

# Making jobs work: Improvements to job quality are key to our recovery

A good job provides a way out of poverty and a foundation for building a better life. It means work that provides security and stability, that works around caring responsibilities and health needs, and that treats people with dignity and respect. Improving job quality and security can, and should, play a role in building a more productive and more inclusive economy as we emerge from the pandemic. But for too many people, jobs are not working. JRF has been working with people with experience of poor-quality jobs to better understand the issues that hold people back. Combining their experiences with wider research, we have collectively designed a set of solutions focused on the Government's promised Employment Bill.

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## Recommendations:

The Employment Bill is the perfect opportunity to improve the quality of jobs and make work the reliable route out of poverty that it should be. The Government must bring it forward in this session of parliament and use it to:

- Introduce new rights to more secure work so people can plan their family life and finances, including the right to:
  1. A secure contract that reflects your working hours after 26 weeks, with a zero-hours or short-hours contract something a worker can choose to opt in to after this point if it suits them.
  2. Four weeks' notice of your working schedules.
  3. Compensation for last-minute cancellation of shifts.
- Make flexible working the default from day one of employment and reconsider the business exemptions for refusing a request, so jobs work around caring responsibilities and health needs.
- Double the number of labour market enforcement inspectors to make sure the new single enforcement body (SEB) fulfils its potential to prevent bad employers getting an unjust advantage by undercutting good ones.

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## Introduction

From care staff and retail workers to delivery drivers and warehouse staff, the COVID-19 pandemic shone a spotlight on the insecurity many low-paid workers face. As the pandemic hit, new JRF analysis shows 2.8 million employees were reporting varying hours, two thirds of whom also reported varying pay. These employees were disproportionately low paid. This makes it hard to plan family life and finances and increases the risk of poverty.

Against a backdrop of rising poverty among working people, JRF has sought to develop a new approach to developing solutions, working with people who have experienced the day-to-day challenges of working in poverty. Too often people with real-life experience just appear in policy reports in order to illustrate a problem – they become case studies or a series of quotes. Our approach was different. We worked as a co-design team formed of JRF staff and people who had experienced poor-quality work. Our aim was to bring together different types of evidence, from lived and learned experience, and give people a say on what they think needs to change. This briefing draws on the work of that project – a full report will be published shortly.

Together our policy co-design team commissioned some qualitative research and heard evidence from experts across business, unions, and the third sector. We deliberated on the evidence and trade-offs, making choices between different options which, if implemented, would impact the lives of people in working poverty. Importantly we will continue to work as a team as we advocate for the policies we shaped together, bringing much-needed diversity of voices into the debate.

“JRF invited me to work on this project alongside others with lived experience of in-work poverty, as they felt we had a better understanding of the issues and possibly more ideas of what the solutions may be. We were involved in every single part of the project and I truly feel our views were valued at every step of the way.

“We feel if jobs work for everyone, it will promote better health in people, both mental and physical. It will promote better relationships, at work and at home, as less stress will be taken home from work. And families will have more flexibility in their social life and be able to attend social events and enjoy themselves, creating a happy, healthy work–life balance.”

Policy co-designer with experience

By working in this way we moved beyond identifying problems and developed a vision of good work. This co-design process reinforced and underlined the importance of dignity and respect at work, placing them on an equal footing with hours and earnings – two of the key drivers of in-work poverty that JRF would typically focus on in its policy solutions. We explored the powerlessness that low-income workers can feel in the workplace and how power, risk and reward need to be rebalanced for employees to flourish.

The promised, but not yet delivered, Employment Bill offers the perfect opportunity to address poor treatment at work and enable employees on low incomes to gain more power and control over their working lives. The Government must bring it forward in

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this parliamentary session and use it to signal the kind of recovery we all want – one built on good jobs.

## **The post-pandemic recovery must be built on good-quality jobs**

A good job provides a way out of poverty and a foundation for building a better life. It opens up options for people to explore their potential, allowing them to pursue opportunities for themselves and their families. JRF's work with people with experience of working in poverty sets out a vision for jobs where people are treated with dignity and respect, where they can work around caring responsibilities and health needs, and where they are provided with the security and stability we all need to plan family life and finances.

These are jobs that give people a sense of pride and a stake in society. They are the jobs our recovery must be built on.

To make this aspiration real, the Government must send clear signals about the type of recovery we want by bringing forward its Employment Bill and using it to tackle job insecurity and ensure more people can feel the benefits of a good job, in which they feel valued and respected.

**"Flexible work and appropriate notice of shifts with no last-minute cancellation sounds like basic common sense and it seems crazy that we as a group have had to propose this as a change in policy. Personally, I feel this should be a given."**

Policy co-designer with experience

### **The Employment Bill can play a key role in 'levelling up'**

Levelling up the UK will require action across a wide range of policy areas. Improving the quality and security of work would make an important contribution to tangible improvements in the daily lives of workers in parts of the country with weaker economies. The Minister for Small Business, Consumers and Labour Markets, Paul Scully, has talked about the need to "level up existing jobs". Doing so, by introducing reforms to provide low-paid workers with security and stability, and opening up roles to more people through greater flexibility, will have wide reach.

### **Rewarding, good-quality jobs will strengthen our economy**

Improving job quality and security can, and should, play a role in building a more productive and more inclusive economy as we emerge from this crisis.

It undermines our country's economic performance to have one in eight workers living in poverty. Employers cannot expect to get the best from their staff if they are stressed about making ends meet and keeping a roof over their head.

The recovery following the 2008 recession saw sluggish productivity and wage growth, and it became more common to use less secure forms of work. Employers are less likely to invest in training employees who are not permanent. Delivering greater

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security can help deliver a higher-skilled, higher-productivity economy (McDonald and Şandor, 2020).

The UK needs a growing, productive economy to help pay for the significant spending on emergency measures during the pandemic. This economic recovery can and must be different to the last one: it must be rooted in good-quality secure jobs.

### **Now is the time to improve job quality**

It is essential the Employment Bill is not put on hold. Bringing it in this Parliamentary session will ensure the benefits of reforms are felt in people's lives.

Some of the sectors where work is less secure – such as health and social care, warehousing, and some aspects of retail – have been in high demand throughout the pandemic. Others – such as hospitality and non-essential retail – have faced extremely difficult trading conditions. As the recovery gets underway, firms will need time to adapt to new measures, but that does not mean we need to delay.

Some business models that rely on cheap, temporary work will have to change, but the specific reforms we recommend for the Bill will not mean large costs for most employers. In our judgement they would provide a more adequate minimum level of job quality without marking a significant change to labour market flexibility. By the time the Bill comes into force, and any lead-in time for new measures has elapsed, businesses will have had time to recover and prepare to bring in new measures. In addition, new measures should be approached with the same caution and rigour as accompanied the introduction of the minimum wage - using research to inform policy design, limit unintended consequences and support businesses to move to more sustainable business models.

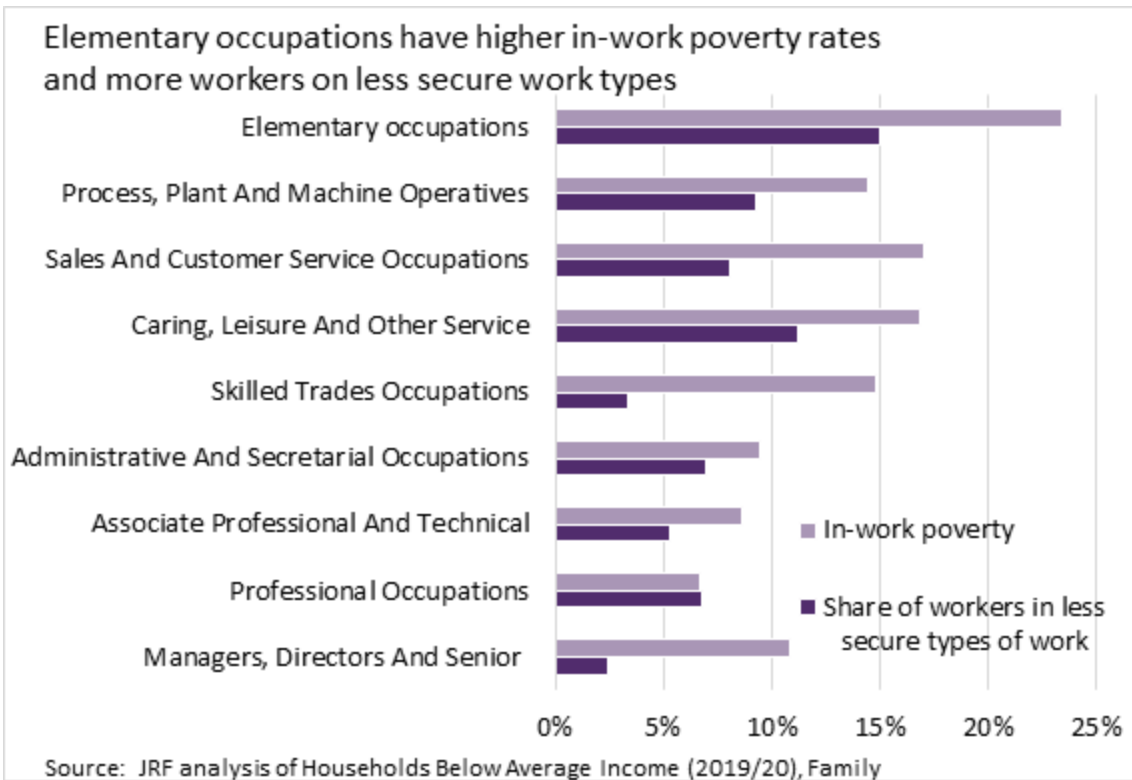
There are also significant risks to not acting now which should be considered – such as another recovery characterised by poor productivity and high in-work poverty. Simply returning to work as it was before COVID-19 risks repeating the same errors, at the expense of people who are already struggling to stay afloat.

## **Making jobs work for employees**

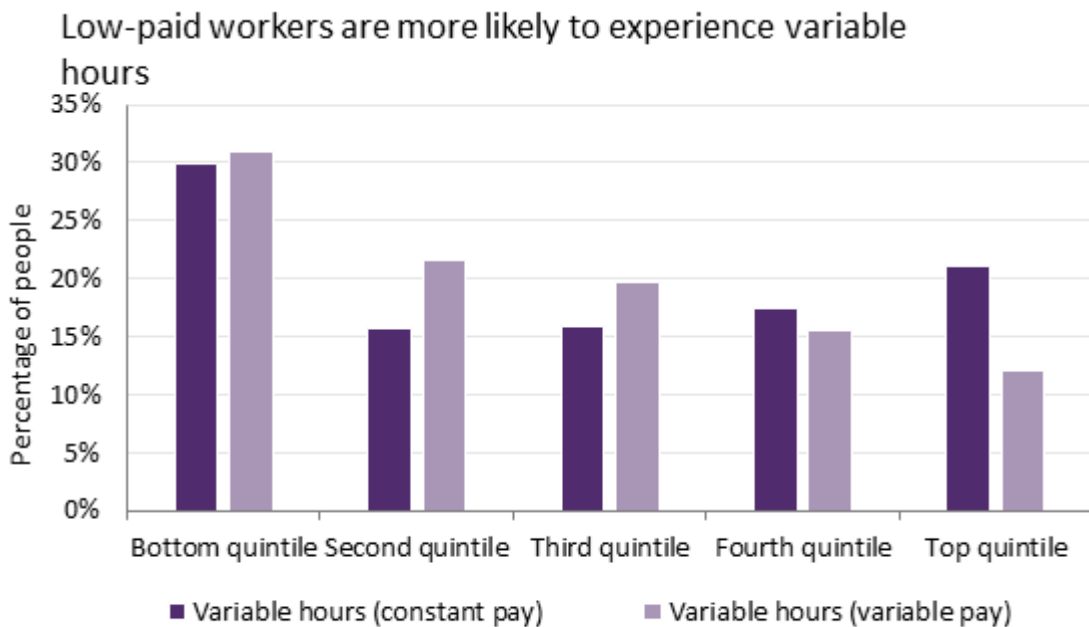
While for many workers across the country their job provides the security and stable source of income needed to build a better life, jobs are not working for everyone. Too many workers are unable to depend on their work for the security and stability they need to plan their lives and finances – or to find jobs which work around their needs and circumstances, childcare, or family life.

### **Insecurity is a defining feature of work for too many people**

Prior to the pandemic there were at least 2.4 million workers who had insecure contracts, such as zero hours, temporary, seasonal, or casual contracts (McDonald and Şandor, 2020). Lower-paid workers were disproportionately likely to have a less secure type of contract, with JRF analysis showing 57% of zero-hours contract workers are in the bottom fifth of earners. Occupations with more workers on less secure contract types tend to also have higher rates of in-work poverty by occupation (see graph). Among workers in elementary occupations 14% have less secure contracts, and 23% of workers are in working poverty.



But security is about more than contract type, and workers with more secure contracts can still be subject to fluctuating incomes, as the large number of employees with variable pay and hours shows. New JRF analysis shows lower-paid workers are much more likely to experience variation in their hours of work and pay than workers who earn more (see graph below) and are disproportionately in elementary jobs that require few formal qualifications.



Among low-paid workers with variable schedules, the employer controls the variation in over half of cases (Adams-Prassl et al, 2021).

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Employers reap the benefits of being able to schedule and cancel staff at the last minute, to respond to fluctuations in demand. But their workers are bearing the brunt and carrying the risk of these business models, finding themselves subject to last-minute or cancelled shifts, inconsistent working hours, and constant uncertainty.

“My main source of income when I was in work was from jobs in the care sector. Mostly zero-hours contracts and minimum wage. The trouble with this is no reliability, no idea the number of hours you will work from week to week, and in turn no idea what wage you will get at the end of the month. The stress of this and the building debt caused acute stress and anxiety to the point I had to quit.”

Quote from a policy co-designer with experience

Insecure work is particularly damaging to families living on low incomes. Lack of notice of shifts or hours, for example, makes it difficult for people to plan for family life or their finances. One policy co-designer on our project recalled regularly having their night shift cut short once they arrived at work, leaving them with no way home via public transport, forced to either wait for the morning or end up out-of-pocket by spending an hour's wages on a taxi home. They recalled this sometimes happening as often as three times in a working week. For workers receiving Universal Credit, the interaction between payments and fluctuating earnings can create further insecurity. But these repeat experiences don't just leave people out of pocket, and missing time with their families – they contribute to the feeling, discussed throughout our project, of being treated not as a human being, but instead as just a number, or a cog in a machine.

The ways in which the reality of insecure work coincided with poor treatment and a lack of power in the workplace for too many workers was highlighted as a fundamental problem both by our policy co-designers, and by external experts we spoke to.

“At the moment, the overwhelming power is on the side of the employer ... to set hours when they want, to decide suddenly to remove someone's hours because they've been a bit difficult in the workplace and so on.”

Quote from evidence session expert

The reality of power imbalances was highlighted as a particular concern when implementing a 'right to request' more secure or predictable working patterns. This led us to recommending rights to more secure work which help reset this power imbalance between employers and employees, and place workers on a firmer footing. Stronger rights to more secure and predictable work for those who want it should in turn create a space for employers and workers to mutually consent to contracts with less secure working hours where these truly benefit both parties.

## **The Government should use the Employment Bill to bring forward new rights to more secure work**

We welcome the Government's commitment to protect and enhance workers' rights as we build back better from the pandemic. In 2019 the Government held a consultation on 'one-sided flexibility', but are yet to publish their response, which we urge them to do. We recommend the Employment Bill introduce reforms to make

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work more secure so that more of the country's workforce can access the benefits that good, rewarding work brings.

### 1. Introduce the right to a secure contract that reflects your working hours after 26 weeks

If workers are regularly working a set number of hours for an employer, they should have the right to a secure contract which recognises this. This would mean workers could rely on that income coming in and allow them to plan their finances.

The Government is proposing that workers on a less secure zero-hours or short-hours contract will have a right to request more predictable working patterns – for example, through a contract that reflects their typical hours<sup>5</sup>. We recommend this right to request secure hours is flipped, making a more secure and predictable contract the default after 26 weeks, and enabling workers to request continuing with their more flexible arrangement if they choose to. We believe this would maintain the mutual flexibility of zero- and short-hours contracts where they genuinely work for both parties, while supporting workers who want more secure contracts to genuinely access them.

### 2. Introduce the right to four weeks' notice of your working schedules

Workers deserve good notice of when they will be working. This will reduce the financial pressure and uncertainty caused by last-minute work. It will also allow people to better organise things like transport to work or their caring responsibilities.

We recommend that four weeks' notice would be a fair and reasonable standard to expect employers to meet. This is the notice currently used by the voluntary Living Hours standard (Living Wage Foundation, 2019) and is comparable to the notice received for other types of engagement, such as a medical appointment. It would allow people sufficient time to manage childcare and plan transport to work.

Exemptions which allow for genuine emergencies and last-minute work will be necessary in sectors such as in hospitality, retail, or social care. These should be drafted to strike a good balance between security and business need.

### 3. Introduce the right to compensation for cancelled shifts

Workers should have protection from last-minute cancellation of shifts by employers. This would prevent low-paid workers losing money through no fault of their own – for example, if they've already paid for transport or childcare.

We recommend that compensation should be provided in the event of any last-minute cancellation of a shift ('last-minute' defined as being within 24 hours of the start of that shift).

Introducing a right to compensation for shifts cancelled at the last minute would reimburse workers for lost income when cancellations do happen. But the goal here would be to change the incentive structure for employers, so that they avoid late-notice cancellations in the first place.

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## **Not enough workers can access the flexibility needed to balance work with caring and health needs**

Not enough people working in poor-quality, low-paid jobs have access to the genuinely flexible working arrangements that are needed to allow them to fit their job around other aspects of their lives, such as health needs or caring responsibilities – from doing the school drop-off and pick-up, to caring for an elderly relative.

The pandemic has brought discussions of flexible work to the fore, with more people working from home. But flexible working is more than just home working; it can include working arrangements such as flexitime, compressed hours, job shares, or flexible shifts.

Demand for flexible working currently outstrips supply. The Timewise Flexible Jobs Index shows that at the start of 2020, 9 in 10 people wanted flexibility (Timewise, 2020) and 6 in 10 people were able to work flexibly (CIPD, 2019) but just 2 in 10 jobs were advertised as offering flexibility (Timewise, 2020). This shows a clear disconnect between demand, supply, and what is advertised when recruiting. It prevents people moving jobs and means businesses are not accessing all the talent available.

Clearly different forms of flexibility will work better for some businesses and some roles than others - for example, some jobs simply cannot be done from home. Nonetheless, the availability of flexibility varies by sector and income. CIPD's Flexible Working in the UK report asks about six forms of flexibility and finds 75% of information services workers, 70% of professional, scientific and technical services workers, and 68% of financial services workers reported working flexibly, in contrast with 33% of workers in distribution and 35% of workers in hospitality (CIPD, 2019).

The current right to request flexible working kicks in after 26 weeks of employment (CIPD, 2019), but that is too long to wait for people with caring responsibilities or health needs. What is more, polling finds 3 in 10 requests for flexible working are turned down (TUC, 2019).

Lack of access to flexibility can lock some people out of work altogether. For others, it hampers opportunities for pay and career progression, as workers stay in a low-paid job in the long-term because they're afraid of losing what discretionary flexibility they currently have (Hay, 2015). This can also lead to a wider skills mismatch in the economy.

Workplace culture is still getting in the way of flexibility for too many workers in low-paid roles. If managers lack knowledge of how to manage flexible workers, they will be less likely to allow access to flexible working. The combination of workplace culture and a power imbalance between employer and workers, placing employees on a weak footing when it comes to accessing flexibility, came through strongly in our co-design team discussions.



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“I was told when I started the job that I had a right to flexibility, [but] actually when I started the work the culture was in no way close to offering that, so it didn’t even feel like a possibility to ask.”

Quote from a policy co-designer with experience

One policy co-designer recalled being hired with the promise of shifts to fit around their caring responsibilities, only to find this would not be possible as soon as they started in the role – meaning they had to quit, having already bought all the uniform for the job.

The need for a more compassionate approach from employers when it comes to flexibility – one which treats workers with care and respect – came through as a key theme. In one instance, a policy co-designer recalled their experience of being let go for being ‘unreliable’ after requesting emergency time off to take their child to hospital following an accident. Another shared a time in which they received just 24 hours off work for a close family bereavement and were unable to attend the funeral.

We believe making flexible working a reality for more workers must include strengthening legal rights and signalling an expectation that employers understand and communicate the types of flexibility available in a role from day one. Throughout this project, we’ve heard many examples of compassionate employers, and of businesses who offer flexibility as a matter of course: this is the positive culture of flexibility that we want policy-makers to build on.

## **The Government should use the Employment Bill to make flexible working the default**

Workers should have the right to access flexible working regardless of their pay or skill level.

### **Introduce the right to flexible working from day one of employment**

The Government should use the Employment Bill to introduce a new right, making flexible working the default from day one of employment. This should include exemptions for business reasons, developed through a consultation, and be accompanied by guidance clarifying which aspects of contracts and conditions would be covered by the new right. Changing the default will put the onus on employers to explain why they cannot offer flexible working, rather than it being on employees to try and persuade them that they should.

## **Making jobs work for employers**

As well as allowing more of the UK’s workforce to access the opportunities that good, rewarding work can bring, these reforms would be beneficial to employers.

### **The proposed reforms would unlock more talent**

Improving access to flexible working would open employment opportunities to more people who may not have been able to access them otherwise, due to their location or caring responsibilities (Government Equalities Office et al, 2021). This would unlock

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more talent for employers and help them retain existing talent by preventing lack of flexibility being a barrier to in-house career progression.

### **Better enforcement can level the playing field for businesses**

The current enforcement system is not working effectively to ensure that workers get the pay and employment rights they are entitled to. While most employers are doing the right thing by their employees and supporting their workforces, some bad employers can get an unjust advantage by undercutting good ones. Better enforcement of employment rights would level the playing field for business. Trades Unions also have an important role here, although they weren't a focus of this co-design work.

The welcome year-on-year increase in the minimum wage will mean more workers fall within minimum wage policy, and this places a further emphasis on effective enforcement. The number of workers paid below the relevant minimum wage doubled between 2015 and 2017 and has remained high (Dromey et al, 2021). In April 2019, the figure stood at 440,000 workers (Low Pay Commission, 2021).

### **The Government should use the Employment Bill to deliver on its commitment to a well-resourced single enforcement body**

We welcome the announcement in June 2021 that the Government will now bring forward plans to introduce a single enforcement body (SEB) (Department for Business, Energy and Industrial Strategy, 2021).

We want to see a system that supports and informs businesses; one that offers clear routes to compliance, and robust penalties for employers who act badly. This requires an active enforcement and inspection regime. The Government should commit resources at the Spending Review to increase the number of labour market enforcement inspectors to meet the International Labour Organisation (ILO) recommendation of one inspector per 10,000 workers – an additional 1,797 inspectors according to the Trades Union Congress (TUC) (Trades Union Congress, 2020). This would require an approximate doubling of the current £35 million-per-year enforcement budget.

### **Legislation should be accompanied by support for businesses**

While the reforms we are recommending for the Employment Bill are not expected to impose large costs on most employers, they will require some to alter their business models.

We recommend that the Government provides detailed guidance and support for employers alongside legislative change, which advises them on how to fulfil their responsibilities. This should be sensitive to how the sector and size of the firm affect its ability to deliver greater security and flexibility, and be accompanied by a 'know your responsibilities' campaign aimed at smaller employers and lower-paid sectors. To improve compliance and boost job quality and workplace productivity at a local level, the Government should also commit to the recommendation by CIPD to invest £13 million a year in England to provide high-quality HR support to small firms via the Local Enterprise Partnership/Growth Hub network (CIPD, 2020).

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## If not now, when?

All of us who are able to work need a job that fits around our lives, health, or caring responsibilities – and we need to know when and how often we'll be working so we can plan our lives and our finances. These are not ground-breaking expectations, they're common sense. A good Employment Bill brought forward in this Parliamentary session can help deliver this ambition for workers across the UK and ensure the recovery is characterised by good jobs.

As with the factory acts of the 19<sup>th</sup> century and the minimum wage legislation at the end of the 20<sup>th</sup> century, society has periodically needed to use regulation to strike out business models that rely on unnecessary suffering. As our economy, like those around the western world, undergo profound shifts – from Covid, Brexit, climate change and technology – we will need government to do the same again. We should start with the Employment Bill.

**“If not now, when? Let's crack on with it. Jobs aren't working. They're meant to give you a future, and security.”**

Quote from a policy co-designer with experience

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## Methodology

### Defining less secure work

Our definition of less secure work (also referenced as 'insecure work' in the report above) includes the following contract types:

- Zero-hours contracts (ZHC), with no guaranteed hours of work.
- Agency workers, who have a contract with an agency and then work temporarily or permanently for a hirer.
- Workers on temporary contracts, including casual or seasonal workers.
- Workers with a fixed term of employment

These categories of less secure contract types are mutually exclusive. We consider workers with these contracts to be more vulnerable to insecurity because there is less security built into their work arrangements, while being aware this is not always the case. It is a rough proxy for insecurity, but until more precise measures are developed it is a helpful one.

### Measuring poverty rates

In this report, poverty is measured as relative income poverty, where households have less than 60% of contemporary median income. In-work poverty, in this report, is

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measured as those who are currently in paid employment (full- or part-time) with income less than 60% of contemporary median income.

### **Defining variable hours and pay**

We classify employees as reporting variable hours if their working hours in the survey period differ from their stated usual hours of work by more (or less) than 20%. We also include employees who do not satisfy these criteria but state that they have no usual pay because their hours of work or overtime vary.

We define variable pay as reporting pay that differs to stated usual pay (using gross earnings where possible, and net earnings where gross earnings are not available) and the reason given for this variation is differing hours or overtime. We also include any employees who state they have no usual pay.

## **Acknowledgements**

Thank you to everyone who took part in this co-design project group between summer 2019 and summer 2021. Thank you in particular to our fellow policy co-designers who have tirelessly and patiently worked to develop these policy ideas from their original formation to the solutions included in this briefing. Our shared understanding of the problems, and the ways in which we prioritised policy issues, would not have been the same without this combination of all of our lived and learnt expertise. While our final policy solutions have focused on flexibility and security, we want to say thank you to everyone who participated in the original scoping process, in which we reflected on the much broader set of issues within 'in-work poverty'. Thank you to the employers, civil society organisations, employment rights experts, unions and others that offered advice and input. Thank you too to the Citizens UK Leaders who took part in our policy solutions workshop, and to Citizens UK for supporting with this. Thank you to all those at Involve, who supported us on this project for two years, facilitating 18 co-design workshops and discussions with a huge range of external contributors, and helped us bring different forms of expertise together as equals – in person and online – to develop better policy solutions.

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## About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF is available to download from [www.jrf.org.uk](http://www.jrf.org.uk)

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