

CHAPTER FIVE

'Atypical' day at the office

Tackling the problems of 'atypical' work

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The state we're in

Significant growth in 'atypical' work means one in seven workers are now self-employed, while there are around 800,000 agency workers and 900,000 people on zero hours contracts

While the level of insecure work remains too high it looks to have peaked, with full-time employment accounting for 97 per cent of the jobs growth over the past year

Tax incentives, worth £2,400 for someone costing a firm £30,000, have driven much of the rise in self-employment

What should we do?

Those on ZHCs working regular hours should have a right to a fixed-term contract after three months

The tax treatment of employees and the self-employed should be equalised, as should the benefits

Low-pay protection should be given to some self-employed workers, with a new test of whether a 'reasonable' worker would earn the minimum wage

As well as a big rise in employment the UK has also experienced a large rise in 'atypical' work in the past few years. The number of UK workers who are self-employed, on zero hour contracts (ZHCs) or working through agencies have all increased significantly. This shift has brought with it the benefits of flexibility but serious downsides in lower earnings and a growing part of the workforce operating outside the full protection of employment law.

Much of the debate about this rise in 'atypical' work assumes the growth will continue, viewing it as driven by technological and cultural change. While technology has clearly played a part in growth of some areas of 'atypical' work, not least the gig economy, the evidence is that other factors are significant drivers.

The financial crisis, and the increase in unemployment that followed, provided the

backdrop to recent increases in 'atypical' work, indicating a cyclical rather than a purely structural trend. With the recent tightening of the labour market we now appear to be at a tipping point, with evidence that 'atypical' work has plateaued or even fallen in the past year. If low paid labour is less available and relatively more expensive then this is likely to affect the very sectors where 'atypical' work is most prevalent, further reinforcing this tipping point.

However, just as it is wrong to simply assume 'atypical' work will continue to grow in a post-Brexit labour market, so is it to assume that the current high levels will simply unwind or that the status quo is desirable. The evidence is that in places this has become a structural feature of the UK labour market and that flaws in our tax and employment regimes have also driven increases quite apart from the economic cycle or valuable flexibility.

That is why government has a crucial role to play in addressing new developments in the world of work, ensuring workers receive the protection we collectively deem necessary while valuing genuine flexibility. Both Labour and the Conservatives are

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aware of this. The 'Taylor Review' – established by Theresa May in 2016 and reporting shortly – focuses on this issue and Labour have promised to set up a dedicated commission to look into the

law around employment status. The task is even more urgent in a labour market that needs to become much more productive in its use of lower paid labour as it becomes scarcer and relatively expensive.

In this chapter we chart the rise in 'atypical' forms of employment, often (and sometimes wrongly) associated with the rise of the 'gig' economy, set out why this issue still matters as growth in these forms of work starts to plateau, and examine how policy-makers should respond.¹

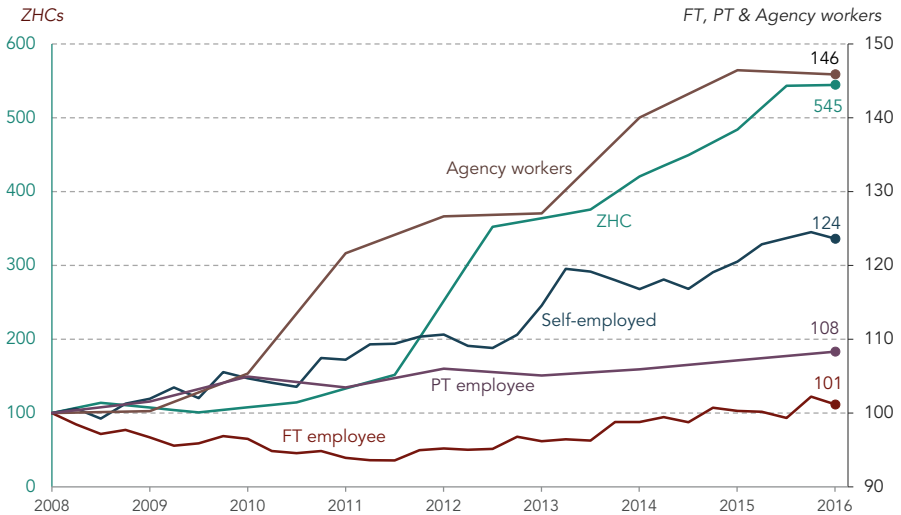
'Atypical' work has grown and looks to be here to stay

'Atypical' work is a term open to interpretation, but we use it here to cover those working on ZHCs, those working for an agency or those who are self-employed (with some overlap between these groups). These are the focus of this chapter, but clearly are not the only forms of 'atypical' work, excluding, for example, 'short-hour contracts' guaranteeing people just a few hours a week.

Most people in the UK work as full-time employees. But numbers have shifted significantly in recent years. Since the middle of 2008, the number of people in this position, excluding those who work for an agency, or who say they're on a ZHC, has increased by just 1 per cent. Yet, as Figure 1 shows the growth in other forms of employment has been much more rapid. The number of self-employed people has increased by 24 per cent,

Figure 1: 'Atypical' work has grown significantly since the financial crisis

Growth in various forms of employment (Q4 2008 = 100)



Notes: Full-time and part-time employees, and the self-employed do not include people on ZHCs or working for an agency. The figures for agency workers includes some who are on ZHCs and vice versa.

Source: RF analysis of ONS, LFS

those working for an agency has increased by 46 per cent and the most dramatic increase has been in the number of people on ZHCs which has risen by over 400 per cent. Such increases are stark and represent a significant change to our labour market (although in the case of those on ZHCs some of this is likely to be down to increased awareness,² with a dramatic jump in 2013 when widespread media reporting of ZHCs began).

These trends mean that there are now 5 million self-employed workers, 900,000 people on ZHCs and 800,000 agency workers. It is important to note that there is no typical ZHC, agency or self-employed worker. Nevertheless a look at the broad characteristics of workers in these roles (Table 1) suggests that ZHC workers are more likely to be women, younger and less qualified. Agency workers also tend to be less qualified and 40 per cent are migrants. Self-employed workers are more likely to be men, older and more qualified. Crucially, earnings tend to be lower on average in all of these 'atypical' forms of work than for full-time employees, even accounting for the different number of hours worked.

Table 1: Typical 'atypical' workers

	Female (%)	16 - 29 (%)	50 - 64 (%)	NQF Level 4 and above (%)	Non-UK (%)	Median gross weekly pay
Full-time employee	40	25	25	46	17	£712
ZHCs	54	47	20	30	20	£268
Agency workers	45	32	20	33	40	£500
Self-employed	32	10	35	43	19	£239

Notes: Pay for the self-employed is estimated using data from the Family Resources Survey (FRS)

Source: RF analysis of ONS, LFS

This isn't tech-led gigging, but a product of the economic cycle and labour market institutions

There has been much discussion of the growth of the gig economy and the role that technology has played in changing the world of work across the globe. It certainly provides a very visible area in which technology has driven fast growth in forms of work that are far from full time and permanent, but the gig economy and 'atypical' work are far from synonymous (Box 1).

Box 1: We've been gigging for a while

The 'gig' economy brings to mind images of people using technology to rent their homes, order taxis, or sell their artistic wares or programming skills. Some people engaged in these activities are in 'atypical' forms of work (the self-employed jewellery designer on Etsy) others dispute their employment status (Uber drivers

and Pimlico plumbers) yet 'atypical' work existed a long-time before anyone used an app. We've long had taxi drivers, plumbers and people selling their crafts in local markets. Technology may have made the issue of the gig economy popular and a subject for discussion but it did not create 'atypical' work.

Crucially the gig economy is far too small to explain the recent growth in 'atypical' work. Wider technology changes, along with increased desire for flexibility from some workers, are more plausible drivers that have clearly played a structural role. But we should be careful about seeing recent UK trends as somehow inevitable.

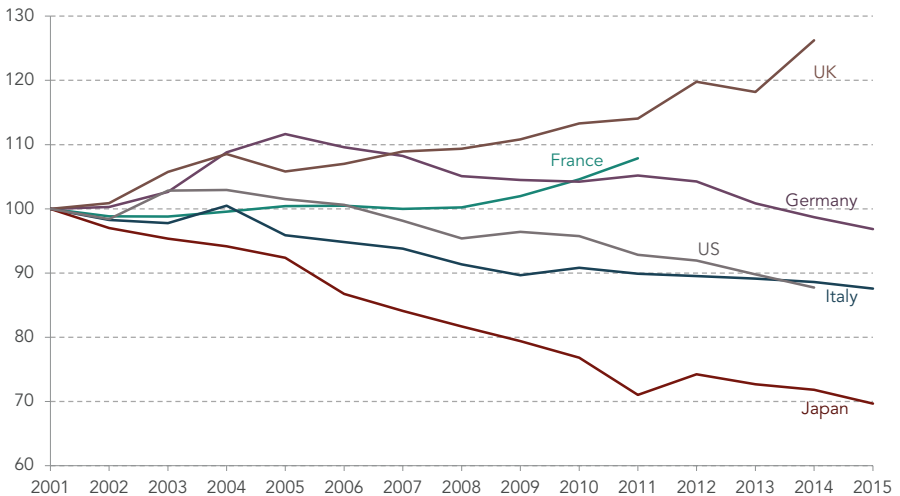
Firstly that is because inferring from recent economic data that such trends are long-term or inevitable risks missing the role of the economic cycle during the recession and recovery from the financial crisis. As Figure 1 shows, the UK shed full-time work during the 2008 crisis right through to 2011 as GDP fell fast and then bumped along. Meanwhile the exceptional jobs recovery that followed and saw employment reach record highs by late 2014 was made up of big rises in 'atypical' work. While economics text books teach students that increased unemployment and labour market slack during a recession feeds through into wages, it looks likely that in this recession it also exhibited itself through firms feeling more able to demand, and workers being more willing to accept, 'atypical' work.

The reverse of this cyclical effect also comes through in the more recent data; full-time work for an employer has accounted for 97 per cent of the growth in employment in the past year. As also shown in Figure 1, the past year has seen rapid rises in 'atypical' work come to an end. A tightening labour market, with unemployment at its lowest levels since the 1970s and employment at record highs, may not be having the effect the textbooks led us to believe on still stagnant wages. However, they may be giving workers more bargaining power when it comes to the security of work they accept.

The second reason for doubting that global technology trends are driving the rise in 'atypical' work is that we have not seen the same trends in all advanced economies

Figure 2: 'atypical' work has grown significantly since the financial crisis

Change in self-employment as a share of total employment (2001=100)



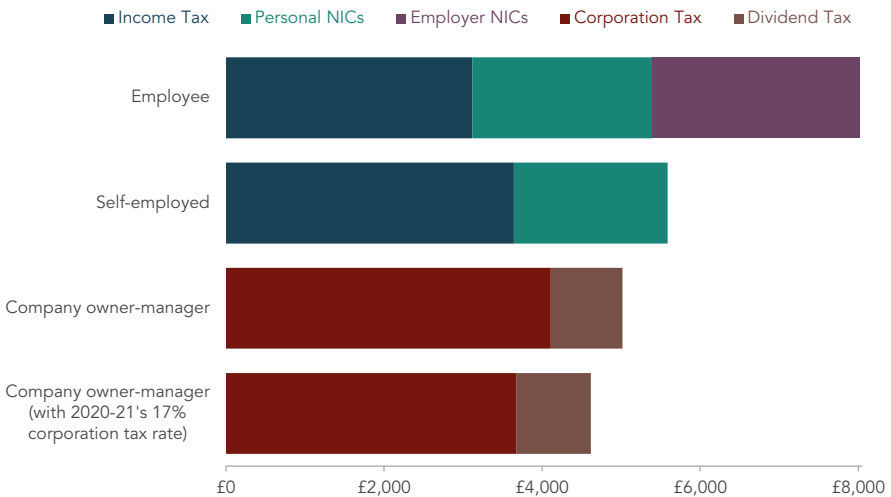
Source: RF analysis of OECD, Self-employment rate

– especially in relation to the rise in self-employment (see Figure 2). This should encourage us to look at UK-specific labour market institutions, from tax to employment regulations.

A good starting point is the advantageous tax treatment of self-employment in the UK. In terms of the total tax take on a person's labour that costs a firm £30,000, over £2,400 more is received by the exchequer for employees than the self-employed, while the tax benefit of incorporating as an owner-manager is greater still (Figure 3).³ The majority of this tax difference is driven by the lack of an equivalent of employer National Insurance on self-employed labour which provides a very significant incentive for firms and individuals, especially those with higher incomes, to choose self-employment where they can. Small differences in benefit entitlements

Figure 3: The tax system favours the self-employed and company owner-managers

Tax paid on £30,000 of market income, by legal form



Notes: Based on estimated 2018-19 tax system. Employee salary is £27,400 after employer NICs.

between employees and the self-employed do not come close to justifying such a tax differential, particularly after the introduction of the single tier state pension has removed the single biggest such difference.

Alongside the incentives from the tax system, self-employed workers are not entitled to the minimum wage. As the NLW increases over the next few years this incentive for firms to choose self-employed labour will also rise.

There are also financial incentives in employing people on ZHCs: if they do not meet the requisite earnings thresholds staff may not have to be auto enrolled and sick pay is based on hours worked in the past two months which may mean that ZHC workers with fluctuating hours may not be entitled to as much as regular employees. Furthermore agency workers can be paid less than employees (at least for the first 12 weeks).

Addressing high levels of 'atypical' work matters, even if it is no longer rising

If a tightening labour market has started to remove the recent upward pressure on 'atypical' work, should policy makers still care about it? The answer is a clear yes. The sheer scale of such work remains high, it brings with it a pay penalty, it's not clear we have the optimal balance between flexibility for the individual and for firms, and we now have significant uncertainty about classification of self-employed workers in particular. Beyond the labour market there are also major public finance reasons for not believing the status quo is sustainable.

While overall Britain faces a disastrous decade for pay, 'atypical' workers stand out as paying a big financial price when working in this way. These pay differentials are also not simply the product of different job specifications or of the qualification levels of the workers concerned: 'atypical' workers are paid less than regular employees even when the same kind of person is doing the same kind of job. Those on ZHCs are paid approximately 6.6 per cent less than non-ZHC workers, while agency workers face a 'pay penalty' of 2.4 per cent.⁴ The earnings of the self-employed have fallen by around 15 per cent in the past two decades, whereas pay for employees is up 14 per cent.⁵

Policy makers will obviously want to recognise that desire for flexibility is a real thing on the part of both firms and workers, with previous surveys having suggested that around eight in ten prefer being self-employed and a (slim) majority of those on ZHCs not wanting to increase their hours.⁶ However a significant minority of people would prefer to have a more typical relationship with an employer, and the fact that some large firms, including JD Weatherspoon and McDonald's are finding it necessary to offer more typical work as the labour market tightens points to a desire for more security. In particular there are clearly areas where the flexibility on offer is not genuinely two way and where the case for change is strongest. This is coming out in both legal cases examining the level of control some firms are trying to exercise over workers they argue are self-employed, and in the use of 'zeroing down' the hours offered to ZHC workers or indeed such contracts being used despite someone in practice working the same hours week in week out.

The major tax incentive towards self-employment noted above not only drives much of the increase in the number that are self-employed, resulting in 5 million workers now being largely outside of the protection of employment law, but also has a big cumulative

effect on the public finances. By 2020-21 the exchequer will miss out on around £6 billion of National Insurance receipts annually as a result of the favourable treatment of self-employment.⁷

Given this range of considerations it is welcome that we may be witnessing a plateauing of such work as the tightening labour market encourages firms to create more secure forms of employment. However the numbers of 'atypical' workers are still too high. Alongside the impacts above, the type of work on offer also affects how the UK adjusts to the reduction in the supply of lower paid labour that the end of free movement is likely to bring. As the previous chapter sets out, improving the quality of the jobs on offer is part of drawing more workers into the labour force in the first place. It is also one element in helping to create a more engaged and well-trained workforce given that firms are incentivised to invest in their staff because of the lasting nature of their relationship.

So what can be done? We focus on addressing the problems associated with ZHCs and self-employment in what follows, with an investigation into how to respond to the challenges facing agency workers a key part of an ongoing research project.⁸ In particular we will consider whether or not agency workers are losing their right to equal treatment after 12 weeks without being fully aware that they committing to an annual or Swedish Derogation contract. We will also seek to understand the extent to which agency workers are churned off contracts before 12 weeks, to what extent people are working for multiple agencies, and ultimately how such things are affecting their rights and the benefits they receive.

Ensuring ZHCs provide genuine two way flexibility

Of all the types of 'atypical' work we have analysed ZHCs are associated with the highest levels of dissatisfaction and the biggest pay penalty. Between three to four in ten ZHC workers want to work more hours and interviews with those on ZHCs reveal that many people have difficulties managing their finances, are afraid to demand their employment rights and find it difficult fitting their work around other commitments.⁹

The argument for ZHCs rest on them providing an important part of the UK labour market's flexibility. For students, those with caring responsibilities or complex health needs of their own, or those wanting to work but simply not prepared to commit to given hours, such contracts can allow them the flexibility to vary hours as they wish. But such flexibility must be two way to be justified. There is no strong business case for ZHCs to be used when in practice workers are doing regular hours week in week out and would prefer a regular contract.

We therefore recommend that after three months a worker on a ZHC doing regular

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hours should have the right to a fixed hours contract guaranteeing them the average weekly hours worked over the previous three months. Three months is an appropriate cut off because it would allow employers to use these contracts for holiday or temporary workers. And crucially, because this is a right, some employees – such as bank nurses – may well choose to continue working on ZHCs because they provide two way flexibility. For reasons of clarity, simplicity, and to allow people who benefit from such contracts to remain on them we favour such an approach over other suggestions of a weaker 'right to request' a contract that reflects the actual hours worked, a different minimum wage rate applying to workers on such contracts, or the outright banning of ZHCs.

A worker on a zero hours contract doing regular hours should have the right to a fixed hours contract

Of course, as with most labour market reforms there are trade-offs, with risks that while people could still choose to remain or start on a ZHC, a broader reduction in ZHCs may mean that there are fewer flexible options available to those looking for work but who do not wish to accept fixed hours. Government should assess the extent to which this is the case and assist such workers in other ways: the last chapter provided details on how to increase labour market participation by relatively disadvantaged groups.

The reforms above would help address the issue of ZHCs in the private sector, however there are particular issues with ZHCs in the public sector, particularly in care. The majority of domiciliary care workers are on ZHCs, with the move towards ZHCs in the care sector predating the financial crisis and subsequent growth in 'atypical' working.¹⁰ It would be heavy-handed to ban the use of ZHCs in the public sector, but alongside the new right recommended above there is a strong case for local authorities to procure and commission care services with the stipulation that the majority of work is carried out by staff not on ZHCs. It is yet to be seen if the recently announced reforms to care funding will lead to sufficient new investment so that care providers aren't incentivised to rely as extensively on ZHCs.

Reducing the tax incentives towards self-employment

When it comes to reforms relating to self-employment, the clear objective is to provide a level playing field between employment and self-employment, so that individuals and firms can choose arrangements that best reflect their needs and preferences, rather than the tax incentives involved. We should also look again at whether low pay protection akin to the minimum wage can be extended, at least to sub-groups of the self-employed.

Tax action should start with the government returning to the Chancellor's proposal to all but equalise employee and self-employed NICs by raising Class 4 NICs to 11 – or indeed 12 – per cent. This will raise £600 million – or £1 billion in the case of a 12 per cent rate – a year and the change, in combination with the abolition of Class 2 NICs,

would mean that the majority of self-employed workers will pay less NI, or none at all.

However, this would still leave a significant tax incentive towards self-employment due to the lack of employer NICs (a 13.8 per cent tax) on self-employed labour. This is difficult to address straightforwardly, but a first step could be to extend employer NICs, or an equivalent levy, to cases where PAYE-registered companies use self-employed labour (including owner-managers) – with allowance made for any input costs (such as materials). The new requirement in the public sector that tackles bogus self-employment by moving the onus for certifying that someone is genuinely self-employed from the individual to the organisation contracting that labour should also be extended to the private sector, beginning with larger companies.

The government's planned further reduction in the corporation tax from 19 per cent to 17 per cent will further increase the incentive to incorporate. Reversing this would be welcome, or else further increases in dividend taxation will be needed to help offset corporation tax falls. To reduce the capital gains tax incentive for incorporating the government could also scale back Entrepreneur's Relief and the Annual Exempt Amount: tax breaks that together cost £6 billion a year and no doubt explain part of the rise of self-employed incorporation.

Strengthening the rights and benefit entitlements of the self-employed

Crucially reform of taxation for the self-employed should be part of a wider package to further equalise not only tax treatment, but also responsibilities and rights.

With the introduction of the single tier pension the most important discrepancy between employees and the self-employed benefit entitlement was ended. The next step should be to offer the self-employed statutory maternity pay (SMP) and paternity pay. Based on their current level we estimate that providing SMP to the self-employed

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would cost between £9 million and £82 million per annum and that it would cost between £5 million and £18 million per annum to provide the self-employed with paternity pay.¹¹

There are other benefits and rights enjoyed by employees that are not available to the self-employed such as contributory job seekers allowance (JSA), sick pay, and auto enrolment. Previous estimates have suggested that providing the self-employed with contributory JSA would cost around £50 million per annum,¹² while doing so would not be administratively straightforward. One way to provide contributory JSA to some self-employed workers would be to make it available to those who have paid Class 4 NICs at or above a specific profit level (around £25,000) for two years. This would make the contributions required similar to those for employees.

Providing statutory sick pay (SSP) to the self-employed is even more challenging,

as it is paid by employers so the government would need to decide if it wishes to spend public money on SSP for the self-employed. Doing so we estimate could cost as much as £340 million – given that the self-employed are more likely to have health problems than employees - but this figure could be higher if the system was open to more abuse than the system for employees.¹³ Such a system would necessitate finding an appropriate way to ensure that those claiming were suffering from genuine health problems. GPs may need to play a more active role when issuing fit notes and those in receipt of SSP should be required to take active steps (where possible) to get back to work. Even if SSP is not extended to the self-employed they should be allowed to access the Fit for Work Service.

Fewer self-employed people contribute to a private pension than do their employee counterparts.¹⁴ There are financial reasons for this; affordability being the most common reason given by the self-employed for not contributing.¹⁵ Raising the earnings of the self-employed (which have been stagnant for two decades) should therefore be a priority. In addition

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to this more can be done to incentivise saving. The behavioural barriers to contributing to a pension could also be addressed by using an opt-out system when the self-employed file tax returns. Those submitting their tax form online would be required to actively navigate away from contributing to a pension if they did not wish to make similar levels of pension contribution that are required of employees under auto-enrolment. There are challenges with this approach, not least the selection of a pension provider. Nevertheless this is an idea that has been floated by a number of organisations and merits further investigation.¹⁶ There is also scope for exploring if firms and platforms that rely on self-employed workers could have to auto enrol their workers by default into pension schemes, alongside more radical options of requiring engagers of self-employed labour to contribute directly into pension schemes themselves via a form of levy.

A wider government package could also tackle other issues that particularly affect the self-employed, including the problem of late or unmade payments, perhaps by drafting or tightening laws to ensure that those using self-employed contractors pay them within a similar timescale to employees. A number of local governments in America are bringing in legislation that makes it illegal to not provide a contractually binding payment date to a self-employed contractor or pay them within 30 days. The government should also examine how the operation of the Minimum Income Floor of UC is impacting on the self-employed in practice. The floor is calculated on monthly earnings which may not be appropriate for the self-employed whose earnings may fluctuate more than employees.

Clarifying employment status should not simply be left to the courts and low pay protection extended where possible

Greater clarity is required where the self-employed primarily work for a firm or firms that exert significant control over them. There have been a number of high profile tribunal claims recently where tribunals have decided that those working for companies – such as Uber and Pimlico Plumbers – are not self-employed but workers. That uncertainty is likely to remain for some time, not only because the firms are appealing these decisions but also because they are in industries largely reliant on self-employed labour where the courts will be asked to test other classification questions for years to come.

The Taylor Review may tackle some of these issues by looking at options for a new statutory test for employment status. This would in practice be far from straightforward, but would be welcome given that we should collectively decide how to update our employment laws for the 21st century rather than leaving the heavy lifting to the courts alone. Some, including the Labour party, have also suggested that the law be changed so that it assumes a worker is an employee unless an employer can prove otherwise – switching the onus from the status quo where an individual would have to prove to an employment tribunal that they are a worker. Such contributions are welcome given the challenge for workers in many sectors in accessing employment tribunals, but do not resolve areas where there is a genuine lack of legal clarity.

Beyond questions of correct classification, it is also important to note that low-earning individuals who are classified as self-employed are beyond the protection

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of the minimum wage. This is a growing challenge as our labour market adjusts to a higher minimum wage in the years ahead. While simply extending the minimum wage to the self-employed is not feasible, there may be ways to extend

some elements of low pay protection to groups of the self-employed. We propose that for subsets of the self-employed (those providing commodified labour to price-setting platforms or firms) a test of whether a person working in a 'reasonable' way would earn the minimum wage – similar to the test in the existing National Minimum Wage regulations for workers – could be applied.¹⁷ Deciding which self-employed workers fall into this category would require an assessment of the price-setting power of the firm. Nevertheless this is an idea that should be considered given its potential to discourage firms from paying very low rates to their self-employed workers, with a similar reform having been approved by the Dutch Parliament earlier this year.¹⁸ Crucially this would be in addition to rather than a substitute for ensuring proper employment status classification in the first place.

We need to strike a balance between flexibility and security and now is the time to do so

A rising wage floor and a fall in the supply of low paid labour will mean that firms will have to change the way that they attract, retain and get the most out of workers. In the new world of work the productivity of the lower paid part of our workforce will come not only from having a flexible workforce but also from having a motivated one, and making sure that the right workers are matched to the right roles. Furthermore, to ensure that the UK has the necessary supply of labour more people will need to be attracted into the labour force by the prospect of good work.

Firms will face a new set of incentives. However government needs to create a regulatory regime that better reflects the changing labour market, and best serves workers and firms. In the past government has rightly focused on getting more people into work – a crucial focus and there is more than can be done in this regard (see the previous chapter). Public policy now needs to ensure that people can progress in work. The problem of progression will grow increasingly acute as the wage floor rises over the next few years, and it is to this problem that we now turn.

Summary of recommendations

— Zero hours contracts

Recommendation 1 After three months a worker working regular hours on a ZHC should have the right to a fixed hours contract guaranteeing them the average weekly hours worked over the previous three months.

Recommendation 2 Local authorities should procure and commission care services with the requirement that the majority of work is carried out by staff on guaranteed hours contracts.

— Self-employed

Recommendation 3 The government should equalise self-employed and employee NICs by raising Class 4 NICs.

Recommendation 4 As a first step in narrowing wider NI treatment, employer NICs or an equivalent tax should be levied on PAYE-registered companies that use self-employed labour (including owner-managers).

Recommendation 5 The new public sector requirement that moves the onus for certifying that someone is genuinely self-employed from the individual to the contracting organisation should be extended to the private sector, beginning with larger companies.

Recommendation 6 The government should scrap plans to further lower corporation tax, or else raise dividend taxes to offset this, and should scale back Entrepreneur's Relief.

Recommendation 7 Statutory Maternity Pay (SMP) should be provided to the self-employed, costing between £9 and £82 million a year.

Recommendation 8 The government should explore if contributory JSA, or something similar, could be available to the self-employed, perhaps for those who have made the necessary contributions.

Recommendation 9 The government should assess if Statutory Sick Pay (SSP) can be made available to the self-employed. Safeguards would have to be put in place to prevent abuse.

Recommendation 10 The government should explore an opt-out system for the self-employed that encourages the take-up of private pensions.

Recommendation 11 A test of whether a 'reasonable' worker would earn the minimum wage could be used to extend low pay protection to certain types of self-employed workers that do not control the price of their work.

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- 1 Many of the growing forms of employment, such as zero hours contracts (ZHCs) and agency work, have been described as 'precarious'. In some respects this is a good description, yet for some people, working for an agency, being on a ZHC, or being self-employed is desirable and financially beneficial (particularly in the case of self-employment) so it would be a misnomer to describe all these forms of work as 'precarious', therefore we will use the term "atypical".
 - 2 Office for National Statistics, *People in employment on a zero-hours contract: Mar 2017*, May 2017
 - 3 D Tomlinson & A Corlett, *A tough gig? The nature of self-employment in 21st Century Britain and policy implications*, Resolution Foundation, February 2017
 - 4 L Gardiner, *A-typical year?*, Resolution Foundation, December 2016
 - 5 A Corlett, *The RF Earnings Outlook Q2 2016*, Resolution Foundation
 - 6 C D'Arcy & L Gardiner, *Just the job – or a working compromise? The changing nature of self-employment in the UK*, Resolution Foundation, May 2014 & D Tomlinson, *Zero-hours contracts: casual contracts are becoming a permanent feature of the UK economy*, Resolution Foundation, March 2016
 - 7 D Tomlinson & A Corlett, *A tough gig? The nature of self-employment in 21st Century Britain and policy implications*, Resolution Foundation, February 2017
 - 8 L Judge & D Tomlinson, *Secret Agents: agency workers in the new world of work*, Resolution Foundation, December 2016
 - 9 M Pennycook, G Cory & V Alakeson, *A Matter of Time: The rise of zero-hours contracts*, Resolution Foundation, June 2013
 - 10 V Alakeson & C D'Arcy, *Zeroing In: Balancing protection and flexibility in the reform of zero-hours contracts*, Resolution Foundation, March 2014
 - 11 We get to this figure by calculating the ratio of female self-employed workers to female employees aged 16 to 50 (0.0967). We also calculate the ratio of self-employed workers to employees reporting that they are on maternity leave (0.0474). These figures are applied to the spend on Statutory Maternity Pay in 2015-16 (£2.3 billion) to derive upper and lower bounds. We then adjust this to take into account the lower earnings of the self-employed using the ratio of median weekly employee pay to self-employed pay (0.64). We then calculate what proportion of people claiming the Maternity Allowance are self-employed (13.7 per cent according to the LFS) and apply this to the spend on Maternity Allowance in 2015-16 (£440 million) to get £60 million. We then subtract this from our initial upper and lower estimates to reach our final upper and lowest estimates. We use OBR data on paternity pay in 2015-16 (£100 million). We then calculate the ratio of male self-employed workers to male employees aged 16 to 50 (0.177) and calculate the ratio of male self-employed workers to employees reporting that they are on paternity leave (0.048). These figures are applied to the estimated spend on Paternity Pay in 2015 (£100 million) to get an upper bound of £18 million and a lower bound of £5 million. We have not estimated what the cost would be if self-employed couples were more likely to make use of statutory shared parental pay than SMP, but if so this would lower the SMP estimate and increase the paternity estimate, lowering the overall cost.
 - 12 S Kennedy & A Seely, *Self-employed people and contribution-based Jobseeker's Allowance*, House of Commons Library, July 2014
 - 13 We calculate this figure by using the ratio of self-employed to employees (0.178) and applying it to the only available estimate of SSP (£1.5 billion in C Black & D Frost, *Health at work – an independent review of sickness absence*, Department for Work and Pensions, November 2011). We then adjust this to take into account that the self-employed are 27 per cent more likely to suffer from health problems that affect the kind or amount of work they can do than employees.
 - 14 Pensions Policy Institute, *PPI Response "Review of automatic enrolment – initial questions"*, February 2017
 - 15 C D'Arcy, *The self-employed and pensions*, Resolution Foundation, May 2015
 - 16 House of Commons Work and Pensions Select Committee, *Self-employment and the gig economy Thirteenth Report of Session 2016–17*, April 2017
 - 17 C D'Arcy, *The minimum required? Minimum wages and the self-employed*, Resolution Foundation, July 2017
 - 18 Lexology, *Statutory minimum wage - for the self-employed as well*, April 2017
-