

# **DELIVERING LEVELLING UP? HOW SECURE WORK CAN REDUCE REGIONAL INEQUALITY**

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## ABOUT THE WORK FOUNDATION

The Work Foundation is a think tank focused on improving working lives across the UK through applied research and new ideas. For over a century, we have worked to break down the barriers individuals and communities face in accessing good work. We believe everyone should have access to secure, rewarding and high-quality work. By engaging directly with workers, employers, policymakers and leading academics, we deliver rigorous applied research to tackle structural inequalities in the labour market and improve working lives across the UK. We are part of Lancaster University's Management School, and work with a range of partners and organisations across our research programmes.

## CITATION

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## EXECUTIVE SUMMARY

Where you live and work in England can have a significant impact on your ability to access secure and well paid work. Indeed, England is one of the OECD's most spatially unequal countries in terms of its economic development and social and health outcomes.

For decades, successive governments have tried to tackle this with little success. This has resulted in an economy where some cities and areas are thriving – boasting high employment rates and a high proportion of good quality, secure jobs – whereas others are struggling with persistently high rates of worklessness and a high proportion of the workforce in low paid and severely insecure work.

As part of its Levelling Up agenda, the Government has recognised that we must boost pay, employment and productivity in every area of the UK by 2030. But the prevalence of insecure work is holding many parts of the country back from realising these ambitions.

This research builds on findings from the UK Insecure Work Index 2022 to better understand the geography of job insecurity across England. It shows access to secure employment opportunities is not felt equally across England, and sets out a series of measures that could reduce regional inequalities, and introduce a big step forward for the Levelling Up agenda.

### Insecure work is a national issue, but the consequences are felt locally

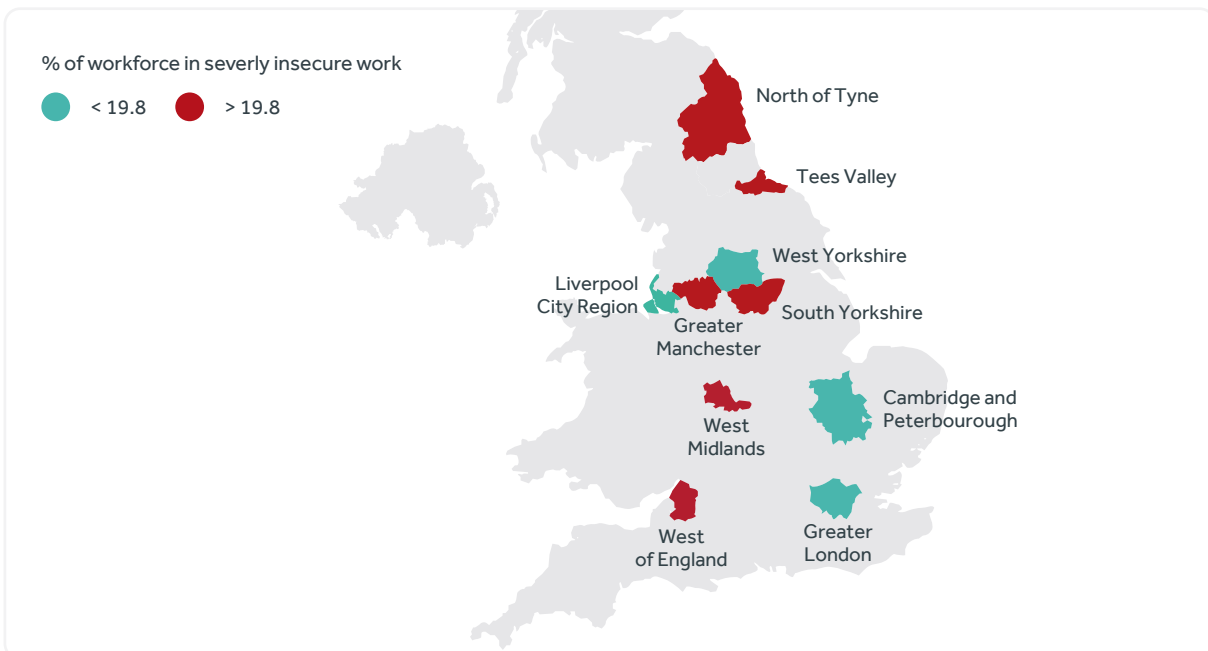
Over a third of England's workforce live in the nine Mayoral Combined Authorities (MCAs) and Greater London combined (11 million workers) – and 2.2 million (19.4%) of these workers are in severely insecure work.

Insecure work can have negative effects on workers' lives, create health inequalities, and potentially impact on local economies and communities. The Covid-19 pandemic demonstrated that those in severely insecure work are at a bigger risk of job loss and unemployment, while the cost of living crisis has hit insecure workers hardest.

This research found that higher levels of unemployment and inactivity often coincide with higher levels of severely insecure work across local economies. Insecurity is shaped by the jobs and sector mix in local economies, suggesting that insecurity in different places can have different drivers, and most importantly, might require different in order to tackle it.

With additional devolved powers, the MCAs can work with Government to play a vital role in reducing levels of insecure work across the country and work to ensure workers can access secure, well-paid and high-quality employment in the future.

**Figure 1: Map of above, and below average incidence of severely insecure work across combined authorities in England and Greater London**



Source: Work Foundation calculations using Secure Access ONS Labour Force Survey microdata, 2021-2022 April-June quarters.

## Insecure work is vital for Levelling Up and reducing regional inequality

As local economies continue to face sticky inflation, worker shortages and slow growth, the level of severely insecure work is an important indicator for the health of local labour markets. It should be used as a key indicator for analysing local economies, the number of jobseekers and the number of those who are out of work and not looking for work. It not only informs us about the quality and security of employment, but also about the likely experiences and the vulnerabilities of the workers experiencing this.

Insecure jobs tend to be concentrated in specific sectors – such as hospitality, social care and administrative services – but the level of insecurity in these sectors differs across the country. For example, hospitality workers in Tees Valley are more likely to experience severely insecure work than hospitality workers in the Liverpool City Region. This results from differences in the scale and productivity of these sectors in these respective places, with one providing higher value activities than the other.

Job roles that have lower levels of worker autonomy, and have more routine tasks, are more likely to have insecure working conditions than professional and managerial roles. However, this research has found that similar jobs can have very different outcomes in different places, which relates to the productivity of the organisation and the sector where people work.

To understand the risks of insecurity and build a pathway to more secure employment for residents, MCAs need to understand the historical strengths and weaknesses of their economy and what that means for the nature of the jobs provided by those sectors in their area.

## Reducing insecure work and boosting secure jobs can grow local and regional economies

Fundamentally, high quality, secure jobs have the potential to boost local and regional economies, raise people's living standards and improve physical and mental health and wellbeing outcomes, while insecure and low paid jobs can have significant negative impacts for individuals and local labour markets.

Doing so will require an active partnership between central and regional Government – and due to the importance of strengthening employment law, regulation and enforcement, one which ultimately must be led by Whitehall.

With a General Election likely in 2024, and seven Mayoral Combined Authorities including Greater London holding elections in the same year, it could be a pivotal year for renewing and elevating commitments to reduce insecure work and level up city regions and the UK by 2030.

## RECOMMENDATIONS

The UK Government can work with the Greater London Authority and Mayoral Combined Authorities to focus on two complementary ambitions over the next five years:

### 1. To significantly reduce levels of severely insecure jobs across the UK by 2030

The UK Government should:

- Introduce a comprehensive Employment Bill in the next Parliament that puts job quality and security at the heart of labour market regulation.

The Department for Business and Trade should:

- Adapt the right to request predictable working patterns to start from day one on the job and narrow the reasons employers may give for refusal.

The Department for Work and Pensions should:

- Reduce the waiting time for Statutory Sick Pay from four days to zero days.
- Raise the rate of Statutory Sick Pay to 60% of usual wages, or the equivalent of the National Minimum Wage pro-rated by the usual number of hours worked, whichever is highest.
- For self-employed workers without staff and gig-workers, establish insurance for income protection, which workers would pay into, and would be able to access in times of illness or short-term unemployment.

The Department for Business and Trade and HM Revenues and Customs must:

- Commit to better resourcing the National Minimum Wage Enforcement Team, and in line with International Labour Organisation benchmarks, double the number of enforcement agents to meet international benchmarks, to ensure all UK workers receive what they earn from their employers.

## 2. To ensure that no English Mayoral Combined Authority is home to higher levels of severely insecure work than the national average

Every Mayoral Combined Authority and the Greater London Authority should:

- Make tackling severely insecure work an explicit priority of their local economic development, labour market and skills strategies.

Mayoral Combined Authorities and the Greater London Authority should:

- Look to share lessons and best practice in improving job quality at the local level through evaluating and evolving employment chapters.

Each Mayoral Combined Authority and the Greater London Authority should:

- Review their investment strategies for opportunities to further incentivise existing and future employers to improve pay and terms and conditions for their workers.

Each Mayoral Combined Authority and the Greater London Authority should:

- Review its skills strategy for opportunities to provide skills training tailored to supporting insecure workers into more secure jobs.

Mayoral Combined Authorities and the Greater London Authority should:

- Work together with the Employment Agency Standards Inspectorate, the Gangmasters and Labour Abuse Authority and HMRC's National Minimum Wage Team to map high risk sectors, at-risk organisations and raise awareness regionally among employers and workers of their rights.

## 1. INTRODUCTION

It is well established that England is one of the most regionally unequal countries in the OECD in terms of GDP and productivity.<sup>1</sup> This is accompanied by stark spatial inequalities and differences in socio-economic outcomes, such as health and wellbeing, life expectancy and social mobility.<sup>2</sup>

However, a critical part of this picture which can be overlooked is the extent to which struggling local and regional economies rely more on poor quality, often insecure forms of employment. Although this type of work does not indicate 'bad quality' work per se, it is important to recognise that for about one in five UK workers *multiple forms of insecurity* come together and intersect.<sup>3</sup> This can have negative effects on workers' lives and potentially on local economies and communities.

Insecure work risks exacerbating health inequalities that are already considered a key barrier to improving regional productivity and prosperity.<sup>4</sup> For instance, insecure work can negatively impact people's physical and mental health and wellbeing, with insecure workers being more likely to experience strain, anxiety and depression.<sup>5</sup> Due to a lower likelihood of accessing training and development when in insecure roles, the routes out of insecure work are limited,<sup>6</sup> particularly for people who experience other forms of disadvantage in the labour market. Insecure work can affect innovation,<sup>7</sup> and trust and retention<sup>8</sup> within organisations. There might also be wider impacts on the labour market, for instance by impacting spending power within local economies which can create knock-on effects for the local business environment, or by reducing wider employment standards which also chip away at the security and quality of secure jobs.

As a result, tackling insecure work and driving up job quality across the country will be key to reducing the long-standing inequalities that exist between different places in England.

### From 'Re-balancing' to 'Levelling Up' and beyond

Successive Governments have sought to tackle regional inequalities in England, stretching all the way back through to the post-war era.

More recently, the wave of devolution deals introduced across England since 2014 have sought to equip local areas with more of the tools – such as new powers and funding over skills and transport – that are needed to grow their economies. This has resulted in the formation of new Mayoral Combined Authorities (MCAs) in various parts of England to hold these budgets and exercise these new powers.<sup>9</sup>

The current Government's Levelling Up White Paper has sought to extend efforts beyond an often narrow focus on local infrastructure spending. It has recognised that the health of local labour markets is both a symptom and a driver of spatial inequalities, and that in order to truly tackle regional inequality, the aim must be to boost productivity, pay, employment and living standards across the country.<sup>10</sup>

Unfortunately, since the publication of the Levelling Up White Paper, progress in translating these overarching aims into a long-term strategy has been limited.<sup>11</sup> Nevertheless, devolution has continued, with new trailblazer deals for Greater Manchester and the West Midlands Combined Authorities announced in the Spring Budget 2023, covering further devolution on skills and other policy areas such as transportation and housing.



## A missed opportunity to deliver on the 'Good Work' Agenda

Alongside this, efforts to strengthen employment laws to improve protections and job security for all, put forward in the 2017 Taylor Review, have only been partially addressed by Government.<sup>12</sup> In 2022, a promised Employment Bill was indefinitely delayed, which has left concerns over employment rights and protections unaddressed.

In the absence of substantial Government action in these areas, many combined authorities have sought to lead action at a local level. For instance, four MCA's (Greater Manchester, Liverpool City Region, North of Tyne, West of England) and Greater London have developed and implemented charters promoting good, or fair work, and West Yorkshire is due to launch their charter in Autumn 2023.<sup>13</sup> This approach is built on voluntary engagement with employers, who are encouraged not only to improve employment standards to support local growth, but also their own recruitment and retention.

However, local stakeholders acknowledge that there will always be sectors and businesses which are harder to reach and to engage with. Encouraging better practices within these sectors, by the setting and enforcing of national minimum standards, still relies on action at Westminster.

## Tackling insecure work is vital to overcoming regional inequality

At the time of writing in 2023, it is clear that the work of tackling inequalities between England's regional economies will stretch on into the next Parliament, and, given the entrenched nature of many of the factors that underpin it, long beyond that.

This report provides the first detailed study of how insecure work plays out across the nine English MCAs and Greater London and aims to provide critical new evidence to help inform national, regional and local efforts to increase pay, strengthen job security and living standards across the country. While we recognise that the Greater London Authority and the Mayoral Combined Authorities have different funding and governance models, there is sufficient overlap in the purpose of these institutions and the kinds of policy interventions each could introduce to consider them together in the context of this research.

It also provides a series of recommendations for local, regional and national policymakers that can help them drive progress over the years to come.

## 2. DEFINING INSECURE WORK

The Work Foundation defines insecure work through a single holistic measure which combines:

- contractual insecurity, where people are not guaranteed future hours or future work
- financial insecurity, where people have unpredictable pay or their pay is simply too low to get by
- lack of access to employment rights and protections.

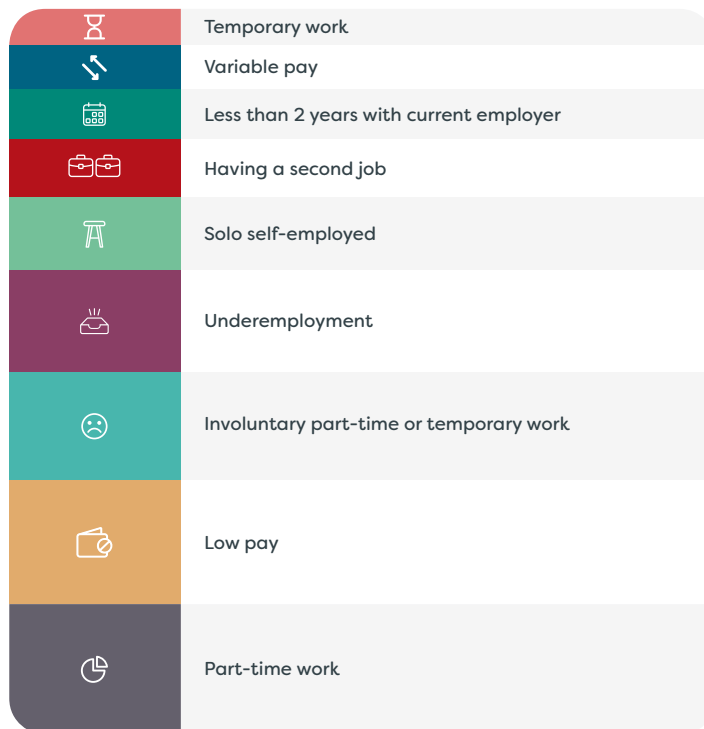
Some people experience more than one form of insecurity simultaneously. Using a Principal Component Analysis, our [UK Insecure Work Index](#) assigns weights to different working practices and categorises work in the UK into three groups.\* As a result:

- secure work refers to job situations where there are not any indicators of insecurity
- low to moderately insecure work reflects where one or several forms of lower weighted insecurity come together
- severely insecure work refers to situations where two or more heavily weighted forms of insecure work come together, or where people are in part-time or temporary work while they want, or need, to work full-time or in a permanent role, also called 'involuntary' temporary or involuntary part-time work.

For some people, these forms of work may have a negative impact on health and wellbeing, their ability to obtain secure work in the future and broader employment outcomes.

Across 2021 and 2022, an estimated 19.8% (6.2 million) of the UK workforce experienced severely insecure work.

**Figure 2: Relative contribution of each job characteristic to overall levels of insecurity, average between 2000-2022**



\* For the full methodology, please see the UK Insecure Work Index: Technical Annex, available here: <https://www.lancaster.ac.uk/work-foundation/publications/the-uk-insecure-work-index>

### 3. THE RELATIONSHIP BETWEEN LOCAL LABOUR MARKETS AND SEVERELY INSECURE WORK

Regional labour market inequalities have emerged over time in the context of historical, economic and political processes, such as rapid deindustrialisation. Our analysis suggests local labour market dynamics and the presence of severely insecure work are related. In particular, in MCAs where the rate of worklessness is higher, the experience of insecurity is also likely to be higher.

Figure 3 looks at 15 key economic and labour market performance indicators for the nine English MCAs and Greater London, including productivity, annual economic growth, jobs growth, unemployment rates, qualification levels and the levels of insecurity. This shows that the combined authority areas with the highest number of measures which are significantly below the national average are also those with the highest rates of severely insecure work. These include South Yorkshire, Tees Valley and the West Midlands.

The West Midlands, South Yorkshire and Tees Valley perform below the average for the significant majority of indicators (13, 13 and 15 indicators respectively) and have the highest overall levels of job insecurity of all combined authorities.

Figure 3: Economic and labour market performance across the combined authorities

	ECONOMY		JOBS		POPULATION		PARTICIPATION			SKILLED AND WELL PAID JOBS		QUALIFICATIONS OF WORKFORCE	JOB INSECURITY			
	Gross Value Added per hour 2021 <sup>14</sup>	Annual rate of economic growth 2001-21 <sup>15</sup>	Annual rate of jobs growth 2011-2021 <sup>16</sup>	Jobs per capita <sup>17</sup>	Annual rate of population growth 2001-21 <sup>18</sup>	Annual rate of working age population growth 2001-21 <sup>19</sup>	Economic Activity rate <sup>20</sup>	Unemployment rate <sup>21</sup>	Involuntary worklessness rate <sup>22</sup>	Employment in occupations 1-3 <sup>23</sup>	Employment in occupations 4-9 <sup>24</sup>	Weighted average NQ equivalent attainment <sup>25</sup>	Proportion of workers in severely insecure work <sup>26</sup>	% of adults in non-permanent employment (2021) <sup>27</sup>	% in employment working under 34 hours per week <sup>28</sup>	Rank for severe Insecurity
England	34,690	3.6%	1.3%	0.86	0.7%	0.6%	78.7	3.7	8.5%	51.9	37.5	2.9	19.8	4.8	28.8	
Cambridgeshire & Peterborough	35,348	3.8%	1.9%	0.9	1.2%	1.0%	82.5	2.9	6.2%	50.8	39.1	2.9	18.9	5.4	26.8	8
Greater Manchester	30,576	3.7%	2.0%	0.86	0.7%	0.6%	76.2	5	10.3%	50.8	37.3	2.8	19.9	5	27.3	5
Greater London	59,855	4.3%	2.1%	0.7	0.9%	1.0%	79.8	4.5	8.8%	69.3	27.3	3.2	18.2	5.5	23.8	
Liverpool City Region	26,086	3.2%	1.4%	0.78	0.2%	0.2%	76	3.1	8.7%	50.2	37	2.8	18.8	5.4	27.2	9
North of Tyne	27,075	3.3%	0.9%	0.82	0.4%	0.3%	73.9	4.7	11.4%	48.9	39.5	2.8	20.7	5.8	29.8	4
South Yorkshire	24,399	3.3%	1.0%	0.75	0.4%	0.4%	77	4.7	10.9%	45.1	45.5	2.7	21.7	5.8	31.3	2
Tees Valley	24,103	2.8%	0.9%	0.74	0.2%	0.0%	74.1	4.3	14.4%	39.9	48.4	2.7	24	5.8	31.7	1
West Midlands	27,117	3.0%	1.2%	0.78	0.6%	0.7%	73.9	6.3	11.9%	45.4	42.6	2.7	21	5.4	28.5	3
West of England	39,371	3.9%	1.5%	0.96	0.9%	0.9%	81.6	2.7	8.2%	56.2	33.1	3.1	20.4	4.5	28.9	6
West Yorkshire	28,769	3.3%	1.1%	0.82	0.6%	0.6%	76.1	3.6	8.1%	47	42.5	2.7	19.2	5.7	30.5	7

● Performs below national average (negative)    ● Performs at or near national average    ● Performs above the national average (positive)

This shows that severely insecure work is an important indicator for the health of the labour market and can offer an additional useful metric, as it provides a window into the quality of jobs available in a region, and the likely experiences and vulnerabilities of particular worker groups. Given the significant negative impacts more insecure forms of employment can have on individuals and local labour markets, it should be used alongside other measures – like the number of jobseekers and the number of those who are economically inactive – when analysing local and regional economies.

### 3.1 The experience of insecure work in Mayoral Combined Authorities and Greater London

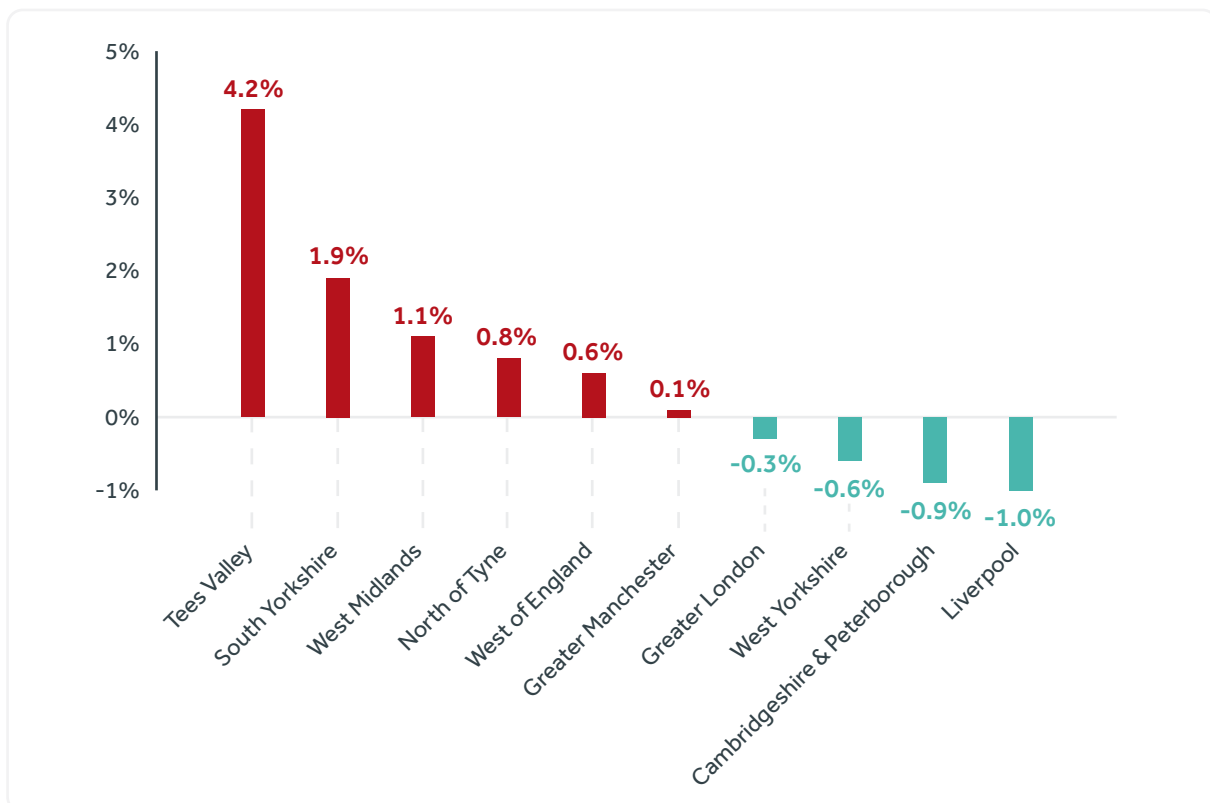
On average in England across 2021 and 2022, 19.8% of workers experienced severely insecure work. Across the nine English MCAs and Greater London, there is significant variation, as illustrated by Figure 4.

Tees Valley is one of four MCAs with a rate of severely insecure work that is substantially higher than the national average – at 4.2 percentage points higher. Approximately one in four workers in the Tees Valley experience severely insecure work, compared with one in five workers nationally. Conversely, the rate of severely insecure work is 0.9 percentage points lower than the national average in Cambridgeshire and Peterborough Combined Authority.

The kinds of insecurity that are experienced across the MCAs is relatively consistent, although there are some differences. For example, a smaller proportion of workers in London are on low hourly pay, meaning they earn less than two-thirds of the national median, but there is a higher-than-average incidence of solo self-employment and temporary work. Conversely, in Tees Valley, workers are more likely to be on low pay and in involuntary part-time or involuntary temporary work, meaning these workers wanted to be in full-time, or permanent work but were unable to obtain this.

Overall, if the rate of severely insecure work in Tees Valley, South Yorkshire, the West Midlands and North of Tyne were to be reduced to the national average of 19.8%, an estimated 40,000 fewer people would experience severely insecure work in England. This would mean 10,000 people in Tees Valley, over 10,000 people in South Yorkshire, around 15,000 people in the West Midlands and around 3,000 people in the North of Tyne Combined Authority being moved out of severely insecure work.

Figure 4: Divergence from average levels of insecure work



Source: Work Foundation calculations using Secure Access ONS Labour Force Survey microdata, 2021-2022 April-June quarters.

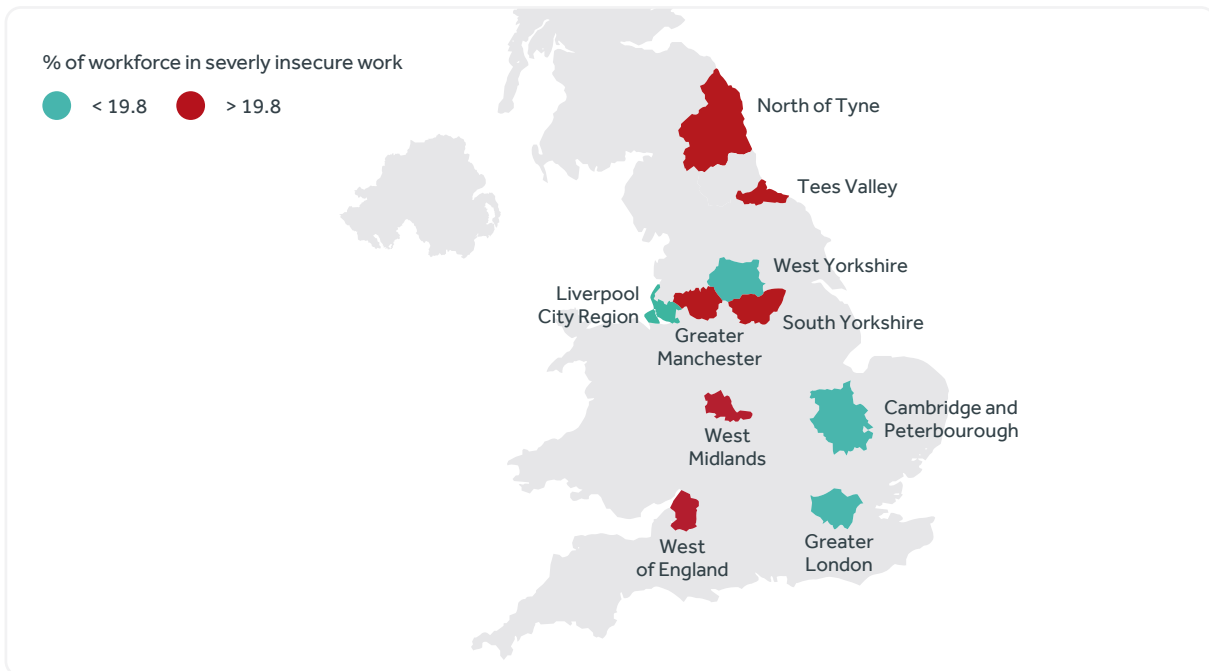
However, as well as differences between MCAs, there is much variation *within* MCAs in the rate of severely insecure work. In some places these differences align with wider labour market dynamics. For example, in the West Midlands, 13.6% of workers in Dudley experience severely insecure work, compared with 25.6% of workers in Wolverhampton. Concurrently, 19.3% of the working age population in Dudley is economically inactive – referring to people who are out of work and not looking for work – which is lower than the national average of 20.9%.<sup>29</sup> In Wolverhampton, the inactivity rate stands at 28.1%, which is substantially higher than the average. In Tees Valley, Middlesbrough is a clear insecurity hotspot, with rates of severely insecure work standing at 29.8%, which is 10 percentage points higher than the national average and the rates of inactivity (28.1%) and unemployment (5%) are well above the national average too.

In the Cambridgeshire and Peterborough MCA, which consists of three areas, Cambridge, Peterborough and the Fens, the city of Cambridge is home to a world-renowned university and has high labour market engagement and a high skills base. This area holds a lower-than-average proportion of severely insecure jobs at 15.5%. In contrast, while labour market engagement has been decreasing over recent years in Peterborough. In the wider Peterborough and the Fens area, the workforce is lower skilled and there are fewer good quality jobs available with limited routes to progression.<sup>30</sup> In Peterborough, approximately 25.9% of workers are in severely insecure work.

Figure 5: Lower and upper range of severely insecure work across MCAs and Greater London

Combined authority	Overall severely insecure rate	Lowest proportion of severely insecure work	Highest proportion of severely insecure work	Economic inactivity for LA with lowest and highest insecurity rate (April 2022 – March 2023) <sup>31</sup>	Unemployment rate for LA with lowest and highest insecurity rate <sup>31</sup>
Cambridgeshire & Peterborough	18.9%	15.5% (Cambridge)	25.9% (Peterborough)	18.4% - 21.8%	3.2% - 4.4%
Greater London	18.2%	14.5% (Haringey)	24.3% (Barnet)	21.7% - 24.9%	4.8% - 5.1%
Greater Manchester	19.9%	13.4% (Oldham)	22.8% (Bolton)	23.8% - 27.9%	4.2% - 4.6%
Liverpool City Region	18.8%	14.3% (Halton)	20.9% (Wirral)	23.7% - 22%	3.5% - 2.7%
North of Tyne	20.7%	18.4% (North Tyneside)	21.9% (Newcastle on Tyne)	22.3% - 28.6%	4.3% - 4.6%
South Yorkshire	21.7%	18.6% (Rotherham)	24.9% (Barnsley)	25.8% - 25.4%	3.6% - 2.9%
Tees Valley	24%	19.3% (Redcar and Cleveland)	29.8% (Middlesbrough)	27.9% - 28.1%	3.9% - 5%
West Midlands	21%	13.6% (Dudley)	25.6% (Wolverhampton)	19.3% - 28.1%	4.7% - 7.2%
West of England	20.4%	17.5% (Bristol)	23.9% (South Gloucestershire)	19.3% - 15.1%	3.1% - 2.1%
West Yorkshire	19.2%	15.9% (Calderdale)	21.9% (Kirklees)	22.5% - 25.7%	3.5% - 3.8%

Source: Work Foundation calculations using Secure Access ONS Labour Force Survey microdata, 2021-2022 April-June quarters.

**Figure 6: Map of above, or below average incidence of severely insecure work across combined authorities in England**

Source: Work Foundation calculations using Secure Access ONS Labour Force Survey microdata, 2021-2022 April-June quarters

### 3.2 Insecurity is an indicator of the health of the local economy

There are several reasons why opportunities to obtain good quality, secure employment differ across the country. Most importantly, the number and type of job opportunities available matters. Some English combined authorities are home to diverse clusters of sectors or jobs that offer particular opportunities to workers, such as the financial services sector in London, or the life sciences sector in Cambridge<sup>32</sup>, while in other areas there are comparatively fewer vibrant sectors capable of providing significant numbers of jobs.<sup>33</sup>

In addition, participation rates, coupled with the number and type of job openings available,<sup>34</sup> shape residents' opportunities to obtain work, as well as the quality of that work. Some local economies have high labour market participation rates, meaning that a greater proportion of the population is in paid employment. For instance, in the West of England Combined Authority, over four in five people aged 16-65 are in work (80.9%). This falls to 69.7% in Tees Valley Combined Authority. Some economies have a high number of unemployed people (jobseekers) or people who are economically inactive, meaning they are out of work and not looking for work, for example due to ill health.<sup>35</sup> In places where there may not be many jobs available, people might have to travel farther to obtain higher paid or more secure roles. Previous Work Foundation research has shown that working mothers in particular need to work closer to home to manage childcare responsibilities, and therefore are at greater risk of opting into insecure roles that are located locally.<sup>36</sup>

Approximately one in five people who are out of work and not looking for work do want a job, which the Centre for Cities refers to as 'involuntary inactivity'. This is particularly high in places such as Barnsley in the South Yorkshire Combined Authority,<sup>37</sup> where the rate of severely insecure work is also relatively high (24.9%).

Crucially, when it comes to identifying areas of severely insecure work, in places where low participation rates coincide with few job openings, wages tend to be lower than in areas where participation and job openings are high.<sup>38</sup> In local economies where demand for workers is lower, or where there is only demand for lower skilled, low paid jobs, the opportunities to find a good job are more limited and the incentives to remain in the labour market are also lower. The driving factor here is the strength of the local economy, which shapes the demand for workers, e.g., the quantity of jobs, as well as the quality of the demand, such as wages.

## 4. JOBS AVAILABILITY INFLUENCES THE PREVALENCE OF INSECURE WORK

The Work Foundation’s UK Insecure Work Index 2022 found that work in some sectors tends to be more insecure than in other sectors.<sup>39</sup> For example, jobs in the private sector are more likely to be severely insecure than jobs in the public sector. Sectors such as hospitality, accommodation, and food services are more likely than others to see a high prevalence of involuntary part-time and temporary work, and low and unpredictable pay.<sup>40</sup>

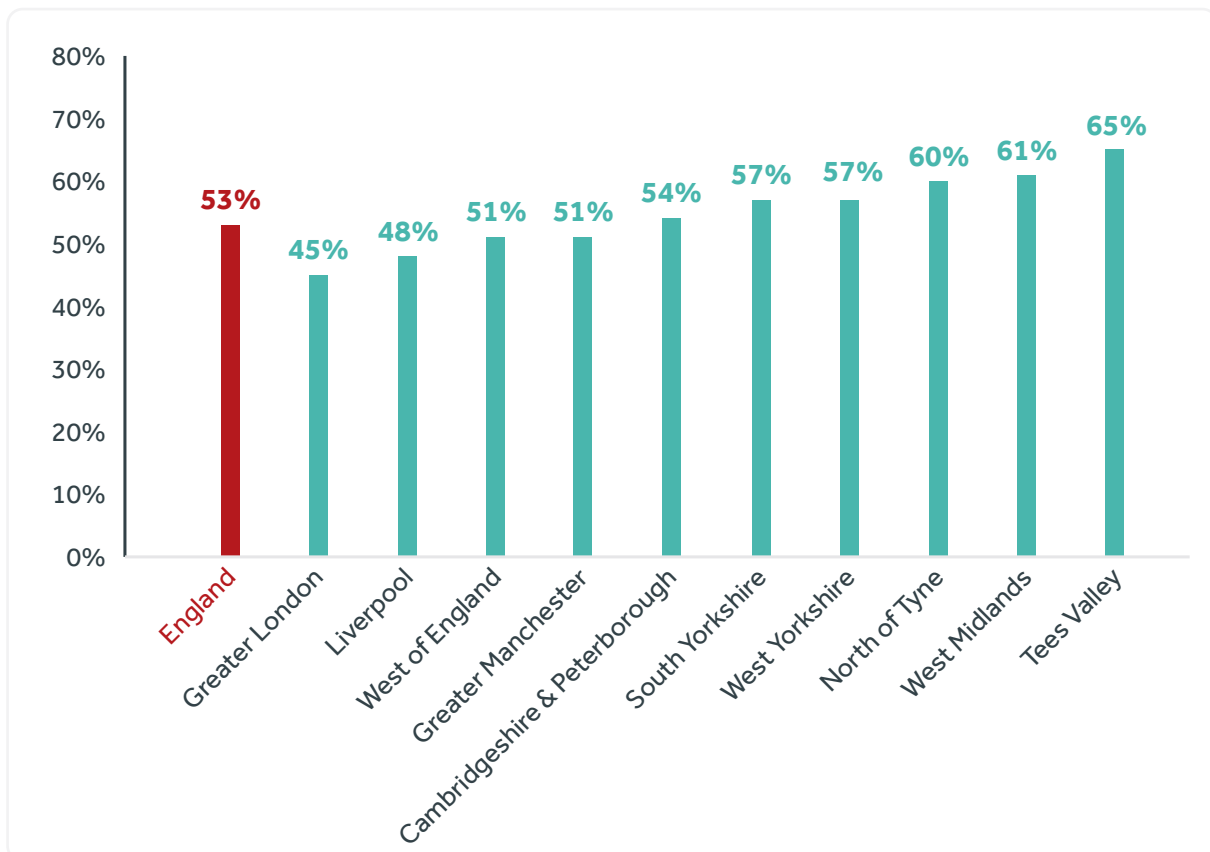
In English MCAs such as Tees Valley, there are larger than average concentrations of sectors such as administration and support, which includes rental activities, and security and facilities services, and wholesale and retail, and also have relatively high levels of insecure work. However, a closer look at the data reveals that even when English combined authorities are home to jobs within the same sector, some experience more job insecurity than others.

### 4.1 Insecure work is a key feature of low productivity areas

The risk of exposure to severely insecure work is not the same everywhere – much depends on the kinds of activities undertaken within particular parts of the sectors in question. For example, 48% of accommodation and food workers experience severely insecure work in Liverpool City Region Combined Authority, compared with 65% in Tees Valley and 61% in the West Midlands.

This can at least partly be explained by the fact that Liverpool City Region’s hospitality sector is geared towards serving corporate trips, visitors to music and sports events, as well as domestic and international visitors to culture and heritage sights.<sup>41</sup> The visitor economy adds an estimated £4.9 billion annually to the national economy and supports over 55,000 jobs in the region.<sup>42</sup> In comparison, the Tees Valley visitor economy is driven by walking and cycling trips, visits to nature, the industrial and railway heritage, and small festivals.<sup>43</sup> Tees Valley’s culture and leisure sector supports about 18,400 jobs and adds an estimated £598m to the national economy.<sup>44</sup>

Figure 7: The experience of severely insecure work in accommodation & food differs strongly across the combined authorities



Source: Work Foundation calculations using Secure Access ONS Labour Force Survey microdata, 2021-2022 April-June quarters. Note: Tees Valley’s arts and entertainment sector is excluded due to low sample sizes.



Of course part of this difference is due to the scale of each combined authority, but it is additionally related to the nature of the activities undertaken in each sector. Liverpool City Region's hospitality sector has more 'high value-added' activities and is also less seasonal in nature than Tees Valley's hospitality sector.

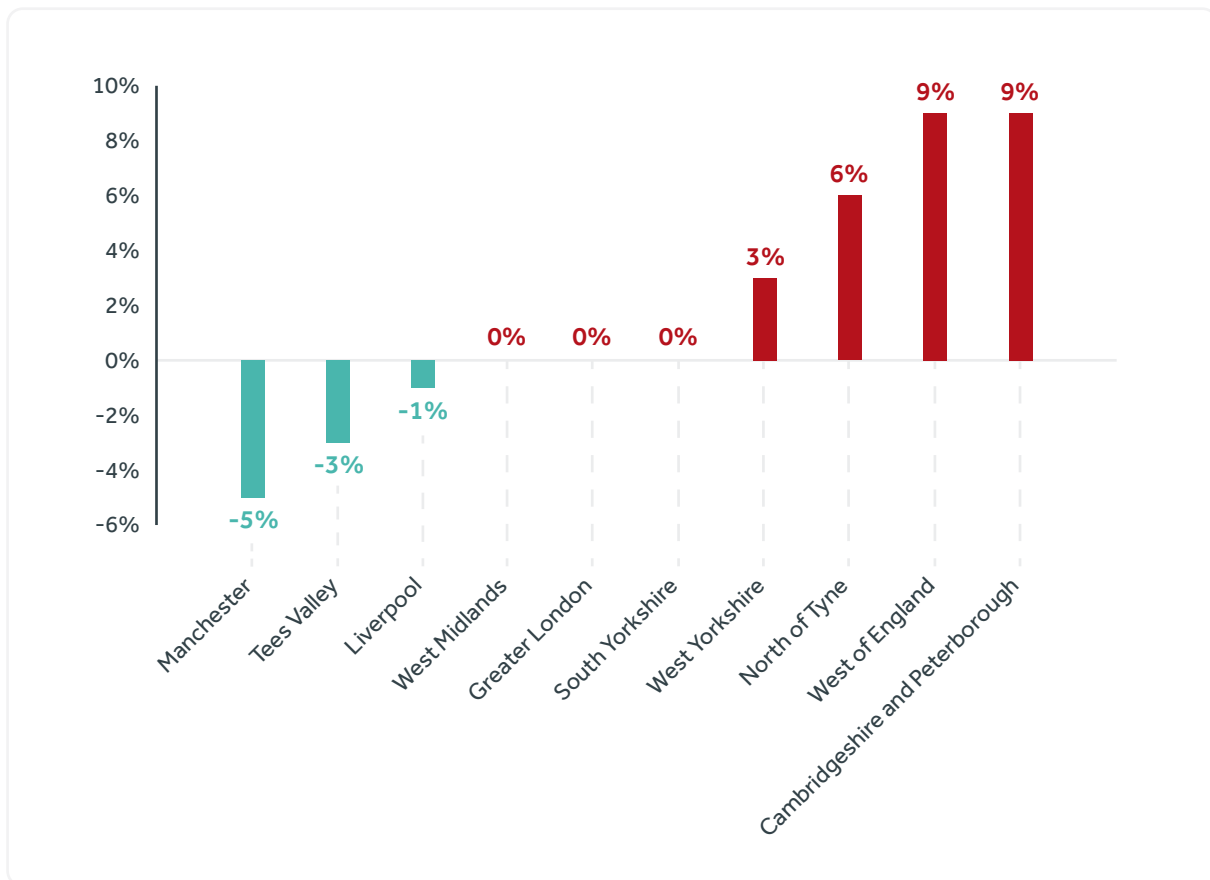
These differences tend to correlate with different levels of work security. Broadly understood, high-value added activities are more likely to provide more secure working conditions, compared with lower-value added activities, which appear to be related to the presence of more insecure jobs. This may be because businesses that generate higher value added — meaning they are more productive — tend to be more profitable and pay better wages. In contrast, businesses with lower productivity may have smaller profit margins and are not able to offer high wages or stable conditions.

## 4.2 Similar jobs may have different risks of insecurity across the country

The variation in job security within high-risk sectors can also be observed within similar kinds of jobs, such as routine jobs.

Professional and managerial jobs tend to be quite secure, whereas insecure work is often concentrated among self-employed workers and those in routine and semi-routine jobs, such as cashiers, fitness instructors, and salespersons.<sup>45</sup> However, even within routine and semi-routine jobs, there are differences in the level of insecurity experienced across the country.

**Figure 8: Similar semi-routine jobs are exposed to different levels of risk of experiencing severely insecure work across the combined authorities**



Source: Work Foundation calculations using Secure Access ONS Labour Force Survey microdata, 2021-2022 April-June quarters.

Note: Semi-routine jobs describe among others roles such as fitness instructors, dental nurses, care workers, salespersons, beauticians, energy plant operatives, plant and machine operatives.



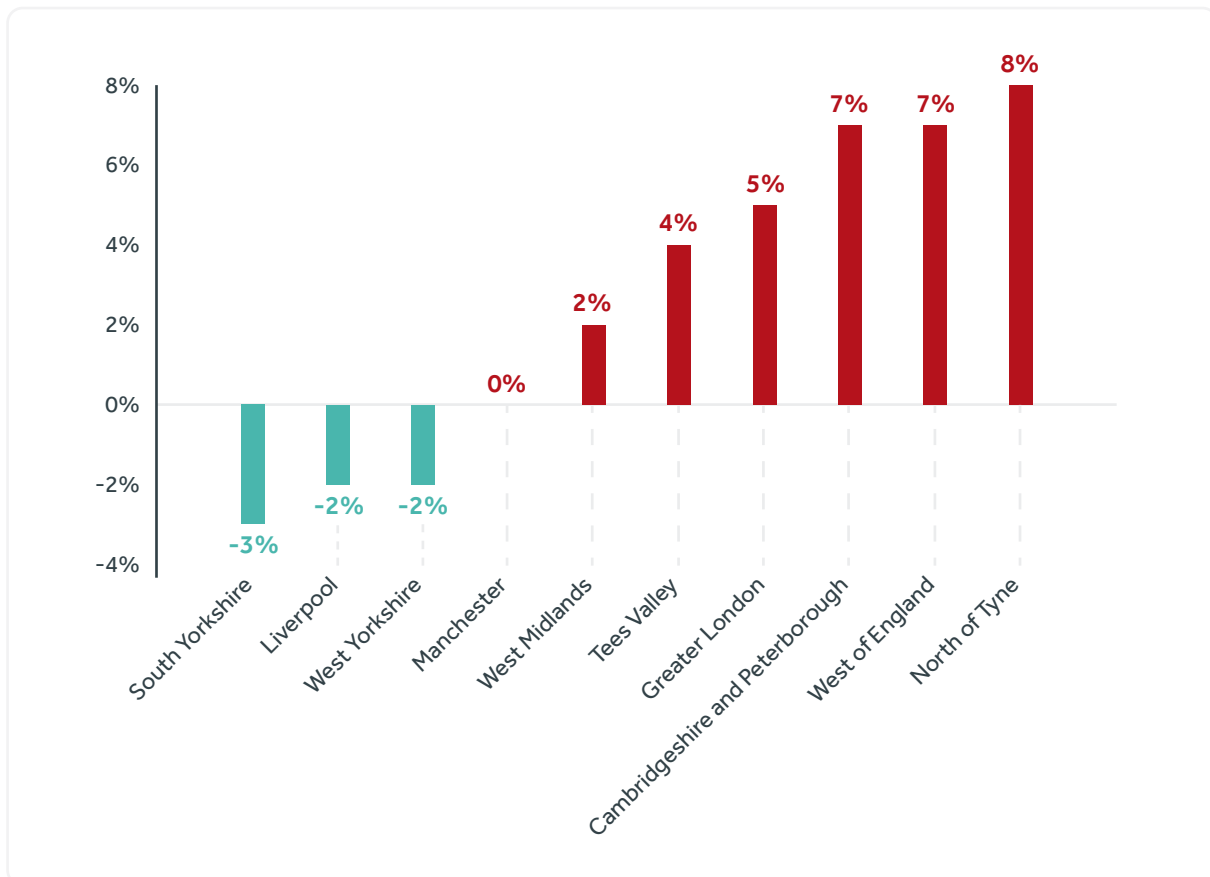
Similarly, there are differences in the risk of being exposed to insecure work in routine jobs, which includes roles such as waiters, bricklayers and cashiers.

The Cambridgeshire and Peterborough economy is characterised by a slightly larger than average share of routine jobs. Although this could lead to the expectation that a larger proportion of these jobs would lead to higher levels of overall insecurity in a place, this is outweighed by an overrepresentation of higher managerial jobs, which tend to be quite secure and relatively well paid. For instance, median weekly gross pay in the city of Cambridge was £619.70 in 2022 – well above the English median of £536.60.<sup>46</sup>

However, routine jobs in Cambridgeshire and Peterborough are much more insecure than similar jobs in the Greater Manchester Combined Authority. This suggests that the kinds of work activities people do within routine jobs, or the sectors these are based in, matter for how insecure they tend to be. For instance, Greater Manchester has a large manufacturing and advanced engineering sector. Routine jobs, such as machine operatives in these sectors may require more training, skills and higher than median pay and may be accompanied by higher levels of job security than semi-routine jobs that are concentrated in the retail or hospitality sectors. Across the UK, median pay in manufacturing was £616.40 in 2022 compared with £430 in retail and £259.40 in hospitality.<sup>47</sup> Although the Cambridgeshire and Peterborough MCA is also home to a substantial manufacturing sector, this is driven partly by advanced manufacturing in Cambridge and more niche manufacturing and agricultural technology manufacturing in the Fens.<sup>48</sup>

However, even within more senior roles, there are differences across English combined authorities. For example, lower managerial jobs, such as managers, bookkeepers and technicians are nearly twice as likely to provide severely insecure work in South Yorkshire (13.6%) and Tees Valley (14.1%) than they are in Cambridgeshire and Peterborough (8.4%). Again, this is likely related to sectors that these jobs are embedded in, and the kinds of activities that take place within these sectors, i.e., whether they add high value, such as trading crude oil, or whether they add low value, such as locally rendered services, like window cleaning.

**Figure 9: Similar routine jobs are exposed to different levels of risk of being exposed to severely insecure work across combined authorities**



Source: Work Foundation calculations using Secure Access ONS Labour Force Survey microdata, 2021-2022 April-June quarters.

Note: Routine jobs describe among others roles such as cashiers, hairdressers, floorers and bricklayers, cleaners and waiters.

## 5. WHAT CAN ENGLISH MAYORAL COMBINED AUTHORITIES AND GREATER LONDON DO TO SUPPORT PEOPLE OUT OF INSECURE WORK AND INTO BETTER JOBS?

In order to significantly reduce and mitigate the experience of insecure work across England, central government must take a lead on updating and strengthening employment regulations and social security protections. The residents of those MCAs which are home to the highest levels of severely insecure work – South Yorkshire, Tees Valley and the West Midlands – would stand to disproportionately benefit from such reforms.

There are nevertheless some initiatives and activities that combined authorities can prioritise independently, or in partnership with Government.

In fact, some combined authorities are already prioritising tackling insecure work. Although all MCAs explicitly prioritise boosting things like skills provision to support progression into higher quality jobs, in Greater Manchester, Liverpool City Region, North of Tyne, West Yorkshire and Greater London, job security is explicitly mentioned in employment and skills strategies, and has at least one dedicated policy priority or action associated with it.

The most developed policies and programmes for insecure work relate to voluntary employer charters, such as the Greater Manchester *Good Employment Charter*,<sup>49</sup> the Liverpool City Region's *Fair Employment Charter*<sup>50</sup>, the London Mayor's *Good Work Standard*,<sup>51</sup> West of England's *Good Employment Charter*,<sup>52</sup> North of Tyne's *Good Work Pledge*,<sup>53</sup> and West Yorkshire's *Fair Work Charter* which is reported to be launched in Autumn 2023.<sup>54</sup>

As illustrated by the example in Box 1, some combined authorities are proactively developing initiatives and services to help reduce the risk of severe insecurity, such as help for those most at risk of insecure work and labour market disadvantage, via education and skills enhancement, coaching and careers guidance.

### Case study 1: North of Tyne's employability plan

North of Tyne's key sectors are based around consumption and service-based roles, and therefore tend to be seasonal in nature, with a high incidence of zero-hour contracts, temporary roles and low paid part-time work. Understanding this, the combined authority developed its *Employability Plan*, working together with businesses to on the one hand support organisations to attract and retain staff, and on the other hand to provide support to workers in low-skilled and insecure work to access more sustainable employment which is hoped to reduce the harmful cycling between low paid work and worklessness.\*

Although current employment and skills strategy documents in the West Midlands, South Yorkshire and Tees Valley don't have an explicit focus on tackling severely insecure work, initiatives are being prioritised to boost skills levels, to use public procurement to incentivise the provision of higher quality and more secure jobs, and to increase investment in their regional economies. Nevertheless, our recommendation is that all combined authorities would benefit from a sharper focus specifically on the impact that these interventions and others would stand to have on the levels of severely insecure work in the city region.

### How can existing policy interventions tackle insecure work across English MCAs?

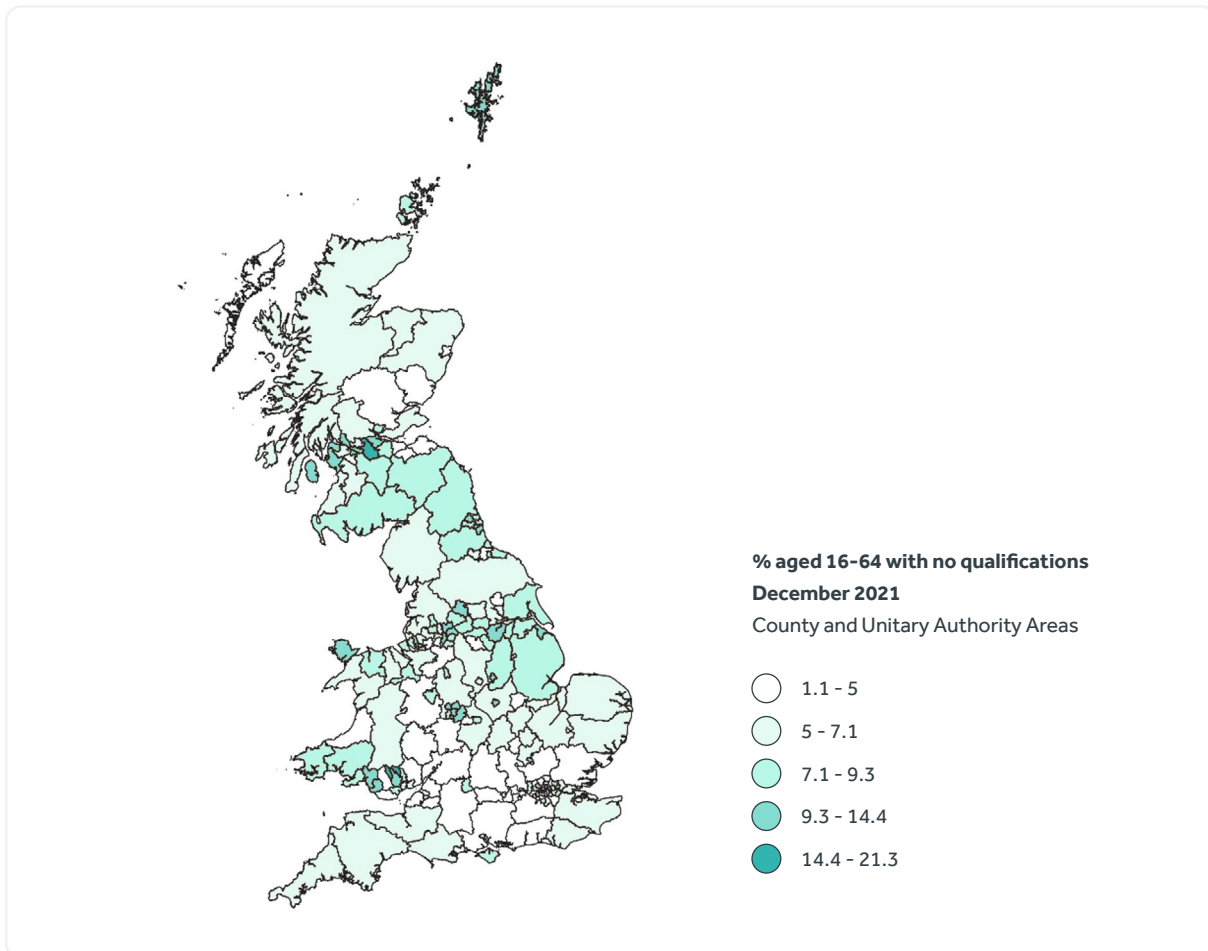
There are a range of policies that can be used to foster the creation of better-quality jobs. It is useful to divide these broadly into supply-side policies, which aim to improve skills and the productivity of workers, and demand-side policies, which aim to increase the overall availability of jobs.

#### 5.1 Increasing skills attainment

Although insecure work should not be equated with low-skilled work, insecure work tends to be concentrated among lower skilled jobs. At the same time, people in insecure jobs are less likely to have access to training to boost their skills and attain more secure forms of employment.

In some parts of England, the proportion of workers with degree level qualifications is significantly lower than average.<sup>55</sup> This may make it more difficult for businesses in those areas to recruit and retain the skilled workers that they need. At the same time, for such places raising levels of skills attainment is not the only issue. For example, when people have obtained skills, they may decide to then move to areas that are able to provide a greater number or variety of job opportunities, which makes skills retention a very important issue for those areas.

**Figure 10: Proportion of working age population lacking qualifications**



Source: Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right [2023]

Compared to other OECD countries, the UK's decision making on skills policy is highly centralised,<sup>56</sup> which does not always suit the needs of different places. Local approaches to skills development are important to ensure that training reflects the needs of residents and employers, and crucially to ensuring skills interventions can actively support people out of insecure work and into sustained, well paid and secure jobs.<sup>57</sup>

In this spirit, the Levelling Up White Paper in February 2022 announced two trailblazer deals with the Greater Manchester Combined Authority and the West Midlands Combined Authority, aiming to devolve more powers to these mayoral authorities, which was consolidated in chancellor Jeremy Hunt's spring budget 2023.<sup>58</sup>

For the West Midlands and Greater Manchester, this new deeper devolution deal increases the combined authority's responsibility and autonomy over adult skills.<sup>59</sup> Within this, the combined authority has a role in ensuring that the local skills system responds to the Local Skills Improvement Plan (LSIP).<sup>60</sup> It will also have greater flexibility around skills bootcamps to provide provision to meet local need, such as intensive courses for sectors that are facing worker shortages.

A particular welcome step is that the Free Courses for Jobs budget for level 3 qualifications can be spent locally. Previous research from the Centre for Progressive Policy found that the supply of courses from training providers did

not match local skills needs in England.<sup>61</sup> Combined authorities can play a strategic role in addressing this, brokering opportunities through bringing together employers, skills providers and other stakeholders, to help ensure that education offered reflects local training needs.<sup>62</sup>

### Case study 2: Skills for good quality, secure jobs in Greater London

With the devolution of the Adult Skills Budget for Greater London, the Mayor's 2018 *Skills for Londoners Strategy* set out to deliver a skills system that is better suited to meet local needs. It looked to tackle systemic skills issues in London by improving access to education and skills across all age groups, with targeted support for the most disadvantaged groups. Importantly, the new strategy promoted life-long learning and aimed to provide among others those cycling in and out of low-paid work with advice and guidance to support them to progress into work, or within their careers, and ensure they were signposted to educational opportunities.

Employers have a key role to play too, but unfortunately, investment in skills training has decreased over the past two decades,<sup>63</sup> and lower paid workers are still least likely to access training and development.<sup>64</sup>

This suggests that measures that are aimed at individual workers may be useful, but they are not enough to close the skills gap and foster economic growth. There must also be a focus on improving business management, productivity and performance too. However, when skills reforms are introduced, combined authorities have a real opportunity to target these at supporting people who are in insecure employment to progress in work, gain access to opportunities, and access the kinds of training they need.

## 5.2 Boosting investment

In addition to under-investment in training, there is a demand-side issue relating to regional inequalities in investment in UK firms,<sup>65</sup> which can mean that even when workers have the right skills, businesses are not able to innovate or increase their efficiency or productivity, and in turn provide well paid, secure employment opportunities.

And yet England has a mixed history of regional development policies which have sought to increase investment in lagging areas, tackle deprivation or foster regeneration – from Lord Heseltine's City Challenge in the early 1990s, through to New Labour's Regional Development Agencies and the Coalition Government's Local Enterprise Partnerships and Enterprise Zones in the 2010s.

### Case study 3: Liverpool's public procurement offers incentives to be a good employer

In 2018, Liverpool's Metro Mayor announced the launch of the Strategic Investment Fund, which would invest £500 million over four years in transport infrastructure, economic development, business growth, skills, culture and housing. As part of the bidding process, it was made clear that bids which demonstrated positive social impact would be higher rated and have a better chance to succeed. This included considerations for employers around paying the living wage and recognising trade unions.

At the time of writing, the latest Central Government initiatives in this area include 'Free Ports' and 'Investment Zones' - which offer lower taxes for firms prepared to invest in them. Eight out of 12 planned investment zones fall within MCAs or proposed MCAs. The aim of this policy is to increase economic growth and employment, but there remains a risk that any employment gains are as a result of displacement of existing activity, rather than the generation of wholly new jobs.<sup>66</sup> It is though possible that this kind of mechanism could offer scope for combined authorities to tie investment to wider aims promoting good and secure work. For instance, specific tax incentives for organisations located in the investment zone could be made conditional on their proven commitment to providing good quality, secure employment.

However, the reality is regional investment remains a centrally driven, disjointed policy area, often characterised by relatively short-term and politically motivated announcements.

In designing the policies and frameworks to incentivise increased investment in England's regional economies, Government has an opportunity to prioritise the creation of good-quality, secure jobs, and this should become a more explicit ambition of future investment strategies.

### 5.3 Setting employer incentives

In this spirit, some combined authorities are actively working with the business community to foster best practice and promote good and secure work. There are tangible incentives that MCAs and Greater London can offer employers, for example through accreditation schemes such as employment charters. Greater London's Good Work Standard offers accredited employers access to a platform for collaboration with other businesses, alongside access to resources such as support from HR specialists and networking events.<sup>67</sup> These business communities that spring up around charters can be very useful for both members and non-members to gain intelligence and to benchmark their practices. Additionally, members of the Greater Manchester charter, which is one of the few charters that has been evaluated, reported reputational gains of being an accredited employer.<sup>68</sup>

There are key opportunities here for combined authorities that already have charters in place to work closely with organisations such as ACAS and the CIPD to provide useful resources and information to their business communities. For combined authorities that do not have a charter in place or under development, there are lessons that can be drawn from successful charters in other areas, such as the importance of working together closely with the business community to provide information, business support and to promote good practice.

## 6. A RENEWED AMBITION TO REDUCE REGIONAL INEQUALITY IN ENGLAND

This report has provided new evidence on the relationship between the local labour markets of England's nine MCAs and Greater London and the prevalence of severely insecure work within them – highlighting the importance of tracking the levels of job security in an area as a key economic and labour market indicator in the future.

In terms of the analysis itself, as expected, stronger economies tend to provide more well-paying, secure jobs than economies that are lagging. In particular, high levels of severely insecure work are associated with lower levels of available jobs overall, lower levels of labour market participation, and concentrations of lower value added activities. This makes it important to address the quality of employment alongside wider policy aims of growing the economy. Even if a given policy achieves a higher quantity of jobs in an area, they risk leaving the local population no better off if these jobs offer low wages, unpredictable hours and are not protected by stronger employment rights and regulations.

Four English MCAs have levels of severely insecure work above the national average, however, even within combined authorities that are below the national average, there are 'insecurity hotspots' within particular local authority areas.

Addressing severely insecure work will be critical in realising the ambitions of successive Governments to tackle England's regional economic inequalities. This research estimates that if the rate of severely insecure work in Tees Valley, the West Midlands, South Yorkshire and North of Tyne alone was reduced to the national average, potentially over 40,000 workers could be moved out of severely insecure work.

Fundamentally, high quality, secure jobs have the potential to boost local and regional economies, raise people's living standards and improve physical and mental health and wellbeing outcomes, while insecure and low paid jobs can have significant negative impacts for individuals and local labour markets.

Doing so will require an active partnership between central and regional Government – and due to the importance of strengthening employment law, regulation and enforcement, one which ultimately must be led by Whitehall.

This partnership should be focussed on two complementary ambitions.

### 1. To significantly reduce levels of severely insecure jobs across the UK by 2030

#### a) Introduce a comprehensive Employment Bill early in the next Parliament within the first 100 days

In 2019, the UK Government announced it would introduce an Employment Bill to strengthen worker's rights. This included among others a proposal to create a Single Enforcement Body, introduce carer's leave and strengthen redundancy protection. Although this Bill has since been shelved, some of its component parts have made its way through the Commons, such as the Allocation of Tips Act,<sup>69</sup> and the Predictable Terms and Conditions Bill.<sup>70</sup> This is positive for many workers in severely insecure work, but it also means that larger, potentially more impactful interventions, such as reforming worker status, have yet to be delivered.

It is key that the next Parliament delivers an Employment Bill which looks to redress some of the power imbalance between organisations and workers, and takes a close look at the legal definition of employment status and the concomitant protections and entitlements the different statuses are entitled to. This could improve workers' access to rights and protections, and reduce the prevalence of insecure work.

The UK Government should:

- Introduce a comprehensive Employment Bill in the next Parliament that puts job quality and security at the heart of labour market regulation.



**b) Access to predictable working patterns**

Earlier this year, Government backed a Private Member's Bill called the Workers (Predictable Terms and Conditions) Bill.<sup>71</sup> If written into legislation, this will grant workers who have worked for their employer for 26 weeks or more the right to request more predictable working patterns. However, employers do have the option to refuse a request on the grounds of cost, or there being insufficient work.<sup>72</sup> This could be improved by following the example of the Republic of Ireland's Employment (Miscellaneous Provisions) Act 2018, which grants workers a right to a minimum payment if they turn up for a shift but are sent home, and creates a right to guaranteed hours of work that reflect their normal working patterns.<sup>73</sup> Additionally, the 26-week wait period can be detrimental to people's ability to stay in work, particularly for those with children or caring responsibilities who struggle to balance unpredictable work demands against other responsibilities. If all zero-hours contract workers gained access to predictable working arrangements from day one, this could benefit approximately 180,000 such workers in Greater London alone.

The Department for Business and Trade should:

- Adapt the right to request predictable working patterns to start from day one on the job and narrow the reasons employers may give for refusal.

**c) Strengthen the social security safety net**

There are important flaws in the Statutory Sick Pay (SSP) system that are felt particularly by those in insecure work. The rate of sick pay is among the lowest in the OECD, and although employers can choose to pay more than this statutory minimum, this is least likely for those in the lowest paid roles. By our estimates, 1.1 million workers in severely insecure work are not eligible for Statutory Sick Pay because they did not meet the earnings threshold.<sup>†</sup> Although Government has consulted on proposals to reform Sick Pay in 2019, its response in 2021 highlighted that no changes will be made.<sup>74</sup> However, higher and more accessible SSP and a focus on preventative measures could add an estimated £3.9bn to the economy by reducing sickness absence, seeing a quicker return to work and a reduced flow into health-related inactivity.<sup>75</sup> This could be particularly key for local economies that are struggling with high levels of people who are out of work such as Tees Valley, or who are at risk of falling out of work due to ill-health.

The Department for Work and Pensions should:

- Reduce the waiting time for Statutory Sick Pay from four days to zero days.
- Raise the rate of Statutory Sick Pay to 60% of usual wages, or the equivalent of the National Minimum Wage pro-rated by the usual number of hours worked, whichever is highest.
- For self-employed workers without staff and gig-workers, establish insurance for income protection, which workers would pay into, and would be able to access in times of illness or short-term unemployment.

<sup>†</sup> This is based on Work Foundation calculations using Labour Force Survey microdata 2022, quarters April-June.

**d) Enforcing existing rights is key particularly for insecure workers**

Workers in insecure jobs are more likely to experience violations of their rights and protections in the workplace.<sup>76</sup> Additionally, they are the least likely to assert their rights through the courts.<sup>77</sup>

The National Minimum Wage (NMW) is an important policy lever that has been hugely successful in raising the floor for lowest paid workers. However, non-compliance remains a problem, and many workers in severely insecure and low-paid work do not always receive what they should.<sup>78</sup> Improving compliance could benefit particularly workers in North of Tyne, who are more likely than workers elsewhere to be on low pay and are therefore expected to be at higher risk of underpayment.

The Department for Business and Trade and HM Revenues and Customs must:

- Commit to better resourcing the National Minimum Wage Enforcement Team, and in line with International Labour Organisation benchmarks, double the number of enforcement agents to meet international benchmarks, to ensure all UK workers receive what they earn from their employers.

## 2. To ensure that no English MCA has higher levels of severely insecure work than the national average

**a) Recognise insecure work in economic development and skills strategies**

Every Mayoral Combined Authority is focussed on improving regional economic growth and have a variety of initiatives aimed at improving access to better paid and more secure employment. To build on this work we recommend every combined authority makes tackling severely insecure work an explicit priority of their local labour market strategies. This should begin with developing a comprehensive understanding of levels of severely insecure work across their area, the sectors and roles within which it is concentrated, and the worker groups who are primarily impacted. It should also include the regular tracking of insecure work indicators as part of existing combined authority labour market analysis.

Every Mayoral Combined Authority and the Greater London Authority should:

- Make tackling severely insecure work an explicit priority of their local economic development, labour market and skills strategies.

**b) Engage with local and regional employers**

Policies which actively engage employers in partnership coupled with incentives to drive up standards are also likely to be key. Although there is a lack of evidence on the effectiveness of employment charters, it remains a promising opportunity to improve job quality at the local level. Although some MCAs have to date opted against introducing such an arrangement, it will be crucial that Greater London and MCAs look to share lessons and best practice as employment charters are evaluated and evolve in the future.

Mayoral Combined Authorities and the Greater London Authority should:

- Look to share lessons and best practice in improving job quality at the local level through evaluating and evolving employment chapters.



**c) Harness procurement and investment incentives**

The Greater London Authority and each Mayoral Combined Authority procures and commissions a significant amount of goods and services, and has the opportunity to build into these processes clear requirements from those tendering regarding their employment standards. Likewise, they oversee a series of investment strategies that aim to attract more businesses to their area, generate economic growth and increase job opportunities for residents.

Each Mayoral Combined Authority and the Greater London Authority should:

- Review their investment strategies for opportunities to further incentivise existing and future employers to improve pay and terms and conditions for their workers.

**d) Focus skills initiatives on those in insecure work**

Insecure work tends to be concentrated among lower skilled occupations, and those who are in insecure work have lower access to training and development, which makes it harder to move into more secure jobs.

Each Mayoral Combined Authority and the Greater London Authority should:

- Review its skills strategy for opportunities to provide skills training tailored to supporting insecure workers into more secure jobs.

**e) Better coordination between national enforcement and the combined authorities**

The Greater London Authority and each Mayoral Combined Authority each have a close and detailed understanding of the local labour market and are well placed to develop close relationships with local employers. In order to improve enforcement of existing employment regulations, there is an opportunity for the enforcement bodies to work closely together with the Greater London Authority and MCAs to tackle non-compliance or violations of employment rights.

Mayoral Combined Authorities and the Greater London Authority should:

- Work together with the Employment Agency Standards Inspectorate, the Gangmasters and Labour Abuse Authority and HMRC's National Minimum Wage Team to map high risk sectors, at-risk organisations and raise awareness regionally among employers and workers of their rights.

## METHODOLOGY

For this briefing, we analysed the Office for National Statistics' Labour Force Survey microdata. This nationally representative quarterly survey of around 80,000 individuals forms a robust and highly trusted source of information on the labour market. We used the pooled April-June quarters of 2021-2022 to enlarge the sample to obtain meaningful estimates. This is highlighted in the text and in the notes under the graphs.

The Work Foundation UK Insecure Work Index uses three dimensions of labour market insecurity: contractual insecurity, financial insecurity and lack of access to workers' rights. These dimensions were used to identify indicators in the Office for National Statistics' Labour Force Survey which contribute to overall levels of insecurity. Using Principal Component Analysis (PCA), we determine how the different job characteristics are correlated and summarise these into an index. The score that we derived from this is then divided into three categories: secure work, low/moderately insecure work and severely insecure work. We have termed the latter 'severe' because we expect that potential negative impacts of insecure work will be concentrated here.

The methodology is set out in more detail in the [Technical Annex](#) that accompanies the [UK Insecure Work Index 2022](#).

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