

Sir Andrew Dilnot CBE
Chair - UK Statistics Authority
1 Drummond Gate
London
SW1V 2QQ

17 August 2013

Dear Sir Andrew,

I am writing on the issue of zero-hours contracts and concerns that Office of National Statistics (ONS) data do not fully reflect their prevalence within the UK employment landscape.

So that there can be informed public debate about the zero hours contracts, their growth, their use by employers and on how best to address concerns on poor practice which have received widespread media coverage in recent weeks, it is crucial that there are accurate statistics on their use which command authority.

This week I am chairing a summit with employees and employers to discuss zero-hours contracts ahead of an opposition day Parliamentary debate on the issue early next month. I anticipate that many MPs of all parties will want to contribute to this debate.

While zero-hours contracts have existed for some years, they were once a niche, marginal phenomenon but have become a significant – and growing – part of Britain's employment landscape. So, the prominent and widespread attention which the issue - and estimates of how many people are engaged on zero-hours contracts - has received recently is understandable.

There are concerns that the ONS' statistics collected as part of the Labour Force Survey (LFS) understate the true prevalence of zero-hours contracts. According to the ONS' most recent estimate, there are 250,000 people on zero-hours contracts – this figure having been revised up from 200,000.

As you will be aware, the LFS data is based on responses provided by individuals, who may not know the nature of their contractual arrangements and may not recognise what does or does not constitute a zero-hours contract. Therefore it is likely that this figure does not provide an accurate reflection of the total number of people on zero-hours contracts.

Indeed, more recent evidence from the Chartered Institute of Personnel and Development (CIPD) this month based on a survey of employers estimated that there are up to 1 million people on zero-hours contracts – equating 3 to 4 per cent of the workforce.

The Department of Business, Innovation and Skills' own Workplace Employment Relations Study for 2011, released earlier this year, estimated that the proportion of workplaces where there are employees on zero-hours contracts was 8 per cent, with almost a quarter of workplaces with 100 or more employees using zero hours contracts.

Additionally, because there are employers who are not aware, or do not want to admit, that they employ people on zero hours contracts these figures too may underestimate the true extent of the phenomenon.

With regard to a specific sector where the use of zero-hours contracts is widespread, Skills for Care has estimated that there are over 300,000 adult social workers employed on zero hours contracts – a figure in excess of the ONS' estimate for the economy as a whole – and that 61 per cent of domiciliary care workers in England are employed on them.

Therefore, I would be grateful if you could clarify:

- Whether you believe the ONS' most recent estimate of the number of people on zero-hours contracts is satisfactory.

- What steps are being taken to address the discrepancy between the ONS' estimate of the number of people employed on zero-hours contracts and others, including the CIPD's, which estimate a far higher number. What consideration is being given to, and what attempts are being made to take into account the evidence outlined above, including that which has come to light in recent weeks.

- Whether the publication of a new total for the number of people on zero hours contracts is under consideration; potentially including data gathered by workplaces and with regard to employers and their intentions.

I look forward to receiving your reply.

Yours sincerely,

Chuka Umunna MP
Shadow Secretary of State for Business, Innovation and Skills