

Covid-19 and precarious work: time for end to the “Gig Economy”

By Professor Alex de Ruyter, Director, Centre for Brexit Studies

I have spent 25 years researching flexible (or precarious, depending on your perspective) forms of work. Indeed, my PhD was on the uses of part-time and casual workers in hospitals in Australia. For the most part my perspective has been that such forms of work have been used by employers because of gaps in the regulatory framework that enabled them to do so.

In the UK of course the thrust of regulatory development has been to erode the terms and conditions attached to regular employment over the past 40 years, alongside the growth of relatively unregulated forms of work, today associated with the “Gig Economy”. We all know of them – temporary agency work, zero-hours contracts etc.

And use of such forms of work is rife in sectors such as care homes, where the work is low-paid but physically and emotionally demanding. Little wonder then that they have trouble recruiting permanent workers and have to use agencies (where people can earn higher hourly rates).

And it is tragic to see that a work model, whereby agency workers typically work at more than one site in the sector, appears to have helped to spread Covid-19 between care homes.[\[1\]](#) Sadly, to me this is not surprising – a peripatetic workforce (many on zero-hours contracts) that don’t get sick pay will also risk turning up to work when ill (otherwise they don’t get paid) and thereby further spread contagion.

Dominic Raab, of course (more on him later), in what I thought was a somewhat disingenuous comment said that care homes were more difficult to help prepare for Covid-19 because of their [“decentralised nature”](#). Quite.

However, the UK Government has presided over (one could argue created) this work model. Analysis by John Philpott for the Resolution Foundation reported that some 22.2% of the workforce in 2016 (up

from 18.1% in 2006) were in these highly precarious forms of work^[2] (Booth, 2016).

REPORT THIS AD

Of these, a breakdown of this 22.2% suggests that 15.1% were “self-employed”, 4.3% on a temporary contract, and 2.9% on “zero hours” contracts (which only comprised 0.5% of the workforce in 2006). Of the self-employed, Philpott’s analysis suggested that 2 million were earning less than £8 per hour. These are the people that we often associated with the gig economy.

However, the precariousness of the UK labour market goes further than this, with a substantial body of “permanent” employed workers subject to a high degree of job insecurity simply by not having been in their current job for long enough to be covered by unfair dismissal provisions. The qualifying threshold is two years’ continuous service in their current job (which was extended from one year by the UK Government in 2012).^[3] So to emphasise the point, the UK Government deliberately extended the number of workers excluded from employment protection provisions.

Hence, two key facets of precariousness are pertinent to the current pandemic-induced crisis; that of insecurity of tenure and lack of employment protection thereof; and that of the resultant income insecurity (particularly for those with dependents under 16). Focussing on these starkly illuminates the degree of ‘precarity’ in the UK, as depicted in Table 1.

Table 1: Incidence of precarious forms of employment in the UK, 2019 (Oct-Dec)

Employment type	Number	Those with dependents (under 19)
Dependent contractor**	737,844	245,432
Job that is "not permanent in some way" *	1,437,217	522, 194
Employees with current employer for less than 2 years (continuous service)	7,946,729	3,320,052
Current employees who were "out of employment" in previous 12 months	1,528,955	670,445
Zero-hours contract	701,990	274,227

Source: (Office for National Statistics, 2020c), *Labour Force Survey* (Oct-Dec)

*This is a catch-all category for temporary work, including agency work, fixed-term contracts and casual work.

** Data on dependent contractors taken from April-June 2019, as these figures are not collected in the Oct-Dec survey.

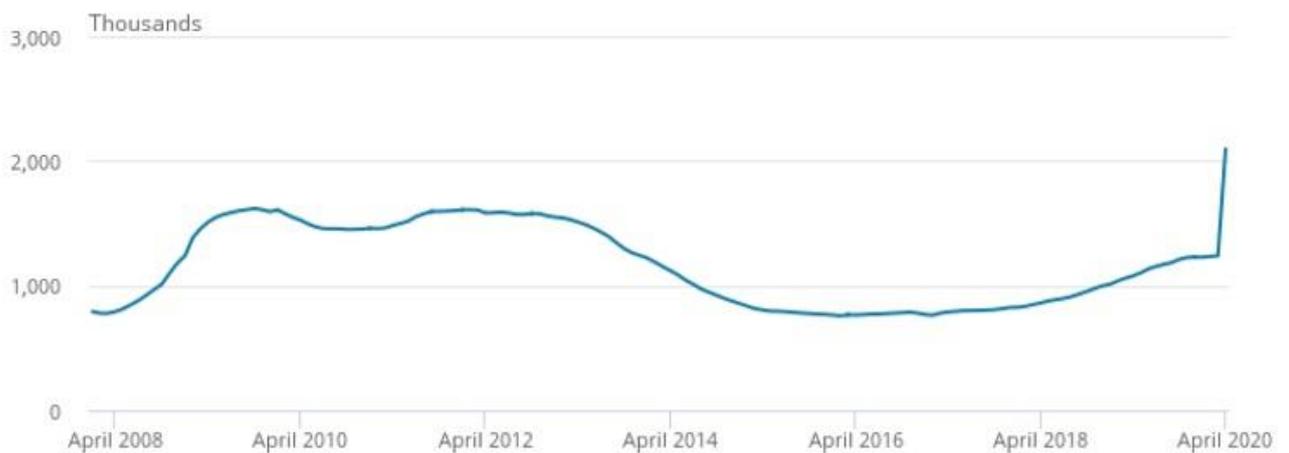
There is some overlap between these categories, generating a pool of individuals whose employment status is precarious along several different vectors. Of those whose job is not permanent in some sense, 222,241 were on zero-hours contracts. A total of 2,654,810 individuals faced significant uncertainty over their future income in the sense of being *either* on a zero-hours contract *or* a dependent contractor *or* having a job that is non-permanent in some other sense.

Nearly 8 million employees were excluded from unfair dismissal provision because they had not attained two years' continuous service in their current job. Of these 564,250 were single parents (ibid). Additionally, lack of coverage of adequate sick pay for millions of workers in the UK is a significant form of market failure, as there is no incentive to stay home when ill, if one consequently does not receive an income, exacerbating the impact of a pandemic.

Thus we have a situation that has evolved where about one-third of the workforce face a significant degree of precarity in their job. In the current crisis where entire sectors have been furloughed and people have lost their job, the stark deterioration in the labour market has manifested in terms of the claimant count, which the Office for National Statistics show increased by 69% in April (as shown in the chart below) to over 2 million persons^[1].

Figure 10: UK Claimant Count level increased by 69.1% in April 2020

UK Claimant Count, seasonally adjusted, between January 2008 and April 2020



Source: Department for Work and Pensions

Chart downloaded from:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/may2020#unemployment>

However, further labour market reforms remain on the agenda for the Conservative Party; Dominic Raab, currently Foreign Secretary in the UK, claimed in 2012 that “People who are coasting – it should be easier to let them go, to give the unemployed a chance. It is a delicate balancing act, but it should be decided in favour of the latter.”^[1]

Raab of course, along with four Tory colleagues, including current Home Secretary, Priti Patel; and International Trade Secretary, Liz Truss, were the authors of ‘*Britannia Unchained — Global Lessons for Growth and Prosperity*’,^[2] which purported to be a manifesto to ostensibly strip back

protective regulations and seek to mimic Singapore in its techno-market orientation.

Echoing the hypocrisy of a Government that “claps the NHS” but at the same time attacks migrant workers (who make up a vital part of our health service), Patel in her capacity as Home Secretary refuses to waive the requirement for foreign health and care workers to pay a £625 surcharge per annum to work in the NHS.[\[3\]](#)

Alongside an eagerness to erode the conditions of employment is a parsimonious attitude to the unemployed. This was captured in a statement from the architect of Universal Credit, former Work and Pensions Secretary, Iain Duncan Smith, who quipped in 2012 of benefit allowances that he could “live” on £53 a week[\[4\]](#).

In a similar fashion, the right-wing media have been ardent exponents of demonising benefit recipients as having an “easy life”.[\[5\]](#) Eagerness to attack the unemployed does not bear up to scrutiny when assessing the impoverishing level of support provided on Universal Credit (£95.40 per week for a single person over 25) and the severe sanctions regime in enforcing job search[\[6\]](#).

However, as the current crisis in our care homes shows, Covid-19 has brutally exposed the fundamental flaw in constructing a labour market dependent on a large group of relatively low-paid individuals with little recourse to statutory labour rights, or a decent welfare safety net to fall back on.

In this context, a large section of the workforce who might not have had any empathy with the unemployed have now found themselves having to apply for Universal Credit, as noted in the chart above. That these new-found claimants have been shocked at the actual nature of the benefits regime, rather than what they were led to believe[\[7\]](#), could lead to a rethink of attitudes towards the unemployed.

Hence, Covid-19 has shown up deficiency of the welfare system in the UK not in terms of its inequality *per se*, but rather in terms of *arbitrarily imposing* severe precarity on the livelihoods of millions of families at little notice. As a result, the system fails to ameliorate precariousness amongst the most vulnerable in society.

For us, the answers to tackling a broken labour market and welfare system are simple, and yet will require a fundamental transformation in our economic model: start paying decent wages and offer decent working conditions; regulate to eliminate the worst excesses of precarious work such as zero-hours contracts; and guarantee a basic income^[8] to all (including stay-at-home carers and children).

Finally, reverse the damage caused by a decade of funding cuts to our public services, childcare and education. If the Government cannot bring themselves to do this and repair the damage they have caused in the past 10 years, then the calls will grow for others to do so.

Whilst I have no qualms about people working (e.g., full-time students) for the likes of Deliveroo to earn money part-time, when it becomes the main interaction with the economy for a growing proportion of people, enough is enough. Time for an end to the “Gig Economy”.

Acknowledgement: this blog is an extract from my upcoming article (with David Hearne) on “Covid-19 and a Basic Income in the UK: Making it work”. Check our [website](#) for release date.

[1] <https://www.theguardian.com/world/2020/may/18/agency-staff-were-spreading-covid-19-between-care-homes-phe-found-in-april>

[2] Booth, R. (2016). More than 7m Britons now in precarious employment. *The Guardian*. Retrieved from <https://www.theguardian.com/uk-news/2016/nov/15/more-than-7m-britons-in-precarious-employment>

[3] <https://archive.acas.org.uk/index.aspx?articleid=3733>

[1] <https://www.theguardian.com/politics/2012/aug/22/britannia-unchained-rise-of-new-tory-right>

[2] <https://www.palgrave.com/gp/book/9781137032232>

[3] <https://www.theguardian.com/politics/2020/may/16/home-office-priti-patel-failure-to-scrap-nhs-migrant-surcharge-sparks-anger>

[4] https://www.theguardian.com/politics/2013/apr/01/iain-duncan-smith-live-benefits?CMP=tw_t_gu

[5] <https://www.dailymail.co.uk/news/article-2605677/Mother-two-never-worked-encouraged-daughter-pregnant-council-house-easy-life-benefits.html>

[6] For example, the requirement for parents of 3 to 4 year old children – even lone parents – to be available for work. See Pearson, R. (2019). A feminist analysis of neoliberalism and austerity policies in the UK. *Soundings*, 71, pp. 28-39. doi:10.3898/SOUN.71.02.2019 Retrieved from <https://www.lwbooks.co.uk/soundings/71/a-feminist-analysis-of-neoliberalism-and-austerity-policies-in-the-uk> .

[7] Bentley, D. (2020). DWP faces pressure for Universal Credit reforms on advance loans and one-year rise. *Birmingham Mail*. Retrieved from <https://www.birminghammail.co.uk/news/midlands-news/dwp-faces-pressure-universal-credit-18259607>

[8] <https://centreforbrexitstudiesblog.wordpress.com/2020/04/24/do-we-need-a-universal-basic-income/>