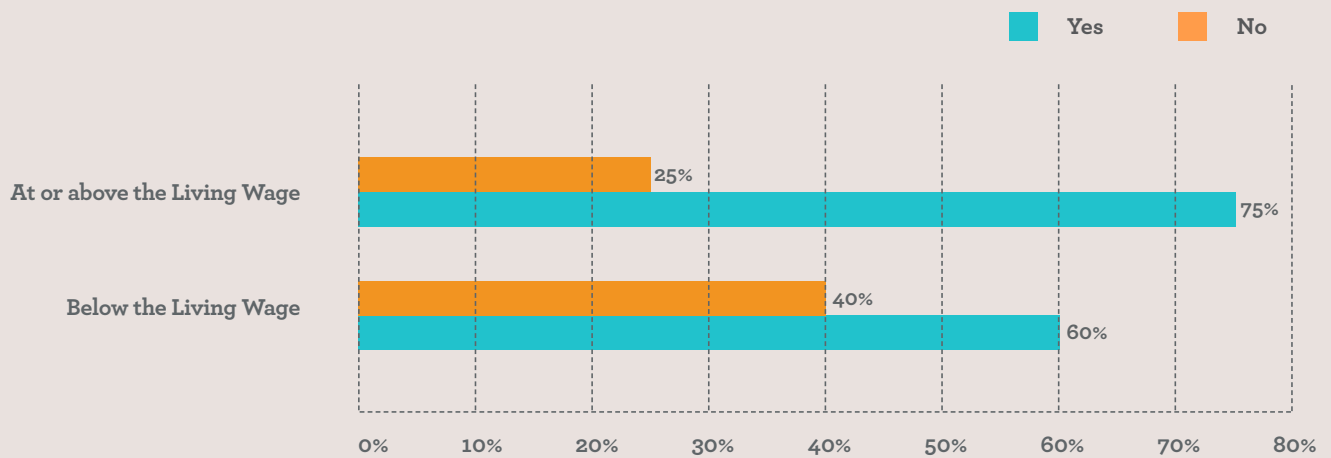
Graph 3: Proportion of workers who have experienced unexpected shift cancellations in the past 12 months (excluding those with fixed hours), UK, 2021:



Shift cancellations by Living Wage status

Low paid workers are more likely to have shifts cancelled unexpectedly than those in better paid work. **33 per cent of low paid workers have had shifts cancelled unexpectedly over the past 12 months, rising to 40 per cent of low paid workers without fixed hours.** For those paid at or above the Living Wage, **just 18 per cent have had shifts cancelled unexpectedly, rising to 25 per cent for better paid workers without fixed hours.**

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

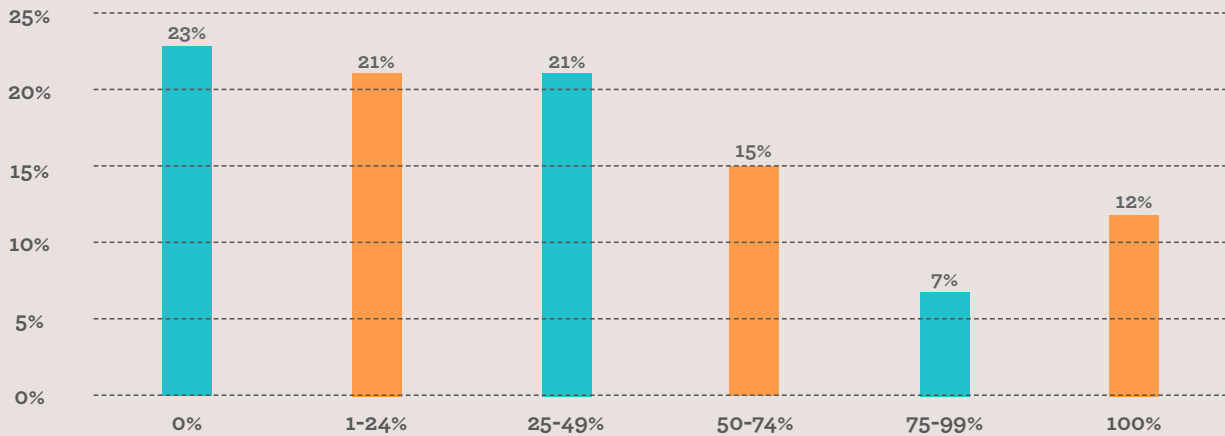


5 COMPENSATION WHEN SHIFTS ARE CANCELLED

As outlined in Graph 5, 23 per cent of workers receive no payment when shifts are cancelled unexpectedly, while just 12 per cent receive the full amount. Consequently, this means that when shifts are cancelled, workers are almost twice as likely to receive no payment at all than they are to receive their regular wage. Further to this, two thirds (66 per cent) of workers receive less than half of their regular pay when shifts are cancelled, including 45 per cent who receive less than a quarter.

Certain workers are more likely to receive lower levels of pay when shifts are cancelled. For example, 74 per cent of part time workers, 71 per cent of young workers (aged 18-24) 69 per cent of racialised workers and 68 per cent of female workers get less than half of their regular wage when their shifts are cancelled.

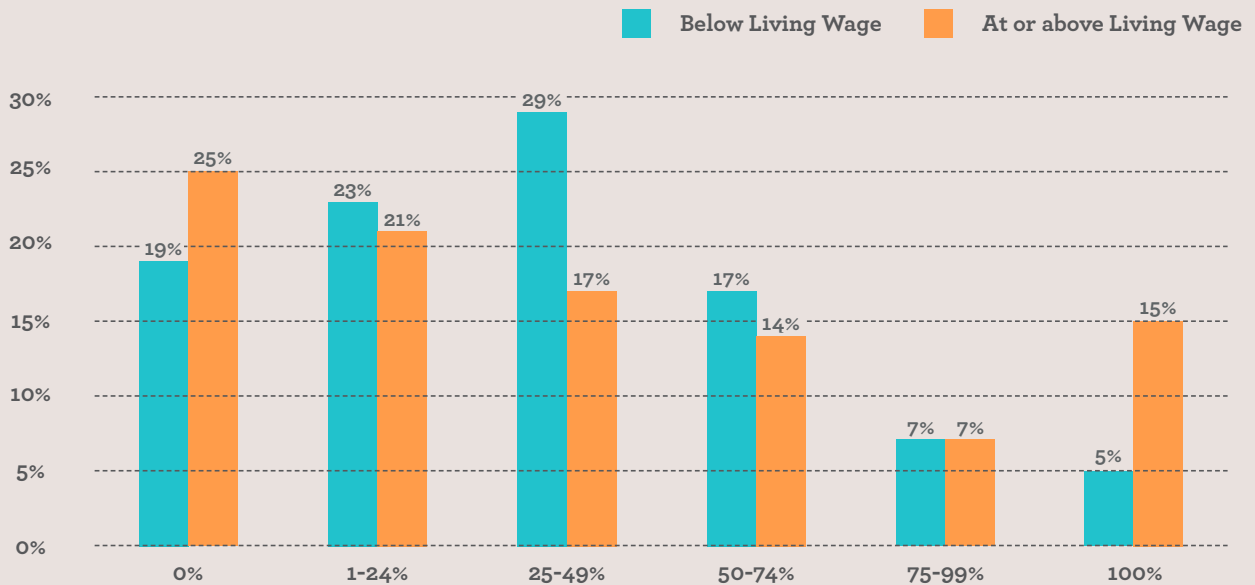
Graph 5: Proportion of regular pay which is paid when shifts are cancelled, UK, 2021:



Compensation when shifts are cancelled by Living Wage status

Alongside having shorter notice periods and facing a greater risk of shift cancellations, low paid workers typically receive a smaller chunk of their pay when shifts are cancelled. For instance, 72 per cent of low paid workers receive less than half of their wage when shifts are cancelled, compared to 63 per cent of those earning at or above the Living Wage. Similarly, low paid workers are three times less likely to receive the full amount than those with better pay (5 per cent - 15 per cent respectively).

Graph 6: Proportion of regular pay which is paid when shifts are cancelled by Living Wage status, UK, 2021:



6 IMPACT OF SHIFT NOTICE PERIODS & CANCELLATIONS

The Insecurity premium

As outlined above, workers throughout the UK are frequently required to work at short notice and experience unexpected shift cancellations – the vast majority of which are not compensated properly. This places a huge burden on these workers when it comes to organising their work and personal lives. In addition to the disruption this causes, our polling shows workers are paying a financial price for being in insecure forms of work.

These financial implications are referred to as the “insecurity premium” – the additional cost and income implications faced by those in casualised and insecure work, as a result of the way their working hours are organised.

This impacts workers in two ways. Firstly, through additional costs,

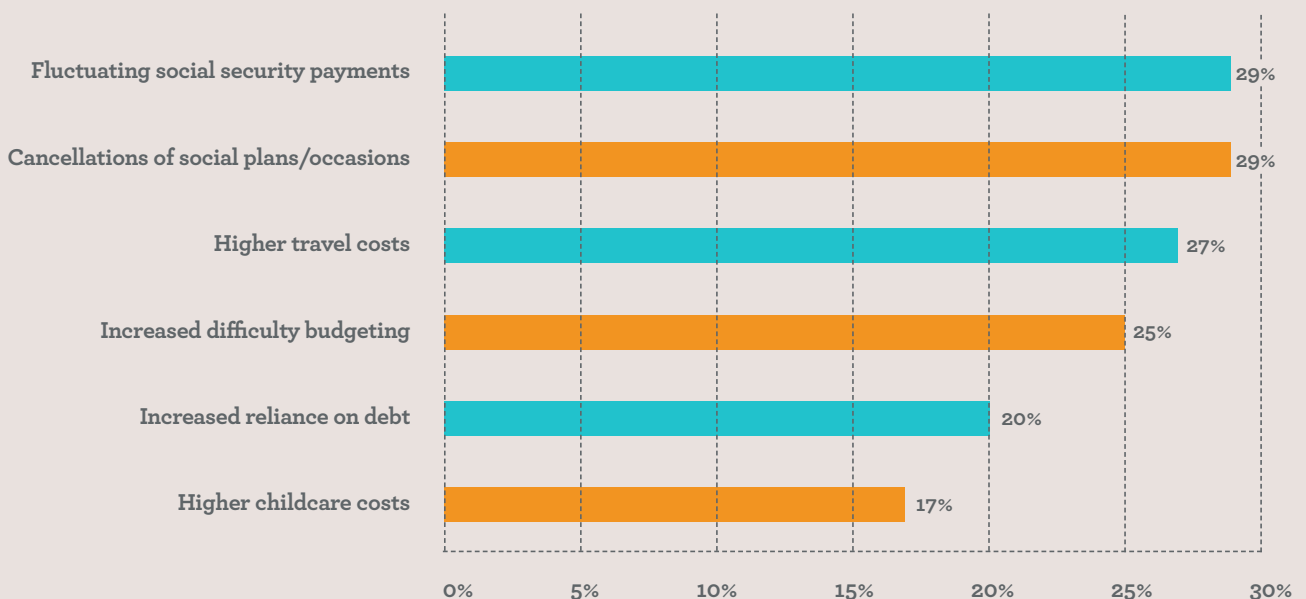
such as last minute childcare or transport for shifts that have been offered without sufficient notice. Secondly, this can be through reduction in income, such as that through cancelled shifts without compensation, and the knock on impact this can have on social security payments.

As outlined in Graph 7, **27 per cent of workers who experience short shift notice periods and/or shift cancellations have had to pay additional travel costs as a result and 17 per cent that have had to pay higher childcare costs.** The cancellations of social security plans – which impacted 29 per cent of workers who experience short shift notice periods and/or shift cancellations may also come at a cost, as social plans frequently come with a ticketing cost before

attending (such as cinema or concert tickets), meaning cancellations may result in expense without recompensating.

In addition to higher costs, these workers also face unexpected cuts to their income, and this acts as a punishing double whammy for those in casualised and insecure work. As outlined above, 65 per cent of workers receive less than 50 per cent of their regular income when shifts are cancelled. In addition to the direct cuts to income through work, this has ramifications for other sources of income, with **29 per cent of workers who experience short notice periods and/or shift cancellations facing fluctuating social security payments (such as Universal Credit payments) as a result of unreliable working hours.**

Graph 7: Impacts of short shift notice periods and/or cancellations, UK, 2021:



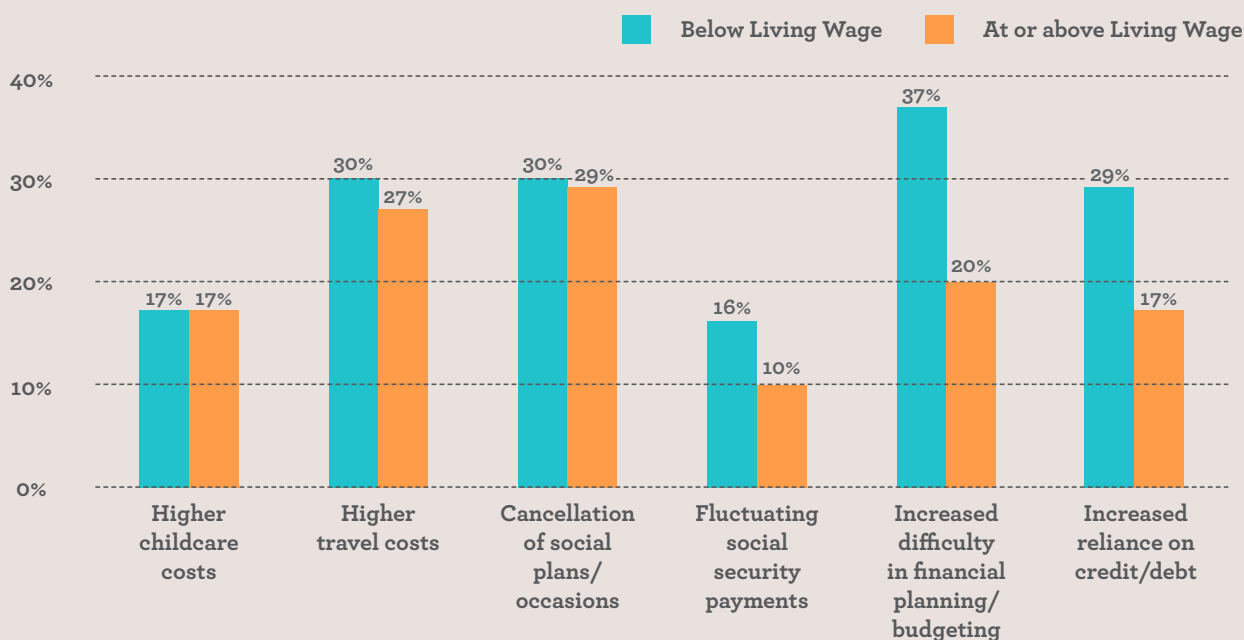
Insecurity premium by Living Wage status

Graph 8 breaks down the financial impact of insecure work by Living Wage status. It is noteworthy that those earning below the Living Wage who experience short shift notice periods and/or shift cancellations are only slightly more likely to face additional costs as better paid workers who experience these. These include higher travel costs (30 per cent compared to 27 per cent) or cancelled social plans (30 per cent compared to 29 per cent).

However, when it comes to reduced income, those earning below the Living Wage are much harder hit. For instance, **16 per cent of workers earning below the Living Wage who experience short notice periods and/or shift cancellations faced fluctuating social security payments compared to 10 per cent of better paid workers who experience these.** Similarly, short notice periods or shift cancellations resulted in **37 per cent of below Living Wage workers to face increased**

difficulty budgeting and 29 per cent to increase their reliance on credit/debt, considerably higher than that seen among better paid workers (20 per cent and 17 per cent respectively). This would suggest that not only are low paid workers exposed to more facets of the insecurity premium, but also that this has a greater impact on their overall financial wellbeing.

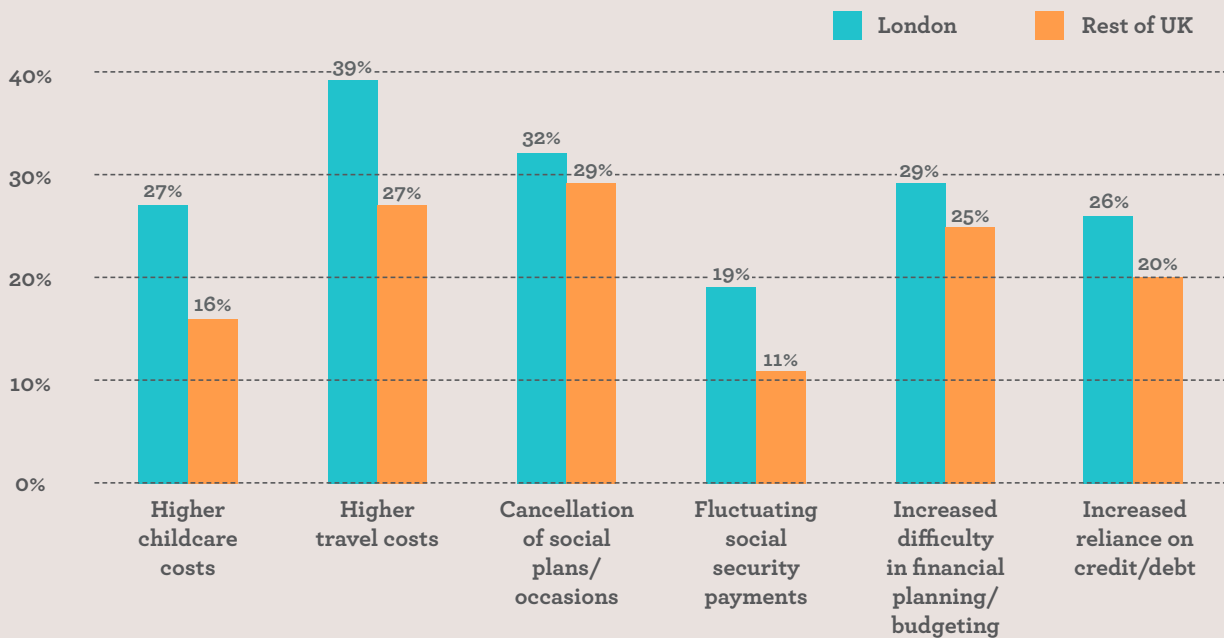
Graph 8: Impacts of shift cancellations or short shift notice periods by Living Wage status, UK, 2021



Insecurity premium - London compared to the rest of the UK

Findings from our polling suggest that workers in London face a greater risk of falling prey to the insecurity premium than those working elsewhere in the UK. This is a concerning finding, due to the fact that living costs are considerably higher in the capital, meaning paying an additional premium will impact London's workers even harder than those across the rest of the UK. As shown in Graph 9, the biggest differences between the two groups are for increased childcare costs and higher transportation costs, both of which are prime examples of services which are more costly in London.

Graph 9: Impact of shift cancellations or short shift notice periods by region – London vs the rest of the UK, 2021:

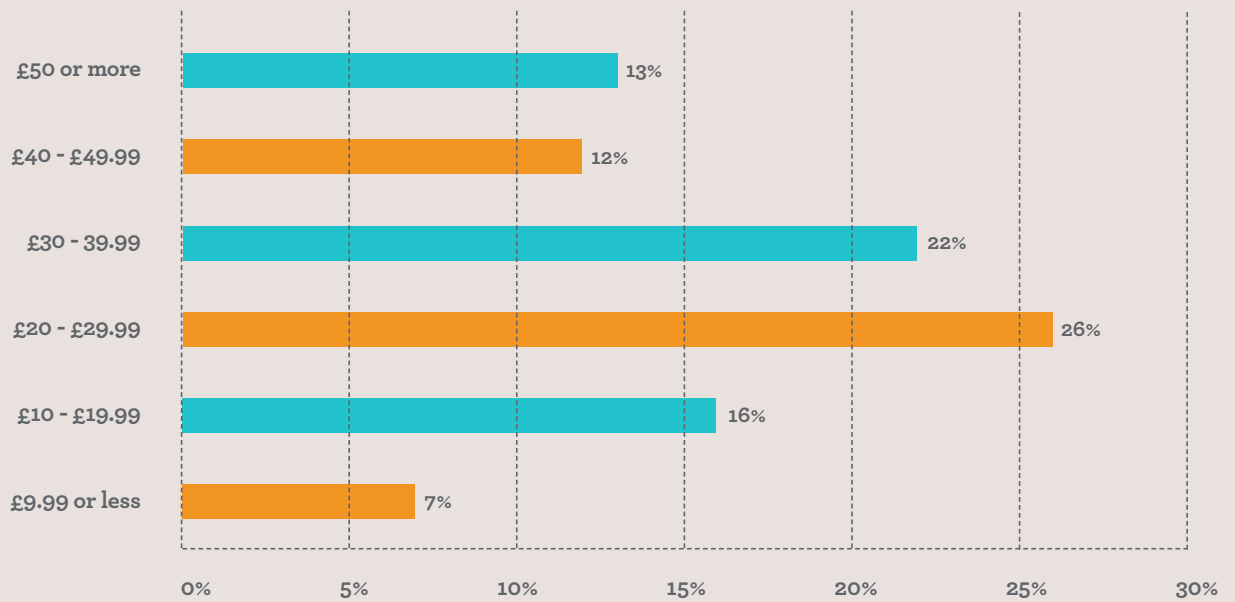


Insecurity premium - average additional weekly costs

In light of the costs associated with the insecurity premium outlined above, it is unsurprising to see that this premium places a significant financial burden for those with short shift notice periods and/or who experience unexpected cancellations. As shown in Graph 10, it is most common for workers to pay an extra £20 - £29.99 per month (£240-£359.88 a year), as a consequence of the way their hours are organised, which is the case for 26 per cent of workers who experience the premium. However, it is not uncommon for this premium to have a higher monthly cost, with 12 per cent paying between £40 - £49.99 (£480 - £599.88 a year) and 13 per cent paying £50 or more (£600+ a year).



Graph 10: Average monthly additional cost of insecure work, UK, 2021:

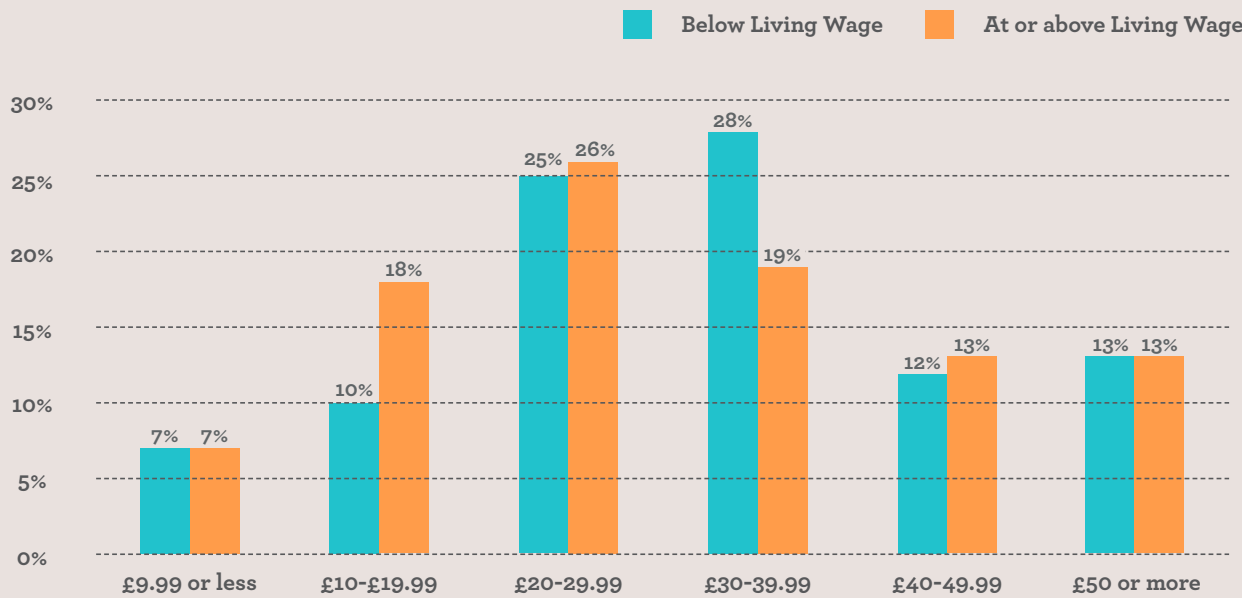


Insecurity premium - average additional weekly costs by Living Wage status

Graph 11 breaks down the average additional cost of insecure work by Living Wage status. Broadly speaking, there is little to separate the two cohorts, with most cost brackets having a 1-2 percent point difference. That said, there is a significant difference between below Living Wage workers and better paid workers when it comes to paying £10 - £19.99 and £30 - £39.99 or above respectively. This gulf means that the **majority (53 per cent) of below Living**

Wage workers who experience the insecurity premium pay more than £30 a month as a result, while this is the case for a minority (45 per cent) of those on better pay who experience the premium. This corresponds with data cited earlier, which showed that below Living Wage workers were exposed to more of the individual premiums than those with better pay, and these tended to have a greater impact on their overall financial situation.

Graph 11: Average monthly additional cost of insecure work by Living Wage status, UK, 2021:



7 INSECURE CONTRACTS

Contracted hours

Short shift notice periods and shift cancellations often go hand in hand with insecure working contracts. While it is true that in some cases, workers enjoy the flexibility of less formalised contracts with little to no hours required – such as zero hours contracts – it is also the case that casualised working contracts often lead to one-sided flexibility, benefitting the employer over the employee. A key part of this is lack of guaranteed hours. Under this scenario, employees are left more vulnerable to being called in to work without notice and have less protection when shifts are cancelled.

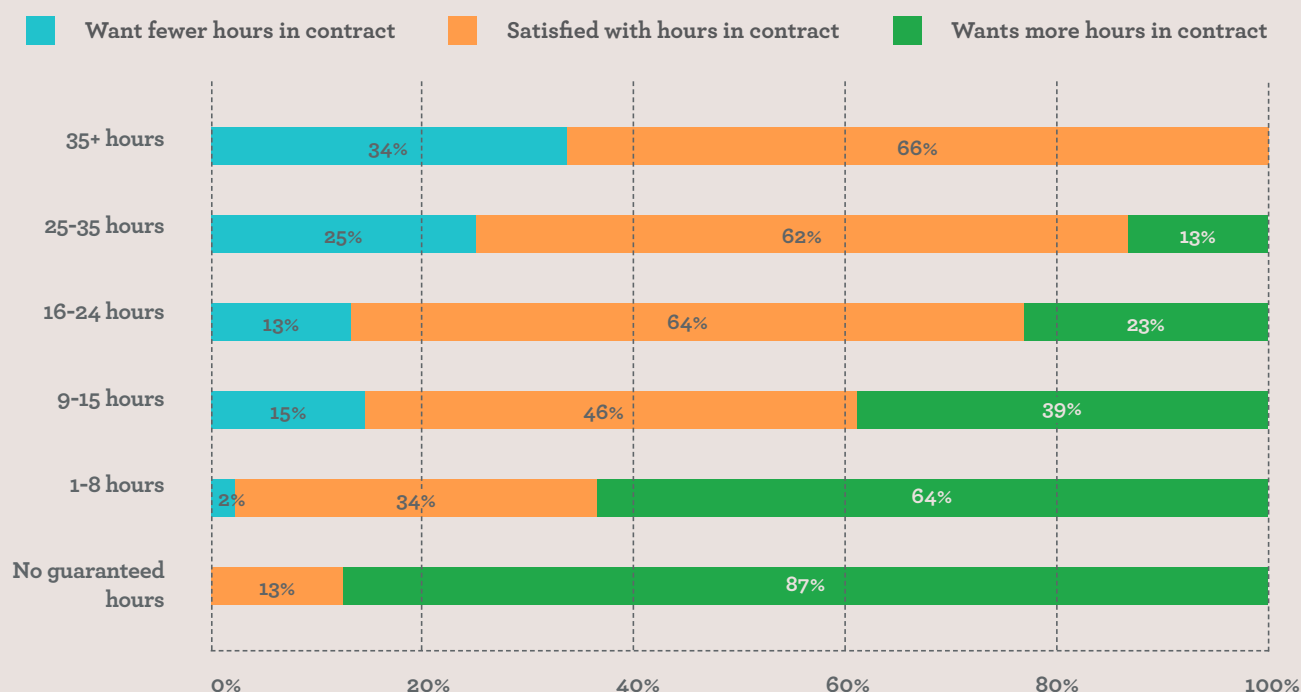
Data from the polling found that those with few guaranteed hours typically work above their

contracted hours, and want more hours guaranteed in their contract. Graph 12 sheds light on the relationship between guaranteed working hours and whether workers want more or fewer hours. As can be seen, just 13 per cent of workers on zero hours contracts are satisfied with their number of guaranteed hours, while the same is true for 34 per cent of those with 1-8 hours. Moreover, less than half (46 per cent) of workers with 9-15 hours guaranteed are satisfied with their contacted hours, while just 13 per cent want fewer hours guaranteed and 39 per cent want more. Satisfaction does jump when workers reach 16-24 guaranteed hours, with 64 per cent being satisfied with hours in their contract, but after that, satisfaction seems to plateau

for workers with more hours guaranteed.

It is interesting that those with fewer hours guaranteed are also considerably more likely to want more hours than those with more hours to want fewer. This relationship follows a linear trajectory, with the desire for more hours gradually decreasing as the number of hours already guaranteed increases. At the other end of the spectrum, those with more hours guaranteed in their contract tend to be more likely to want to work fewer hours (albeit with one outlier between those guaranteed 9-15 and 16-24 hours), but the relationship is not as strong, with just over a third (34 per cent) of those with 35+ hours guaranteed wanting to work fewer.

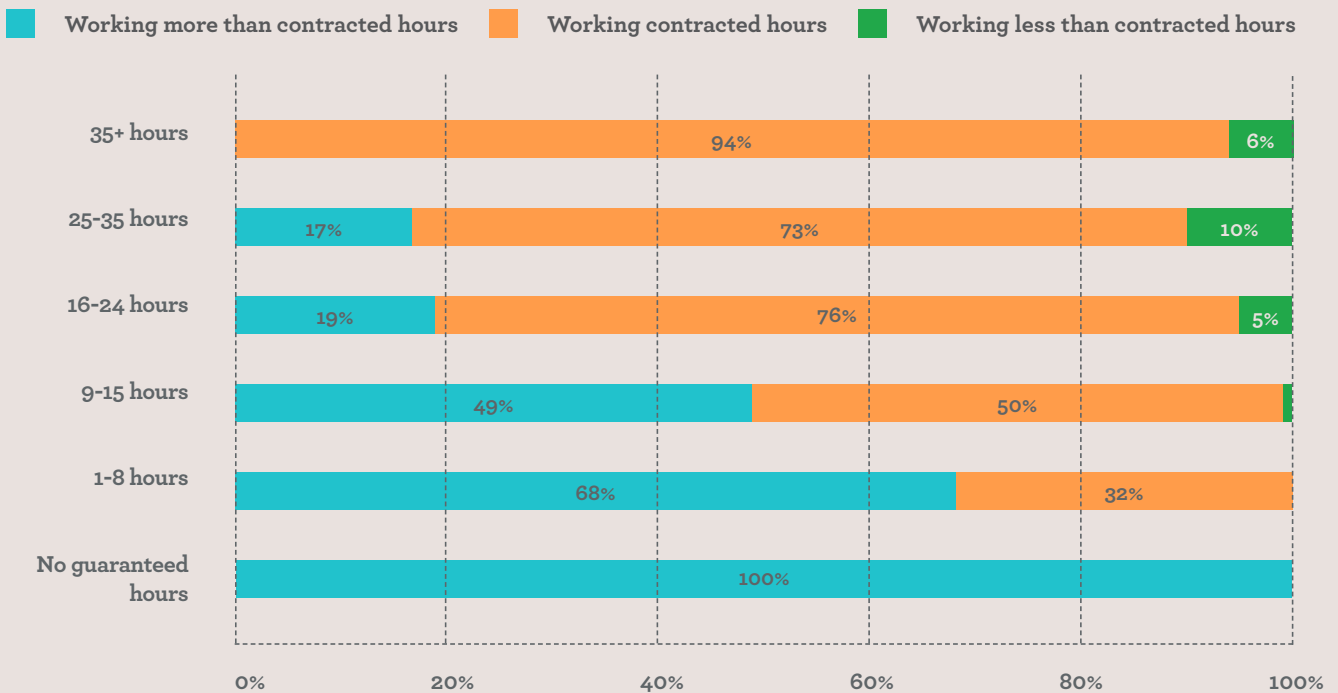
Graph 12: Weekly hours guaranteed in contract and whether workers want more, fewer or the same hours in contract, UK, 2021:



There is a similar relationship between hours guaranteed in contract and actual hours worked, with those with fewer hours in their contract typically working more than their contracted hours. As shown in Graph 13, **over two thirds (68 per cent) of those with 1-8 hours in their contract work more than that, while the same is true for around half (49 per cent) of those with 9-15 hours.** This, alongside the data around contracted hours and desired contracted hours, suggests that those with few contracted hours typically work more, and want those additional hours worked to be in their standard contract. Further to this, it is also notable

that working more than contracted hours decreases sharply for workers with 16 or more hours that are contractually guaranteed. Indeed, 66 per cent of those with less than 16 hours work more than contracted hours, compared to just 6 per cent of those with 16 hours or more guaranteed. Having 16 hours guaranteed into workers contract (unless they themselves want to work fewer) is a key strand of the Living Hours standard, and this data would suggest this resonates heavily with workers themselves in terms of their working contract accurately reflecting actual hours worked.

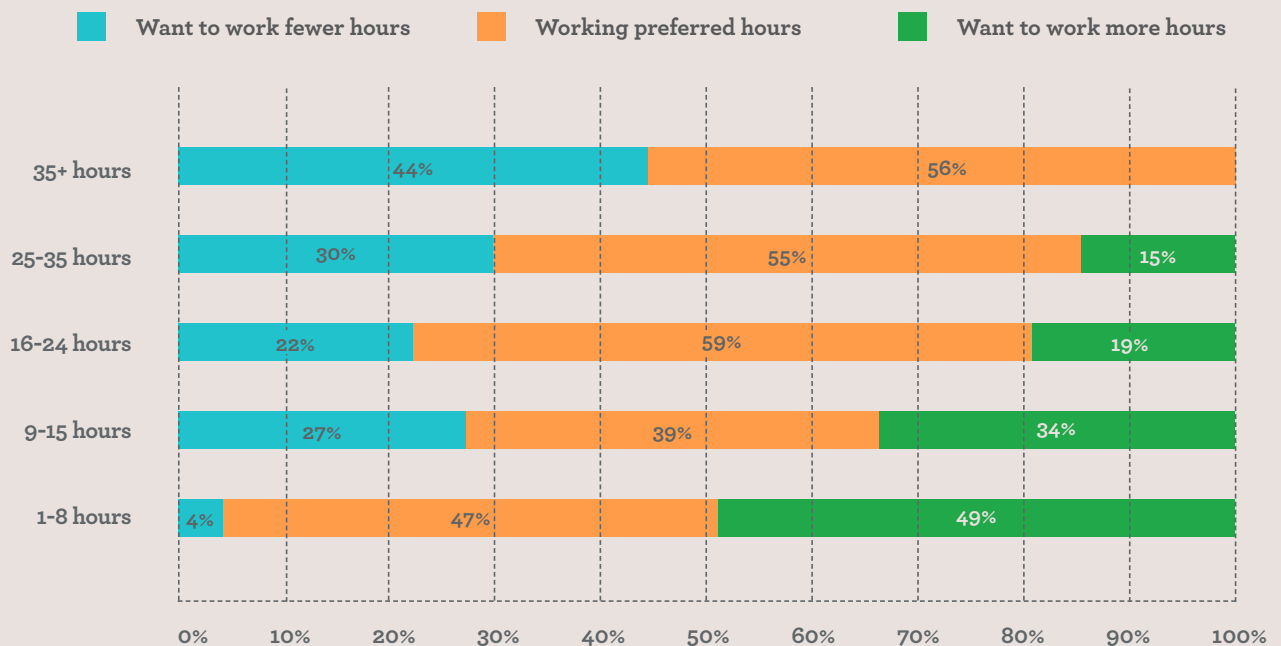
Graph 13: Weekly hours guaranteed in contract UK compared to actual hours worked, UK, 2021:



Insecure contracts - hours worked

Data from the polling also showed that those working more hours are more likely to be satisfied with the number of hours they work than those working fewer, but the relationship is not completely linear. For instance, while satisfaction with hours worked is highest for those working 35+ hours and lowest for those working 1-8 hours, there is no difference between those working 25-35 hours and those working 35+, while satisfaction was highest for those working 16-24.

Graph 14: Regular hours worked in a week and whether workers would prefer to work more, the same, or fewer hours, UK, 2021



8 ABOUT LIVING HOURS AND THE LIVING HOURS INDEX

About Living Hours

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

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

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

For more information on the Living Hours scheme, visit: <https://www.livingwage.org.uk/living-hours>

About The Living Hours Index

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

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

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

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

Data used throughout this report comes from a Survation poll of 2036 workers, interviewed 14th-15th December 2021.



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