
Chair of the UK Statistics Authority, Sir Andrew Dilnot CBE

Chuka Umunna MP
House of Commons
LONDON
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23 May 2014

Dear Mr Umunna

STATISTICS ON ZERO-HOURS CONTRACTS

The Statistics Authority has been asked by Charlie Elphicke MP to look into reporting in the media and in public debate of new ONS statistics, published on 30 April 2014¹, about employment contracts that do not guarantee a minimum number of hours, or so-called 'zero-hours contracts'. I enclose a copy of my correspondence with Mr Elphicke. I have also had regard to the exchange of correspondence you and I had in August 2013 about the best way to gather statistics about zero-hours contracts².

A Labour Party press release³ about the ONS figures, published on the day that the ONS figures were released, said, "These shocking figures show that since David Cameron became Prime Minister, there has been a huge increase in the number of people on zero hours contracts." I understand that similar statements were made on social media on the same day.

Last year ONS announced that it would begin to collect information on zero-hours contracts directly from employers via a business survey⁴. The provisional estimate published by ONS in the April 2014 statistical release was the first in this new series, and found that in the period January to February 2014 there were around 1.4 million zero-hours employee *contracts*. The April 2014 ONS release also contained the most recent estimate from the ONS Labour Force Survey (LFS), previously published on 19 February 2014, of the number of *people* reporting that they were employed on zero-hours contracts, which was 583,000 for the period October to December 2013.

The ONS statistical release stated that the new estimates from employers were likely to be higher than previous estimates from individuals for a number of reasons: employers may be more aware of the formal contractual arrangements of their employees; working patterns may mean individuals do not consider themselves to be covered by such contracts; and there may be people working on such a contract in addition to their primary employment. The

¹ <http://www.ons.gov.uk/ons/rel/lmac/contracts-with-no-guaranteed-hours/zero-hours-contracts/art-zero-hours.html>

² <http://www.statisticsauthority.gov.uk/reports---correspondence/correspondence/letter-from-chuka-umunna-mp-to-sir-andrew-dilnot-170813.pdf> and <http://www.statisticsauthority.gov.uk/reports---correspondence/correspondence/letter-from-sir-andrew-dilnot-to-chuka-umunna-mp-22082013.pdf>

³ <http://press.labour.org.uk/post/84311157649/shocking-figures-show-huge-increase-in-zero-hours>

⁴ <http://www.ons.gov.uk/ons/rel/mro/news-release/ons-announces-additional-estimate-of-zero-hours-contracts/zhc0813.html>

business survey figures relate to the number of contracts that employers are using, not the number of people employed on these contracts.

Since the business survey has so far provided just one estimate at a single point in time, it is not yet possible to demonstrate from these official statistics whether the number of zero-hours contracts has increased. ONS plans to conduct a further business survey during summer 2014, reporting by the end of 2014, which will allow comparisons to be made between the two time periods. ONS has told me that subject to the availability of funding for the continuation of this exercise, a time series for the prevalence of zero-hours contracts from 2014 onwards could become available.

It is also not straightforward to make comparisons over time from recently-published LFS estimates. Any estimate based on responses from individuals to questions about unfamiliar terms such as 'zero-hours contracts' may be subject to the risk of an undercount. The ONS statistical release published on 30 April stated that while the latest estimate from the LFS was more than twice the reported figure for the same period in 2012 (250,000) a large part of this increase was likely to be due to the increased public awareness of zero-hours contracts.

I hope you find this letter helpful. I continue to share your view set out in your letter to me of 17 August 2013 that it is crucial that the public debate about zero-hours contracts is informed by the published official statistics.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Dilnot". The signature is written in a cursive style with some loops and flourishes.

Sir Andrew Dilnot CBE