



Scottish Affairs Committee

Oral evidence: Zero-Hours Contracts, HC 654-I

Wednesday 11 September 2013

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Members present: Mr Ian Davidson (Chair); Mike Crockart; Jim McGovern; Sir James Paice; Mr Alan Reid; Lindsay Roy.

Questions 1 - 79

Witnesses: **James Bevan**, Campaigns & Communications Officer, Unite the Union, and **Pat Rafferty**, Regional Secretary Scotland, Unite the Union; and **Mark Epstein**, CEO, Mass 1, and **Daniel Elton**, Research Officer, Mass 1, gave evidence.

Q1 Chair: Gentlemen, perhaps we could make a start. Could I welcome you to this meeting of the Scottish Affairs Select Committee? Could I first apologise for the short notice in calling you to this meeting? As I think the staff have mentioned to you, a witness scheduled to come on another subject has been taken ill. Therefore, we took the opportunity to invite you, because we knew this was a subject of considerable interest in Scotland. Perhaps we could start off by asking you to introduce yourselves, tell us the positions you hold and your relevance to this particular inquiry.

Mark Epstein: My name is Mark Epstein. I am the CEO of Mass 1, who carried out this survey on behalf of Unite the Union.

Daniel Elton: My name is Daniel Elton. I am a research officer at Mass 1 and I was involved in the research.

Pat Rafferty: My name is Pat Rafferty. I am the regional secretary for Unite the Union in Scotland, so we represent 165,000 members there.

James Bevan: My name is James Bevan. I work in campaigns for Unite, and we did a large amount of Unite's work on the zero-hours issue.

Q2 Chair: Unusually, we are having this discussion with a presentation by you. Could you make sure that, when dealing with things on the screen, you make clear what it is you are referring to, because the *Hansard* writer will not be drawing sketches. People who are following this later will want to be able to identify what slides you are referring to. Mark, could I ask you to take us through the slides?

Mark Epstein: First, apologies for the PowerPoint presentation. We thought it might be easier. All of you have the printed version as well. I am going to run through the Scottish

findings of a broad UK survey that we did. These are the Scottish-related findings. The first six to eight slides or so show a broad overview of the position and utilisation of zero-hours contracts, and the remainder of the slides look at their effects on people.

If we move to slide 2—“Who did we speak to?”—to give some context, there is an engaged community of over 350,000 people from Unite who have opted to receive messaging. So this is a wide-ranging UK survey group. These are the Scottish responses from that survey and it is made up of more than 300 responses.

Slide 3 is “The findings.” Slide 4 is “Working People.” Here, we are looking at the current ONS stat. They have all said themselves that it is incorrect and they are looking at the level that zero hours really is. The current ONS stat is that only 1% of the work force, representing 250,000 workers in the UK, is on zero hours. They themselves—everybody—recognise that that is not correct.

Moving to slide 5—“Working People”—this is the first one to present the Scottish findings of the survey. We discovered that 18% of Unite members in Scotland are on a zero-hours contract.

Q3 Chair: Can we ask questions as we go? Do I take it that is 18% of the 300 responses?

Mark Epstein: Yes.

Q4 Chair: All of this is based on replies from 300 members in Scotland.

Mark Epstein: The 18% is based on a larger figure of Scottish responses to a yes or no, and the 300 arise when you drill down into the yeses. To be clear on the figure, in terms of this particular slide, which is a straight yes or no, the actual respondents based in Scotland were 1,829. Of those, 331 were yes and 1,498 were no, and 300 of them were followed up in intricate detail to extract the rest of the information. That gives you the context.

Q5 Graeme Morrice: In terms of the response you received through the survey, were people clear about the definition of zero-hours contracts? Did you explain to them what was meant by that?

Mark Epstein: Yes. We defined zero-hours contracts as zero to three-hour-a-week contracts. Our definition of zero hours in this context is zero to three hours. That is how we are defining it and how it was explained to people.

James Bevan: To give a little more context, as was talked about in the introduction, it is a relatively quick turn-round for this Committee. We were already looking at Scotland as an issue. Zero-hours workers, by the very nature of their employment, are very hard to get at. For obvious reasons, some were worried about putting their heads above the parapet to speak about the issues, so getting hold of a sample size this big, with quite a quick turn-round, we think was quite a good effort, but we will dig into that in more detail in the coming weeks and months if there is a broader inquiry and report back.

Chair: Sorry; one moment. We are just clarifying whether or not we have to declare an interest.

Graeme Morrice: Could I declare an interest in so far as I am a member of Unite the Union?

Chair: Can I declare an interest inasmuch as I am also a member of Unite the Union? Jim?

Jim McGovern: I am a member of a union.

Q6 Lindsay Roy: I am a member of a union. Have you had experience of people who have come off jobseeker's allowance being allocated only two to three hours—in other words, they have been disadvantaged financially because they have gone on to this kind of contract?

James Bevan: Is the context that they have been moved into a job where they are worse off? Is that the implication on zero hours?

Lindsay Roy: Yes.

James Bevan: It is something we will look into a bit more. We have not yet had a specific case like that coming through, but we do have people who are caught in that gap—that troublesome bottom sector of employment—with just a few hours either way. I would not like to say on record definitely that we have specific examples of that, but certainly there are people in similar situations in that bottom part.

Lindsay Roy: I may be able to assist. I have somebody who has come off jobseeker's allowance and has had four hours of work in a month.

Q7 Chair: Maybe we could deal with some of the details of how this applies once we have gone through the slides. I am just raising points in relation to the slides themselves first.

Mark Epstein: I am also talking about general anecdotal evidence we get in that is not included here because we need more data, but I am happy to talk about that as well.

Chair: Let's deal with the slides first.

Q8 Jim McGovern: Mark, I have a question about the figure you gave us earlier. I think you said it is estimated that 250,000 people might be on zero-hours contracts, but that is accepted as an underestimate.

Mark Epstein: Yes.

Q9 Jim McGovern: How was that figure arrived at, and how has it been decided it is an underestimate? Is there an opinion about what the real figure might be?

Mark Epstein: The 1% is from the ONS. I do not know how they came to that figure in their previous methodology, but they publicly issued a statement very recently, in the last few weeks or recent times, recognising that that 1% figure is inaccurate and that there is a significantly larger number of people in the work force on zero hours. Currently, they are looking at the methodology they should use to collate the new ONS figure on zero hours. Dan might have more insight into the methodology, but I do not know what they are

planning to use, or whether this or any Committee has the ability to engage with them on their methodology for collating the statistic for the ONS.

Q10 Jim McGovern: Just to clarify, did you say you do not know what the methodology is, or they do not know?

Mark Epstein: They would know. Offhand, I do not know what their methodology was for the 1%. I do not know if they know the new one, or they are looking to consult and put together a more accurate methodology for collating the new ONS stat on zero hours. That is possibly one of the questions to be asked.

Chair: Clearly, that is one of the points we can pick up with them. We will try to clarify that.

Q11 Jim McGovern: They must have an opinion on what the correct figure might be.

Mark Epstein: On your second point, if we look at this in the context of the wider UK study, we think it is significantly more—it could be about 22%. In the wider UK picture, there is a particular issue with the under-30s, which we will come on to, relating to Scotland. It is significant, and especially significant for people entering employment perhaps for the first time. There is perhaps a sub-class of employment being created for people entering employment. The prism through which they view employment is purely zero hours, because in effect that is the norm for that age group. I will come on to Scottish-related figures for that, but in the UK context it is above 20%; we think it could be 22%.

Q12 Jim McGovern: In terms of percentages, what do ONS say? What is the 250,000?

Mark Epstein: For instance, the 250,000 make up only the workers who have been identified within the survey.

Q13 Jim McGovern: What is it as a percentage? If your percentage is 20%, what is 250,000?

Mark Epstein: That is 1%.

Q14 Jim McGovern: But you think it is more than that.

Mark Epstein: Yes. They recognise that it is significantly more. The question is how significant and widespread it is. A small handful of the major chains alone equates to more than 250,000, so it is definitely significantly more than 1%. From the evidence we have from Unite members, we feel that it is closer to 22% UK-wide.

We move to slide 6: “Working People: Those Unite members on zero hour contracts.” We have discovered that they tend to work fewer than 20 hours per week. Here you have the range of responses on hours that we had back. I am going to read them out because I have been asked to be very descriptive. For one to five hours per week, it is 6%; six to 10 hours per week, 29%; 11 to 20 hours per week, 19%; 21 to 37 hours per week, 25%; 38 hours, 8%; 39

to 50 hours, 8%; and more than 50 hours, 6%. The biggest block is 54% of people who work fewer than 20 hours per week. That is quite a significant block. That is the main reading you can take away from that.

Daniel Elton: Given that one to five hours per week is effectively one session a week, you would expect anyone working more than that to be on a part-time contract if they were fully to enjoy their rights, as opposed to a zero-hours contract.

Mark Epstein: You have a degradation of contract there from part time to zero hours as another take-away from that.

Unless there are any questions on that, I will move on to slide 7: “Working People.” This looks at how much people earn: “Are you on less than £8.55/hour?” The next slide has the full range of breakdowns. Basically, 67% of people were on less than £8.55 per hour. It could be significantly less than that, and the next slide alludes to that.

Q15 Graeme Morrice: What is the significance of the £8.55 per hour?

Mark Epstein: Maybe I should go to the next slide, which has all the ranges that were asked about.

Q16 Chair: Is the graph showing 24% and 67% for the whole group that you surveyed?

Mark Epstein: These are the 300.

Daniel Elton: These are the people on zero hours.

Chair: This is the zero-hours one.

Mark Epstein: These are zero-hours people.

Q17 Jim McGovern: Do we have a different slide, or am I looking at the wrong one? Mine refers to 24% and 67%.

Chair: So does mine.

Mark Epstein: I think you have been given an old one. You have the one with the typo.

Daniel Elton: We did send to the Committee this morning the presentation that was to be made.

Q18 Graeme Morrice: It is just an error, is it? It is a typo. It does not add up to 100%.

Daniel Elton: Yes.

Chair: It is 67% and 33%.

Lindsay Roy: You are keeping the Committee on its toes.

Mark Epstein: The actual stat is 67% and 33%. These are people on zero-hours contracts. The vast majority of people on zero-hours contracts earn less than £8.55 an hour.

If we move on to slide 8, this illustrates the bands in which people replied or the bands they were asked. By far the biggest grouping was £6.14 to £8.55. Because we are taking this from a broader UK survey, we do not have enough data from Scotland to say exactly where it sits between those bands. That could be the subject of further analysis and research, because it could be closer to £6.14 than £8.55, or not.

What we can say is that it is no more than £8.55 per hour. If when we have more data it is closer to £6.14—on the wider UK survey it was much closer to £6.14 than £8.55—that is significant for a number of reasons, because that follows on to how much people earn per month, and employee NI contributions and all this business comes into effect. If there is no NI contribution, it is below the threshold. There is perhaps something there for further analysis and study in future by the Committee, or whoever.

Q19 Chair: Can you clarify the significance of £6.14 as a figure?

Mark Epstein: These are the bands in which people responded. The minimum wage in Scotland is £6.14.

Q20 Chair: The minimum wage is £6.14. Five per cent of those people on zero hours are being paid less than the national minimum wage, which is in itself an offence.

Mark Epstein: That is correct.

Daniel Elton: To clarify the £8.55, this data was drawn from a massive UK-wide survey. We are focusing here on the fringe respondents from Scotland on zero-hours contracts. When we originally drew up the survey for the whole of the UK, the figure of £8.55 was picked because that is the London living wage, and that is why we cut the band off there. If we went away and did a particular Scottish survey, obviously we would use bands more appropriate for Scotland itself.

Q21 Chair: To be clear, you gave people the bands. You said it was £6.14 to £8.55; it was not a case of individuals giving you their hourly rate and you slotted it into these bands. If you have taken the individual figures and slotted them into the bands, they could be disaggregated and put together in a different way.

Daniel Elton: We gave people bands.

Q22 Lindsay Roy: They were pre-determined.

Daniel Elton: We gave people bands.

Chair: They were pre-determined; right.

Mark Epstein: Shall I read out the full results? It is 5% up to £6.13; 62%, £6.14 to £8.55; 12%, £8.56 to £10; 18%, £10.01 to £15; and 3%, £15.01 plus.

If I move on to slide 9, this is a basic summing-up.

Q23 Lindsay Roy: Who are the people in the £15 bracket?

Mark Epstein: We could look into that; I do not have that information.

Lindsay Roy: For example.

Mark Epstein: I do not know at the moment. We could look into that. We could look back at the data and give a more accurate figure.

Lindsay Roy: That would be very helpful.

Mark Epstein: Further on we have a sectoral breakdown. It is not related to the people in the bands of wages, but we could definitely do that.

James Bevan: They are the kind of higher skilled professions, if you like, where there is a degree of hiring on zero hours, and people who do relatively well out of that.

Mark Epstein: Slide 9 is basically averaging it out and saying that, based on those responses, a typical earner on a zero-hours contract in Scotland is probably earning about £750 a month, but whether they are closest to the £6.14 or £8.55 also makes a big difference. For the UK-wide as a whole, they were much closer to the £6.14 than the £8.55, so that may give you a perspective on that.

Q24 Chair: “Typical” means the average. Is it the median or the mean?

Daniel Elton: That is calculated using the average of the mid points of the bands. I would not want to give that figure any closer than the nearest £50. That is just to give you a rough idea of what kind of people we are talking about.

Q25 Chair: Has that figure any significance in terms of national insurance payments? How do these things relate to other figures, or are you coming to that later?

Mark Epstein: Actually not, but if it was under £600—James might have the exact figure—it has a significant effect.

James Bevan: We talked about this for the broader UK findings and, given the time we have had, we have more digging to do on the figures. The bigger polling we did UK-wide showed much more of a grouping keeping people below the £149-a-week mark where there would be national insurance.

The really important factor is the employer contribution element to the national insurance part. We have suspicions—we certainly think it is worth further investigation, and perhaps it is something for us and the Committee to look at in more detail—about the extent to which unscrupulous employers are deliberately employing people on lower terms for shorter numbers of hours to keep them below that, effectively saving themselves the employer contribution. Not only does that have an impact on the tax take and the competitiveness of those companies, because they could effectively undercut decent employers, but also it could have big impacts for the employees themselves and in their future lives on things such as maternity pay, pensions and the jobseeker’s allowance contributory element. We think that warrants further investigation.

Q26 Chair: It would be helpful if either the staff here or yourselves gave us a note about whether or not there are any particular price points, as it were, such as £149, which mean that under such and such, workers do not get and employers save; and whether or not there is a cluster of people being employed just below those sorts of figures. Publicising that for us would be quite helpful in terms of what we are seeking to achieve.

James Bevan: We will write to the Committee on that.

Chair: Right; continue.

Mark Epstein: If we go to slide 10, we are now moving on to how being on zero-hours contracts affects you. Slide 10 is “Working People,” and here you can see that around half of Scottish Unite members on zero-hours contracts either do not get paid holiday or are not aware of any paid holiday they are getting. That is quite a significant proportion. We will come to a number of slides that indicate a sub-class of employment where traditional employment rights that most people would recognise previously or historically are not in effect given in zero-hours contracts. It is a totally different type of employment contract on many levels, not just the hours you are given. Fifty-two per cent of people either do not know or say no to getting holiday pay, compared with the 48% who say yes.

Q27 Chair: Could it be argued that the rate that people are being paid includes an element within it to allow for holiday pay? Is there any evidence that people who are on zero hours are being given a higher hourly rate than people they are working beside, and the employer argues that an element of that is for things like holiday pay?

Mark Epstein: I do not have any evidence that I can state factually to hand on that, but we could certainly look at that to see how that correlates.

Q28 Lindsay Roy: I think that would be the case with teachers.

Mark Epstein: It could be. Again, we can look and see if the higher paid are in the yes bracket.

Q29 Graeme Morrice: No respondent came back to say that it was, as far as they were aware, included in the hourly rate.

Mark Epstein: Not from Scotland; there was no qualification to that effect.

James Bevan: We had a mix in that as well. For example, some people would say, “I was able to take holidays or have a certain amount of time off work,” but one of the issues is the rate at which your holiday is paid, and how many days.

For instance, low-hours contracts played an important part in this debate as well. Maybe this is something we will come to in discussion. If you are contracted, usually for 15 hours perhaps, in reality you are regularly working 25 to 30 hours. That is in essence and in practice your work. Getting holidays, pay, sickness leave or benefits based on the contracted hours, rather than the actual worked hours, is a significant issue.

Pat Rafferty: Some of the difficulties we have with this are in trying to extract out the contractual information. We have to dig a bit deeper into the contractual obligations between employee and employer on zero-hours contracts.

I have no doubt that there will be people with contracts, or a statement of particulars, who do not yet realise that they are on zero-hours contracts; they are not aware of the contractual obligations in that sense. There will be loads of people over and above the ones we have got who are probably on zero-hours contracts but not quite aware of that yet.

It is that awareness and making people aware of that, but clearly we have a lot more digging down to do to extract some of that information.

Q30 Jim McGovern: Maybe this is a question for Pat. Thanks everybody for coming along. If somebody is a member of Unite and has an entitlement to holiday pay, why would they be unaware of it?

Pat Rafferty: That is a good question. You would think that, if you are a member of a union, you should be contacting them to make them aware of that so that they can challenge the employer on the legal obligations to the employee in terms of holiday pay, minimum wage and all these types of things.

I genuinely believe that there is a fear culture within zero-hours contracts. People who are on zero-hours contracts are frightened to speak at times or put their heads above the parapet and question contractual issues, or even issues of a health and safety nature, because of the retribution that could be levelled against them—for example, “We don’t need you tomorrow,” or, “We don’t need you next week.”

There is absolutely no contractual obligation on the employer to bring them back the following day. It suppresses a lot of that and keeps a lot of that down; and in any event it is not good for the companies. People should be free to ask contractual questions, but also questions about working practices and health and safety that surround the workplace they are in. I believe there is a fear culture there.

Q31 Jim McGovern: I am sure you are aware that this has become a fairly high profile issue over the past few months or so. I was fortunate enough to be able to raise it in the Chamber today, and hopefully employees on zero-hours contracts, whether or not they are union members of whatever union they might be in, or no union, will be aware that they should be pursuing certain entitlements.

Pat Rafferty: Part of what we are saying, as a kind of list of demands, is about trying to address that issue to make people aware and putting the onus on employers to make people aware when they become employees of their rights in terms of the contractual position, employment law and the right to join a trade union.

James Bevan: We have done other campaign work, not just as part of this study, and getting detailed case studies from people through our website and people who contact us anonymously, or want to keep their names anonymous. Even people who are really savvy and are, or have been in the past, members of unions still have that worry. Unemployment has gone up in Scotland again; there is high youth unemployment. It is 15% in Scotland and even higher across the rest of the country. They realise that, even if they do put their hands up, there can be quite a subtle punishment in effect. I have spoken to people who have had it.

You will either stop getting calls for work the next week, or you will be punished by getting shifts that are almost impossible to fill. We have examples of people being called at 11 o’clock at night relatively regularly and being told, “We’ll see you at 6.30 in the morning. If you don’t want that job, there are 100 people down the road waiting for it.” I think some of our recommendations will be that there is a need for broader sectoral

agreements on these kinds of issues; otherwise, the more unscrupulous can always try to get away with that and circumnavigate it.

Q32 Chair: In particular, we would want to have some evidence about the sort of practices that you were indicating there. We have already been looking at blacklisting and are well conscious of the fear factor. But, as to anecdotal evidence, I have indicated to you privately that, if you produce anonymised evidence, the staff on our behalf will want to confirm the veracity of the stories without publicising the individuals' details in any way. Obviously, we would have to satisfy ourselves that the stories were correct and not just works of fiction, as I am sure you will appreciate.

Mark Epstein: Moving on to slide 11, this is looking at where zero-hours contracts are being used throughout the country. If you start from the left, I will be descriptive. West Scotland is 12%; south Scotland—

Q33 Chair: Twelve per cent of what?

Mark Epstein: Of our respondents.

Daniel Elton: So, 12% of the respondents on zero-hours contracts were living in west Scotland.

Q34 Chair: This is simply of your respondents, but by and large your respondents are a self-selected sample.

Mark Epstein: All surveys to a certain extent are self-selecting, but these are people who have told us that they are on zero-hours contracts, so it is the 300 people.

Q35 Chair: I understand that, but, looking at the highlands and islands, it is 6%, and central Scotland is 20%. We cannot draw from that that there is treble the number on zero-hours contracts.

Mark Epstein: I would also make the caveat that there are issues on this particular slide about postcodes, as it says on here. We have to track back the postcodes to make sure we have got the right location. Not all the postcodes are accurate, so on this one in particular there is a significant margin of error because of the way we can track that back. That is the only caveat with this slide.

Q36 Chair: Postal errors will tend to cancel each other out; there would not be a systematic bias in one direction or another. There is just a question of whether or not we can draw anything from this.

Mark Epstein: Again, Dan might want to come in.

Daniel Elton: All I would draw from this is not so much the exact figures but the fact that it appears it is across the whole country.

Mark Epstein: Shall I continue to read it all out, or is that not needed?

Q37 Chair: It is not that good. We have heard the story: it is across the country. That will do fine.

Mark Epstein: Slide 12 is how zero-hours contracts are being used throughout sectors. The key take-away here is that blue collar work and customer services is one of the more specific areas.

Q38 Chair: I think we have a typo here. Some of us have cash values along the bottom; yours has text.

Mark Epstein: Shall I read them all out?

Chair: Yes, and the figures. That would be helpful.

Mark Epstein: The headline is blue collar work and customer services. If we now go through them, vehicle building and automotive is 15%; RTC logistics and retail distribution, 15%; passenger services, 8%; the highest one is for local authorities at 19%; health, 8%; food, drink and tobacco, 8%; construction, 4%; communications and not for profit, 15%; then chemical, pharmaceutical processes and textiles, 8%.

Q39 Chair: What lessons do you draw from that?

Mark Epstein: The take-out we have got is that basically it is mainly blue collar work and customer services, and also local authorities with a high spike. That is an interesting one for obvious reasons. Local authorities are governmental public bodies employing significant numbers of people on zero-hours contracts.

Pat Rafferty: If you look at the local authority one, for example, you can look at the pressures put on local authorities in Scotland, with council tax freezes and these types of things. Savings need to be made in some places and it has knock-on effects. Maybe this is why you are seeing a peak within local authorities where they are trying to make savings through zero-hours contracts. Even the third sector—the community and not-for-profit sector—has a domino effect, because ultimately the paymaster tends to be the local authority, and there are restrictions on local authorities in trying to make these savings.

Q40 Chair: These are explanations rather than justifications in a sense, are they not?

Pat Rafferty: Yes.

James Bevan: One of the sectors that come up low on this one, and maybe on the national one as well, is construction. We touched earlier on other forms of insecure employment that contribute to or are in the context of the zero-hours debate. In the construction sectors that we work in, there is a huge amount of incentive for essentially bogus self-employment. People advertise for a building job through an agency or adverts. They will turn up and sign contracts. You buy your own boots and hard hat basically as if you are self-employed, but you have very—

Q41 Chair: But that is a different form of abuse. That would not appear in this, because, generally, bogus self-employment would be a full week's work, or at least certainly full shifts, and it would be sporadic, as it were, rather than zero hours.

Mark Epstein: That is why it is low here; it is only 4%. I think it is the lowest, but it is just a contextual thing.

Q42 Graeme Morrice: I am personally quite surprised at the local authority figure, which is about a fifth overall. I heard Pat give reasons for that, which is not necessarily a justification, obviously, but within local authorities what particular services would be covered by this? Presumably, it would be blue collar operational services and perhaps care services and catering.

Pat Rafferty: In the care sector it is quite concerning. More and more zero-hours-type contracts have started to creep in within local authorities. The worst case I have come across is home carers on zero-hours contracts not being paid when travelling from one house to another to care for the clients within those houses. So the time spent travelling is not being paid for; it is only the time spent actually with the client, it would seem, in the care sector within local authorities.

Q43 Graeme Morrice: Perhaps a number of these cases relate to private companies that have been contracted by local authorities to provide these care services. Would that be correct?

Pat Rafferty: Yes. There is a lack of control. Local authorities outsource or put these things out to tender, and they may well seem attractive at the time they are going through a tendering process and perhaps see cost savings, but in the long term it is not financially viable going forward. The service itself suffers; and certainly the terms and conditions of the people employed in it suffer as a result of that. You start to see those types of practices coming into the private sector that provides that service.

James Bevan: That has real implications for service users as well. If you are employing people on short terms and conditions with little investment in them, you also undermine the level of care that people are able to give in those sectors as well, which is quite worrying for service users as well as the people employed.

Q44 Chair: Maybe we will come back to a number of these issues. At some stage we will want to have some of these anecdotes substantiated—which authority, who, and so on and so forth. This slide really demonstrates that it is across the whole spectrum of employment categories in blue collar work and to some extent white collar work as well. That is the main issue. We cannot take too much from the exact heights of the columns, can we?

Mark Epstein: That is how I would sum it up.

Q45 Jim McGovern: On the subject of the slide and the PowerPoint presentation, given that there seem to be a couple of errors, is it fair to assume that we will receive a corrected version?

Mark Epstein: Yes; it has already been e-mailed this morning.

Jim McGovern: We don't have it—or I don't have it, anyway.

Chair: The Clerk tells us we will get it, and somebody will spend some time facing the corner.

Jim McGovern: With a pointy hat on.

Chair: Somebody somewhere will be on a stool facing the corner.

Lindsay Roy: In a zero-hours corner.

Q46 Chair: No; we will not put them in the corner on zero hours. Right; next.

Mark Epstein: We now move on to slide 13: “Working People: Does being on a zero-hours contract make you feel anxious?” This is an interesting one. The vast majority of people—69%—said that it made them feel anxious. James and Pat have alluded to some of the reasons: insecurity and perhaps the ability for intimidation, in the way that you do not have with fixed hours. I have to say that it is not in here, but it does come up a bit. There is no solid stat I can put in here for it.

There can be a broad body of people on zero hours. People feel anxious that there may be nothing or hardly anything next week. A lot of these people have fixed outgoings as well, whether it is rent, mortgage or bills. If you have fixed outgoings and do not have significant fixed work, that creates a lot of anxiety; people become anxious. There are obvious social and economic consequences as well from which you can extrapolate, but that is not a stat here.

Q47 Lindsay Roy: Is this just a snapshot and not a robust approach over a period of time?

Mark Epstein: This is just a direct ask of people on zero hours about whether they feel anxious, so in effect it is a snapshot.

Q48 Lindsay Roy: This was how they were at the time you interviewed them.

Mark Epstein: Yes, at the time we interviewed them.

Q49 Lindsay Roy: There is no longitudinal study.

Daniel Elton: No. This is not tracked; it is a one-time ask.

Mark Epstein: In effect, it is the first time we have asked.

Q50 Lindsay Roy: The first contact.

Mark Epstein: Yes. This is the first time we have asked as well.

Q51 Lindsay Roy: Do you plan to follow this up with the same people?

Mark Epstein: It could be followed up. For some stats we do tracking surveys and other things and follow up and create a picture over time for things like that, so it is certainly possible to do that. This is obviously the first time we have asked.

Q52 Chair: If anything, the only surprise is that the number who are not anxious is so high at 31%. I would have thought that almost everybody on zero hours would be anxious, unless they are doing it by choice.

Mark Epstein: There will also be some people who do it by choice, which should not be forgotten as well, but it will not be a huge proportion, as we can tell. We will come to that in a later slide.

Pat Rafferty: On that slide, about being anxious and as to how people feel, I think they are also very restricted in what they can do with zero-hours contracts in terms of trying to improve their lifestyle. If a young couple on zero-hours contracts goes to a bank to try to get a mortgage for their first house, they won't get it. The banks won't grant you a mortgage on a zero-hours contract. You will not get a bank loan or credit for a car. That builds into the anxiety as well. You are caught in a bubble, and it does little for the economy in that sense. It just compresses it down.

Mark Epstein: Slide 14 is: "Working people: Are you paid when you are off sick?" The vast majority—73%—said no or they did not know, which is quite worrying as well. It is definitely more likely to be no than yes. Again, it paints a clear picture. We see in the UK and also Scotland a sub-class of employment. You have a form of employment contract, but it is not what has historically been the norm where you have sick pay, holiday pay and so on. The vast majority of people are not getting it.

Q53 Graeme Morrice: What is the breakdown between the noes and the don't knows?

Mark Epstein: I have a note on my slide. We can find that out and let you know.

Q54 Jim McGovern: Was this done via a questionnaire?

Mark Epstein: Yes.

Q55 Jim McGovern: Why was that not three questions: yes, no and a third one don't know?

Mark Epstein: It is. For this presentation they are in a block. We can get you the don't know element. That is not a problem.

Q56 Chair: I find it surprising that it is as high as 27% for yes. I think we have to watch that we do not just assume that all zero hours are completely unacceptable and unpalatable. There will be some circumstances where they are quite acceptable to the people involved and they are being dealt with properly. It is the rascals that we are after. In many ways, it is quite heartening that 27% are paid when they are off sick. Presumably, that would be good practice.

Mark Epstein: Yes, I think so. The next slide puts that into some context as well. If we can move to the next slide, it relates mainly to the point you are making. Slide 15 is: "If you had a choice would you be on a zero-hours contract?" Seventy-two per cent said, "No, I would not," and 28% said yes. The 28% is fairly close to the 27% who are being paid while off sick, so there could be some zero-hour contracts that benefit people. They might

want to be on zero hours, and those might be good zero-hours contracts with a proper employer.

Yes, having zero hours is flexible, but they are zero hours with good levels of employment rights and they are being treated properly, paid properly and so on. That might suggest that does take place, and there can be good practice brought to bear in that market, because 28% of people would be on those contracts if they had a choice.

Q57 Chair: Maybe we will come to this later, but it arises now. Is there, as it were, a good practice template for a zero-hours contract where it would be acceptable if the following 10 boxes are ticked, and we can subsequently go to employers and say, “These are the sorts of things you should be doing if you are having people on zero hours”? Has that been drawn up at all?

James Bevan: We have not drawn that up. One of the recommendations we have made is that as part of this process there should be more of an established process, if you like, to work out to what extent employers should be exempt from offering what are essentially basic employment rights and a degree of stability in the workplace. Much as you said, that should be signed off in essence.

We have said that Unite and other trade unions would be keen to play a role in drawing that up but also possibly in the enforcement element. We think that anybody who signs up for those should do so with proper advice. They should not be allowed to sign those off as a matter of course. It happens with things like working time, for instance, where it is accepted that you walk through the door and are told, “Are you all right with this? You don’t want to worry about this.” You just sign off when you walk in on your first induction day. A proper process should be gone through in that way, and we certainly want to play a part in that.

We err on the side of zero-hours contracts being generally a bad thing. There may be certain exceptions, but the assumption should be that everybody should have a degree of stability at work, and any variation from that should be properly signed off by trade unions or with legal advice.

Q58 Jim McGovern: Mark, could I just take you back to the sick pay issue? If someone from week to week is waiting for a call from an employer saying, “We need you for three or five days this week,” or whatever it may be, and that person says, “I’m sorry, I’m ill,” are some employers saying, “That’s okay; we’ll pay you anyway”?

Mark Epstein: I do not know. I suppose that is in the context of people who get fixed hours. If you look at the UK picture, there are also people who get the same hours every week on zero-hours contracts. They would be small hours but they are the same fixed hours. Because the Scottish analogue is broad and done quite quickly from within that, we need more data to see how that affects Scotland, but, if we are looking at the UK picture, it is very interesting that a lot of the people on zero-hours contracts are getting the same fixed hours every week.

In effect, it was a way of taking employment rights out of the situation for sick and holiday pay. These people should possibly have been full-time workers in reality, or certainly on part-time contracts, and it is in that context that the question of sick pay

should be looked at. People do actually get fixed work, whether it is small hours or whatever it is, so they would be regularly working one day for four hours, five hours or 10 hours, or whatever it is, but they are doing it in the same way for a few hours a week.

Q59 Jim McGovern: There is an established pattern and they might get sick pay.

Mark Epstein: There is definitely evidence that the majority of people on zero hours or a lot of them are on fixed hours as well every week. They are on zero-hours contracts but, if you are going to do that, they should be on full employment contracts in reality. That is relating it to the UK-wide picture, but that is how we look at the sick pay element.

Q60 Jim McGovern: Unless I have missed it, likewise the presentation does not seem to cover annual leave pay. If somebody on a zero-hours contract is getting three hours one week, five hours the next and 10, 20 or 30 the next, or whatever it may be, and then they say, “Sorry, but I’m not available for the next two weeks because I am going on annual leave,” do they get annual leave pay?

Mark Epstein: Yes. There was a question on holiday pay. I do not know whether it is for the whole of the UK. Fifty-two per cent did not get any holiday pay.

Pat Rafferty: Particularly in local authorities where you have people on zero-hours contracts, they will take an average. If they are going on holiday for two, three weeks or four weeks annually, they will take the average of the previous 12 weeks. They will be paid holiday pay based on whatever the average earnings have been in the previous 12 weeks, and it is the same with sick pay. They just average it up and do the calculation on the previous 12 weeks. They still keep them on zero-hours contracts, but that is how they calculate sick pay and holiday pay.

Q61 Jim McGovern: I imagine local authorities would be more likely than other employers to honour that right.

Pat Rafferty: Some employers just will not pay sick pay or holiday pay. Either they use you or do not use you next week.

James Bevan: While these are really good indicators for things like holiday pay and sickness pay, it is also important to remember that there are other “benefits” or rights that you have as an employee that are more difficult to capture but the issues are almost more of a problem.

I refer to things like bullying at work, unfair dismissal and redundancy. These kinds of things are much more difficult to prove. If for some reason you take an employer to a tribunal for broader abuses, you are on a much worse footing. You may be getting the peripheral and day-to-day things that are useful, but your legal footing is much worse if you have a bigger problem in the workplace, and that is also a concern.

Q62 Jim McGovern: Possibly like you, Chair, I am quite surprised at the percentage of people who say they are happy with this.

Mark Epstein: To come to James's point and everyone's point about rights, the next slide is: "Are you offered basic employment and redundancy rights?" In effect, they are the things James listed, and there are stats on that as well.

Q63 Lindsay Roy: Are zero-hours contracts an all-encompassing misnomer? Some are genuinely zero-hours contracts; others might be a 10-hour or 20-hour contract with additionality.

Pat Rafferty: There is a distinction between the two. You do have the misuse of small part-timers like that. An employer will give you a 10-hour part-time contract with a guaranteed 10 hours a week, but in essence you could be working 20 or 10 hours a week, so you should be on a higher contract. But under a zero-hours contract there is no contractual obligation at all; they can just say you are not required the following day or following week.

Q64 Lindsay Roy: So a 10-hour contract is not included in the zero-hours definition.

Pat Rafferty: No.

Lindsay Roy: That is helpful.

Mark Epstein: If I can look at the UK-wide picture, for instance, it is a really good question. Zero-hours contracts we have defined as zero to three hours a week guaranteed work, so none or a maximum of three. People can obviously do more than that; so they may do more, but their contract still only guarantees them either nothing or a maximum of three hours. They may regularly do more and a lot do regularly do more. We found that the UK-wide picture is that 79% of people were given a lot more than three hours most of the time. Even if they are given more, they are on zero-hours contracts with no employment rights.

Q65 Lindsay Roy: This massages huge under-employment.

Mark Epstein: Yes. In effect, it is a different class of employment, so it is an effective tool to offer employment, which should normally be categorised as part time or full time, but without traditionally recognised rights and benefits. A lot of people who are on zero hours could be doing a lot more than three hours; they could be doing part-time hours regularly, but their actual contract is in effect a zero-hours contract. It is not a contract that you or I would recognise as full-time or part-time work, with all the rights that come with it. In effect, it is a tool to erode rights and create a level of employment. People are employed in a different way. It almost creates a norm.

Again, if we look at the UK, a significant proportion—50% of the people under 30—told us that they were on zero-hours contracts. They were doing more hours than that, but those were the contracts they were on when they went back to the contract that they signed when starting work. They are being introduced to working life in effect accepting this as the norm—there is a lot of evidence for this—and not having traditionally recognised rights like holiday pay and sick pay. The next slide goes into basic employment and redundancy rights. They just do not have any experience of that. This creates the normalisation of it for the younger work force. I do not know whether that helps to answer your question.

Q66 Chair: Go on to the next slide.

Mark Epstein: This is slide 16, which was: “Are you offered employment and redundancy rights?” This refers to the things James was alluding to. Forty-three per cent of people say definitely no, they are not offered anything like that at all on zero hours; 47% just do not know. This alludes to something Pat was saying. It is definitely the case that people almost do not know that they are on zero-hours contracts, because the contract does not say at the top of it “zero hours”. It looks like a normal contract, but in the small print you do not have any guaranteed hours of work. So they just do not know.

What also comes into play is: are people within their working environment made aware of their rights? There is a point about knowledge of rights, which is a wider issue, but 43% of people were not offered it; 47% of people did not know; and only 9% on zero-hours contracts said yes, they were offered employment and redundancy rights.

Q67 Graeme Morrice: Did you specifically explain what you meant by “employment rights”? “Redundancy rights” is probably very clear, but “employment rights” is a catch-all.

Mark Epstein: These are basically the things James listed. He can probably give a fuller description of what he calls basic employment rights.

James Bevan: When they are asked, they go through things like redundancy and other things.

Mark Epstein: It is basically the list that James stated a while ago. It is basic employment and redundancy rights.

Pat Rafferty: It probably includes holiday pay, sick pay and these types of employment rights like unfair dismissal and maternity.

Q68 Chair: Unfair dismissal would obviously be an applicable one that would be relevant here.

Pat Rafferty: Yes. We have seen it being extended to two years and people need to pay money up front even to try to challenge the contractual rate at an employment tribunal. Why would somebody go to an employment tribunal that may cost them £1,200 or £1,500 to try and get back £400 in holiday money? It just takes away the natural justice system where people can challenge that, particularly those who fall into this vulnerable category.

Mark Epstein: The final one is slide 17 in which we put the key take-aways, if you like. We looked at this across the UK and in Scotland. It is very clear that zero-hours contracts are proliferating throughout the country as an employment tool. Zero-hours contracts are seen to be associated with being anxious. There is a lot of anxiety associated with those contracts, and the vast majority of people in the UK and Scotland would like to move off them—a significant majority.

When you look at the data, it is clear that zero-hours contracts create a new fragility in the working of family life for those who enter into them, with all of the negatives that go with

that, both economically and socially. Based on the evidence, the widespread growth in these contracts is probably very negative, both economically and socially.

Q69 Chair: Before we move on to some other questions that we have, I think it is worth while flagging up that not only are we undertaking this inquiry because there is a gap in the programme, as it were, but we also got a letter from a majority of Scotland's MPs asking us to look at this issue, so there is quite widespread concern. Some of the MPs in Scotland who are in Government positions are unable to write such a letter, but it is fair to say we have had endorsement of our taking up this issue from Conservative and Liberal Members and also Labour Members. We hope that the other party in Scotland will come on board at some stage, but at the moment we are moving forward with quite a broad alliance to look at these sorts of areas.

We want to pursue a number of issues, but it is worth while flagging up to you that the Committee has already decided that it will issue a call for evidence after the end of this meeting to be submitted by 14 October, whereby people flag up to us their experience of zero hours, how it is operating, their anxieties and worries and so on.

It would be our intention to pursue this in sessions here in Parliament with employers and employees and also in local areas in Scotland. We have already undertaken to make visits to particular constituencies to look at issues related to the bedroom tax. It would be our general intention when we are in particular locations, like Glenrothes and elsewhere, to do a session at the same time on zero hours. Therefore, we would be interested in having particular stories and examples coming forward in those circumstances.

We recognise, however, that there is a particular difficulty about employment issues where people would want anonymity, discretion and so on. We will be working on ways in which we can ensure that evidence given to us is received and published with no identifying marks, as it were. We will want to be clear that the people writing things exist and the stories are true, and the staff will pursue these matters. It would be our intention that nobody who gave us evidence could be identified, if they did not wish to be, because we are aware of the circumstances.

We now want to run through some particular questions the staff have drawn up for us to get on the record. It may be that, if you and other unions are not able to answer them now, you can come back to us later. These are the sorts of things that we want to put in the public domain.

The first of these is how many people in Scotland it is estimated are on zero-hours contracts, and how that figure compares with the rest of the UK. Is Scotland a zero-hours hot spot, or is that likely to be somewhere like London, or somewhere else? What pattern are we looking at? I ask because in relation to blacklisting, where our focus has been on Scotland, it has taken us into the rest of the UK since most of the companies are operating UK-wide. We would want to have an indication at this stage as to whether or not we would be looking at Scottish companies or Scottish operations as an offshoot of the practices that companies are operating UK-wide. Who can help us with that?

Mark Epstein: Compared with the UK, you are similar to the UK picture in the use of zero-hours contracts. The UK is 22%; Scotland is 18%. They are both very significant percentages and are way higher than the ONS's previous estimate, which is recognised as

inaccurate, of 1% for the whole of the UK. It is a widespread problem, no matter which way you cut it; they are both significant figures, but you are close to the UK percentage.

Q70 Lindsay Roy: Would it be fair to say, in relation to the questions we are going to ask this afternoon, that you have complemented the information you have given us so far with additional information?

Mark Epstein: Yes.

Lindsay Roy: That is very helpful.

Q71 Graeme Morrice: The survey was based on responses you received from Unite members who are in work, engaged in zero-hours contracts. In relation to the overall picture—you may not be aware of the situation—are zero-hours contracts more likely to be in non-unionised companies as opposed to unionised companies?

Pat Rafferty: My natural response to that would be that they are more likely to be in non-unionised companies as opposed to unionised ones. From our perspective, when we are negotiating with employers, they would always negotiate to try and get contractual obligations between employer and employee. We would always argue that there are other ways and means to fulfil your business needs where you do not need to have zero-hours contracts. We have flexible hours and flexible working. You can operate part-time working, and that can accommodate the peaks and troughs. Under the Agency Workers Regulations, if you need to bring in additional people, you can do it in that way and not use zero-hours contracts. We tend not to favour that type of operation at all and would look at other options. So they would be non-unionised companies.

Q72 Graeme Morrice: Thanks for that; I would have thought the same as well. Do you think there is a disproportionate amount of migrant workers, as opposed to indigenous workers, who have zero-hours contracts?

Pat Rafferty: I think you would need to look at Scotland and the economy of Scotland, and where the migrant workers tend to be working, which would probably be in hospitality. A lot will be working within hospitality, and there are a lot of zero-hours contracts within the hospitality industry in Scotland.

James Bevan: This does not talk about the spread. I think it answers two other questions about which side of the border it is, whether it is the UK or Scotland. It has been widely reported that quite a few big chains engage in questionable employment practices and use zero-hours contracts as part of that. We have noticed that franchising is a particular problem very often. One case we have involves a petrol garage that operates them in Glasgow. There are particular issues right across the work force there. We have seen Domino's Pizza come up quite a few times. These chains and franchises operate right across the country.

Pat Rafferty: Amazon is another one that uses zero-hours contracts, in its distribution centre.

Q73 Chair: We would want to have particular examples. In a previous presentation that you gave, there was a slide in which a number of companies were identified as being particular users or abusers of zero-hours contracts. We did get that from you.

Pat Rafferty: If the Committee is to take testimony from people in Scotland, if you want personal testimony, we will certainly try to encourage people to speak to you openly without anonymity. We hope we can do that. Maybe people who have been but are no longer on zero-hours contracts can tell a story about what that meant to them and how it affected them. It may be easier to get such people to come forward. Is that an option?

Chair: That would be entirely acceptable. We want to have on the record people telling us their experience of zero-hours contracts and what they have meant to them. Clearly, if somebody has been on a zero-hours contract and then gets a real job, as it were, they are in a much more secure position to be able to say what it was like.

I am conscious from the information that you gave us—these are UK-wide figures—that approximately 82,800 McDonald’s employees were on zero-hours contracts; approximately 20,000 employed by Burger King; approximately 20,000 employed by Sports Direct; 24,000 by J D Wetherspoon; 4,000 by Boots, which I find surprising; 16,000 by Spirit; 20,000 by Domino’s Pizza; 200 by Tate; 600 by Subway; and 3,600 by Cineworld.

These are substantial firms and I am surprised at the scale of their zero-hours contracts. It would be our intention at some stage to call in some of these firms to discuss with us exactly why they have such large numbers on zero-hours contracts, but again that is the issue about a template. We are aware that there are some people for whom zero-hours or very low-hours contracts are desirable.

I know in my own constituency that people on school crossing patrols are not on zero hours because they know they are there all the time, but flexible and short-term work can be quite attractive to people in some circumstances. I do not think we would want to say unequivocally that we are against it in all circumstances, but that is where I think the issue of a template is important.

Maybe you could have a stab at drawing up what you think are the sorts of issues that should be covered by a zero-hours contract that was being run to the highest standards. What sorts of rules should be applied in order that we can compare that with the sorts of contracts that are being offered—by McDonald’s, in particular, who seem to be the biggest offender?

Q74 Graeme Morrice: It is not just about those who are directly employed by companies, and I use the term “directly employed” loosely. I would imagine it is also about employment agencies. What is your experience of employment agencies with regard to zero-hours contracts?

Pat Rafferty: This is again an area where we believe that type of practice prevails. I will give you a worst case scenario, which for me is quite a sensitive matter at this time. The Puma helicopter tragedy occurred on 23 August when four people lost their lives and others survived it. I am speaking to two of the survivors right now, who it seems are on zero-hours-type contracts.

Employers are pretty much beginning to wash their hands of them financially. These people have just survived that tragedy and are now worrying about their mortgages being paid. It is horrendous. There are good employers who put good zero-hours practice into play, and they have all the basis that surrounds it, but there are some employers out there who are just abusing the whole system.

Q75 Chair: If you are saying to us that two of those involved in the Puma crash in the North sea were on zero-hours contracts and are now experiencing difficulty with their employers, that is something we would want to take up. That would surprise the vast majority of people in Scotland.

There is an impression that zero hours are for hole-in-the-corner, marginal businesses that are struggling to survive. If we are hearing that high-tech businesses, like the oil industry, which use helicopters to take their people to and from work, are using zero hours and washing their hands of workers when there is an accident, that is an issue for considerable concern, and we would want to have further details of that from you. If you are agreeable, we would want to take that up.

Pat Rafferty: We are still speaking to them at this particular time. We are trying to get to the confirmed contractual obligation between the two, whether it is bogus self-employment or whether it fits within zero-hours contracts. But the main concern is about those who are beginning to wash their hands of people at a time when there is a clear cry for help and they should be there to support them.

Chair: Obviously, the most desirable outcome would be for you to come to an amicable solution, but, having heard this, if that is not reached, that is something we would want to take up as an example of bad practice. I would find it difficult to believe that any employers' organisation would want to defend a practice such as that that we have heard.

Jim McGovern: I appreciate the sentiment you raised earlier about people possibly wishing to have anonymity. I also agree in part that, if people voluntarily declare who they are and stand up to be counted, as it were, that would be much more preferable. I do not know about my colleagues here, but if I get an anonymous phone call from someone saying, "I have an antisocial neighbour, but I do not want you to mention my name," it is very difficult to pursue it.

Evidence from people who are prepared to come forward and say, "This has happened to me," and, therefore, it is a matter of record is much more powerful. If the people Pat has just mentioned were prepared to give evidence to this Committee, and the problem they are currently encountering continues, that would be very powerful indeed. I do not know whether they would be prepared to do that because I know how the offshore industry works sometimes—"You're not required back," and so on—but if they were prepared to give evidence, it would be very, very powerful.

Chair: Having people standing up and being prepared to self-identify is best, but the point I was making was that, if they felt they could not do that—

Jim McGovern: I understand.

Chair: —provided we can verify their existence, we would be prepared to discuss ways in which we could none the less receive their evidence. The alternative is not to have it and it would be the worst of all worlds if we were not able to hear evidence that was there. I want to draw this to a close because I think we have covered most of the points already.

Q76 Jim McGovern: There is one question I want to ask. I do not know whether you heard the points raised today in the Chamber about zero-hours contracts. The defence of the Scottish Office Minister, David Mundell, seemed to be that this is nothing new and it was happening under the previous Government. Is there a discernible trend? Is it on the increase? I would be quite ashamed if it was happening under a Labour Government, but has it increased exponentially in the past three, four or five years?

James Bevan: In some of the evidence we have submitted already—we will send further across when the inquiry officially opens—we have said that it is certainly Unite's take that this is, if you like, the latest mutation. This is one of the oldest forms of exploitation in the workplace. You recall people unloading at the docks. You could call them zero-hours workers. "If you want to turn up at the gate and see who gets the job on the day, we will pick the strongest-looking blokes," or whatever it may be. It is just a different manifestation of what is essentially weakness on the part of labour, at a time when unemployment is so high and employers can take advantage of that.

We have seen this with agency workers and bogus self-employment. That was why we were keen to stress earlier that we think any terms like these should look a little more broadly across the piece at that kind of insecure employment. If you stamp on just one element and it pops up somewhere else, you are not really dealing with it.

One of the recommendations we have made is that we need to start working towards broader sectoral bargaining on employment rights and on a decent floor for employment terms and conditions. The issue is not just about the way employees interact with employers, but employers who employ on decent terms and conditions, with decent holiday rights and maternity pay, can be undercut by the wrong employers who behave in this way. Those rogues will always be looking at new ways, new loopholes, to get away with things, so if this is becoming the new norm they will find something else. That is why I say we should try to take a wider view of it and deal with it in that way.

Q77 Graeme Morrice: I was going to ask a question similar to Jim's in relation to how this problem has grown over the last number of years. We have looked at the information you have provided in the slides. The ONS says that currently it is about 1%, but the indication from the survey of your members is that it is around 18%. Jim is right in saying that, when we raise this as an Opposition, the retort is, "It's always been there. Why did you not do something about it when you were in government?" To be honest, three, four or five years ago I was not aware that this was a problem. I think many people were not at the time. It has increased rapidly over the last two or three years, and I suppose part of the reason for that is unemployment and the rising cost of living.

People out there are desperate to grab anything to try to make ends meet, so you see exploitation by certain unscrupulous employers. Do we have any stats about what the picture was five, 10 or 15 years ago so that we can get an indication of the extent of the problem now and how it has grown over the last number of years?

Pat Rafferty: We will have to look at it internally to see whether we have done similar studies in past years and try to extract that information and provide a graph showing the direction of travel over the last 10 years. We will see if we can get that information. We may be able to go beyond Unite; we can look at the STUC and sister trade unions to see what data they have been holding over a number of years and pull that together.

Graeme Morrice: That would certainly be useful information to get hold of.

Q78 Chair: To be fair to David Mundell and also some Liberal Ministers, they did encourage us to pursue this inquiry, having spoken to them directly. They were not in a position to sign the letter that Jim Sheridan initiated asking us to call for the inquiry, but both David and some of the Liberal Ministers said, “Yes, we are supportive of that.” As with blacklisting, they are anxious to crack down on abuses. It is a question of identifying what is good and acceptable practice and differentiating that from abuses. That is why we want to have this inquiry.

At some point we want to clarify with yourselves—maybe this is something on which you can come back to us once you have had the opportunity to consider it—whether or not you are taking the view that zero-hours contracts should be banned, or there should be a minimum number of hours people should be allowed to contract for; what allowance should be made for people who want to work only a minimum number of hours, or is it not better for somebody to have just a few hours rather than nothing at all? How could any ban that was implemented be policed, and so on?

Given that you have expressed more concern about these sorts of issues than anybody else, I think it is fair to say, you need to have a certain response that we can discuss with other people so that we can start to put some of these points to companies. It may very well be that some of the companies will say, “We are not meeting those particular criteria but we could quite easily.” We want to try and have dialogue where possible when we invite people in.

I did say that, at the end, we would ask you whether or not there were any questions you had prepared answers for that we have not asked you, or any points you want to raise with us that you think we have not covered so far before we draw things to a close. Are there any particular points that you would want to raise?

Pat Rafferty: I just want to thank the Committee for driving this forward. I think we have covered it pretty comprehensively. The only point I would make is about the aspect of health and safety in the workplace as far as zero-hours contracts are concerned. We touched on it slightly. I have a real genuine concern about how zero-hours contracts can drive down safety in the workplace because of people’s fear as soon as they raise an issue. They soon find out that they will not be there the following day or week, or, in the offshore industry, they will not be on the following trip. Maybe it is something we need to look at in more detail as this progresses.

Q79 Chair: That is not a dimension that we have been conscious of when we have been discussing this before. As you know, we are looking at the question of blacklisting, which we got into because of the concerns expressed to us about the possible fate of people who raised health and safety issues. We were not conscious of it particularly in relation to these sorts of practices. Again, if you have examples of this, we would be interested in

hearing of them either in an anonymised form or directly from people who put their heads above the parapet.

James Bevan: I want to touch on one quick point around enforcement, because an important part of the inquiry, whatever shape it takes and whatever recommendations you make at the end, is to ensure that any system works in practice as well as on paper. If you look at things like the national minimum wage, for instance, how woeful often enforcement action is on that.

We probably all worry about what is going on with the national minimum wage in lots of employers. We want to make sure we come forward with ideas and recommendations on how to get out there and make sure that we not only say these are a bad thing and legislate for it, but there are ways of enforcing it. On lots of issues that affect zero-hours workers, elements are already legislated for, but enforcement is a real problem. Pat touched earlier on the totally prohibitive costs for someone taking any kind of action against an employer and the difficulty for trade unions organising in particular workplaces as well. They need to be thought about, and we will put forward more details and recommendations about how trade unions can help on other things as well.

Chair: We are conscious that, for many of these issues, the question is about trying to identify good practice and getting companies to accept that, but there would also be some minimum standards that maybe should be the subject of legal rulings. As part of that, there is the issue of enforcement. If you want to give us a response, once we go out to consultation, covering as many of these points as possible, it will then be in the public domain and the sort of thing to which other parties respond.

In that context, I was surprised by the figure from the Unite survey showing the number of people who are being paid an hourly rate that is less than the national minimum wage. We would want further clarification from you about that, because that clearly should be policed by existing mechanisms. Until you raised that with us today, I was not aware of any evidence that the national minimum wage was not being adequately policed. When it initially came in, I was conscious of a number of actions being taken and so on, but as far as I was aware that problem had been resolved. If that is not the case, we would certainly want to pursue that with the enforcement authorities. Perhaps you could come back to us on that as well.

Unless there is anything else, could I draw the meeting to a close? Thank you very much.