



Invest 2035: The UK's Modern Industrial Strategy (1.12.24)

<https://assets.publishing.service.gov.uk/media/6711176c386bf0964853d747/industrial-strategy-green-paper.pdf>

The new Labour Government's **Invest 2035: Green Paper** is probably the most ambitious, most technical and far-reaching-ever focussed Project of its type intended to take the UK on a quantum leap into the business and trade global future.

Invest 2035: is UK government's proposed 10-year plan for the economy. It is a joint Proposal from the Treasury and the Department of Business and Trade. They have invited comments on their Green Paper from anyone with anything to say – and frame this in 36 specific questions relating to the work they have done so far. Working Free has responded. Working Free takes the view that this is all about establishing their detailed approach and has deficiencies relating to what happens next.

This Paper from Working Free sets out a detailed view. It is based on People and Exporting - the two most important catalysts in any strategy for the UK's future.

Working Free's contribution is in these two areas.

- **Employment** The Green Paper – Invest UK: does not reflect the fundamental changes that have – and are – taking place in the Employment/ Workplace segment of the UK economy.

The Project will call for experienced, skilled entrepreneurial Managers on the ground in making this Project work. Who are these people? Where do these people come from? How are these people mobilised? Might be a showstopper.
- **Exports.** The Project does not acknowledge that the only viable way of generating sufficient national wealth to pay for what both Government and the people want is by selling more goods and , importantly, services , to more foreigners.

The Working Free Approach

- Introduction
- Have the right targets been identified?
- Growth means new money.
- New money means exports.
- There are not enough people to do the work

- **Looking elsewherewhat are Atypical Workers?**
- **IR35. What is it? Why does it need changing?**
- **Appendix - Lessons from History**

Working Free supports the Senior Manager considering or embarking on a new career as an independent professional. We work with Individuals directly and with Organisations as part of restructuring, redundancy, outplacement, career development or other mid career transitioning arrangements and where independent working at senior levels is seen as an attractive way forward.

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Introduction

In some ways, their Paper could be seen as an antidote to their lack of detail in their Manifesto, their Autumn Budget and their current Employment Bill and in particular, NI. And more that is to come It is reasonable to suppose that Government - and any modern Government - cannot, in practice, impose more taxation on businesses without giving them the enabling tools to cover their costs and grow. Otherwise, it is simply wealth redistribution.

Does anyone actually know what Growth means? Exactly how do you increase sales and margins and get better value for money out of your costs?

- **Probably there are not enough People in the UK to make this strategy actually work.**
- **After creating an effective Strategic Plan, does Government know how to handle what comes next – which will be mostly about people - making things happen on the ground?** Invest 2035: acknowledges the issue of skills but is relatively silent about people and equipping them better to meet the challenges that their new strategies will call for.

NOTE: Union Membership

In 2023, there were 6.4 million trade union members in the UK, which is an increase of 89,000 from the previous year but still 131,000 fewer than in 2020.

- Trade union membership has been declining for the past four decades, but the rate of decline has slowed. Membership peaked in 1979 at 13.2 million, and then declined sharply in the 1980s and early 1990s.

- As the UK employment profile shifts towards Atypical Working and increasing numbers of workers are needing to become more technology savvy, Union membership is likely to become less attractive to both Unions and employees.
- Whilst the core purpose of Unions is to prevent exploitation and abuse in the workplace, this will, in theory, become more important. Of concern will likely be that most of the selected sectors call for clever, mobile, higher-educated people with a good knowledge of their sector technology. The more you have of this, the more successful these people and their businesses would likely be. However, the enlargement of Public Sector would work to the Unions' advantage.

The Unions' key focus will need to adapt more towards the need to retrain and repurpose their members. What might augment this process is to see it on a much broader Training and Education base.

Have the right targets been identified?

Below we compare the lists of Labour, of Make UK and of the Conservatives.

"The industrial strategy will focus on the sectors which offer the highest growth opportunity for the economy and for business. Eight growth-driving sectors have been identified:"

If you compare this list with what Make UK and the Conservatives say and have said, there is a remarkable consensus. See below.

- advanced manufacturing
- clean energy industries
- **creative industries**
- defence
- digital and technologies
- **financial services**
- life sciences
- **professional and business services**

(In Bold are services - as opposed to Manufacturing. These three account for a major part of all services exported. The UK is the second biggest exporter in the world – of services. More focus, support and promotion needed.

Realistically, they must have enough to get started now. The key task is to decide the order of approach. Not everything can be done at once.

Make UK urges the government to focus on Manufacturing (which is what they do!) They see the following as key areas of strength –

- aerospace,
- pharmaceuticals,
- luxury car making

Frontier technologies such as

- artificial intelligence
- Nuclear small modular reactors SMRs
- quantum computing and
- floating offshore wind turbines.

The previous Government made a slightly similar choice.

The then Prime Minister and Chancellor published in January 2014 the Conservative's Industrial Strategic Plan for 2024 – and which was the same for 2023.

The key growth sectors are:-

- Digital Technology,
- Green Industries, (five sectors in the clean energy industry - carbon capture, utilisation and storage, electricity networks, hydrogen, nuclear, and offshore wind)
- Life Sciences,
- Advanced Manufacturing and
- Creative Industries to increase their investment in the UK, *(Working Free Note:-This ought realistically be changed - shifting the emphasis away from importing to exporting – one of the UK's strengths.)*

What is noticeable with all of these is that the sector focus seems to be where union representation is relatively low. Most of the selected sectors call for clever, mobile, higher-educated people with a good knowledge of their sector technology and of general business skills. The more you have of this, the more successful they and their businesses would likely be.

The Conservatives had Five Key Priorities. (three out of five relate to the Economy.) These are inextricably linked to identifying the right targets-

- **Halve inflation.** *Mostly, Inflation, actually, sorted itself out when the spike due to the energy crisis became more than one year old and ,oil prices actually reduced.*
- **Grow the economy.** *Not discernible by anyone.*
- **Reduce debt.** *Not discernible by anyone. Labour will be increasing debt*
- **Cut waiting lists.** *Not discernible by anyone.*

- **Stop the Boats.** *Not discernible by anyone.*

The Conservatives also had three building blocks, essential for much bigger ambitions for the years beyond. Also inextricably linked to identifying the right targets

- **“World-beating enterprises to make Britain the world’s next Silicon Valley.** *Some observers might conclude that this objective is simply too ambitious – but still sensible to actually start the journey.*
- **“An education system where world-class skills sit alongside world-class degrees.”** *This should be achievable – but certainly and now this is an export activity. Expanding this needs to rise above current difficulties and increase the export potential of education and training – Universities, Independent Schools, smaller private initiatives, Professional Bodies and, often overlooked, the UK armed forces. EG; Sandhurst, Ukraine.*
- **“Employment opportunities that tap into the potential of every single person so businesses can build the motivated teams they need.”** *And opportunities spread everywhere just as our talent is spread everywhere. “This is a vital objective – and an urgent one. Working Free contends that there are not enough Workers to do what is needed.*

Sounds sensible to suggest that the Labour Government should pick up this. If not reflected in their Strategic Plan - **Invest 2035:**

What is noticeable is the amazing level of agreement between the three organisations.

Growth means new money.

Current money means re-circulated, indigenous money. New Money is money from outside the UK economy and sources are well-rehearsed.

- Current money includes finding out who has it and taking it off them, exploiting natural resources, borrowing it or earning it.
- The Labour Government has now taken further what the previous Government has been doing more or less throughout its 14 years in office – stealthily and indirectly taking money off people. (See NOTE below about NI)

(Finding people to tax is an ongoing process:- still plenty of rich people around – including royalty, according to some recent media comments.)

- Sadly, we've run out of natural resources to dig out of the ground. Good news about green energy – but less good news when we learn that Trump will be drifting back to fossil fuels – no doubt peaking when we have shut down most of our production. And China and maybe India are sharing Russia's oil. They probably always were.
- We – supposedly – can't borrow any more. (Good luck to Labour in testing out if we can borrow more – and recouping it before it starts to matter.)
- So, **“Earning it”** is looking very much like the only option left.

New money is money from outside the UK economy.

NOTE: About Employers' National Insurance (NI)

NI – and the recent increase - will be paid by businesses but the almost obligatory and sensible - reciprocal from Government should be to enable them to cover these costs in extra sales and margins. (Usually referred to as Productivity.) Affected businesses need to feel that Government is taking positive steps to create more business, more opportunities, greater preparedness to do better in their businesses. Otherwise, it is little more than a wealth redistribution exercise.

Many organisations have calculated and published their estimated extra NI costs. Which is interesting. But not much more than this.

Responses and options – apart from just paying the extra – or passing them on in varying ways to customers – or it could be similar to their Covid reactions. These include reorganising and absorbing the workload into existing roles or rewriting internal processes or by further computerisation.

If done successfully - and this has not always happened - it will have had the effect of reducing staff and/or needing differently skilled staff.

- For the smaller businesses, they may decide to retrench, focussing on a small, simpler business and, possibly, more of a lifestyle choice, avoiding expansion. This means NOT hiring permanent staff. They may rationalise this by taking the view that hiring permanent staff is simply not worth the effort.
- Or they may just pack it all in which would be a great sadness.
- As background to this, delving into statistics relating to immigration, emigration, movements of business people and others around the world – could be for projects, as secondments – or permanently - can be fairly

illuminating. Probably more choices available for working people and others than ever before.

- They may explore the new thinking and legislation around flexible working. Much of this is part of what is referred to as “Atypical Working”

Read what Working Free has to say about this later in this Paper

New money means exports.

The story of the UK as a global trading nation is and has been one of gradual decline.

Changing this can realistically **only** mean selling more goods and services to more foreigners although various side-shows can be argued as being integral.

If the Labour Government are saying they can fix this – and it would appear that this is what they are saying – or will be achieving it when their new Strategic Plan kicks in, then the fullest support should be enthusiastically provided to them.

No-one wants this major project to turnout like HS2 or The Post Office. A preferable model would be to make it like the Elizabeth Line.

Going back to 1948..... (See House of Commons Library and ONS)

The UK has recorded a trade deficit (meaning the value of imports exceeded the value of exports) in its combined trade in goods and services every year since 1948 – 2020 was an exception during the COVID-19 pandemic. This was due to a decrease in imports to London, while exports remained relatively stable.

The UK's trade with the Commonwealth also resulted in a surplus in 2023, with services accounting for the majority of trade.

Within this, the UK has recorded a trade surplus (meaning the value of exports exceeded the value of imports) 18 times since 1948. For 58 years, it didn't. The longest sustained period of trade surpluses was the 9 years between 1977 and 1985. The remaining 9 were recorded between 1956-58, 1969-71 and 1995-97

Surpluses and Deficits

Surpluses mean more profit in the P&L Account which means more cash which also means that Government can tax it. Who could complain about that – particularly when it's the Government that may well have helped you make that profit?

- In 2019, the UK's trade deficit was £30.5 billion, equal to -1.4% of GDP. This represents a widening of the trade deficit from 2018 when it was – £25.5 billion, equal to -1.2% of GDP.
- In 2023, the UK's exports of goods and services totalled £861 billion and imports totalled £876 billion. The EU accounted for 41% of UK exports of goods and services and 51% of imports in 2023. A deficit of £188 billion on trade in goods was partly offset by a surplus of £173 billion on trade in services in 2023.
- The overall EU trade deficit was £15 billion in 2023. No-one seems bothered much about this. Compare this with the consternation caused by Labour complaining about the black hole of £22bn when assuming office. It is the Micawber Principle – money coming in has to exceed money going out!

The UK had a trade deficit with the EU of £95 billion in 2023 and a trade surplus of £80 billion with non-EU countries. The trade deficit with all countries decreased to £10.6 billion in Q3 of 2024 compared to £15.9 billion in the previous quarter. Exports decreased by 2.0% and imports decreased by 4.2% in cash terms over this period.

- The current account, which includes investment income and transfers as well as trade, saw a deficit of £53 billion in 2023. The current account deficit was 2.0% of GDP in 2023 compared with 2.1% in 2022.
- Goods exports to non-EU countries also remain below pre-Brexit levels. These exceeded £180 billion in 2017, 2018 and 2019 but have been below £170 billion in every year since then.

Manufacturing accounted for 17% of the UK economy in 1990 but now accounts for 9.4%. The other 90.6% relates to the rest – Services.

In July 2024, the Telegraph reported *“Britain falls out of the top ten manufacturer list of nations - for the first time since the industrial revolution.”* Now at twelfth, the UK is behind China which is about double the USA – at second - and, disappointingly, behind Mexico now seventh and Italy, Russia, France, Taiwan.

However – not universally recognised - and certainly not celebrated - **the UK is the second biggest exporter in the world - of services.** It has been for some time. But for how longer? The Department for Business and Trade offers much information and advice over an extensive range and with particular and growing importance of Exporting.

Please visit <https://www.gov.uk/government/organisations/department-for-business-and-trade>.

(Also as background – but much has happened since 22.12.20 when it was published. www.ExportofServices.co.uk .

There are not enough people to do the work.

This includes extra work or/and new work from current headcounts. Never been easy - and getting more for less is becoming more problematic even if you call it “productivity”!

- **A way of understanding the statistics.**
- **Public Sector and Private Sector**
- **Worklessness**

Setting the scene..... quoting www.employment-studies.co.uk

Labour Market Statistics, May 2024- www.employment-studies.co.uk

Estimates of employment, unemployment and economic inactivity were almost identical to the figures published last month, which is very disappointing given how bad April's figures were.

The employment rate remains stuck at its lowest since 2017, while economic inactivity is at its highest in nearly a decade. The last few years have seen the most significant and prolonged contraction in the size of the labour force since the late 1980s recession, which is holding back growth and undermining improvements in living standards.

In their latest figures published in November they report mixed messages about the state of the UK labour market. The positives centre on the improvement in the economic inactivity rate, less good news is the rising unemployment rate to 4.3% and the employment rate falling back to 74.8%

A way of understanding the statistics

Within this Question, there is a more specific question to answer:-

Who are the people who can deliver this Project on the ground - and where are they?

Whatever, it must be sensible to argue that getting as many people as possible selling goods and services to foreigners has to be a good thing. As also is the need to use all the talents.

The starting point (see ONS EMP01) has to be the ONS Employment statistics. Out of the total of 33mn in the UK workforce, 22mn are Full time Employees (FTEs).

In order to assess the figure of the available workers to directly create and support the generation of national wealth, we do need to deduct Public Sector workers, (see next Section) and also those falling under the category known as “Worklessness.” (Because they are not there!)

Generally, Public Sector workers do not directly contribute to the creation and delivery of goods or services. although an element of their work provides good back-up – particularly from the Department for Business and Trade.

Public Sector and Private Sector

Public sector organisations are owned and controlled by the government and are funded by the Government. Private sector businesses are owned and managed by individuals or shareholders which can variously fall under the wider definition of shareholders.

There were an estimated 5.94 mn employees in the public sector in June 2024, a decrease of 16,000 (0.3%) compared with March 2024, but an increase of 76,000 (1.3%) compared with June 2023. Together with private sector employees of 27mn makes a Total in Employment of 33mn.

This is how Public Sector is defined.

- **Central government** Includes the NHS, Civil Service, and local authority schools. Local government: and the Police.
- **Public corporations:** There are a lot of them. Within this category, there is an in and out flow of organisations reflecting circumstances. A public corporation is a company that is owned and managed by the government, but operates independently from government departments. Public corporations are accountable to Parliament for their activities and are usually funded by taxpayers. See- https://assets.publishing.service.gov.uk/media/5a7cc87be5274a2f304f00c7/pesa_2011_chapter8.pdf .

(NOTE: The Post Office falls into this category, reporting to the Secretary of State of Business and Trade. Many might suppose that the governance issues experienced by the Post Office – as opposed to technology-based problems - may well exist elsewhere in this overall group.)

Total public sector employment decreased in June 2024 compared with the previous quarter, mainly because of some reclassification from the public sector to the private sector but was still higher than a year ago.

- Employment in central government was an estimated 3.79 million in June 2024, an increase of 24,000 (0.6%) compared with March 2024 and an increase of 120,000 (3.3%) compared with June 2023; the main contributors to this increase were the NHS, local authority schools becoming academies, and the Civil Service

- NHS staff are estimated at around 1.5mn people expressed as 1.3mn, being full-time equivalent. Figures for June 2024 showed an increase of 10,000 (0.5%) compared with March 2024 and an increase of 65,000 (3.3%) compared with June 2023.
- There were 546,000 employees in the Civil Service in June 2024, an increase of 2,000 (0.4%) compared with March 2024 and an increase of 24,000 (4.6%) compared with June 2023.
- Employment in local government was an estimated 2mn in June 2024, a decrease of 1,000 (0.1%) compared with March 2024 and a decrease of 5,000 (0.2%) compared with June 2023.
- Employment in public corporations fell by 39,000 (20.1%) to 155,000 in June 2024, compared with March 2024, because of some reclassification from the public sector to the private sector

(More info from – **ONS EMP01 and also the House of Commons Library.**)

Worklessness

This is a fairly new definition for a fairly new phenomenon – and covers several conditions – and has been estimated, for a while, at 9.4mn.

Not identified at the outset of Covid, it only emerged when some of the emerging stats looked irregular and new conditions started to become visible. Irregular stats also became noticeable otherwise and were backed by the realisation that the ONS Labour Force Survey figures had now become reliant of a survey response rate down from 50% to 15%. This triggered alarm bells. You can read the ONS's commentary on this – **google ONS EMP01.**

The Institute of Employment Studies, (www.employment-studies.co.uk) for example, has presented a bleak picture of how the absence of 9.4 million workers (broadly described) has resulted in a major obstacle to any sort of growth and describe it like this:- *a larger contraction in the labour force than in any Parliament since at least the early 1970s.*

Whilst a worrying number of young people feature here, most of the of the absent others are either ill or in their 50s.

It is doubtful that many of the ill ones will return and many of the others are too comfortable with where they have got to during and after covid. Many have restructured their personal finances (including those who might have still got some furlough money saved up) and can't, in any case, leave their homes for too long as they have now got a dog! (Not a joke! People think differently about life and work post Covid)

What you don't find in many commentaries (which tend to be hijacked by WFH debates) is that initial reactions to the missing workers triggered focus on digital solutions – technology backfilled the empty spaces. This negatively impacted customer service levels and which are now improving. The passing of time will exacerbate this gap between what needs to be done and the ability of former employees to handle them. These people will increasingly find that they have lost their “distinctive competence” – skill-sets – and, particularly their IT skills have fallen behind.

Now, a commute has changed from a routine into a special trip.

Importantly, Working Free – and others – contend that Public Sector workers are significantly more than has been published. Public Sector workers really need to include those workers who are directly supported by Government money.

Published in the Telegraph on 11.5.23 was an analysis by the National Institute of Economic and Social Research (NIESR) suggesting that around 10.6 million people are employed by the state, far more than the 5.7 million (as it was then) typically cited by the government.

The NIESR said that a more accurate measure was needed for people employed in education, health, social care, public administration, defence and security – and they offered this.

In addition to this, the figure should include government contractors such as cleaners and security guards. While they might not technically be employed by government they are nevertheless funded by the taxpayer and working for the state and also mostly working to the same terms and conditions as would apply to direct employees of government.

In addition to this, government money finds its way into a range of suppliers – not employed or contractors but otherwise delivering goods or services to Government.

An appropriate example would be the Big Four accountancy-based Consultancies. As a major part of their income comes from public sector work and, together with their FTSE 100 (and a bit beyond), clients – they have a fine and remunerative business model.

So what does this mean in terms of – “There are not enough people to do the work.”

Here's our starting point. These are the August 2024 Employment figures (ONS – EMP01)

	All
	Figs
Employees (Full-time) FTE	22003

Employees (Part time)PTE	6984
Self Employed (Full time)	2842
Self Employed (Part time)	1387
Unpaid family	108
Govt Support	48
Total in Employment	33,372

Working Free contends that 22mn workers are available to Employers in the UK as full time employee workers – and it is this category that will be the primary resource to support the new economic growth now being planned by the new Government.

However, 5.9 mn need to be deducted from this figure, being the number of UK Public sector workers and, by definition, are not engaged directly in selling and delivering goods and services to anyone.

So, our figure now becomes –. (22mn less 5.9mn) = 16mn

However, if we estimate the real figure for public Sector workers at 10.6mn (4.7mn more than quoted see above), our revised figure becomes – 11mn.

BUT, if there are really 9.4 workers falling in the Worklessness category – ie: absent

..... our new figure becomes (11mn less 9.4mn = 2mn)

Exactly what are these figures telling us?

Yes..... we need to look elsewhere See our Section - What are Atypical Workers?

Why it matters

- The philosophical starting point is Labour believing in public ownership and are socialist inclined and Conservatives believing in private enterprise and are capitalist inclined. They both profess support for Entrepreneurialism. There is a big middle ground, occupied by Market Forces and Government Intervention and the ways in which people react to Government action, whatever that is.
- But what has become obvious is that, whatever their political persuasions, governing parties and politicians **MUST be very good managers.** Irrespective of dogma. Doing the best thing – or the right thing – should be where any intelligent observer should finish up.

- After a noisy start and remembering their Union backers, Labour will likely finish up where the Conservatives should have been - Outward facing, pragmatic, interventionist, well-informed, hard-working and with a renewed focus on people.

It is difficult to see why Labour's **Invest 2035: Strategy Plan** should not receive approval – and support – from all Political Parties.

But actively generating Growth – whatever it is – will not have been seen before in quite the same way as this new Industrial Strategy Green Paper and it needs constant, energetic leadership to make it happen. Politicians need to be business savvy. *“It's the Economy, Stupid!”*

If people are supposed to become more the front-line drivers of growth than the exclusive and prime and exclusive originators, they need to be treated differently from now on. They need to be identified and activated. If you think you've got more than 2m prime workers to do that, then go find them and get them ready for the challenges about to emerge from Invest 2035:

- **Privatisation has become a different sort of concept.** The Conservatives' primary response to Privatisation has been to establish the Regulatory System. Regulators could be seen as being nationalisation on the cheap. Why not? The Government can control the sector without actually paying for ownership. It is apparent that many current regulators have simply failed to do what they were supposed to do – some more than others.
- **Labour's concept of Nationalisation**, as being currently articulated, is distinctly old school. What is emerging is that both Privatisation and Nationalisation have roles to play and need to be adapted to the specific circumstances of the need. What is new are the business skills required from whoever in whatever Government is having to best manage the need and/or opportunity on hand. What differentiates Labour from Conservative – or any other party – is the ability to make the business changes and manage the process.

Labour's nationalisation aims, whatever they are, may fail for lack of acquisition funding although, as appears to be happening, they could simply await opportunities to pick up organisations for no capital cost (except, of course, for post-deal financing.)

What are Atypical Workers

Workers at all levels other than FTEs and operating on an individual basis and but generally independent basis and otherwise describing themselves as Self Employed have become a more significant element in the UK Employment Model, eschewing the word *employment* for *engagement*.

Working Free contends that Atypical Workers will represent about half of the UK's working population in the future. – and are well on the way now.

Atypical Workers are a varied and mixed group of:-

GigWorkers, Part-timers, Self-employed, Contractors, Freelancers, Interim Managers, Temps, Consultants, Management Consultants, Semi-retired people, Portfolio Workers, Off-payroll workers, Self Drive Workers, etc.

(Portfolio Workers include a broad mix of Professionals who have more than one source of income and work-type activity (whether on the payroll, freelance or non-remunerated – or a mix of these.)

Additional features that muddy the waters include:-

- Equity Partners in professional Practices are almost entirely categorised as Self Employed but, to many do not appear as such.
- Many individuals who are Directors of their own one-person limited companies are seen by HMRC as Self Employed but describe themselves as Full Time employees of their companies.
- IR35, seen by many as a silly – often damaging – arrangement, also distorts the picture. This needs to change.
- As the ONS base their figures (Labour Force Survey) on a huge sample, they were not able (and this is what they said) to take fully into account the impacts of Covid.

(An example of this would be that for a period of time there were 9m – virtually all of them FTEs – on furlough. Not allowed to work! But still included in the ONS stats as FTEs.)

- The rights someone has at work whether they are entitled to redundancy pay or are protected against unfair dismissal – are dependent on whether they are an employee, a worker or self-employed. (These three categories look like being reduced to two.)
- Employment status is not defined clearly in law and the definitions used for tax purposes can vary from those used for employment rights. The growth in the gig economy has given rise to many claims for the rights of ‘workers’, such as the right to receive the National Minimum Wage and paid holidays, for gig workers who have been defined by the organisations they work for as ‘self-employed’.
- On the fringes of all this are many part-timers who allocate all or some of their time to caring for children, grandchildren, other family members, the needy and/or the sick – and quite often taking on some charitable work. If they did not do this, the state would have to pay for it. Alongside this, however, there are reports that “volunteering” and/or “joining” levels have reduced since Covid. This will have put pressure on the state to fill the void and pay.

What is interesting to Note is that how many of the MPs put out of work at the last General Election are now “Atypical Workers”?

The major part of the statistics behind Working Free are the monthly ONS Employment figures (ONS – EMP01). These are the primary – and probably only – source of full employment figures for the UK.

All other commentators take these primary quantitative figures from the ONS as a base. Virtually everything they do are either analyses of these figures or of a qualitative as opposed to a quantitative nature. Appreciating these qualitative figures needs an understanding of their bases and assumptions on how they were calculated.

The ONS has their own huge statistical sampling technique – where the returns were initially at about 50% but which have now reduced to about 15% - rendering them “suspect”. The ONS use differing words to explain this!

The main challenge facing Working Free is this; How do we define the size of the specific market for the workforce within the ONS overall total employed figure of 33mn and in a way to identifies what is generally defined as “atypical workers”.

It’s complicated!

This is how Working Free does it:

We start with the overall total for the UK’s active workforce described by the ONS as “**Total in Employment.**”

And identify all those items that are not purely FTE - nothing less and nothing more - and express this as a percentage of the Total in Employment.

Working Free has been doing this for years. These are the latest figures - August 2024

	All Figures	NOT f/t Employed
Employees (Full-time)	22003	
Employees (Full time but with a 2nd job)		1256
Temps (incl: here in F/T Employees)		1506
Employees (Part time)	6984	6984
Self Employed (Full time)	2842	2842
Self Employed (Part time)	1387	1387
Unpaid family	108	108
Govt Support	48	48
Total in Employment	33,372	14,131
<i>All figures are Million.</i>		42.3%

Working Free contends that 42.3 % of the total 33.372 are what are referred to as Atypical Workers.

Also to be noted is that one of the impacts of IR35 (referred to elsewhere in this Paper) is that a significant number of “Independent Workers” have found their way unwillingly on to a corporate payroll and are treated as permanent employees but, sadly, without the full range of benefits.

These are difficult distinctions. But what it does do is to alter the figures for perm staff and the various other categories.

Those reading this piece are invited to offer their critiques. Is there a better way of measuring Atypical Worker volumes? Are Atypical Workers a key component of the UK's working population.

Does it matter? Let us know at: _hello@WorkingFree.co.uk

IR35. What is it? Why does it need changing?

Read Working Free's long-standing Proposal for a better system – below.

IR35 is a troublesome and unnecessary tax aimed at independent/ self-employed workers where HMRC deem that they do not meet the statutory employment status criteria and be accountable for their own tax liabilities. This means going on the client's permanent payroll although on reduced employment benefits. In recent times, employers have also mandated inclusion on their own payroll for fear of HMRC penalties.

Instead of fiddling around with tax technicalities – which are very much problems waiting to be solved, HMRC – and HMG – should adopt a much bolder – maybe radical – approach and implement Working Free's long-standing proposal.

The Working Free Proposal is around creating a different and new form of Limited Company with some alterations to detail and following the VAT operational model.

The Working Free IR35 Solution

The government should create a new type of limited company which any independent worker, domiciled in the UK, may set up and trade through. Normal rules for limited companies apply except that this type is forbidden to pay dividends and remuneration to family members not formally employed in the business and taxed. They would file quarterly reports – virtually identical to the VAT system – and pay over PAYE and NI relating to remuneration paid out by the company during that period. In this way, legitimate expenses – including pension contributions – can be charged in accordance with company and tax law and the engaging client companies have no responsibilities in this regard. If, and when wound up, any surplus would be deemed to be income of the Directors at the time of winding up and taxed accordingly, following the principle that all retained earnings from whatever source will eventually be taxed as income and as appropriate.

The arguments traditionally presented by HMG and HMRC are around out-of-date concepts of tax-dodging and control processes. HMRC needs to charge and collect all due taxes as and when due and Government wants to control the workplace

The Working Free view is that, now, Workers – particularly at senior levels – think differently, behave differently and have different aspirations. We also contend that Independent Working will soon represent about half the working population (now about 33m.)and should have appropriate recognition.

All the current debates - and for many years have been - about how do you stimulate growth by government led actions?

The test is whether Labour can devise the Modern Industrial Strategy that it says it can and can it organise the human resources to deliver it.

About Working Free

Working Free supports the Senior Executive considering or embarking on a new career as an independent professional. We work with Individuals directly and with Organisations as part of restructuring, redundancy, outplacement, career development or other mid career transitioning arrangements and where independent working at senior levels is seen as an attractive way

Working Free Ltd – Appendix

Lessons from History

It needs to be said that throughout the centuries, the British nations have been pre-eminent. Our Industrial revolution, our culture, our global spread, our language and our plundering dominated the world. In 1910 it reached its peak. From 1920 it started to retrench – usually in a dignified way but never quite getting over two withering world wars.

The term Industrial Revolution describes the UK’s economic development from 1760 to 1840. Since that time the term has been more broadly applied as a process of economic transformation.

It was a period of change from an agrarian and handcraft economy to one dominated by organised industry and machine manufacturing. These technological changes introduced new ways of working and living and fundamentally transformed society. You can still see evidence of this around the world, particularly amongst the Commonwealth countries.

As a sort of time capsule, you can see evidence of all this at the annual Remembrance Ceremony every year, clustered around the Cenotaph in London. This gathering – united in genuine and shared emotion – but, some would think, not much else – is of a type that will be seen nowhere else in the world – and reflects what the UK has created over the last few centuries. The UK must still

have an opportunity of building and sustaining an influential and fruitful role in a changing world. Or rebuilding some of this.

Whilst we and our leaders mull over our disrupted national line of travel – and hopeful of renewal and better prosperity as a result - there is much and continuing fundamental change going on in the workplace. And at a pace which may be unprecedented. – and certainly when facing up to whatever happens in the coming Trump administration and its inevitable ripple impacts and also what happens in Ukraine.

Now- and as then - how this affects us individually is, amazingly, more under our own control than we might have imagined a few years ago. Not everyone will have – or want - a job; but everyone should have work. Every individual has some features that can be put to work in advancing and celebrating their existence. If no-one else gives you work, invent/ create it for yourself. Paradoxically, many part-time workers do this without acknowledging it - if they did not do it, the state would have to pay people to do it.

Whilst the new Government is very keen on employment protection – and why not – headwinds may get in the way – mostly because more people – at nearly all levels – want to do things their way.

Both Labour and the previous Government have done much to make the workplace more flexible – getting closer to independent working. It should go full circle. Currently, the worker has the upper hand. But it needs to be balanced.”

We can learn much from what has gone before.

The spirit of all this is encapsulated in the writings and books of Samuel Smiles.

Very few have ever heard of Samuel Smiles.....and about (arguably) the best book – Self-Help – ever written (in 1859) about management, leadership, businesses and, crucially, people in businesses. What drove the Industrial Revolution, should now be driving our own Industrial Revolution today.

But “Self Help “ by Samuel Smiles is all about people in business succeeding. It is mainly through perseverance. But it is also through looking for new angles, new insights, different ways of thinking, of interpreting, of managing, of leading.

The same principles that drove the Industrial Revolution may well be coming into play now.

You can read more about Samuel Smiles at - <https://workingfree.co.uk/echoes-samuel-smiles-1812-1904/>

Or google him.

The origins of Self-Help lay in a speech he gave in March 1845 in response to a request by a Mutual Improvement Society, published as, *The Education of the Working Classes*. In it, Smiles says,

“Every human being has a great mission to perform, noble faculties to cultivate, a vast destiny to accomplish. He should have the means of education, and of exerting freely all the powers of his godlike nature.”

So why are Samuel Smiles - and his books - relevant to what the new Labour Government has in mind for Invest 2035.

- Samuel Smiles published his first book in 1857 and his last in 1894. All about people and leaders in the workplace.
- Compulsory reading for all senior leaders/ strategists. Also compulsory reading should also include his amazing book – **Lives of the Engineers** - published in 1862. All six Volumes.
- All this happened at the height of the Industrial Revolution. one driven by technology, much improved communications and independent identities (both national and individual) and a recognition that it is individuals that make the difference – not instead of corporations or governments – but as well as. It is people who will do the work.
- The book inspired and informed hundreds (maybe more) of ambitious people – at all levels – to greater achievement. Now – since there is nothing quite like the book “Self-Help”, it needs to be introduced to new generations of ambitious people – keen for more knowledge, debate and connections.
- We are looking for new definitions of “Leadership”. The traditional dogma of institutionalised elitism with its stereotyped mantras and overt displays of strength have served us well for a while – but must be now due for handing over its baton to the quiet heroes; self-driven, less-elitist and less privileged, noticeable, free-thinking enthusiasts, natural persuaders and comfortable at all levels. Being work-obsessed (better described as work hard/ play hard), although unfashionable, is very effective.

It is astounding to be reminded of the sheer volume of products and processes in the broadly defined engineering sector were actually invented and made operational by the Victorians.

The new Labour Government wants us to move into another industrial revolution – as set out in their new Strategy Plan – Invest 2035:

They ought to give Samuel Smiles a nod on their way past.

On a more contemporary note, Samuel Smiles is the great-great-grandfather of Bear Grylls, described by Wikipedia as “a well-known adventurer”. Also, Chief Scout - 2009 to 2024.

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