

# The importance of income security

The recent introduction of the National Living Wage and an increase in the tax-free Personal Allowance are welcome policies aimed at increasing income for working households.

But it is not the whole story. New evidence<sup>1</sup> from Citizens Advice reveals the security of that income – and of people’s employment in general – has been an overlooked piece of the labour market puzzle.

We asked 1,135 people about what makes them feel secure in their lives. They told us a job with a regular income is as important as level of pay. This is more important to their feelings of security than the issues which can dominate political discussion, such as police presence on the streets, a thriving local high street or rising interest rates.

citizens  
advice

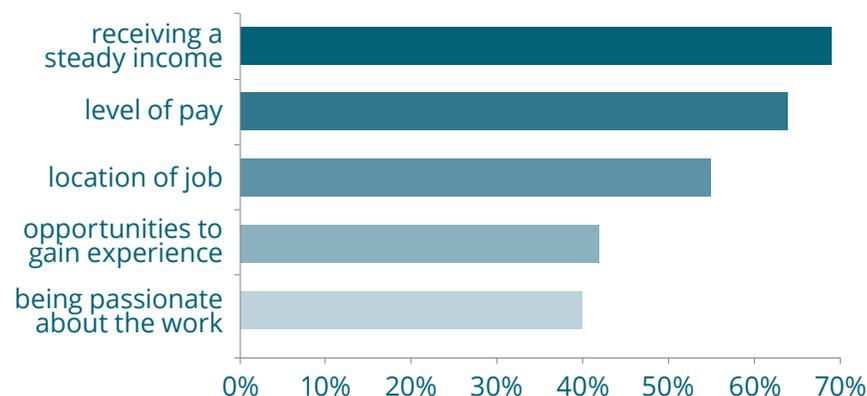
## Income security is as important as absolute level of income

We asked respondents about the factors that mattered most when looking for a job. While much recent policy debate has focused on levels of pay and wage floors, people said a **steady** income is as important as the **amount** of money they earn. Income security was seen as more important than the job’s location, or its opportunities for advancement.

### Which factors are important when looking for a job?



### Top 5 factors considered 'very important' when looking for a job



### Labour market context

## 4.5 million

people in England and Wales are in some form of insecure work.<sup>2</sup>

- Just over 2.3 million people work variable shift patterns<sup>3</sup> and 1.1 million work on temporary contracts
- 800,000 people work on either zero hours or agency contracts
- People in insecure jobs are more likely to earn less money and work longer hours

The numbers of people in insecure work have remained fairly constant since 2011 and have not fallen back to pre-recession levels. So despite record employment rates, the persistence of insecure work leaves many households at continued risk of economic shocks, and unable to plan for the future.

## Insecurity at work is more of a problem for some groups than others

Our research also found that some groups are more likely to experience insecurity - both in terms of their income and in employment more widely.



**People in smaller organisations** are **29% less** likely to have a job that provides a steady income



**Disabled people** are **27% less** confident that they can afford to maintain their quality of life



**Part-time workers** are **22% less** likely to be able to predict shift patterns and working hours



**Women** are **15% less** confident that they can keep up with the bills and payments

## Security in work is central to our overall feeling of security

We then asked respondents what made them feel secure in life. What was clear was that issues relating to their income and immediate experiences of employment were consistently the most important. These were much more significant than many of the local or national factors, such as police presence or NHS waiting lists, which often feature in political debate.

“I worked anything from 12-50 hours each week. Not having set hours was really difficult as some weeks I did not have enough money to cover my bills or rent. I never knew how much money I would have so I could never budget or plan ahead.”

**Kate, 22**

What factors make people feel 'very secure' in life?



## Security in work is central to the Government's ambition of a 'high wage, low welfare' economy

It's not just employees who benefit from feeling more secure. Our results suggest employers will experience greater loyalty and productivity from their staff. With the introduction of the National Living Wage increasing labour costs, these employer benefits are likely to become increasingly important.



**83%**

of people say a steady income increases productivity



**84%**

of people say a steady income helps them cope with stress



**86%**

of people say a steady income increases their loyalty towards employers

1. In February 2016, we commissioned ComRes to ask 1,135 people about a range of issues related to income security, security in employment and security in their lives.
2. Analysis of ONS Labour Force Survey (2015). We define a worker as insecure if any of the following apply: zero hours contract; temporary contract; agency work; work more than 8 hours paid overtime per week; work variable shift patterns.
3. Includes split shifts or day/night shifts where the hours vary.

"A steady, reliable income is fundamental to people's feeling of security.

"How much money people are paid is important to them but our research reveals the security of that income is also vital.

"Knowing how many hours you'll be asked to work and when, if you're entitled to sick leave or holiday pay, and whether you'll still have a job in six months' time are all key to feeling secure.

"Without income security, budgeting can be impossible and people struggle to save or plan for their futures."

Kayley Hignell  
Head of Policy at  
Citizens Advice

## What's next?

With the endurance of insecure work at a time when record numbers of people are in employment, income insecurity is likely to remain a feature of the labour market in the coming years.

People tell us feeling insecure at work means they find it difficult to plan ahead and manage their finances, and this affects confidence about maintaining their quality of life.

Citizens Advice has recently looked at a number of employment issues such as balancing flexibility and security in non-traditional employment contracts, the problems associated with bogus self-employment and inadequate job adverts.

We now turn our attention to a programme of work which looks closely at income security in the labour market, welfare and health policy. We will be looking at the impact this has on people's lives and what employees, employers and government can do in response.