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Myth-busting zero-hours contracts: are they as bad as we are told?



Only about 2.3% of the entire workforce is on zero-hours contracts

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The debate about the use of zero-hours contracts has been around for ages. Those in favour of them argue that that they provide businesses with flexibility and are particularly important in sectors where demand fluctuates. They also provide people with an opportunity to balance other roles and family life. Critics however argue that they deprive people of employment rights, financial stability and security. Zero-hours contracts have increased in number. According to the Office of National Statistics 697,000 people had zero-hours contracts between October and December 2014 whereas only 586,000 had them for the same period in 2013. A really big problem or too much spotlight?

Understanding the mechanics of zero-hours contracts is important. They generally arise where one party engages another party to perform work and there is no minimum level of work and hours guaranteed. In some cases individuals are obliged to accept work but not in all cases. The legal protection afforded to the individual will depend on the wording of their contract and, crucially, what is actually happening in practice.

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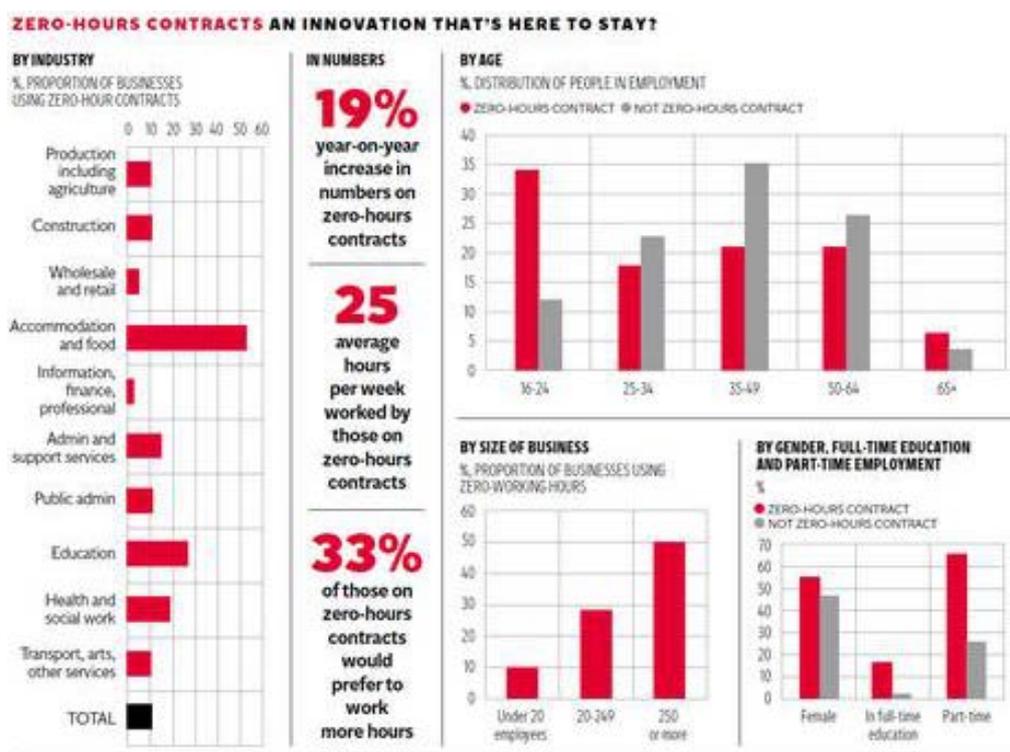
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Some individuals with zero-hours contracts may be deemed workers (with rights such as minimum holiday entitlement). For worker status, the individual must be obliged to provide work or services personally and there must be a mutual obligation for the work to be provided as well as accepted.

Some may be deemed employees. For employee status (conferring additional rights) personal work or service and mutual obligation must be present but there also needs to be an element of control. Other factors are considered too.

On the other hand, some with zero-hours contracts could be self-employed with no such rights. Many people on zero-hours contracts will though fall into the employee and worker categories.



Now comes the crux. Only about 2.3% of the entire workforce are on zero-hours contracts. That 2.3% would include those who actually describe themselves as working full-time. In a survey conducted by the Chartered Institute of Personnel and Development 38% of people on zero-hours contracts described themselves as just that, working 30 hours or more a week. That 2.3% would also include those who benefit from a flexible arrangement and those who do have some level of legal protection. The point is that the attention that the whole zero-hours contract issue is getting does seem to be disproportionate to the numbers and possible abuse.

So what are the Tories and Labour proposing? The Tories are proposing to ban exclusivity clauses in zero-hours contracts. These clauses prevent people finding other work to boost their hours. With concerns that businesses could get around the ban by, for example, issuing one-hour contracts the Tories have also made provisions to extend the ban to low-income contracts. Labour, meanwhile, are pledging that employees working regular hours for more than 12 weeks will have a right to a regular contract. It is not clear what an employee means in this context and what amounts to regular hours or a regular contract.

Rest assured whatever the election result, the debate will roll on. It's just good to put things into perspective.

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