WORK FOUNDATION

NO PROGRESS?
TACKLING LONG-TERM INSECURE WORK

Aman Navani and Rebecca Florisson

September 2024

CONTENTS

Executive Summary		4
1.	Introduction	7
2.	Data and methodology	9
3.	Insecure work: Stepping stone or trap	10
4.	Health and progression to secure work	15
5.	Strengthening pathways to secure work	17
6.	References	19

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

If you are using this document in your own writing, our preferred citation is: Navani, A. & Florisson, R. (2024). No progress? Tackling long-term insecure work. The Work Foundation at Lancaster University.

PERMISSION TO SHARE

This document is published under the Creative Commons Attribution Non Commercial No Derivatives 3.0 England and Wales Licence. This allows anyone to download, reuse, reprint, distribute, and/or copy this publication without written permission subject to the conditions set out in the Creative Commons Licence.

For further information, please contact: info@theworkfoundation.com.

ACKNOWLEDGEMENTS

We gratefully acknowledge the thoughtful comments and feedback from David T. Zentler Munro (University of Essex), Professor Donald Hirsch, Sam Timms and Tom Pollard (New Economics Foundation), and support from Alice Martin, Jon Fitzmaurice, and Ben Harrison (Work Foundation at Lancaster University).

The methods and syntax employed in this study were developed during Rebecca Florisson's PhD, which is ongoing at Queen Mary, University of London. The research is supported by the ESRC through the London Interdisciplinary Social Science Doctoral Partnership (LISS-DTP).

WORK FOUNDATION | Lancaster University Management School

EXECUTIVE SUMMARY

For millions of people, work in the 21st century has been characterised by persistent insecurity.

In the UK, one in five workers are in severely insecure work – facing a mix of low pay, unpredictable hours, poor protections, and limited career progression. Insecurity is more likely to affect certain worker groups including women, people from ethnic minorities, disabled workers, and young people.

In tandem with high levels of insecurity, the UK workforce is becoming sicker. The UK is the only G7 country with a smaller workforce than before the pandemic and employers in a range of key sectors are grappling with persistent worker shortages. With a burgeoning welfare bill, there is now significant political and financial pressure on policymakers to rethink employment support policies, as well as how they create progression pathways into work and into better paid and more secure jobs in the future.

The Labour Government has come to power facing the same challenge as its predecessor; how do you grow the size of the UK workforce and support people to sustain employment, improve living standards, and support economic growth?

While policymakers have focussed their efforts on getting people who are out of work back into the labour market, relatively limited attention has been paid to how the quality of work contributes to long-term employment outcomes. This report provides important longitudinal evidence by analysing the employment journeys of 10,804 workers from 2017/18 to 2021/22 using the Understanding Society dataset. It aims to understand the impact that being in insecure or secure work has on the type of employment, if any, a worker will have in the future.

This study period includes the outbreak of the Covid-19 pandemic in early 2020 and its immediate aftermath – an exceptional period of disruption to the UK labour market. Our findings indicate that, despite the extraordinary circumstances, individuals' difficulties in progressing from insecure to secure employment persisted at levels similar to those observed in preceding years. This suggests that the 'insecure work trap' is a deeply ingrained issue within the labour market, not merely a consequence of the pandemic's unique challenges.

Large proportion of workforce faces long-term insecurity

Of the cohort of insecure workers in the study period, more than four in ten workers (44%) fell into 'long-term insecurity', which we define as workers who remained in insecure work at the end of the four-year period. This finding presents a direct challenge to the previous Government's "Any Job First, Better Job Next, and into a Career" approach of assuming that getting people into any job will ultimately allow them to progress into secure and sustained employment. Instead, it seems that for a sizeable group of workers, insecurity becomes a persistent and challenging situation to overcome.

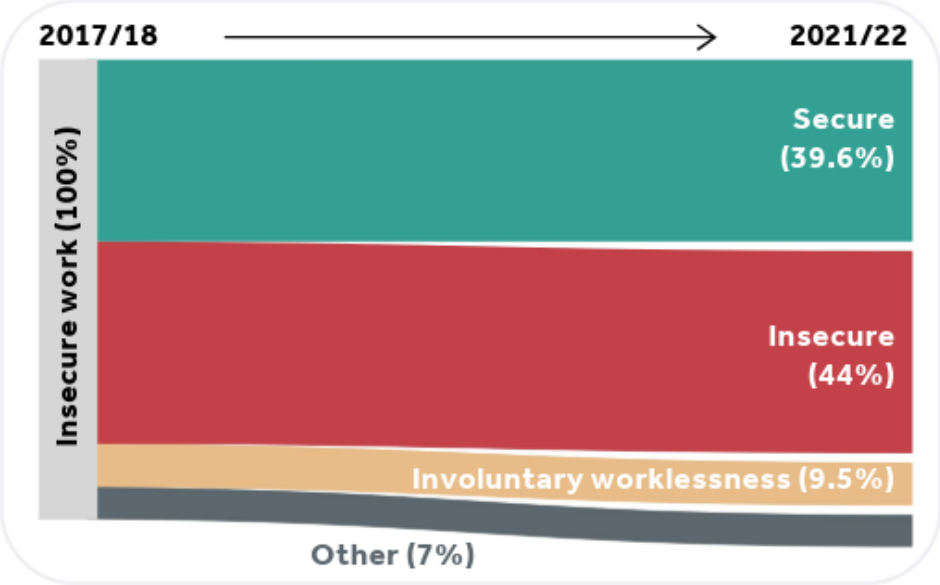
Other insecure workers were able to progress to secure work (40%) or took up other activities (7%) such as Government training schemes or apprenticeships. A further 9% of insecure workers ended up in involuntary worklessness – defined as unemployed or economically inactive due to long-term ill-health.

In stark contrast, secure workers displayed notably more favourable career pathways across the board. Workers who started in secure work in 2017/18 were twice as likely to hold a secure job by 2021/22 compared to those who started in insecure work (79.5%% vs 39.5%).

The findings suggest the nature of insecure work itself may hinder the ability of workers to progress into secure employment. The often-temporary nature of insecure work and the combination of financial and contractual precarity can see people cycle from one job to another,

without the time or financial stability to acquire new skills or find better roles. Compounding these difficulties, finding a more secure job often requires people to move into a new sector.

Figure 1: Employment status of workers in 2021/22, who started in insecure work in 2017/18



Source: Work Foundation calculations of weighted Understanding Society data Waves 9-13

Progression into secure roles often requires people to move sectors

The biggest factor enabling people to escape insecure work into a more secure role is their ability to switch sectors. Long-term insecure work is often concentrated in sectors such as social care and retail – with jobs more likely to be offered on a temporary or short-term contract – and fewer opportunities to progress. By comparison, sectors such as education, transport and storage, and real estate offer workers more progression routes into secure work.

In health and social work, over a third (38%) of workers are in long-term insecure work meaning they remained in an insecure role for four years or more. In the study period, over three quarters (78%) of insecure workers who left the sector obtained secure work elsewhere, compared with only 59% of those who remained in the sector. This is a 19-percentage point difference in the likelihood of obtaining secure work between those who left jobs in health and social work over those who remained.

Overall, insecure workers are nearly three times more likely than secure workers to switch sectors (28% compared with 9.6%). The tendency for people to leave jobs in key sectors that are already experiencing significant recruitment and retention challenges, in pursuit of secure work, raises critical questions for the Government and sector leaders.

Ability to move out of insecure work diminishes with age

Opportunities to change occupations or sectors tend to narrow with age and the evidence suggests that older workers are more likely to get stuck in insecure work – with workers aged 45-54 nearly twice as likely to remain stuck in insecure work relative to those aged 16-24 (48.8% vs 28.2%). The probability of falling into worklessness also increases with age. Insecure workers aged 55-64 are almost three times as likely to fall into involuntary worklessness than insecure workers aged between 35-44 (14.4% vs 5.4%).

Insecure work may be contributing to rising long-term sickness

Insecure workers are 1.4 times more likely than those with secure jobs to experience involuntary worklessness – becoming unemployed or economically inactive due to ill-health within the study period. This indicates that job security could be a factor in whether someone will stay in employment while managing a long-term health condition.

This is more pronounced for people in insecure work with existing health conditions, who are twice as likely to become unemployed or economically inactive than those without a health condition. Nearly one in seven (15%) insecure workers with a health condition became unemployed or economically inactive due to ill-health during the study period. However, ill-health is also impacting the outcomes of secure workers with health conditions, with 13% entering involuntary worklessness by the end of the four-year study.

Supporting the UK workforce to thrive and progress

In opposition, Labour promised to improve the quality of work on offer in the UK, and increase the employment rate from 75% to 80%, which will require supporting an additional two million people to enter and remain in work.

At the heart of their offer is a new Employment Rights Bill to modernise UK employment law and tackle insecurity. It includes commitments to abolish the two-year qualifying period for unfair dismissal, ban zero hours contracts, make flexible working a 'day one right', and create a Single Enforcement Body to ensure wide compliance with labour market regulations.

However, while this Bill offers an important first step, alone, it will not eradicate the long-term insecure work that we observe. For many people multiple forms of insecurity overlap – including the inability to obtain enough hours of work, low and unpredictable pay, and being on a temporary contract. As such the scale of insecure work reaches beyond the banning of certain contracts.

In certain sectors of the economy such as social care, retail, and hospitality, additional sectoral interventions are likely to be required. To improve work quality and progression opportunities for insecure workers, the Work Foundation calls on the UK Government to build on the momentum of the Employment Rights Bill and embark on two long-term institutional reforms:

1. Establish a national Secure Work Commission

The Commission should:

- Bring together UK Government representatives, employers, and unions to monitor levels of insecure work in the economy and set targets to increase the rate of secure, good quality employment with recommendations for action
- Improve the public availability of data on levels of insecure work including disclosing the proportion of vacancies in the economy each quarter that are temporary
- Establish sector taskforces to implement change in problem sectors – such as in social care, retail, and hospitality – working with Fair Pay Agreements as they are established.

2. Deliver reforms that shift the focus of the Department for Work and Pensions from administering welfare conditionality to supporting people into sustained work and incentivising employers to provide more secure jobs

The Department for Work and Pensions should:

- Introduce a standardised framework of job quality for the Jobcentre so that conditionality is not applied to work search requirements if vacancies are insecure in nature
- Ensure that claimants receive voluntary employment support with an emphasis on health needs and career goals for target sectors and vacancies.

1. INTRODUCTION

The new UK Government arrived in office in July 2024 following a period characterised by major social and economic turbulence, persistently sluggish economic growth, and a sustained drop in living standards.

Against this backdrop, a series of significant labour market challenges have emerged that are likely to become a central focus of the coming Parliament.

By historic standards, employment is high, and unemployment is low. However, a sizeable portion of this employment is insecure, resulting in high levels of attrition and churn. In addition, the previous Parliament (2019-2024) saw the largest increase in 'economic inactivity' - people who have left the labour market and are unable to work - since records began.[1] This rise has been driven by the growth in those experiencing long-term health conditions, with inactivity due to ill-health now standing at a near record 2.8 million people.[2]

As a result, the UK is the only G7 country with a smaller workforce than before the pandemic,[3] and employers across a range of key sectors have been grappling with worker shortages, which business groups claim is constraining economic growth.[4]

Increasing sustainable labour market participation by driving up job security

The new Labour Government has already stated its ambition to tackle insecure work, support more of those currently out of the labour market back into work, and to ultimately increase the UK's employment rate from its current level of 74.5% to 80%,[5] which would be the highest in the G7 and mean over two million more people in work. Achieving any progress towards these aims will require more support for those who are currently out of work to return to the labour market through increasing the number of good quality jobs on offer and enabling more people who are currently in insecure work to progress into secure employment.

However, setting targets to increase labour market participation risks overlooking the importance of job quality. Increasing the number of people cycling in and out of poor-quality, insecure jobs, would risk health and financial costs for those individuals and is also unlikely to deliver welfare savings or increase living standards. A preferable ambition is to increase and monitor the number of people in stable, high-quality employment.

Yet recent experience suggests that getting this right will necessitate significant investment, public service reform, and labour market interventions – reaching beyond the remit of any one department. In 2021, the previous Conservative Government launched an "In Work Progression Commission" to investigate how pay progression for workers can be boosted.[6] It made recommendations to Government and employers on what steps should be taken to boost pay progression and reduce the number of people who are in work but still rely on Universal Credit due to low pay.

In addition, the Department for Work and Pensions (DWP) ran a randomised control trial between December 2015 and March 2018 to assess the in-work progression of insecure workers on Universal Credit. It compared employment outcomes for three groups of workers – those who met with coaches fortnightly, every eight weeks, or through an initial phone call and follow up meeting.[7] The outcomes did not substantially vary between the three groups suggesting that progression into better quality work is something that Jobcentres alone cannot affect.

Creating viable pathways to secure and sustained employment

Despite these attempts at policy innovation to improve in-work progression, recent Government employment support for those in receipt of benefits has overwhelmingly emphasised immediate job placement over considerations of skills, job fit, security, and work

quality. Former Secretary of State for Work and Pensions Therese Coffey's "Way to Work" plan exemplified this approach.[8] The campaign required claimants to broaden their job search from the fourth week of their claim, rather than after three months, as was previously mandated. This intervention was based on the premise that "helping people get any job now, means they can get a better job and progress into a career." [9]

Yet ultimately, there is little evidence to suggest this approach has been successful or can address the challenges facing the UK labour market today.[10] Worse still, it may be driving down job quality and worsening the balance of power between workers and employers as employers know that workers face the threat of benefit sanctions if they quit their jobs. Job seekers are therefore too often forced to take up poor-quality work or have their benefits taken away.[11]

Previous Work Foundation research established that one in five workers (6.8 million) in the UK find themselves in 'severely insecure work'.[12] These jobs are often characterised by low pay, unpredictable hours, poor protections, and limited career progression. Those in insecure work often experience poor financial wellbeing, poor mental health, and more limited job opportunities in the future. Insecure work compounds existing structural inequalities in the labour market – women, disabled workers, people from ethnic minority backgrounds, and younger workers are more likely to be in severely insecure work.[13]

There are, therefore, significant risks of an approach to boosting employment and reducing inactivity that fails to take account of job insecurity, which could trap individuals in a cycle of short-term, poor-quality employment and longer periods out of the labour market altogether.

To develop effective interventions capable of supporting more people to enter and remain in secure employment during this Parliament, policymakers must gain a better understanding of the factors that influence an individual's ability to access different kinds of jobs in the future and ensure that there are good quality jobs available.

This report investigates whether being in insecure work shapes a worker's employment journey and impacts the kind of job, if any, they are able to obtain in the future.

It does so by using five waves of the Understanding Society dataset to track the employment trajectories of a cohort of workers from 2017/2018 to 2021/2022. It analyses the differing employment outcomes of those who began the period in secure employment and those who began in insecure employment.

It also explores the barriers and support workers may experience in accessing secure work, before making a series of policy recommendations to address these.

2. DATA AND METHODOLOGY

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.

Based on our UK Insecure Work Index, we define insecure workers as those who experience insecurity across at least two of the three dimensions.

Figure 2: The UK Insecure Work Index mapped to Understanding Society

This framework has been developed by Florisson (forthcoming) for her ESRC-funded studentship and is based on the theoretical framework used in Florisson (2022), where it was applied to the UK Labour Force Survey. The Florisson (2022) framework was derived from Olsthoorn (2014), Kalleberg (2018), Richardson (2021), and Young (2022).

To investigate the extent to which insecure workers are able to progress to secure work, we applied our UK Insecure Work Index to several waves of the Understanding Society survey. This survey began in 2009 and is a follow on from its precursor, the British Household Panel Survey. It is a household longitudinal survey where information is collected from each member of the household. The survey collects sociodemographic information, employment status, and conditions and information about living standards. The longitudinal nature of the data enables us to track the career trajectories of those respondents in secure and insecure work and those in involuntary worklessness.

We analyse Waves 9-13 covering a period of four years between 2017/2018 and 2021/2022. The sample only includes respondents of working age who feature in all five waves of the survey. Respondents who drop out or enter the survey during this period are omitted which gives a total sample of 20,554 working-age respondents.

We analysed the employment trajectories of 10,804 workers in insecure and secure work in Wave 9 and looked at what proportion of each worker group remain stuck in insecure work, progress to secure work, or fall into involuntary worklessness (unemployment or inactivity due to long-term ill-health).

As a robustness check, we analysed whether the Covid-19 pandemic had an effect of transition rates between insecure and secure work. We focussed on the proportion of insecure workers who obtained secure work in the next wave and found that transition rates between 2017 and 2022 were largely stable between each year. The rate of transitions between sectors increased strongly in the wake of the pandemic, but the proportion of insecure workers who obtained secure work or remained insecure was stable. We also analysed the four-year period prior to the study period we look at in this report and found that transition rates and sample sizes were comparable.

3. INSECURE WORK: STEPPING STONE OR TRAP?

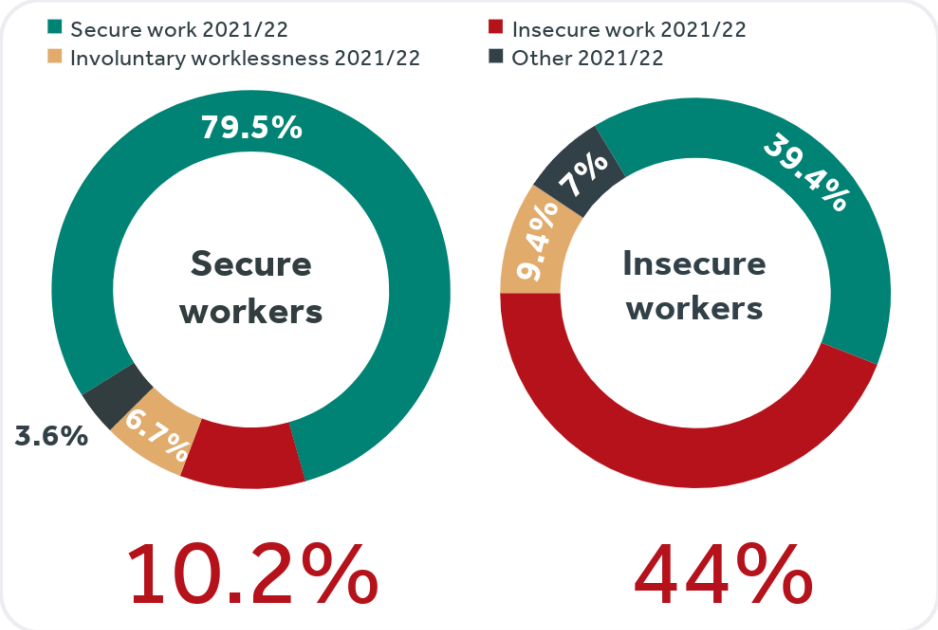
Insecure work – such as temporary contracts, zero-hour roles, or gig work – has often been characterised as a first stepping stone to more secure and stable employment. However, analysis of individuals in insecure work between 2017/18 to 2021/22 has found that people are more likely to remain in insecure work after four years than they are to progress out of it.

Majority of insecure workers do not transition to secure work over a four-year period

Two in five (44%) people who were in insecure work in 2017/18 remained so after four years, meaning they fell into long-term insecurity. This indicates that for a sizeable group of workers, insecure work is a persistent and challenging situation to overcome. Other workers were either able to progress to secure work (40%) or took up other activities (7%) such as government training schemes or apprenticeships. Almost one in ten (9%), however, fell into involuntary worklessness during this period.

In contrast, secure workers have a notably more favourable career pathway across the board. A large majority of people (80%) who were in secure work in 2017/18 remained in secure work at the end of the four-year period. Only one in six who started out in secure work fell into insecure work or involuntary worklessness four years on.

Figure 3: The percentage of workers who were in insecure work in 2021/22 after starting in secure or insecure work in 2017/18 *



Source: Work Foundation calculations of weighted Understanding Society data Waves 9-13

These results indicate that the trajectories of insecure workers are highly path dependent. A period of insecure work can have lasting consequences and make it less likely to progress to secure work in the future.

The analysis suggests those who started the period in secure employment were two times as

* The "other" category includes respondents who are inactive due to early retirement or caring responsibilities, full-time students, on a government training scheme, an apprenticeship, working unpaid at a family business, or "doing something else".

likely to be in secure employment four years on, relative to those who started in insecure work. Overall, more than half (53%) of the initial cohort of insecure workers either remained trapped in insecure work or fell into involuntary worklessness over the four-year period.

Insecure work can limit progression

These findings suggest that the nature of insecure work itself may hinder the ability of workers to progress into secure employment.

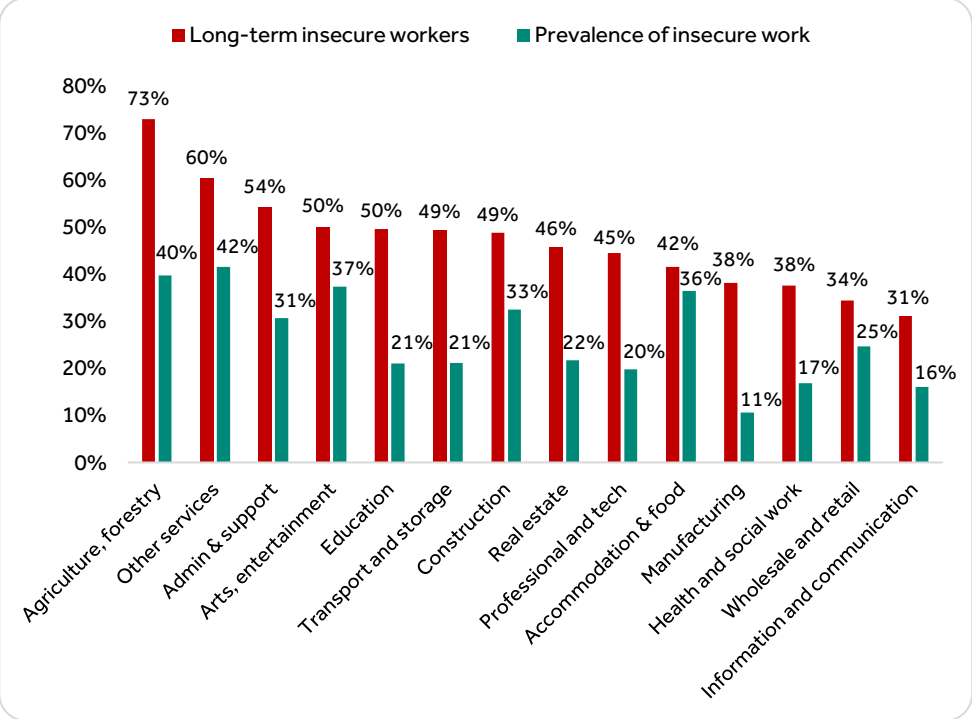
Insecure workers are likely to face a combination of financial and contractual insecurity which can see them go through a cycle of insecurity – moving from one job to another due to the temporary nature of their work, with little time or resource to search for and pursue a more secure career. It can also limit workers' access to training and development, thereby constraining their ability to acquire skills needed to progress within their role or apply for a better role.[14]

Secondly, there are negative health impacts associated with insecure employment, and these can compound over time.[15] Previous Work Foundation research has found that insecure workers are more likely than other workers to worry about potential job loss.[16] Uncertainty about future employment and income prospects are cognitively demanding and can cause anxiety and stress, which can lead to pressure on mental wellbeing. In addition, there is growing evidence that suggests being in poor-quality work may be more detrimental to health than being unemployed.[17]

Sectoral traps can limit individuals' ability to escape insecurity

The likelihood of enduring insecurity for an extended period of time is directly related to the extent of insecure work in the sector where someone works. There is a high correlation between the level of insecure work in a sector and the likelihood for workers to remain trapped in insecure work over a four-year period. This strong correlation indicates that sectors with high levels of insecure work are also the hardest ones to escape.

Figure 4: Levels of long-term insecure work across key sectors



Source: Work Foundation calculations of weighted Understanding Society data Waves 11-13, 2019-20 to 2021-22. A slightly shorter timeframe was employed for this analysis due to the frequent sectoral mobility of some workers, which complicates the tracking of their original sector.

Insecure work tends to be concentrated in service-based sectors such as hospitality and retail and outsourced support services such as security and cleaning, as well as social care sector jobs. Levels of insecure work are particularly high in 'other services', which includes roles such as refuse collectors, caretakers, and security guards, as well as some professional services. These roles are characterised by routine and manual tasks that often do not require a tertiary education. Meanwhile, in sectors with higher value-added activities, such as information and technology and professional services, levels of insecurity tend to be lower.[18]

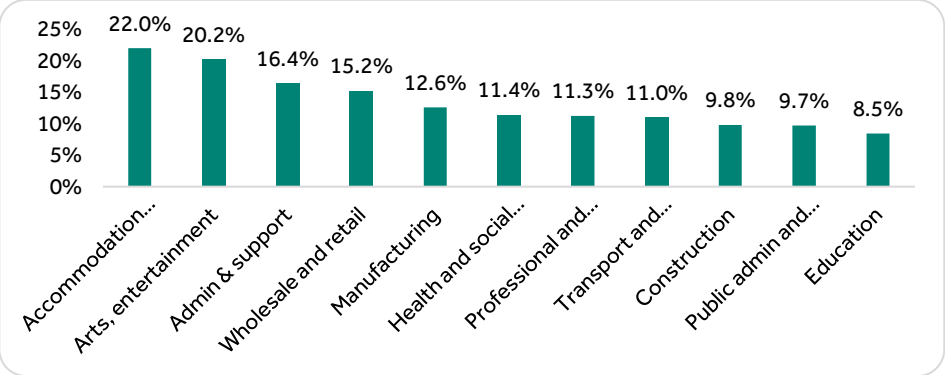
Three in five workers in 'other services' are long-term insecure workers which means they remain in insecure work over four consecutive years. Similarly, there is a high likelihood of workers remaining stuck in insecure work in the arts and in agriculture. This signals that sectors with high levels of insecurity are less likely to have the progression pathways necessary to escape insecure work.

Achieving more secure work by switching sectors

A study by the Office for National Statistics has shown that changing jobs is one of the fastest ways an individual can progress in their career and increase their pay.[19] While some workers obtain new roles to maximise their skills and pay, for others this move may be an involuntary decision.

Insecure workers are nearly three times more likely than secure workers to switch sectors from year to year (28% compared with 9.6%). This may be partly related to their higher likelihood of having temporary and short-term contracts, and therefore needing to change jobs and switch sectors, as well as needing to obtain better working conditions through switching jobs. These rates are similar across different years.

Figure 5: Workers leaving sector between 2019/20 and 2021/22



Source: Work Foundation calculations of weighted Understanding Society data Waves 11-12, 2019-20 to 2021-22.

Overall, it appears that switching sectors significantly enhances people's ability to obtain secure work, with 70% of those who switched sectors moving from insecure into secure work, compared with only 52% of those who stayed in the same sector.

However, that likelihood differs between sectors. In retail, the rate of insecure work stands at 30%. Between 2017/18 and 2021/22, of insecure workers who moved out of the sector, 77% managed to obtain a secure role at the end of the period, while only 65% of insecure workers who remained in the sector were able to.

This significant difference demonstrates that moving out of the retail sector enhances the likelihood that an insecure worker will obtain a secure role in future. Although there is a sizeable

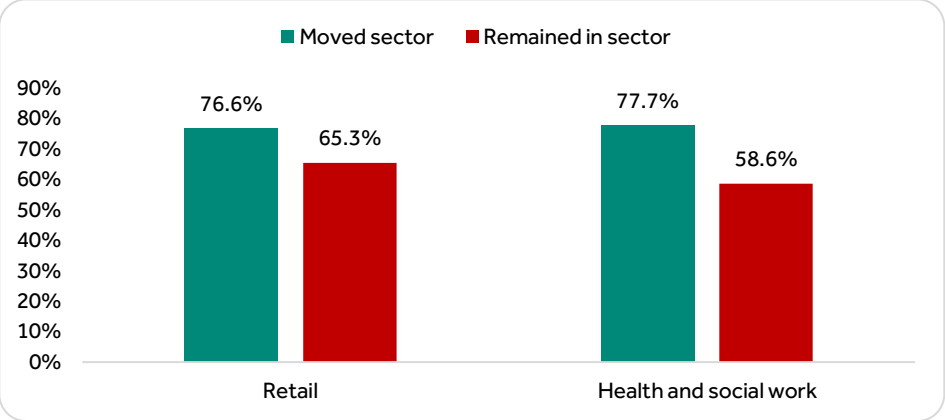
proportion of workers who obtain secure roles within the sector, on average, 32% of retail workers remained trapped in insecure work for several years.

These differences are even larger for insecure workers in health and social work,[†] where we see a 19-percentage point difference in the likelihood of obtaining secure work between those who switched out of the sector over those who remained.

Over three quarters (78%) of insecure workers who switched sectors obtained secure work, compared with only 59% of insecure workers who remained in the sector. Meanwhile 38% of workers who stayed working in health and social work remained in insecure work at the end of the four-year study period.

These findings underscore the importance of developing a long-term strategy for the sector's workforce to deal with the severe recruitment and retention challenges.[20]

Figure 6: Likelihood of obtaining secure work within four years for those who move sectors and those who remain



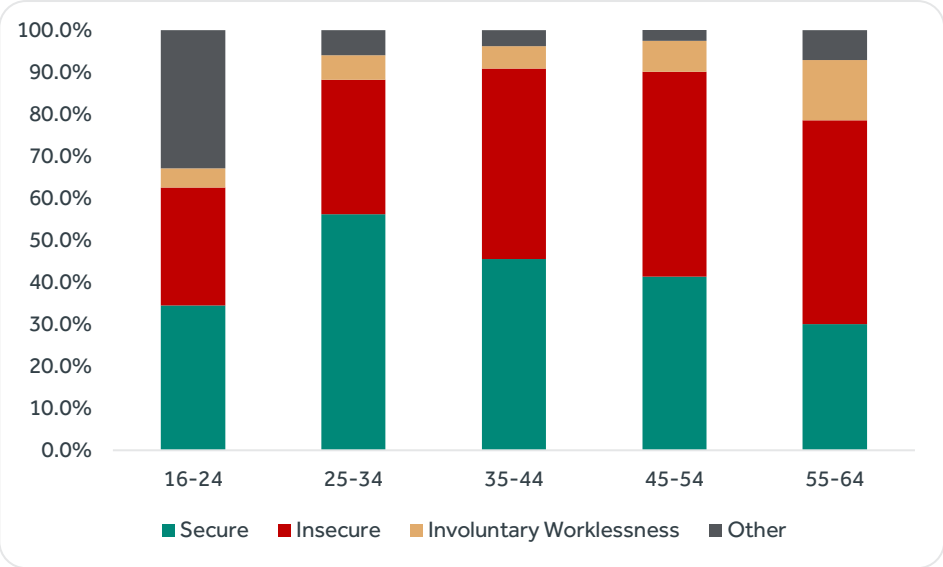
Source: Work Foundation calculations of weighted Understanding Society data Waves 11-13 (2019/20 to 2021/2)

Older workers are more likely to get stuck in insecure work or fall into worklessness

The data also suggests people's chances of moving out of insecure work diminish as they get older, with workers aged 45-54 nearly twice as likely to remain stuck in insecure work relative to those aged 16-24 (48.8% vs28.2%). The probability of falling into involuntary worklessness also increases with age. For example, 14.4% of the initial cohort of insecure workers aged 55-64 fall into involuntary worklessness relative to 5.4% of those aged between 35-44 and 4.6% of those aged between 16-24.

[†] Limitations arising from small sample sizes means that we can only at a few sectors in detail

Figure 7: Employment status of insecure workers by age band



Source: Work Foundation calculations of weighted Understanding Society data Waves 9-13

Changing occupations or sectors where progression opportunities are more available is likely to be more difficult with age. The range of alternative career choices tends to narrow with age, for the reason workers build up human capital (skills and knowledge) with their time in a specific occupation or sector. There is usually a premium for such skills. Therefore, switching into a new sector or occupation occurs a strong penalty. On the other hand, younger workers tend to have more volatile experiences in their early years of employment. This helps to explain why younger workers may be more likely to be in insecure work yet are also more mobile and more likely to move into secure employment relative to older workers.

4. HEALTH AND PROGRESSION TO SECURE WORK

The UK is currently facing labour market participation challenges, with a near record 2.8 million people economically inactive due to long-term health issues. In addition, recent Health Foundation research highlights that there are also 3.7 million working-age people in work with a health condition that is 'work-limiting'.[21]

It is imperative policymakers understand the impact that job security has on an individual's ability to progress in work, or even remain in the labour market, while managing a health condition. Our analysis of 2,576 individuals who were in work with a health condition in 2017/18 suggests that insecure workers with health issues have lower progression rates into secure work than those in good health. Insecure workers with a health condition are at higher risk of dropping out of the labour market when compared to those in secure employment who are also managing a health condition.

Health conditions impact the employment outcomes of both insecure and secure workers

Health conditions impact the employment outcomes of both insecure and secure workers. Analysis reveals that insecure workers with a health condition are less likely to progress to secure work relative to insecure workers without a health condition (36% vs 41%). Secure workers with a health condition are also less likely to remain in secure work than those without (72% vs 82%).

Most significantly, there is a substantive difference in the extent to which workers with health conditions are leaving the labour market, whether in secure or insecure work:

- 15% of insecure workers with a health condition ended up in involuntary worklessness compared to just 7% of insecure workers without a health condition
- 13% of secure workers with a health condition ended up in involuntary worklessness compared to just 5% without.

This is particularly concerning as wider research around health-related inactivity has shown that once someone exits the labour market, it can become increasingly difficult to return.[22]

Figure 8: Proportion of secure and insecure workers from 2017/18 who ended up in involuntary worklessness by 2021/22 by health condition

Source: Work Foundation calculations of weighted Understanding Society data Waves 9-13 (2017/18- 2021/22).

These findings are concerning in the context of an ageing population and a growing state pension bill. The Financial Times estimates that by 2028, the state pension bill will rise to £148 billion, which is an increase of a third relative to 2022. [23] Workers are therefore likely to face increasingly long working lives, and there are significant risks that any approach to boosting employment and reducing inactivity that fails to take account of job insecurity could inadvertently trap individuals in a cycle of short-term, poor-quality employment and longer periods out of the labour market altogether.

It is therefore vital that older workers and those with health conditions are supported to remain in suitable and rewarding work. To achieve this, it is particularly important to ensure that those with health conditions are able to find the flexibility at work that they need without needing to enter insecure work to access it. And for those currently in insecure work, action is required to ensure they do not remain trapped in it but are supported to progress into more secure roles.

5. STRENGTHENING PATHWAYS TO SECURE WORK

At the beginning of the new Parliament, the Government has set out its ambitions to boost employment to 80% which would be equivalent to over two million more people in work, whilst **making work more secure and rewarding**.[24]

Yet, the UK labour market faces some significant challenges that must be addressed if these aims are to be realised. The approach of recent years that has focussed on coercing those out of work to accept 'any job' – alongside interventions to drive up low pay and an array of adult learning and skills initiatives – has failed to recognise the pernicious role that insecure work plays in limiting opportunities to progress into secure and sustained employment.

The UK Insecure Work Index highlights that 6.8 million people in the UK are in severely insecure work – unable to access predictable income or basic employment protections. In addition, the most recent data from ONS points to a weakening job market in the UK, with employment levels beginning to fall, economic inactivity rising, and the number of job vacancies declining.[25]

Rising levels of economic inactivity due to long-term sickness are particularly alarming, with a record 2.8 million people now leaving the labour market due to ill health – an increase of over 700,000 people compared to the pre-pandemic period.[26] All the while pressure on NHS services remains acute and the state of the public finances remains extremely challenging.[27]

In this context, the analysis in this report reminds us that the chances of someone entering and remaining in secure employment by the end of the Parliament will vary dramatically depending on where they are in their employment journey today. Long-term insecure work is a reality for too many people, and without a concerted effort to address the problem now, it will continue to limit people's prospects.

Examining the fortunes of a cohort of workers between 2017/18 and 2021/22, the data suggests **those who started the period in insecure employment were two times less likely than those who started in secure work to be in secure employment four years later** and **1.3 times more likely to end up in involuntary worklessness than those who started the period in secure jobs.**

The state of workers' health is also a decisive factor. **Individuals who reported a health condition were two to three times more likely than those without health conditions to end up in involuntary worklessness.** We are further investigating these links between health conditions and labour market participation in a forthcoming report.

RECOMMENDATIONS

Given these findings, it is clear that a new approach is needed to improve work quality and progression opportunities for insecure workers in the UK.

The new Government has committed to introducing a new Employment Rights Bill,[28] based on the commitments outlined in Labour's New Deal for Working People. This is a highly significant piece of legislation in the context of the findings of this study and wider Work Foundation research into insecure work.

The measures proposed have the potential to tackle the some of the core drivers of job insecurity in the UK – in particular by banning exploitative zero hours contracts and fire and rehire, abolishing the two-year qualifying period for unfair dismissal, improving other day one rights, and creating a Fair Work Agency to ensure wider enforcement of labour market regulations.

If successfully implemented, these changes have the potential to significantly increase the ability of people to have security at work. While all proposals are subject to consultation and the Bill

stands to be improved by consulting with a wide range of stakeholders, it is vital that the underlying ambition is not diluted as it makes its journey through Parliament.

However, the delivery of this Bill alone is unlikely to be sufficient to eradicate the problem of long-term insecure work. While it helps to eliminate some exploitative forms of employment, it is also essential to ensure that the jobs that follow are of a higher quality and that insecurity does not resurface in a different form. Therefore, the Work Foundation calls on the Government to embark on two long-term institutional reforms to help those trapped in insecure work to progress into better quality, sustained employment:

1. Establish a Secure Work Commission

In order to monitor and drive improvements in access to secure work in the future, the Government should establish a national Secure Work Commission which brings together UK Government representatives, employers, and unions to monitor types and levels of insecure work in the economy, set targets, and make recommendations for action.

The Commission should have a particular focus on sectors where there are concentrations of insecure work – such as social care, retail, and hospitality – and its remit should include:

- Improving the public availability of data through the ONS on levels of insecure work, for example quarterly disclosure of the number of vacancies in the economy that are temporary vs. permanent.
- Requiring large employers (those with a workforce of 250 or more) to conduct equality impact assessments that include information on employment models and disclosures on the kinds of contracts utilised within the organisation, including by third parties.
- Establishing sector taskforces to implement change in problem sectors, working in step with Fair Pay Agreements when they are established, such as in social care.
- Working closely with the Fair Work Agency, the Government's new proposed enforcement body, to ensure insecure work data is used in enforcement activities.

2. Deliver reforms that shift the focus of DWP from administering welfare conditionality to supporting people into sustained work and incentivising employers to provide secure jobs

The new Secretary of State for Work and Pensions, Liz Kendall, has pledged to turn the DWP to a "Department of Work".[29] Achieving this ambition will require a major shift in how employment support is conceived and delivered, to help more people not only into work, but into sustained, secure employment. It will also require changes to the welfare system itself, to ensure those in receipt of welfare support do not face undue pressures to take on insecure work, or risk losing support.

In order to drive these reforms forward, the **Department for Work and Pensions** should:

- Introduce a standardised framework of job quality for Job Centres to ensure work coaches are sufficiently supported to help claimants to pursue secure employment, and that no sanctions are issued for job seekers who turn down work that is temporary or insecure by nature.
- Introduce a new emphasis on claimants' suitability for jobs, depending on their skills, needs and preferences, so that conditionality is not applied if vacancies are in sectors that are not compatible with any health issues, their wider career goals, or provide pay that is significantly below the level of the applicant's previous employment or skill level.
- Ensure that claimants receive voluntary employment support and sanctioned as a last resort when there is no evidence of work search activity.[30]

6. REFERENCES

[1] Office of National Statistics. (2024). *Labour Market Outlook*, Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest.
[2] Office of National Statistics. (2024). *Labour Market Outlook*, Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest.
[3] Milliken, D. (2024). 'UK lags G7 as labour market inactivity hits eight year high', *Reuters*, Available at: https://www.reuters.com/world/uk/uk-lags-g7-labour-market-inactivity-hits-eight-year-high-2024-04-17/.
[4] Confederate of British Industry. (2023). *38% of business report labour shortages holding back growth - CBI/Pertemps Employment Trends Survey*, Available at: https://www.cbi.org.uk/media-centre/articles/38-of-business-report-labour-shortages-holding-back-growth-cbipertemps-employment-trends-survey-1/.
[5] Department for Work and Pensions. (2024). *Press release: Kendall launches blueprint for fundamental reform to change the DWP from a 'Department of Welfare to a Department for Work'*, Available at: https://www.gov.uk/government/news/kendall-launches-blueprint-for-fundamental-reform-to-change-the-dwp-from-a-department-of-welfare-to-a-department-for-work.
[6] Department for Work and Pensions. (2021). *Supporting Progression out of low pay: A call to action*, Available at: https://www.gov.uk/government/publications/supporting-progression-out-of-low-pay-a-call-to-action/supporting-progression-out-of-low-pay-a-call-to-action.
[7] Langdon, A., Crossfield, J., Tu, T., White Y., and Joyce L. (2018). 'Universal Credit: In-Work Progression, Randomised Controlled Trial', *Department for Work and Pensions*, Available at: https://www.gov.uk/government/publications/universal-credit-in-work-progression-randomised-controlled-trial.
[8] Department for Work and Pensions (2022). *Press release: New jobs mission to get 500,000 into work*, Available at: https://www.gov.uk/government/news/new-jobs-mission-to-get-500-000-into-work.
[9] Department for Work and Pensions (2022). *Press release: New jobs mission to get 500,000 into work*, Available at: https://www.gov.uk/government/news/new-jobs-mission-to-get-500-000-into-work.
[10] Department of Work and Pensions. (2023). *The Impact of Benefit Sanctions on Employment Outcomes*, Available at: https://www.gov.uk/government/publications/the-impact-of-benefit-sanctions-on-employment-outcomes-draft-report/the-impact-of-benefit-sanctions-on-employment-outcomes.
[11] Jones, K., Wright, S., and Scullion, L. (2024). 'The Impact of Welfare Conditionality on Experiences of Job Quality', *Work, Employment and Society*, 0(0) https://doi.org/10.1177/09500170231219677.
[12] Florisson, R. (2024). *The UK Insecure Work Index 2024*, The Work Foundation: Lancaster University.
[13] Florisson, R. (2024). *The UK Insecure Work Index 2024*, The Work Foundation: Lancaster University.
[14] Florisson, R. (2022). *The UK Insecure Work Index 2022*, The Work Foundation: Lancaster University.
[15] Irvine, A. and Rose, N. (2024). 'How Does Precarious Employment Affect Mental Health? A Scoping Review and Thematic Synthesis of Qualitative Evidence from Western Economies', *Work, Employment and Society*, 38(2), 418-441 https://doi.org/10.1177/09500170221128698.
[16] Gable, O. and Florisson, R. (2023). *Limiting choices: Why people risk insecure work*, The Work Foundation: Lancaster University.
[17] Chandola, T. and Zhang N. (2017). 'Re-employment, job quality, health and allostatic load biomarkers: Prospective evidence from the UK Household Longitudinal Study', *International Journal of Epidemiology*, 47(1), 47-57 https://doi.org/10.1093/ije/dyx150.

[18] Florisson, R. (2023). *Delivering levelling up: How secure work can reduce regional inequality*, The Work Foundation: Lancaster University.
[19] Moore, H. (2022). 'Job Changers and Stayers, understanding earnings, UK: April 2012 to April 2021', *Office of National Statistics*, Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/jobchangersandstayersunderstandingearningsukapril2012toapril2021/april2012toapril2021.
[20] Care Quality Commission. (2023). The state of health care and adult social care in England 2022/23, Available at: https://www.cqc.org.uk/publications/major-report/state-care/2022-2023.
[21] Atwell, S., Vriend, M., Rocks, C., Finch, D., and Farrington-Douglas, J. (2023). 'What we know about the UK's working-age health challenge', *Health Foundation*, Available at: https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge.
[22] Salis, S., Speckesser, S., Samek, L., and Bivand, P. (2021). A study of work and health transitions: Analysis of Understanding Society, *Department for Work and Pensions*, Available at: https://www.gov.uk/government/publications/a-study-of-work-and-health-transitions-analysis-of-understanding-society/.
[23] Cumbo J. and Parker G. (2023). 'Ministers delay plan to life UK state pension age at 68 as life expectancy falls', *Financial Times*, Available at: https://www.ft.com/content/e946e5c5-edd8-4d14-bf16-e66027860a84.
[24] Labour Party. (2024). *Labour's plan to get Britain working: How we'll boost employment, deliver better training and secure higher wages*, Available at: https://labour.org.uk/updates/stories/labours-plan-to-get-britain-working/.
[25] Office of National Statistics. (2024). *Labour Market Outlook*, Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest.
[26] Office of National Statistics. (2024). *Labour Market Outlook*, Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest.
[27] Labiak, M. (2024). 'Cost of public services drives up government borrowing', *BBC News*, Available at: https://www.bbc.co.uk/news/articles/cq5d3xjl764o.amp.
[28] Seddon, P. (2024). 'King's Speech summary: Key points at a glance', *BBC News*, Available at: https://www.bbc.co.uk/news/articles/c51y7pqy1v3o.
[29] Morton, B. (2024). "DWP must focus on work not welfare, says minister", *BBC News*, Available at: https://www.bbc.co.uk/news/articles/ce78jer1wgko.
[30] Pollard, T. (2024). 'Terms of Engagement', *New Economics Foundation*, Available at: https://neweconomics.org/2024/07/terms-of-engagement.