THE UK INSECURE WORK INDEX 2024

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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.

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EXECUTIVE SUMMARY

The early 2020s have been turbulent years for workers, employers and Government. The Covid-19 pandemic has been instantly followed by the worst cost of living crisis for 41 years – making workers poorer as they face soaring energy, food and housing costs.

The UK has lurched from one crisis to another, and the job you have plays a significant role in how you and your family experienced the most significant reduction in living standards since ONS records began. On the back of 15 years of stagnant wages, those in low-paid and insecure work are at the sharp end of the cost of living squeeze, while economic inactivity due to long-term sickness has reached a record 2.8 million, and key sectors in the economy continue to face worker shortages.

Against a backdrop of low economic growth, how to address these challenges will form a key battleground in the forthcoming General Election. The UK Insecure Work Index 2024 provides crucial new evidence to inform these debates, shedding new light on the state of employment and job quality – and the interventions policy-makers should implement to increase the number of secure jobs.

Work in the UK is becoming less secure

Too many workers in the UK face ‘severe insecurity’, where involuntary or multiple forms of work-related insecurity come together. Our new analysis suggests there has been a gradual return to a pre-Covid 19 labour market, with the rates of employment and unemployment stabilising, and people moving back into insecure jobs.

In 2023, an estimated 6.8 million people (21.4%) were in severely insecure work. Since we last reported on this data in the UK Insecure Work Index 2022, this has risen by 600,000 people. The increase predominantly happened between Spring 2022 and Spring 2023 when it rose by 500,000 people.

Over the last year, there has also been a contraction of secure work, meaning there are 560,000 fewer workers in secure jobs today than there were at the start of 2023. There are now 13.9 million people in secure roles, representing 44.1% of the workforce.

Figure 1: Insecurity among the UK workforce, 2023

Key sectors and worker groups are most acutely impacted by insecure work

The growth in severely insecure work has been driven by increases in low pay, solo self-employment and zero-hour contracts. The sectors that have seen the largest increases in severely insecure work are wholesale and retail, professional & scientific, and hospitality.

The increase in the experience of severely insecure work is being felt more strongly by workers who experience other forms of labour market disadvantage:

- Three in five (60%) newly insecure workers are women, who are 2.3 times more likely than men to experience severely insecure work when accounting for other factors
- The rate of insecure work grew more strongly among Indian workers and Black African and Black Caribbean workers than White British workers and other ethnic minority groups
- Young workers (16-24) are 2.2 times more likely than older workers (50-65) to be in severely insecure work. The rate of insecure work has risen more steeply among young workers which, together with a rise in youth unemployment, suggests a challenging job market for this group
- A record 1.45 million disabled workers are now in severely insecure work. This has been driven by an increase in the number of disabled people of working age and the growing numbers of disabled people in employment. However, given both demographic changes and policy priorities, it is likely this number will continue to rise.

Insecure workers are poorer and more dependent on benefits

On average, individuals in severely insecure work face a financial penalty of £3,276 per year, compared to those in secure work. This is most acutely felt in sectors such as accommodation and food, where six in ten (63.4%) workers are in severely insecure work. There are other signs that insecure workers are under huge financial pressure to make ends meet. In 2023, 55% of workers on Universal Credit were in severely insecure work.

Workers continue to be trapped in a cycle of insecure work

The Government has failed to deliver a promised Employment Bill to ‘make work fairer’. This has led to limited legislative progress, with millions of workers still trapped in severely insecure work and unable to access key rights and protections. While the Government has focussed on a Back to Work agenda to fill worker shortages, its use of welfare conditionality and sanctions risks forcing vulnerable jobseekers into ‘any’ insecure job, with few long-term prospects.

Unless substantive action is taken, the number of people in low-paid and insecure work is likely to continue to rise and more workers will remain caught in the cost of living squeeze. Importantly, without tackling the causes of insecure work, any efforts to support more of those with long-term health conditions to return to work and stay in work, are unlikely to succeed.

A new approach to improve living standards and increase and sustain labour market participation is needed. The Work Foundation calls on the next Government to:

- Bring forward a comprehensive Employment Bill that seeks to substantially reduce insecure work in the UK
- Implement an immediate pause to any further tightening of welfare sanctions until the potential impacts of the current Back to Work intervention are evaluated and an Independent Review is undertaken which examines the role that job insecurity plays in people’s ability to enter the labour market and stay in work.
1. INTRODUCTION

As we approach the next UK General Election, the labour market and economy are facing a range of serious and intertwined challenges.

In 2022, building on two decades worth of data, we published our first UK Insecure Work Index which found that one in five workers (19.8%) were in ‘severely insecure work’. Our research demonstrated the extent to which insecure work had become an accepted part of the UK’s labour market over the last 20 years.

Since 2022, the labour market has continued to change in response to the re-opening of the economy following the Covid-19 pandemic and the impact of the worst cost of living crisis for a generation. The UK Insecure Work Index 2024 aims to provide new and updated evidence of the impact of low pay, unpredictable hours, poor protections, and limited career progression on workers across the country, including the sectors of the economy and worker groups it most impacts. It also outlines key policy priorities to increase access to secure work in the remainder of this Parliament and throughout the next.

Low growth, cost of living pressures and economic inactivity

The unprecedented shock of the Covid-19 pandemic has been followed by the worst cost of living crisis for 41 years.1 With a challenging global and national economic context, the UK entered a recession in late 2023 and the Bank of England is forecasting GDP growth of 0.5% by early 2025 – well below historic annual levels.2

Towards the end of 2023, real wage growth returned as inflation eased to four per cent.3 However, the Office for Budget Responsibility have warned that real wages will not return to 2008 levels until 2028.4 This will continue to particularly impact those in low-paid and insecure work – our recent research with the Chartered Management Institute (CMI) showed that about half of insecure workers (49%) would not be able to meet an unexpected £300 bill if it was due in the next week.5

Alongside this, the rising levels of economic inactivity has been one of the main issues impacting labour supply. In October–December 2023, economic inactivity due to long-term health issues remained at a record 2.8 million.6 Against this backdrop, employers have continued to grapple with labour shortages across several key sectors, notably in critical areas like health and social care.

Policy has failed to deliver on improving job quality

In this challenging context, the Government has prioritised a Back to Work agenda with a focus on supporting and ‘incentivising’ those out of work due to long-term health conditions to return to the labour market.7

Some of the interventions are welcome, including a new Universal Support scheme which aims to help up to 100,000 people in England and Wales who are out of work due to long-term sickness and disability to access employment.8 Some, however, load additional pressure and risk onto job seekers, such as increasing levels of welfare conditionality and sanctions which will mean that in some instances where people haven’t found work within 18 months, their welfare cases will be closed and their access to social security cut entirely.9

The reality is that limited progress has been made on driving up employment standards and access to core rights and protections since the last General Election in 2019. This presents a significant risk for those who are supported back into work as they are likely to find themselves in insecure and poorly paid work, which could further impact their financial, mental and physical health.

Most significantly, the Government has failed to deliver on its promise of a new Employment Bill in 2019. This would have updated employment status regulations, strengthened flexible working, increased access to guaranteed minimum hours and improved enforcement of labour market regulations.
Despite multiple cases around employment status in the gig economy having been taken all the way up to the Supreme Court, ambiguity for businesses and workers remains, causing many workers to fall through the cracks and miss out on important rights and protections.

Some modest steps have been taken in some areas in the shape of the Employment (Allocation of Tips) Act 2023, the Employment Relations (Flexible Working) Act 2023 and The Workers (Predictable Terms and Conditions) Act 2023. However, these measures fail to provide the kind of comprehensive reform that is required to extend access to secure and well paid employment to millions of people – especially those furthest from the labour market, including individuals managing long-term health conditions.

Priorities for the next Government

Alongside the series of challenging labour market trends, political discourse and policy development, 2024 will inevitably be dominated by the forthcoming General Election. The evidence provided in this report underscores the importance for all political parties to adopt a strategic focus on tackling insecure work, and driving up access to good quality, well paid and sustained employment.

Unless substantive action is taken, the number of people in low-paid and insecure work is likely to continue to rise, more workers will remain caught in the cost of living squeeze and any efforts to support those with long-term health conditions to return to work are unlikely to succeed.
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.

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 no 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.

Figure 2: Relative contribution of each job characteristic to overall levels of insecurity, average between 2000-2023

* 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 STATE OF INSECURE WORK: WHO IS MOST AT RISK?

For too many workers, involuntary or multiple forms of work-related insecurity come together in situations that we call ‘severe insecurity’.† Our UK Insecure Work Index 2022 showed that the proportion of workers who experience severely insecure work has ranged approximately between one in four, and one in five people over the past 20 years.11

This rate fell during the Covid-19 pandemic because low-paid and insecure workers were more likely to lose their jobs during that time, thereby lowering the proportion of insecure workers in the labour market. Few of these workers became jobseekers – this is likely to be because few businesses were hiring at the time. Instead, many will have become economically inactive, meaning they were not in work and not looking for work. At the same time, the Government’s furlough scheme from March 2020 to September 2021 protected millions of jobs that may have otherwise been at risk.‡

3.1 Levels of severely insecure work are rising again

New analysis suggests there has been a gradual return to a pre-Covid 19 labour market, with the rates of employment and unemployment stabilising, and people moving back into insecure jobs.§ This ‘return to normal’ means that despite rising steadily over several years, since 2022, the rate of economic inactivity has in fact slightly fallen. At the same time, the proportion of workers in severely insecure jobs increased by 1.5 percentage points from 2022 to 2023, from 19.9% to 21.4%.

In 2023, an estimated 6.8 million workers were in severely insecure work.

Since we last reported on this data in the UK Insecure Work Index 2022, this number has risen by 600,000 people between 2021 and 2022, with the steepest rise seen between Spring 2022 and Spring 2023 when it rose by 500,000.

However, the current level of 21.4% is slightly below 2019 levels, when 22.1% (6.9 million) workers experienced severely insecure work.

Figure 3: Change in rate of economic inactivity and severely insecure work, UK


† For further information on how this index was constructed, please see the Technical Annex that accompanied the first edition of the UK Insecure Work Index.
‡ Furloughed workers in the Labour Force Survey as treated as ‘in employment’. These jobs therefore remain in the analysis.
§ It is important to note that the quality of data generated by the Labour Force Survey has diminished since the Covid-19 pandemic due to reduced response rates and different modes of recruitment. This means that we must be cautious in interpreting the data between 2020 and 2023.
3.2 What is driving the increase in severely insecure work?

The return to pre-pandemic levels of insecure work is driven to some extent by people re-entering the labour market following the Covid-19 pandemic. This means that there is a greater proportion of workers who have been with a new employer for fewer than two years and therefore lack access to important rights and protections such as redundancy pay.

However, analysis of the UK Insecure Work Index’s constituent parts shows that tenure with the current employer is not heavily weighted. This means that other factors, such as the expansion of low pay and solo self-employment are likely to contribute more to the overall increase in insecure work.

**Low pay**

The number of workers on low pay increased by nearly 300,000 to 3.2 million.” This could, to some extent, reflect cost of living pressures for workers to accept low-paid work to make ends meet. In 2023, there was an increase in the number of part-time workers from 7.4 million to 7.7 million. This remains below the pre-pandemic levels of 7.9 million.

**Solo self-employment**

There has also been an expansion in solo self-employment, which contracted strongly during the Covid-19 pandemic. This suggests that entrepreneurship is again becoming an attractive option, or an option of last resort, for many workers. This mode of self-employment can range from Deliveroo riders with low and unpredictable incomes – which would be considered severely insecure – to highly qualified accountants on high incomes, which would be considered moderately insecure. Whilst the latter might not experience low pay, they are not protected from redundancy or entitled to Statutory Sick Pay, maternity/paternity leave, or holiday pay.

**Zero-hour contracts**

There has also been an increase in the number of workers on zero-hour contracts – a rise of 106,000 workers has taken the total number to a record of 1.1 million. This is likely to reflect hiring hesitancy and a wish for a flexible workforce among employers in a challenging landscape.

However, it is important to note that although zero-hour contracts can offer flexibility for both workers and employers, the lack of certainty over hours, pay and conditions can put workers into precarious situations. They may feel obliged to work additional or unsocial hours or feel unable to refuse additional tasks that fall outside of the job description.

For example, Diana, a receptionist on a zero-hour contract in the South West of England, often feels unable to say no to her manager’s requests “for fear that I might lose my normal hours.”

“One of our cleaners left at the last minute and because I had a zero-hour contract, [my manager] actually called [me] in to do cleaning duties at six o’clock in the morning... but because I’m on a zero-hour contract, I felt like if I said no, that might affect... my normal duties.”

DIANA, FEMALE RECEPTIONIST, 31 YEARS OLD, SOUTH WEST OF ENGLAND.

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**Using the UK Insecure Work Index on Labour Force Survey microdata, someone is considered to be on low pay if they are A) employees earning less than 60% of the median hourly pay, or B) self-employed and earning less than 80% of the median hourly pay. The data source and the definition of low pay may differ slightly from other sources and lead to slightly different figures, although the trend is expected to hold. For more information, please see the Technical Annex.**
Dinesh, a hospitality worker in Leicester, cobbled hours together across several different casual and zero-hours contracts. He used these different contracts to bring together enough hours for a full-time role.

“I’ve got more than one job, so that’s the way I deal with it or compensate. So if, for example, I don’t work 35 hours with one employer, I go and work somewhere else, or I do something else as well. So that’s the easiest way to deal with it. So having more than one job explains or amounts for that gap.”

DINESH, MALE HOSPITALITY WORKER, 40 YEARS OLD, LEICESTER, ENGLAND.

Changes in types of insecure work

Over the last year, there have been changes in levels across different types of insecurity. It is important to note that the Index itself weighs each type of insecurity according to how it relates to other types and some indicators cover a relatively small group of workers. This means that a relatively large proportional change for one indicator may not contribute much to the overall shift in levels of insecurity. In particular, the decline in second jobs is somewhat surprising, as the continued pressure of the cost of living crisis has pushed many people to take on additional hours or work.

Figure 4: Relative change in type of insecurity between 2022 and 2023

3.3 Where is the growth in severely insecure work concentrated?

Overall, over 120,000 more people aged 16-64 were in employment in April-June 2023 than there were in the same quarter in the previous year. There is generally a trend of increasing employment over time due to population growth, but here we also see signs that people who were out of work and not looking for work have started to rejoin the labour market, some due to acute cost of living pressures. Employment growth is concentrated in public administration (+250,000) and professional and scientific activities (+207,000). In contrast, employment in the manufacturing industry contracted by 218,000 workers.

At the same time, unemployment has grown to 4.2% from 3.9% the previous year, up by 110,000 to over 1.4 million people. This suggests that some workers are losing their jobs, and that some of those who are starting to look for jobs are not immediately successful.

Across the UK, secure employment contracted by 560,000 workers during this period. At the same time, the number of low to moderately insecure workers increased by 170,000 people, and the number of those in severely insecure work increased by nearly 520,000.

Figure 5: Proportion of workers in secure, moderately insecure and severely insecure work in 2023


In sectors such as wholesale and retail and hospitality, there has been an overall contraction in the number of workers, and simultaneously there has been a shift towards more insecure work. This may be explained by a change in the composition of jobs in the sector. The number of managerial and supervisory functions have declined, whereas elementary cleaning and storage jobs have increased.

Specifically in retail (excluding wholesale) there is an overrepresentation of young (16-24) and older workers (50+) who make up the bulk of the expansion in insecure jobs. Older workers, who make up about a quarter of the retail workforce, composed 58% of the overall increase in insecurity in the sector.

In the hospitality sector, the number of secure workers declined by 95,000 and the number of workers in severely insecure work went up by 76,000. This may be explained by an expansion of jobs for sales assistants and retail cashiers as well as jobs in cleaning and elementary services following the re-opening after the Covid-19 pandemic.

Brexit has also continued to have an impact on the UK labour market. The number of EU workers in hospitality nearly halved between 2020 and 2023, falling from 213,000 workers to 110,000 and shows no signs of recovery.
3.4 Rise in insecurity affects some more than others

Our previous research has shown that some people are more likely to experience severely insecure work than others, such as young workers, disabled workers, women, and people from ethnic minority backgrounds. This trend has continued over recent years and the increase in insecure work is concentrated among worker groups already facing structural disadvantage in the labour market.

**Men and women**

Severely insecure work among men went up by 1.2 percentage points (from 14.1 to 15.3%, representing a rise of 210,000 people). However, among women it went up by 2.0 percentage points (from 26% to 28%, representing a rise of 300,000 people). This means that approximately 60% of new insecure workers are women. When accounting for the sectors and jobs people work in and other demographic factors, women are 2.3 times more likely than men to experience severely insecure work.

There has previously been evidence that these gendered differences are underpinned by a tendency for men and women to work in different sectors and hold different kinds of jobs, with women being overrepresented in low-paid and more insecure sectors and jobs. However, even when women are in relatively senior positions, they are still more likely to experience severely insecure work than their male counterparts. This is particularly the case for disabled women and mothers of young children.

Our recent research found that many women are constrained by the availability and affordability of childcare or social care, and a lack of appropriate transportation options. Anonymous survey respondents in insecure work told us they had cut down on hours to take care of their grandchildren as the parents struggled to afford childcare:

"I'm needed to look after preschool grandchildren while their parents work to cut down on their monthly childcare bill."

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†† Using a logistic regression, we estimate the probability of being in severely insecure work for women compared with men. We control for age, ethnic minority background, region, sector and occupational class.
Figure 7: Experience of severely insecure work for men and women


Ethnic minority backgrounds

As a general trend, people from specific ethnic minority backgrounds are more likely than White British workers to experience severely insecure work – particularly Bangladeshi, Pakistani and Black African/Caribbean/Black British workers. The rate of severely insecure work increased more strongly for some worker groups than for others in the last year. These dynamics will be further explored in a forthcoming briefing.

Among White British workers, the rate of insecure work went up by 1.5 percentage points over the year, from 19% in 2022 to 20.5% in 2023. In contrast, among Black African and Black Caribbean workers, this went up by 2.2 percentage points to 28.6% in 2023.

Figure 8: Rate of severely insecure work, by ethnicity in 2023

Source: Work Foundation calculations using ONS Labour Force Survey microdata, 2023 April-June quarter. Bangladeshi and Chinese workers are not represented in this figure due to low sample sizes that lead to uncertain estimates.
Age groups

In our previous work, we found that young workers aged 16-24 are much more likely than older age workers to experience severely insecure work. New analysis shows that young workers (16-24) are 2.2 times more likely than older workers (50-65) to be in severely insecure work. This is partly related to the presence of students, as they are more likely to work on zero-hour contracts and in part-time and low-paid positions that offer the flexibility to manage work around academic commitments. However, even when accounting for students, young workers are still 1.9 times as likely than older age workers (aged 25-65) to be in severely insecure work. This could be related to young workers’ lack of experience in the labour market and employer’s lack of confidence in employing them.

This year, the rate of severely insecure work increased across the board and there are steeper increases for the youngest and oldest age groups. Among workers aged 16–24, the rate of severely insecure work went up by 3.4 percentage points, from 43.2% to 46.6%. This coincides with an increase in youth unemployment, signalling that some young workers seeking to enter the labour market are struggling to find work and that some may opt to accept insecure jobs.

Within the young worker cohort, women aged 16-24 are 1.3 times more likely to be in severely insecure work compared to young men (53.4% vs 40.9%). In this age category, men are about twice as likely as women to work in higher managerial roles (11.2% compared with 5.8%), which tend to be more secure positions. Women aged 16-24 are also overrepresented in sectors such health and social work (15.9% compared with 4.5%), accommodation and food (22.8% compared with 15.8%), which see higher concentrations of insecure and low-paid work.

For those aged 50–65, the rate of severely insecure work went up by two percentage points, from 18.9% to 20.9%. Among this age group, we have seen a lot of workers leave the labour market during the Covid-19 pandemic, for reasons of long-term illness.

Some of these workers have rejoined the labour market successfully over the past year, but some may have entered into severely insecure jobs which can result in low pay, unpredictable pay and a lack of access to employment rights and protections.

Figure 9: Change in the experience of severely insecure work, by age category

Disabled workers

Our previous work showed that disabled workers who face structural barriers to entering and staying in work are also disproportionately more likely to be in severely insecure roles. This is often because secure roles do not have the flexibility that people with disabilities or health conditions need, which forces them to trade in security for flexibility.

A disabled woman working as a self-employed coach and trainer said she struggled with the unpredictability of income, but more structured employment arrangements were not accessible enough for her. Flexibility at work was difficult to gain or even discuss. She said:

“You start to feel like the problem. So instead of it being positioned as you know, “what can we do for you?”, it’s like, you just start to feel more and more like, like you’re a problem and you’re having to sort of, by asking for – having to ask for flexibility and wait for it to be granted or having to explain yourself.”

DOROTHY, A DISABLED WOMEN WORKING AS A SELF-EMPLOYED TRAINER AND COACH.

In 2023, the rate of severely insecure work went up by 1.2 percentage points among disabled workers, from 26.6% to 27.8%. Among non-disabled workers, this went up by 1.5 percentage points, from 18.6% to 20.1%.

This means that in 2023, a record number of 1.45 million disabled workers are now in severely insecure work.

There are important contextual factors that must be considered to explain this rise. In the first instance, the number of disabled people is rising. Over the past decade, the number of disabled people of working age increased from 6.4 million in 2013 to 9.3 million in 2023. Furthermore, an increasing proportion of disabled people have entered employment during this time, growing from 44% in 2013 to 54% in 2023 Given these trends, we can expect the number of insecure disabled workers to increase as well.

However, it appears there has been disproportionate growth in insecure employment compared with secure employment over the past year. Nearly half (47%) of the additional 325,000 disabled people in employment are in severely insecure work. In comparison, 30% of the rise in employment was due to secure work.

Figure 10: Change in the experience of severely insecure work, by disability

4. ECONOMIC INACTIVITY, ILL HEATH AND INSECURE WORK

Over the coming years, there is likely to be a continued focus on reducing the record numbers of individuals who are economically inactive due to long-term health conditions, and supporting those who can work back into the labour market. But a rise in the levels of insecure work raises serious questions about whether policies that seek to push people into ‘any job’ will succeed. It presents specific risks for those with disabilities and long-term health conditions, who we know are already 1.5 times more likely to be in severely insecure work.

The drive to support more people with long-term health conditions into work

Against a backdrop of sluggish growth in the economy, falling job vacancies and significant worker shortages in key sectors, policy attention has been devoted to understanding and tackling the economic inactivity rate in the UK.

While the overall level of economic inactivity has remained higher than pre-pandemic levels, as of February 2024 there were a record 2.8 million people in the UK out of work and not looking for work due to long-term health conditions.28 At the time of writing in February 2024, vacancies have been falling for 19 consecutive months, although they remain above pre-pandemic levels.

In response to these challenges, the Government has announced a series of significant policy changes to support and encourage more of those currently outside of the labour market into work. At the 2023 Autumn Statement, the Chancellor committed to reforming the Fit Note process, the Work Capability Assessment, and announced it would introduce a new Universal Support scheme, including mandatory placements or training in a ‘workfare’ type programme after 18 months of unemployment.29 If then failing to obtain work, job seekers could see their welfare cases being closed, their benefits withdrawn entirely, and their access to wider services such as free prescriptions and legal aid ended.

These measures stand to ramp up the pressure on workers managing a long-term health condition to enter the labour market. However, they leave a question as to what kind of jobs they may end up accepting, whether they are likely to lead to sustained employment, and what the impact on their health and overall wellbeing could be.

Research by the Work Foundation found that four in ten (44%) insecure workers earning less than £18,000 per year said they were in their current job due to limitations, such as the availability of jobs in their area, poor transport infrastructure or a lack of available childcare.30 Just under half of all workers in insecure jobs (46%) said they would find another job if limiting factors no longer impacted them.

These factors can play out for those seeking to effectively manage their health condition, with many individuals requiring flexible forms of employment.31 However, the significant barriers they face in obtaining work that is both flexible and secure can result in them choosing insecure forms of work such as part-time/casual work or self-employment.

If the overall outcome of these policy changes is to leave more people with long-term health conditions in this predicament, there are likely to be a series of negative consequences.

Pay penalty for insecure workers

Insecure work tends to be characterised by low and unpredictable levels of pay. Over half (52%) of those in insecure jobs earn less than the Joseph Rowntree Foundation’s Minimum Income Standard 2022 of £25,500.32 On average in 2023, employees in severely insecure work earned £63 less per week than those who were in secure work, even when we account for demographic, industry and work-related factors.33

This pay penalty is related to the insecurity in specific roles which can amount to £3,276 per year. Many insecure workers face uncertainty around hours and shifts, resulting in unpredictable pay, which makes it very difficult for people to plan their lives.34

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30 This figure is based on an analysis of LFS AJ 2023 data using a linear regression to assess how gross weekly earnings differ for insecurely and secure employees. Self-employed workers are excluded as they do not provide income data. We control for gender, age, ethnicity, industry, occupational class, region and part-time work and use the LFS income weights. This means that once we have accounted for a range of demographic and work-related factors, there is still a substantial financial penalty that is purely related to the nature of insecure work.
These factors have been exacerbated over the past year by stubbornly high inflation which has further eroded the real value of pay for many workers, particularly for those in insecure work. It will remain a significant factor for anyone moving back into the labour market in 2024 and beyond, as although down from its double-digit peak in autumn 2022, inflation is still causing prices to rise, albeit at a slower rate, and is forecast to remain above the Bank of England’s target rate of two per cent until 2025.

**Negative impacts on financial and mental wellbeing**

There is strong evidence that unemployment can negatively impact our health. While being in work is comparatively better for health than being unemployed, job quality and job security play an important role. Several studies have found that the health impacts of insecure work may be as bad as unemployment, with insecure work being linked to depression, exhaustion, anxiety, and self-reported ill health. Research has also shown there is a link between lower incomes and an increased likelihood of experiencing poor mental health.

In addition, previous analysis by the Work Foundation found that insecure workers are twice as likely as secure workers to experience job related stress four to six days, and that people are nearly four times more likely to say they experience poor mental health when they also lack confidence in being able to afford an unexpected expense.

These factors mean there are significant risks for people managing long-term health conditions and disabilities in returning to the labour market into low-paid and insecure work. These risks are compounded by the fact that insecure workers are often not entitled to Statutory Sick Pay, which can offer vital financial support to people with health conditions during periods of poor health.

**A continued reliance on Universal Credit**

Those in severely insecure work are over twice as likely as those in secure jobs to make use of these benefits due to low pay, unpredictable pay or part-time work.

Currently, **55% of workers on Universal Credit are in severely insecure work**, meaning that these workers require additional financial support through Universal Credit because their job does not provide them with the ability to get by. In addition, severely insecure workers accounted for 54% of the rise in in-work Universal Credit beneficiaries over the past year.

Reliance on Universal Credit is higher in some sectors than others – particularly those where insecure and low-paid work tends to be concentrated. For example, 9.5% of workers in the accommodation and food sector are on Universal Credit, compared with 1.8% in professional, science and technical sectors. Of the 150,000 workers who are on Universal Credit in accommodation and food, 125,000 are in severely insecure jobs.

In part as a result of these factors, the Office for Budget Responsibility is forecasting that the Government’s proposed Back to Work reforms will not significantly reduce the overall welfare caseload.

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This is based on a logistic regression using being on Universal Credit or Tax Credits as the dependent variable, and comparing severely insecure workers against secure workers, while controlling for gender, ethnicity, age, industrial sector, occupation and hours of work.
Figure 11: Proportion of workers on Universal Credit, by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Insecure Work</th>
<th>UC beneficiaries in severely insecure work</th>
<th>UC beneficiaries not in insecure work</th>
<th>Total working people on UC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation and food</td>
<td>9.5%</td>
<td>1.6%</td>
<td></td>
<td>7.9%</td>
</tr>
<tr>
<td>Admin and support</td>
<td>8.3%</td>
<td>1.8%</td>
<td></td>
<td>6.5%</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>7.1%</td>
<td>2.5%</td>
<td></td>
<td>4.5%</td>
</tr>
<tr>
<td>Health and social care</td>
<td>6.6%</td>
<td>3.7%</td>
<td></td>
<td>2.9%</td>
</tr>
<tr>
<td>Other services</td>
<td>4.8%</td>
<td>1.2%</td>
<td></td>
<td>3.6%</td>
</tr>
<tr>
<td>Arts, entertainment and leisure</td>
<td>4.7%</td>
<td>1.7%</td>
<td></td>
<td>3.0%</td>
</tr>
<tr>
<td>Transport and storage</td>
<td>4.4%</td>
<td>1.7%</td>
<td></td>
<td>2.7%</td>
</tr>
<tr>
<td>Education</td>
<td>3.9%</td>
<td>2.1%</td>
<td></td>
<td>1.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2.9%</td>
<td>2.0%</td>
<td></td>
<td>0.9%</td>
</tr>
<tr>
<td>Construction</td>
<td>2.6%</td>
<td>2.0%</td>
<td></td>
<td>0.6%</td>
</tr>
<tr>
<td>Public admin and defense</td>
<td>2.3%</td>
<td>1.5%</td>
<td></td>
<td>0.7%</td>
</tr>
<tr>
<td>Information and communication</td>
<td>2.1%</td>
<td>1.1%</td>
<td></td>
<td>1.0%</td>
</tr>
<tr>
<td>Prof, scientific, technical</td>
<td>1.8%</td>
<td>0.6%</td>
<td></td>
<td>1.2%</td>
</tr>
</tbody>
</table>


The risk of becoming ‘trapped’ in insecure work

Those in severely insecure work can often find it difficult to progress into more secure and better paid employment, even though they are twice as likely as those in secure jobs to be seeking alternative roles.

Many workers opt into insecure roles due to a lack of more appropriate or better options, particularly for those with long-term health conditions – for example, because they require specific kinds of flexibility that are hard to come by.

Those in insecure jobs also tend to have limited access to training and development, making it harder to progress within roles, or to obtain a better role elsewhere. Previous research has shown that the fragmented work histories that often accompany insecure work limit people’s ability to obtain future secure work.

There is a significant risk that people in this situation find it more difficult to manage their condition, trapping them in a cycle of low-quality jobs and unemployment. None of which will help tackle the root causes of high levels of long-term economic inactivity in the UK economy.
5. PRIORITIES FOR THE NEXT GOVERNMENT

The number of people in severely insecure work has risen by 500,000 since 2022, while the number of people in secure jobs has fallen by 560,000. This increase in severely insecure work is being felt most acutely by women, those from ethnic minority backgrounds, younger workers and those with disabilities.

Alarmingly the analysis in this report reveals that those in severely insecure work on average face a financial penalty of £3,276 per year, compared to those in secure work, with 3.2 million workers now in severely insecure work and on low pay.

There is, therefore, an urgent need for a renewed focus on improving access to secure, better paid employment and driving up employment standards across the UK labour market.

Reducing economic inactivity and tackling worker shortages will remain a pressing priority for the remainder of this Parliament and into the next. The Government have already signalled that they intend to further develop their Back to Work agenda, hinting that tougher sanctions and penalties could yet be introduced in 2024 to ‘encourage’ more recipients to step up their search for work. ⁵²

But as there are less than twelve months remaining before the next General Election must be called, the reality is any significant regulatory and welfare reform will now be delivered in the next Parliament.

Analysis in this report suggests there is urgent need for a new roadmap to improve access to good quality, secure work, which includes substantial reforms to employment regulation and changes in how the welfare system can effectively support people into those jobs.

We therefore call on the next Government to:

1. Bring forward a comprehensive Employment Bill that seeks to substantially reduce insecure work in the UK

There remains an urgent need to update employment law to reflect the ways in which the UK labour market has changed over the past two decades.

A new Employment Bill must deliver key reforms and provide enhanced certainty and security for workers and employers alike.

A new Employment Bill should:

- Standardise employment status in order to ensure all workers have access to key rights and protections
- Make guaranteed minimum working hours the default of all employment contracts, with employees possessing a right to request otherwise
- Create a Single Enforcement Body to oversee compliance with employment regulations, and improve resourcing for this activity
- Reform Statutory Sick by removing the earnings threshold, uprating the statutory amount and removing waiting days
- Make flexible working a day one right, rather than a right to request.
2. Establish an Independent Review into the risks associated with pushing those who are out of work into low quality and insecure jobs

There is a critical need to understand more about the risks of pushing people who are out of work into low quality and insecure jobs – particularly those who experience long-term or chronic health conditions. The analysis in this report highlights that insecure work remains a consistent feature of the UK labour market, directly impacting 6.8 million workers. Most concerningly, there are now record numbers of disabled workers in insecure work.

In the short term, we would therefore recommend an immediate pause to any further tightening of welfare sanctions.

We also recommend the next Government establishes an Independent Review to specifically look at the role that job insecurity plays in people’s ability to enter the labour market and stay in work – particularly those who are also managing a long-term or chronic health condition.

A Government commissioned Independent Review should:

- Include an analysis of jobs available and advertised by the Job Search Service, and a robust assessment of the suitability of those jobs to offer lasting employment for people with potentially work-limiting health conditions and disabilities

- Have a particular focus on the support required for those with a range of health conditions – seeking evidence from service providers, health practitioners, charities, academia and policy makers with a relevant focus on disability rights, mental health and employment conditions

- Focus on the role of work coaches, employers and worker representatives in supporting those out of work into secure and sustained employment, and the additional and specialist support required for those with different health conditions.

The Independent Review would make recommendations to Government early in the next Parliament to help ensure welfare reforms are fit for purpose, reflecting the needs of those with long-term health conditions and support more people who want to work and are able to into secure, well paid and sustained employment.
METHODS

For this briefing, we analysed the Office for National Statistics’ Labour Force Survey microdata. This nationally representative quarterly survey of around 80,000 individuals is an important source of information on the labour market. However, over the past year, the Labour Force Survey has struggled with recruiting sufficient respondents, as a result of which the survey is less robust than it used to be. The April-June 2023 quarter will likely be reweighted, but this is not available as of the writing of this report. Rates are likely to be robust, but it remains important to use caution when interpreting these findings.

We used the April-June quarter of 2023. Where this is compared to the same quarter in other years, this is highlighted in the text or notes.

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 2022 Index report.

Quotes and evidence from our qualitative research derive from two different research projects conducted in 2023.53,54
REFERENCES


10. Race, M. (2023). Deliveroo not forced by law to engage with unions, Supreme Court rules. BBC. Available at: https://www.bbc.co.uk/news/business-67484101


