

Temporary and agency workers: data analysis of JCP vacancies and WERS 2004

Report for the TUC CoVE prepared by the Centre for Economic and Social Inclusion

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1. INTRODUCTION

- 1.1 The Centre for Economic and Social Inclusion (*Inclusion*) was commissioned by the Trades Union Congress Commission on Vulnerable Employment (TUC CoVE) to carry out some data analysis of temporary and vulnerable workers.
- 1.2 This report summarises findings from Jobcentre Plus (JCP) vacancies data available on nomis¹ and the 2004 Workplace Employment Relations Survey (WERS) of managers².

¹ See <https://www.nomisweb.co.uk/default.asp> for further information about official labour market statistics available on nomis. (accessed 04-04-08)

² Accessed from <http://www.data-archive.ac.uk/findingData/snDescription.asp?sn=5294> (accessed 04-04-08)

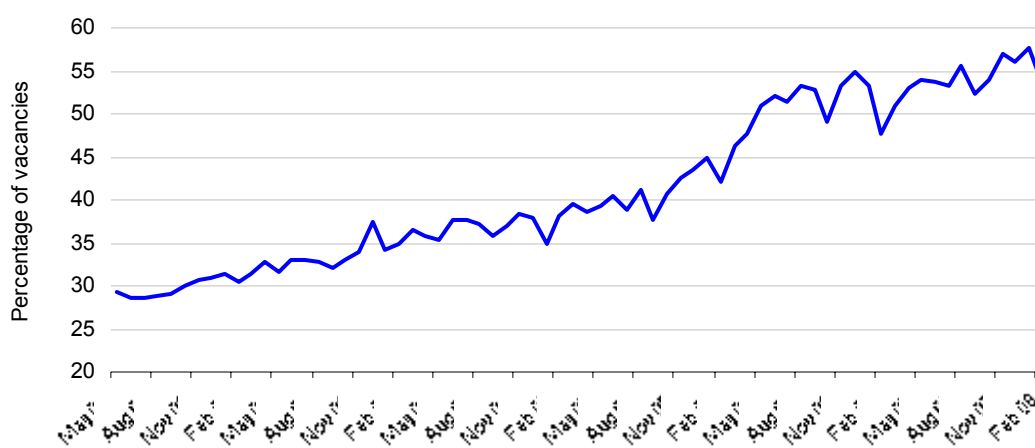
2. SUMMARY

- 2.1 While there are month by month variations, the proportion of new vacancies from 'Other business activities', which is the full name of the Standard Industrial Classification 74, increased from 29 per cent in 2002 up to a peak of 58 per cent in January 2008.
- 2.2 The increase in the proportion of Industry 74 vacancies is likely to be driven by employment agency vacancies, as the occupational groups represented by sectors within Industry 74 targeted by Jobcentre Plus are not showing sharp increases in the proportion of Jobcentre Plus vacancies. Other groups within Industry 74 represented by professional services, such as accountancy and architecture, are very small users of Jobcentre Plus services. See Chapter 3 for a more detailed discussion.
- 2.3 Analysis of the 2004 Workplace Employment Relations Survey (WERS) managers survey shows
- Eighty four per cent of establishments reported using contractors.
 - Twelve per cent of establishments nationally reported having temporary agency staff working for them, of which only four per cent were using three or more agency staff.
 - Short-term cover for staff absence/vacancies and peaks in demand are the main reasons for using temporary agency staff.
 - Twelve per cent of all establishments nationally reported using temporary or fixed term contract holders.
 - Temporary increase in demand is the most common reason given by establishments for using temporary and fixed term contract holders, followed by the covering of maternity leave or a long-term absence and job trials.
- 2.4 See Chapter 4 for a more detailed discussion of the findings from the 2004 Workplace Employment Relations Survey.

3. JCP VACANCIES

- 3.1 Jobcentre Plus has a number of formal links with employment agencies. As well as the Jobseeker’s Allowance regime regarding registration with an employment agency as a ‘step’ to look for work, and following that, pursuing such a registration being required in Jobseeker’s Agreements, a proportion of Jobcentre Plus vacancies are sourced from employment agencies.
- 3.2 The proportion of Jobcentre Plus vacancies that are sourced from employment agencies is, in detail, unknown, but can be approached by comparing different time series of Jobcentre Plus vacancies.
- 3.3 Figure 3-1 shows the proportion of Jobcentre Plus ‘notified’ vacancies (that is, new vacancies) that are accounted for by ‘Other business activities’ which is the full name of the Standard Industrial Classification 74³ (UK SIC 2003). Industry 74 includes employment agencies and other sectors (discussed below). There is a steady increase in the proportion of all vacancies that are covered by Industry 74.

Figure 3-1 Industry 74 as proportion of all Jobcentre Plus vacancies (GB)



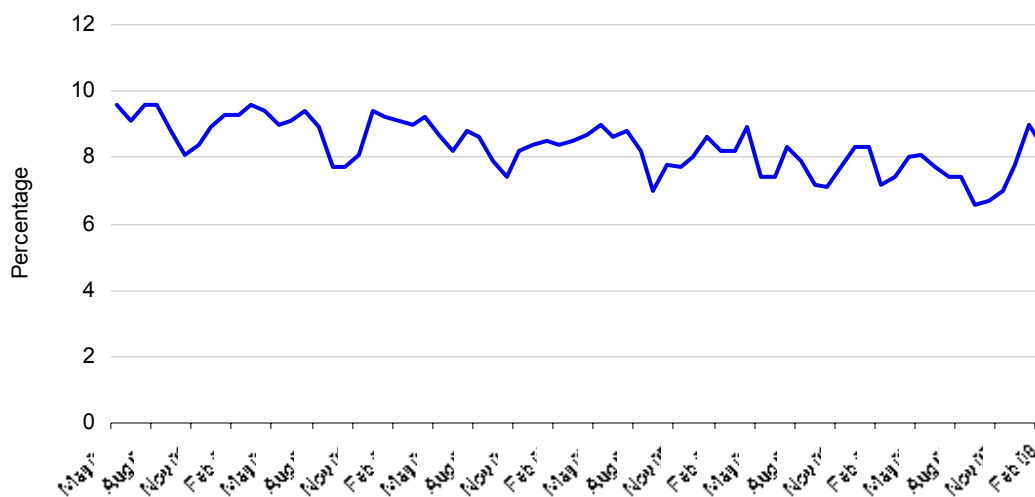
- 3.4 While there are month by month variations, the proportion of new vacancies from this single industry group increased from 29 per cent in 2002 up to a peak of 58 per cent in January 2008. There is some regional variation in this with the

³ Industry 74 is normally counted within the ‘knowledge economy’. As follows from this argument, this may not be appropriate. For a detailed list of jobs that are covered by this code please see Annex 1.

proportions in Scotland, Wales and London being notably lower, and the northern English regions being higher.

- 3.5 'Other business activities' includes, as well as 'labour recruitment and provision of personnel' (employment agencies), a number of sectors that Jobcentre Plus identifies as target sectors. These include security guarding and contract cleaning. However, the occupational analysis of Jobcentre Plus vacancies, shown in Figure 3-2, shows that the two relevant occupational groups (cleaners and security guards) have comprised under 10 per cent of notified Jobcentre Plus vacancies at all times, and have been declining as a proportion of all vacancies, with occasional increases as in the last six months. Even if call centre operatives (where outsourced, also in industry 74) were included, the proportion of total Jobcentre Plus vacancies only rises to 14.9 per cent (Feb 2008).

Figure 3-2: Cleaners and security guards as a proportion of all JCP vacancies



- 3.6 Therefore, as the occupational groups represented by sectors within Industry 74 targeted by Jobcentre Plus are not showing sharp increases in the proportion of Jobcentre Plus vacancies, we are driven to the conclusion that the increase in the proportion of Industry 74 vacancies are likely to be driven by employment agency vacancies. Other groups within Industry 74 represented by professional services such as accountancy and architecture are very small users of Jobcentre Plus services.

4. WORKPLACE EMPLOYMENT RELATIONS SURVEY (WERS) 2004

- 4.1 The analysis that follows is based on the 2004 Workplace Employment Relations Survey (WERS). 2,295 establishments responded to the survey and their responses are used to estimate the proportion of business establishments in Britain as a whole. This is achieved through weighting the responses. Weights are calculated as the inverse of the probability of an establishment being selected for and agreeing to take part in the survey. These weights are estimated using a logistic regression model based on the 1998 WERS data and are part of the WERS data set.
- 4.2 The tables that follow show weighted estimates based on an unweighted base of 2,295 business establishments. These weighted estimates indicate the percentage of the business population as a whole who are expected to give the responses described.
- 4.3 In most of the questions discussed here respondents are free to choose as many responses as they feel are appropriate. This means that the values for individual responses do not add up to the subtotals indicated. So, in the example that follows, while 14 per cent of establishments report contractors doing work previously done by employees, the values in Table 1 do not add up to 14 per cent.

Contractors

- 4.4 Eighty four per cent of establishments report using contractors, but only 14 per cent report contractors doing work previously done by employees. Of this 14 per cent, 12 per cent are private establishments while two per cent are public sector establishments.
- 4.5 Table 1 shows the reasons why those establishments that changed from using their own employees to using contractors did so. For most, improved services and cost savings are the main reasons for making the switch. The need for compulsory competitive tendering were mentioned as a reason by some enterprises, but this equated to less than one per cent of businesses nationally.

Table 1: Reasons why establishments change from employees to contractors

Reasons for changing to contractors	Establishments Nationally
Improved Services	7%
Cost Savings	6%
Able to focus more on core business activities	4%
Greater Flexibility	1%
Other	4%
<i>Compulsory competitive tendering</i>	**

** Figure was smaller than 1%

Unweighted base: 2,295

4.6 Very few establishments report instances of having in the past five years taken back from contractors key activities that are now done by their own employees.

4.7 Table 2 shows that most establishments (89 per cent) have not made any such switch. Four per cent of establishments nationally have taken back cleaning and building maintenance, while two per cent have taken payroll back.

Table 2: Business activities switched from contractors to employees in the past 5 years

Activates that have been taken back	Establishments Nationally
No activates taken back	89%
Cleaning of building and premises	4%
Payroll	2%
Computing services	1%
Printing/photocopying	1%
Recruitment	1%
Building maintenance	1%

** Figure was smaller than 1%

Unweighted base: 2,295

4.8 Table 3 shows the reasons these establishments gave for taking back these activities from contractors. Six per cent of establishments nationally said cost savings were a reason, while five per cent said improved services. Union or staff pressure was mentioned as a reason by some establishments, but this equated to less than one per cent of businesses nationally.

Table 3: Reasons why establishments took activities back from contractors

Reasons for taking activities back	Establishments Nationally
Cost Savings	6%
Improved Services	5%
Other including	2%
<i>Sufficient in-house capability</i>	1%
<i>Union/staff pressure</i>	**

** Figure was smaller than 1%

Unweighted base: 2,295

Temporary Agency Staff

- 4.9 Twelve per cent of establishments nationally reported having temporary agency staff working for them at the time of the survey in 2004.
- 4.10 It is mostly private establishments who use temporary staff. Nine of the 12 per cent of establishments nationally who use agency staff are private, while the remaining three per cent are public sector establishment who use agency staff.
- 4.11 It is mostly small establishments of less than 50 employees who use temporary staff. Eight of the 12 per cent of establishments nationally who use agency staff are small, while the remaining four per cent are medium sized (between 50 and 249 employees).
- 4.12 Table 4 below shows the number of agency staff used by establishments nationally. Based on the weighted data, 88 per cent of establishments nationally did not use agency staff. Only 4 per cent were using three or more agency staff at the time of the survey in 2004. One per cent of respondents didn't know how many agency staff they employed. The last two columns in the table show how the national figures are comprised of public and private sector establishments.

Table 4: Establishments using temporary staff

Number of agency staff employed	Establishments Nationally	Private Establishments among establishments nationally	Public Sector Establishments among all establishments nationally
None	88%	78%	10%
1	4%	3%	1%
2	3%	3%	**
3 or more	4%	4%	1%
Don't know	1%	**	**

** Figure was smaller than 1%

Unweighted base: 2,295

- 4.13 Administrative and secretarial occupations are the group most commonly taken on. Table 5 shows that some four per cent of establishments nationally take on agency staff from these occupations. Professional occupations and Associate professional and technical occupations, process, plant and machine operatives and drivers and routine unskilled occupations are each engaged by an estimated two per cent of establishments nationally.

Table 5: The occupations of temporary agency staff

Occupational groups of temporary agency staff	Establishments Nationally
Managers and senior officials	**
Professional occupations	2%
Associate professional and technical occupations	2%
Administrative and secretarial occupations	4%
Skilled trade occupations	1%
Caring, leisure and other personal service occupations	1%
Sales and customer service occupations	1%
Process, plant and machine operatives and drivers	2%
Routine unskilled occupations	2%

** Figure was smaller than 1%

Unweighted base: 2,295

4.14 Responses from the WERS survey suggest that seven per cent of establishments nationally employ temporary agency staff who all carry out work formerly done by employees. A further one per cent of establishments nationally employ temporary agency staff and use some of them to carry out work formerly done by employees. Four per cent of establishments nationally employ temporary agency staff and require them to undertake activities not formerly done by employees.

4.15 As to why establishments use temporary agency staff to carry out work which used to be done by permanent employees, Table 6 shows that most establishments nationally cite short-term cover for staff absence/vacancies and peaks in demand. Inability to fill vacancies is also a common reason.

4.16 Nationally fifty four per cent of establishments who use agency staff use them to cover for staff absence/vacancies, while thirty four per cent use them to match staff to peaks in demand.

Table 6: Reasons for using temporary agency staff

Reasons	Establishments Nationally	Establishments using agency staff
Short-term cover for staff absence/vacancies	6%	54%
Matching staff to peaks in demand	4%	37%
Cover for maternity leave or annual leave	2%	13%
Unable to fill vacancies	3%	23%
Obtain specialist skills	1%	9%
Freeze on permanent staff numbers	1%	6%
Other	1%	11%

** Figure was smaller than 1%

Unweighted base: 2,295

Temporary or fixed term contract holders

4.17 Based on the weighted data, temporary and fixed term contract holders are relatively rare within the workforce nationally, with 78 per cent of establishments having no fixed term employees on the payroll.

4.18 As Table 7 shows, where fixed term employees are employed they mostly do work not previously done by open-ended contract holders. Thirteen per cent of establishments reported this to be the case while one per cent and seven per cent respectively reported that some or all fixed term employees did work once done by open-ended contract holders.

Table 7: Fixed term contract holders within the workforce

Establishment's use of fixed term contractors	Establishments Nationally
All fixed term employees do work once done by open-ended contract holders.	7%
Some fixed term employees do work once done by open-ended contracts holders.	1%
No fixed term employees do work once done by open-ended contract holders.	13%
No fixed term employees on the payroll	78%

*** Figure was smaller than 1%* Unweighted base: 2,295

4.19 The occupations of temporary and fixed term contact holders are varied. Table 8 shows that nationally five per cent of establishments have fixed term contact holders in Professional posts, with four per cent having fixed term contact holders in Associate professional and technical posts. Four per cent of establishments have Sales and customer service posts filled by fixed term employees.

Table 8: Temporary and fixed term contract holders by occupation

Occupational groups	Establishments Nationally
Managers and senior officials	2%
Professional occupations	5%
Associate professional and technical occupations	4%
Skilled trades occupations	1%
Caring, leisure and other personal service occupations	2%
Sales and customer service occupations	4%
Process, plant and machine operatives and drivers	1%
Routine unskilled occupations	3%

*** Figure was smaller than 1%* Unweighted base: 2,295

4.20 The reasons given by establishments for offering temporary and fixed term contacts are varied. Table 9 shows that a temporary increase in demand is the most common reason given by establishments, followed by the covering of maternity leave or a long-term absence and job trials.

Table 9: Reasons why establishments use temporary or fixed term contacts

Reasons for using temporary or fixed term contacts	Establishments Nationally
Temporary increase in demand	7%
To cover for maternity leave/long-term absence	4%
As a trial for a permanent job	4%
Obtain specialist skills	3%
Freeze on permanent staff numbers	2%
Spur to improved performance	1%
Some other reason	9%
...of which	
<i>Time-limited funding</i>	1%
<i>Budget restrictions or financial constraints</i>	1%

*** Figure was smaller than 1%*

Unweighted base: 2,295

Freelance workers, home workers and zero-contract hours employees

4.21 Ten per cent of establishments nationally use freelance workers, nine of this ten per cent being private establishments and one per cent being public establishments. Eight of this ten percent are small businesses, one per cent medium sized and less than one per cent are large.

4.22 While 33 percent of establishments nationally said they have workers who spend some time working at home, only four per cent of these workers spent more than 10 per cent of their time working at home and these all worked for small businesses and private establishments.

4.23 Only two per cent of businesses nationally employed workers with zero-hours contracts and these were all small businesses and private establishments.

5. ANNEX A: COMPOSITION OF SIC 74 'OTHER BUSINESS ACTIVITIES'

SIC 74 'Other Business Activities' comprises of the following;

74.1 Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy; holdings

74.11 Legal activities

74.11/1 Activities of patent and copyright agents

74.11/2 Barristers at law

74.11/3 Solicitors

74.11/9 Other legal activities not elsewhere classified

74.12 Accounting, book-keeping and auditing activities; tax consultancy

74.12/1 Accounting and auditing activities

74.12/2 Book-keeping activities

74.12/3 Tax consultancy

74.13 Market research and public opinion polling

74.14 Business and management consultancy activities

74.14/1 Public Relations activities

74.14/2 Financial management

74.14/3 General management consultancy activities

74.14/9 Business and management consultancy activities not elsewhere classified

74.15 Management activities of holding companies

74.15/1 Management activities of wholesale holding companies

74.15/2 Management activities of transport holding companies

74.15/3 Management activities of construction holding companies

74.15/4 Management activities of catering holding companies

74.15/5 Management activities of motor trades holding companies

74.15/6 Management activities of service trades holding companies

74.15/7 Management activities of retail holding companies

74.15/8 Management activities of production holding companies

74.15/9 Management activities of other non-financial holding companies not elsewhere classified

74.2 Architectural and engineering activities and related technical consultancy

74.20 Architectural and engineering activities and related technical consultancy

74.20/1 Architectural activities

- 74.20/2 Urban planning and landscape architectural activities
- 74.20/3 Quantity surveying activities
- 74.20/4 Engineering consultative and design activities
- 74.20/5 Engineering design activities for industrial process and production
- 74.20/6 Engineering related scientific and technical consulting activities
- 74.20/9 Other engineering activities
- 74.3 Technical testing and analysis
- 74.30 Technical testing and analysis
- 74.4 Advertising
- 74.40 Advertising
- 74.40/1 Sale or leasing activities of advertising space or time
- 74.40/2 Planning, creation and placement of advertising activities
- 74.40/9 Advertising activities not elsewhere classified
- 74.5 Labour recruitment and provision of personnel
- 74.50 Labour recruitment and provision of personnel
- 74.6 Investigation and security activities
- 74.60 Investigation and security activities
- 74.60/1 Investigation activities
- 74.60/2 Security and related activities
- 74.7 Industrial cleaning
- 74.70 Industrial cleaning
- 74.70/1 Traditional cleaning activities
- 74.70/2 Window cleaning services
- 74.70/3 Disinfecting and exterminating services
- 74.70/4 Specialised cleaning services
- 74.70/5 Furnace and chimney cleaning services
- 74.70/9 Cleaning activities not elsewhere classified
- 74.8 Miscellaneous business activities not elsewhere classified
- 74.81 Photographic activities
- 74.81/1 This code is no longer in use
- 74.81/2 Portrait photographic activities
- 74.81/3 Other specialist photography
- 74.81/4 Film processing
- 74.81/9 Photographic activities not elsewhere classified
- 74.82 Packaging activities

Data Analysis of Temporary Workers

74.85 Secretarial and translation activities

74.86 Call centre activities

74.87 Other business activities not elsewhere classified

74.87/1 Credit reporting and collection agency activities

74.87/2 Speciality design activities

74.87/3 Activities of exhibition and fair organisers

74.87/4 Activities of conference organisers

74.87/9 Other business activities not elsewhere classified

6. ANNEX B: DEFINITION OF PUBLIC AND PRIVATE ESTABLISHMENTS USED IN WERS ANALYSIS

The variable ASTATUS records responses to the question: **How would you describe the formal status of this establishment (or the organisation of which it is a part)?**

Possible responses are:

- 1) Public Limited Company (PLC),
- 2) Private limited company,
- 3) Company limited by guarantee,
- 4) Partnership (inc. Limited Liability Partnership) / Self-proprietorship,
- 5) Trust / Charity,
- 6) Body established by Royal Charter,
- 7) Co-operative / Mutual / Friendly society,
- 8) Government-owned limited company / Nationalised industry / Trading Public Corporation,
- 9) Public service agency,
- 10) Other non-trading public corporation,
- 11) Quasi Autonomous National Government Organisation (QUANGO),
- 12) Local/Central Government (inc. NHS and Local Education Authorities)

WERS guidance⁴ indicates that “Codes 1-7 are private / 8-12 are public”. On this basis we recoded the ASTATUS variable into a new dichotomous variable indicating ‘Public Vs. Private’.

⁴ For further information about the WERS 2004 questionnaire see <http://www.data-archive.ac.uk/doc/5294/mrdoc/pdf/5294vol2csquestionnaires.pdf> (accessed 07-04-08).