

Kickstarting GROWTH - NOW!

An Occasional Paper from Working Free

Version 17 - 18.4.25

Delete previous Versions

This Occasional Paper developed out of our response to HMG's request for comment. We had more to say than we were asked for!

Invest 2035: The UK's Modern Industrial Strategy Paper is the new Labour Government's proposed UK 10-year plan for the economy.

The UK's **GDP** is 3.73 US\$ trillion and it ranks 6th in the world. Its **GPD per capita** is somewhere between 20th and 30th. The UK is \$58,273. As comparison, Germany is \$69,027 and Australia is \$70,340.

Catching up would solve a lot of current issues.

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We need to recognise the fundamental changes that have and are taking place in the UK workforce and re-orientate all the available effort towards all businesses and their people selling more goods and services to more foreigners.

Here are about 23,000 words explaining how this might best be done.

The inescapable problem is that the UK does not make a profit. In the 76 years since these records began, it has made a profit in only 18 of those years. It last made a profit in 1997. (Profit is more cash coming in than going out - the Micawber Principle!)

The Invest 2035: The UK's Modern Industrial Strategy Paper is the new Labour Government's proposed UK 10-year plan for the economy.

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

... and

<https://commonslibrary.parliament.uk/research-briefings/cbp-7682/>

It 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. It deserves to succeed.

But this is only one part – albeit a vital part - of their overall and comprehensive mission for the UK. They have also published several other documents that together, look like a major Transformation Programme for the UK over the next ten years. This project needs to be given a name. From all our perspectives, this Initiative must be as successful as their ambitions and the UK's expectations demand.

Working Free welcomes this ambitious and well-thought-out Product but contends that their Transformation Programme does not cover implementation nor reflect the fundamental changes that have been – and are - taking place with people in the employment/ workplace segment of

the UK economy. There needs to be an over-arching and detailed specific Process.

*This Occasional Paper from Working Free identifies the prime drivers for the creation of national wealth and the best way of doing this is by more businesses and their people selling more goods and services to more foreigners. The Trump impact makes this instantly obligatory and urgent- as also is running the UK Nations much more efficiently. At the sharp end, this is what People do. **This is Growth.***

Growth is normally seen as increases in the UK's GDP – and its impacts on taxation. GDP is a measurement of size. Size is about Businesses getting busier; new businesses with better products or services starting to get work; new work in new markets; finding new markets. All needing Individuals – in organisations or on their own – creating drive and delivering results. All in short supply.

See Postscript 4 - A bit more about Growth – GDP, Taxation and Exporting.

Main Points - Variables interact with Variables!	See Page
<ul style="list-style-type: none"> • The inescapable truth is that the UK has not made a profit since 1997 and only 18 times out of the 76 years since records began. What does Making a Profit mean? 	45&46
<ul style="list-style-type: none"> • Working Free has gathered virtually all of the government's relevant published material and turned it into the UK's National Transformation Programme. Working Free apologises to anyone who thinks this is an impertinence. 	5

<ul style="list-style-type: none"> Does the new Labour Government actually realise that this is what it is? Well done on defining the Product. Not much on the People bit. Even less about the Process. 	5 & 6
<ul style="list-style-type: none"> Working Free contends that 40% of the UK's Total in Employment of 33,856 are NOT Full Time Employed Workers (FTEs). They are Atypical Workers – either detached or semi-detached from mainstream scrutiny and reach. 	22 32- 38
<ul style="list-style-type: none"> THE UK's Unemployment figure as now published is 4.4% - 1.56mn. Working Free thinks that the real figure should be 6.5%. If this is right, we ought to be more concerned – and curious. 	15
<ul style="list-style-type: none"> The split between Public Sector (including NHS for this purpose) and Private Sector is an intriguing debate. Split 24%/ 76%, Public Sector headcount is now 6.1mn. There is comment that it could really be as large as 10.6mn – or even more. This would change the split with private Sector- 37%/ 63% and would cost an estimated extra £209bn. Lots to think about. By everyone. 	25 to 28
<ul style="list-style-type: none"> The year-on-year increase in Public Sector including NHS Headcount is 170k - Whether this is seen as a big figure or a modest increase - or even the right figure - is a judgement waiting to be made. Those interested should start <i>here</i> – <i>The Working Free Approach</i> – and cherry-pick what you read and/or follow the links. Navigation may be easier at www.WorkingFree.co.uk . 	28
<ul style="list-style-type: none"> Civil Servants. These are included in Central Government. Currently, there are 548k of them – an increase of 19k over the previous year. 	
<ul style="list-style-type: none"> Challenges Galore – See separate Sections for:-Growth (What is it?) There are not enough people do the work. So! What do we do now? (Some practical advice for genuine players shouted from the touchline!) 	39 55 58

Trump got his current job by being hugely and noisily ambitious for the USA – and detailing what he was going to do and how he was going to do it – but he had the good sense to try to get foreigners to pay for it. The Labour Government should do the same.

The UK's National Transformation Programme.

(as described by Working Free who apologise to anyone who might see this as an impertinence.)

Invest 2035: is only one part – albeit a vital part - of this Programme. The Government has also published: -

- **The National Wealth Fund** (NWF) set up in 2021 and renamed last year from the National Infrastructure Bank.
- **Make Work Pay** - leading to.....
-the **Employment Rights Bill, 10.10.24** - the first phase of delivering the Plan to Make Work Pay.
- Then came **Invest 2035:**
- and the **Get Britain Working White Paper** – 26.11.24.
- Government launched the **Industrial Strategy Advisory Council**
- and announced the members of the **Industrial Strategy Advisory Council,**
- More recently, the Foreign Secretary launched their **UK Soft Power Council.**
- The Department for Business & Trade's "**new global growth team**"
- **Skills England** – proposed in 2024 and being launched in 2025.

The PM also published **Six Milestones** - here they are:

1. **Housing** - A target to build 1.5 million homes and fast-track planning decisions on more than 150 more major economic infrastructure projects,
2. **Living standards** - He promises higher living standards in every part of the UK, putting more money in working people's pockets and delivering the highest sustained growth in the G7.
3. **Safe streets** - He pledged 13,000 more police officers, PCSOs and special constables for the streets.
4. **NHS waiting lists** - A target to meet the NHS standard for 92% of patients in England to wait no more than 18 weeks for treatment.
5. **Energy** - Starmer promises to "secure home-grown energy" to put the UK on track to deliver at least 95% clean power by 2030, a step towards net zero
6. **Children** - A new pledge, Starmer promises to ensure a record proportion of 75% of five-year-olds start school "ready to learn"

Some more detail: -

- **The National Wealth Fund (NWF)** is a policy bank set up by the UK government to partner with the private sector and local authorities to finance infrastructure (and other) projects. Its purpose is to stimulate – or 'crowd in' – private sector investment into priority areas. 12 Feb 2025
- **Make Work Pay and the Employment Rights Bill** were designed to help more people to stay in work, support workers' productivity and improve living standards.”
 - **The Employment Rights Bill** is now going through Parliament and seen by many as expected from the Labour Government and generating a discussion as to what the word “Worker” meant.
 - **A common interpretation of WORKER** has been “a member of a Trade Union”. Seen widely as restrictive. And by others as divisive.
- **The Foreign Secretary and Secretary of State for Culture, Media and Sport have launched the UK Soft Power Council** to drive UK growth and security. This is aimed at the heart of the UK’s services export activities. The launch date was 17.1.25. Smart move. Shame they did not do this at an earlier stage.
- **The Department for Business & Trade’s New Global Growth Team** is “tasked with driving international expansion and increasing business opportunities in new markets around the world, often comprised of trade envoys or specialists with regional expertise to identify and pursue potential growth areas abroad. Focus on international markets; the primary goal is to identify and target new markets for export growth, investment attraction, and business partnerships overseas. “
- **Skills England.** *Will be fully established in 2025. Skills England will play a critical part in the government’s mission to drive growth across the country, supporting people to get better jobs and improve their standard of living. Skills England will develop the skills needs assessments set out in the first Skills England report with skill needs assessments for each of the 10 priority sectors and which feed into the ongoing Industrial Strategy planning process”*

Why Working Free?

A range of factors have all combined in having a dramatic impact on the ways we work – and lead our working and private lives. Much of this continues to unfold and looks likely to continue for some time – but not necessarily in a linear way.

Working Free contends that about 40% of the UK workforce (Total in Employment) are Atypical Workers. For a Government that declares itself as wanting to work with ALL the talents, here is a large group of the working population that they need to integrate into the workforce albeit on their terms.

The Working Free approach to the Government's Transformation Programme is reflected in these points: -

- There are not enough people in the workforce – and certainly not enough for the likely needs of Invest 2035:
- About 40% of the Total in Employment in the UK can be categorised as Atypical Workers – being everything except FTEs (Full Time Workers.)
- What has this got to do with Growth?
- Invest 2035: - and all the other Government documents - look long - term and expensive - What we must have – NOW – are some quick wins and major communications programmes. This is everyone's project. Everyone is paying for it.
- Intervention – the elephant in the room.
- Is there a crisis around People in the Workplace? It's certainly time to treat differently those Workers who want to be treated differently.

Understanding and reacting to these points consists largely of variables interacting with variables and is something to be seen as an advantage rather than an impediment.

Traditional views on managing, directing and regulating relationships in the workplace are moving towards collaborating, connecting, sharing and partnering. Working Free is keen to promote any talk about any or all of these issues through collaborative arrangements with people-centric progressive organisations, adapting to a changing world.

Seeing this as an idealistic – even simplistic – goal might appeal to many. But a recession or similar conditions will likely lay bare harsh sentiments.

Corporate instincts are based on preserving the cash. Under threat, the first step is to fire people. Government action to date – changes to NI, Minimum wages, new Employment rights, gloomy Government pronouncements, unhappy farmers and the knee-capping of independent schools all damage confidence and employers revert to traditional behaviours.

Invest 2035: must be an ideal opportunity for Government to reset all these inherited notions.

These are the soft characteristics behind the growth in Atypical Working

- Virtually instantaneous communications – in many forms.
- a resetting of the Employer/Employee relationship.
- a rethinking of the work/life balance philosophy.
- replacing line-of-sight management with trust – and education.
- the upending of the meaning of friendships.
- learning how to reconcile new concepts of individualism with collaboration and team-work – and short-term needs with longer-term relationships.

These ideals deserve to succeed. But if recession-type conditions promote the opposite, the UK will be the loser.

Exploring the full role of people within the context of the Government's Transformation Programme is a fundamental.

The Government has defined the Product. The task now is to implement it. And that needs people - importantly Boots on the Ground – and all this needs Process! This means exploring Product and People - what people have to do and how they do it.

Working Free is a niche concept on an old theme. It's about how people – particularly senior and similar management levels can re-invent themselves - usually after a mainstream career or responding to shifts in technologies, markets and existing and development sentiments but not necessarily – and, in this context, as an Independent Professionals.

Working Free supports the middle to senior executive considering 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 middle and senior levels is seen as an attractive way forward for themselves and for their organisations

More info at www.WorkingFree.co.uk

The Working Free Approach

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1 Getting Started (12 to 24)

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- Understanding the statistics
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4 What has this got to do with Growth? (39 to 47)

- What has growth to do with Working Free?
- About the hysteria
- Have the right targets been identified?
- Growth means new money
- New money means exports.
- What to focus on? The key question

5 Why does any of this matter? (48 to 54)

- More about Business; less about dogma
- A philosophy
- Flexible Working
- WFH (Working from Home)

6 There are not enough people to do the work. (55 to 58)

7 What do we do now? (59 to 66)

- Time to think differently
- A big-scale Programme calls for a big-scale communications response.
- How best to communicate?
- Merging bits of public sector operationally with private sector.

- Treat Atypical Workers as equal to any other worker – and let them do it their way.
- Don't mention the word "Growth" again!
- Tell the Unions the true story about Zero Hours Work – *see below* – and tell them you want more.
- Stop bumping into bollards.

8 Parting Shots (67)

9 More about Working Free (68)

Postscripts

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Section 1 Getting started

Introduction

The last few years have seen big changes in the workplace and within the workforce. - and with all needing to survive and prosper in a volatile and highly competitive socio- economic global market. We have a new Government styling itself as dynamic, radical and Transformation-driven – but which, sadly, has knocked over a few bollards as it runs itself in and comes up to speed. **But their Invest 2035: and the rest of their current collection looks like it could be the right approach at the right time – assuming they can deliver on their initial promises – on time and on budget.**

Working Free’s core driving belief is that the UK’s working population of now about 33mn is heading towards parity between purely FTEs (Full Time Employed) and Atypical Workers – nearly all off-payroll workers. Whatever anyone thinks – or calculates different figures - it is difficult to ignore this major structural change.

The overall Project will call for experienced, skilled, driven, and entrepreneurial people on the ground in making this Project work in a sustainable way. Who are these people? Where do these people come from? How are these people mobilised?

In some ways, their Invest 2035: Green Paper could be seen as an antidote to their lack of detail in their Manifesto, a response to their Autumn Budget and to their current Employment Bill and in particular, the NI component. 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. Of little interest, of course, to those with NO wealth who usually vote Labour

The Victorian Industrial Revolution was mainly self-driven. **Invest 2035:** needs to recognise this and create their Programme around it.

Getting this Project right and delivered soonest might be more important than many would suppose.

- **Does anyone actually know what Growth means?** Exactly what are you selling to whom? How do you increase sales and margins and get better value for money out of your costs? **Invest 2035:**

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asks these questions. Crucial to find the right answers. Surely this is what **people** do; not Governments. Working Free offers their own definition of Growth in Section 4

- **Probably there are not enough People in the UK workforce to make this overall strategy actually work.** A problem to be solved. This Paper addresses this issue.
- **After creating an effective Industrial Strategic Plan, does Government know how to translate theory into practice?** Projects of this scale invariably have poor delivery records. This project will be all about Products and People. The Government says it can handle the Product bit but Working Free says they are much adrift with the People bit. Mostly it is people who make things happen on the ground. The Government acknowledges the issue of skills but is relatively silent about people and equipping them better to meet the challenges that the new strategies will call for.
- **The current FTE workforce of 22mn cannot be reasonably expected to support a population of 69mn with an average age of 40.7 and a growth rate of 0.85%.** (The impact of immigration may not yet have been fully reflected in ONS figures.) But there is more to it. Read on!

Understanding the statistics

The starting point (see ONS EMP01) has to be the ONS Employment statistics.

The role of the ONS (Office of National Statistics.)

The ONS is the primary source of all data connected with the UK. What they have been doing and developing is on a massive and technically impregnable basis. Virtually everything else is derived from what they do.

In the middle of 2023 it emerged that some of the emerging stats looked irregular and new conditions started to become visible. The ONS was not sure when this started. Irregular stats also became noticeable 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. To experts at the ONS, there will have been a gutfeel that some things did not simply feel right.

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Other issues came into better focus. For example, was the ONS measuring some things that had changed fundamentally and was their sample still as representative as when they last amended it. Working Free's concern was around their version of Atypical Working and also how the Survey Respondents interpreted and answered – if at all - the standard questions asked as against the major changes going on.

This is all difficult stuff.

You can read the ONS's commentary on this at – [google ONS EMP01](#). And elsewhere.

With the total of 33mn in the total active UK workforce being the major component, this is broadly how the **overall UK population** figure breaks down into its constituent parts: -

• Total in Employment (ONS Emp01)	33,770
• Unemployed (4.3%) (See Note below)	1,508
• Worklessness/ Economic inactivity. (21.7%)	9,337
• Pensioners/ Retired over 65	11,000
• Under 14's (From the last census)	11,524

Total (Actual UK current Population is 69mn) 67,139mn

What this says is that, broadly the UK only has about 33,770mn people in the workforce. Working Free contends that 40% of this are Atypical Workers – inferring that many of this number are invisible to Government.

Also needing to be taken into account are public sector workers who are generally seen as back-office people and not customer-facing – but still important. Currently quoted as 5.9mn. (Now quoted as 6.12mn.)

More scrutiny of this follows.

The difference between the current actual UK population of 69mn and 67mn – above - is due to some selectivity, simply not having the current means to get at the base facts and/or collective immateriality. Much of this happened gradually until Covid and then more quickly.

Something you might like to reflect on: - and in particular, the way in which the Unemployment Rate is calculated: - (see main points above)

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Unemployed - 1,508 - (4.3%). This is 1508 x 100 divided by Total in Employment – 33,770 plus 1508 = 35,278.

Working Free suggests that the main figure to be used should not be the Total in Employment but the figure for FTEs (Full time employees) as unemployed comes out of this figure and US unconnected with all the other figures adding up to the Total in employment.

This makes the revised figure – This is 1508 x 100 divided by FTE 22,269 plus 1508 = 23,777 = 6.3%

If you approve of this approach, you should be concerned about it!

Definitions

- Total in Employment
- The Unemployed
- Unemployment
- The DWP Claimant Count
- Worklessness
- Economic Inactivity and
- The Self Employed. It's a chimera.

Total in Employment

..... is the actual number of individual workers currently active in the workforce irrespective of working status.

The Unemployed calculated and shown separately but not in “Total in Employment” the above.

Unemployment

.....is when an individual who is not employed and is seeking employment, cannot find a job. Traditionally, unemployment is a key indicator of the health of an economy. A low unemployment rate represents a strong economy while a high unemployment rate represents a weak economy.

The ONS is the source of this data – collected through the Labour Force Survey, the responses to which are self-assessed. (More about this elsewhere in this Paper.) Claimants are invariably those who want the money – and maybe claim other benefits linked to being unemployed.

Many others who are technically unemployed do not claim nor register as unemployed. It will not be known - from any source- how many fall into this category. Working Free estimates that this is likely to be the majority of the higher salaried people.

Some might disagree with this – taking the view that Covid and its ripple effects have had a different sort of impact - in that being ill could not have been avoided – nor recovery from illness have been a quick process. Also, many individuals – particularly those who could now afford to do so – have chosen to adopt a different and a non-work lifestyle. No-one really knows how many of these will return to the workplace. Nor what they will do when they do return. Times have changed.

When these people have recovered from whatever shock, surprise, disappointment will have surrounded the manner of their leaving. They will start to think hard about options in theory. This should start with a broad view of what these options might be – talking confidentially and while lay with family, professional advisers, mates and Friends deemed to have anything serious to say on this matter.

Increasingly the answer is going to be look for a similar role to the one just vacated but – importantly – in the meantime cost abroad net on various options and get doing something as quickly as possible – whatever that might be. For the main part, designating yourself as a consultant – however defined and however described – and getting to meet people and generate ideas.

At this stage they would describe themselves as self-employment self-employed and if they were picked up on any statistical process would describe themselves as such. This process will see them included in the ONS category self-employed.

Self-employment is a very Broadchurch. Unemployment is probably understated.

The DWP Claimant Count

The Department for Work and Pensions (DWP) claimant count is the number of people who are claiming unemployment-related benefits, including Jobseeker's Allowance and Universal Credit. The DWP claimant count is an administrative measure that uses individual records from the benefit system.

In October 2024 this was 1.769mn – an increase of 210k over the previous year.

The official figure is the ONS Claimant Count which should not be seen as a figure reconcilable with the quoted DWP figure.

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Worklessness

This is a fairly new definition for a fairly new phenomenon due to its size and covers several conditions – and has been estimated, for some time, at 9.4mn.

Worklessness is a state where no one in a household aged 16 and over is in employment, either through unemployment or economic inactivity.

“Worklessness” is a term that refers to people who are not currently employed, have not sought employment in the last four weeks, and are unable to start work within the next two weeks. It can also refer to households where no one aged 16 or older is in employment.

Worklessness is different from unemployment, even though there are multiple definitions of worklessness. For example, people who are caring for children or family members may be considered workless, but they would not be included in unemployment figures. They don't generally get paid for this work – but if they did not do it, the state would have to pay.

Some reasons why people may be economically inactive include: family commitments, early retirement, study, sickness, and disability. The ONS offer analyses on these figures.

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.*

A worrying number of young people feature here.

Working Free sees this as a vital and complex ingredient for the future.

But not for this Occasional Paper. Too big a topic.

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).

Continuing inflation may give them difficult decisions to make.

What you don't find in many commentaries (which tend to be hijacked by WFH debates - which are fascinating to watch - is that initial reactions to the missing workers post-covid (for all reasons). This triggered a focus on digital solutions – technology backfilling the empty spaces. This negatively impacted on customer service levels, and which now seem to be improving. (What happened to “excellence”?)

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, in particular, their IT skills have fallen behind. As will, in many cases, their interpersonal skills.

Now, a commute has changed from a routine into a special trip. Those who took advantage of WFH to relocate further from their workplace (which still should be supported and accommodated) will also now have difficult issues to manage.

Economic inactivity

A state where someone is neither employed nor unemployed and is not looking for work.

The main difference between Economic inactivity and Worklessness is that someone who is unemployed is looking for work, while someone who is economically inactive is not.

Included in Worklessness/ Economic Inactivity – 9,337mn are reported as:

Caring responsibilities	1,100 (aged 25-49)
Illness	1.000(aged 25- 49)
Early retirement	3,500 (aged 50-65)

ONS reported illness as 2.5mn at August 2022; 2.9mn at March 2024 but with some modest improvement since then

Self-Employment (is a Chimera)

But before exploring this in a head -on way, there are side issues that are very relevant – some of which arise in different sections in this Paper.

These preliminary comments include those self-employed professionals offering personal professional services.

ONS reports that there are 2,944mn full time and 1,439mn part time self-employed workers in the UK. Total is 4,383.

This figure is misleading. As well as the reasons mentioned below, the interpretational and collection of data difficulties, the much-written-about plight of the “over 50s” (55 to 64 range) there is a broader key issue with many workers aged 45 to 65. This varies slightly between management levels but of significance to the purpose of this Paper – the focus is on middle and senior levels.

This is noticeable as a general trend but more so as the economy tightens. The Trump effect will exacerbate this as will the ever-present need for the UK to start making a profit.

More middle and senior level workers are being squeezed out of permanent employment and – for a variety of reasons – become invisible. Many of them “drift” towards “*doing their own thing.*” The only statistic they might appear on are as “economically inactive”. But the nature of what they do is largely unobserved.

You can see them on LinkedIn - gone off looking for a job like they used to have - even though they know that these have gone ; now selling various forms of Consultancy; hoping for some Non-Executive Director work... etc.

Look at the approx. 170 MPs displaced after the General Election. Listen to what they say. And then interpret it.

Government seems unaware of this dereliction of talent. This Transformation Programme must cover this.

Finding ways of sending them around the world flogging the Government’s eight Target Sectors would be a good idea.

“Self-employed means being employed by yourself.”

This is Working Free’s definition. If you conduct a search, you’ll find literally scores of definitions. Virtually all of them differ slightly but all of them are heavily mindful – even wary - of the tax implications. It’s almost as if the tax implications are the sole and only things that matter.

Whereas, what actually matters is having a professional product, being good at it and being able to sell its services to happy and grateful clients and in accordance with relevant legislation.

It is when your own business model differs to this that problems arise – mainly along these lines:

“If it looks like a duck and if it waddles and if it quacks, it is highly probable that it is a duck.”

Please see our comments on IR35 in Section 3 - Atypical Working

Broadly, this is how HMRC is guided through its IR35 legislation. Where this applies, Self-employed Workers are taxed at source – along PAYE lines. But defining rules around this is difficult.

This usually involves accepting a short-term Employment Contract, invariably on less favourable terms than full time permanent staff, waiting longer to be paid through an intermediary and with deductions than can be as high as 50%.

Please see our comments on Umbrella Companies in Section 3 – Atypical Working.

Otherwise – and this is where Self-employed workers fall outside the scope of IR35 – they are treated and taxed as a small business in its various formats. These people are the undervalued and under-recognised part of the UK workforce.

IR35 is an unsatisfactory tax and needs to be re-drafted.

This overall area is a kaleidoscope! Variables interact with variables.

The Unemployed; Worklessness; Economic Inactivity - all workers falling in these categories may drift in and out of Self-employment.

We tend to think that self-employed people are those offering their personal professional services for whoever wants to buy them and trade through their own personal service company (PSC)

There are probably just as many self-employed people doing other things outside this definition – such as running small shops plumbers, electricians, painters and decorators ,car mechanics and micro businesses including an assortment of manufacturing or assembly operations. As part of this thinking are also the undeclared workers – including domestic cleaners and gardeners, plumbers and electricians and carpenters and similar – all working for cash to varying extents.

Some FTEs have a second job. (This must be relevant as the ONS treat this as worth a separate mention in its monthly statistics. At the senior end it will include areas like NEDs, Charities, secondments, special agreements with main employer, ad hoc advisory work that may turn into something bigger. etc.

At the lower end, it might include evening shifts in pubs, third party events stewarding, accounting/admin support for SMEs, “night school “and other learnings, baby-sitting, etc.

At lower levels than this will be the domestic workers – cleaners, handymen and gardeners. Perhaps unfairly included in the definition of the black economy.

The black economy is defined as all economic activity in a given economy that occurs outside or in violation of the prevailing laws and regulations of society. People will break or ignore the rules imposed when governments intervene, tax, or regulate markets. Broadly assessed by observers as worth £150bn per annum.

Temps are reported separately and are not included in these mainstream ONS Total in Employment figure. Working Free views these figures as needing to be treated as Atypical workers and are actually in the workforce.

Also needing to be borne in mind are agency workers and outsourced services.

At what point does an individual cease to be a self-employed worker and be seen as a director/owner of a business and therefore seen as full-time employee of a company/business – which he or she actually owns? Is Dyson categorised as self-employed as he owns most of his company?

Slightly different than this would be, for example, equity partners in the large accountancy-based consultants these people are categorised as self-employed although operating on special rules and understandings with the HMRC.

These are the Employment figures. There are more recent figures from ONS EMP01- but they don't move the percentages.

	All Figures	NOT f/t Employed Million
Employees (Full-time)	22269	6933
Employees (Part time)	6933	
Self Employed (Full time)	2944	2944
Self Employed (Part time	1439	1439
Unpaid family	116	116
Govt Support	65	65
Total in Employment	33,770	11,497
		33.9%

However, Working Free would also contend that **Employees, full time but with a 2nd job of 1,256 and Temps of 1,538** need to be taken into account.

Working Free contends that 33.9% - say 34% - now as 40.2% represent the atypical working part of the UK Workforce . ONS defines part-time work as 30 hours or fewer per week. However, there is no specific number of hours that makes someone full or part-time. Working Free treats part-time workers as Atypical Workers.

We are sure that the ONS would recognise the 34% if asked – and possibly the 40% - but may express some surprise about what third parties do with their figures!

The role of Unions

The Trade Union Movement and the Labour Party were joined at birth.

It will be interesting to see what sort of accommodation will be forged that will see Invest 2035: succeed as eventually planned and the Trade Union Movement able to share the credit for that.

- 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.
- In 2023, there were 2.5mn in the private sector and 3.8mn in the public sector. The trend seems to be difficult to forecast. Current growth in the Public Sector would point to an increase but if more jobs are moving more towards knowledge workers, that might point otherwise. As the UK employment profile shifts towards Atypical Working and increasing numbers of workers are needing to become more technology savvy and more qualified, Union membership may well become less attractive to both companies and to individuals

The original purpose of Unions is to prevent exploitation and abuse in the workplace. This will become more important but occurring less frequently. The everyday purpose continues to be about money, hours and conditions.

The ghost of Red Robbo and British Leyland may come back occasionally to haunt some - where a toxic mix of truculent unions and incompetent management heralded the end of indigenous car manufacturing in the UK.

Not dissimilar to this was the demise of coal mining where the ghost was of a different nature – the desecration of job-futures and communities that left many scars still visible today.

Of concern to Unions will likely be that most of the targeted sectors call for clever, mobile, higher-educated people with a good knowledge of their sector technology. The more there is of this, the more successful these people and their businesses will likely be.

The future lies in the degree of positive interactivity between Government and Unions. It would be a good look if Unions could get behind Invest 2035: If only because they, as UK citizens, are helping to pay for it.

Notwithstanding this, 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.

Additionally, the contentious enlargement of Public Sector would work to the Unions' advantage.

More information from the Dept for Industry and Trade

<https://www.gov.uk/government/organisations/department-of-trade-and-industr>

“O that we now had here but one 10,000 of those men in England that do no work today.”

According to Shakespeare, this is what the Earl of Westmoreland said to King Henry Five on the night before the battle of Agincourt. This might have reflected the degree of Worklessness current at that time in England – but Henry felt obliged to put right Westmoreland and the others gathered round – and delivered his famous feast of Saint Crispian Day speech. Agincourt was a Victory. it is estimated that English losses amounted to about 400 and French losses to about 6,000, many of whom were noblemen stuck in the mud. EU mud.

Section 2 Public Sector and Private Sector

- Why differentiation is important
- Facts and Figures
- How do we measure how many workers could be categorised as Public Sector?
- What do the numbers mean for Costs and Value for Money
- Intervention – **See Postscript 2**

Why differentiation is important

In order to assess the figure of the available workers to directly create and support the generation of national wealth, we do need to assess Public Sector workers as to their role in national wealth creation.

Generally, Public Sector workers do not directly contribute to the creation and delivery of goods or services. although a big element of some of their work provides good back-up and support– particularly from the Department for Business & Trade and, operationally, the Foreign, Commonwealth and Development Office. DCMS has eventually been revealed and/or recognised as a key activist behind the UK **Creative Industries Sectors** - a key part of the UK being the second biggest exporter in the world - of services.

Maybe, these people can be referred to as Non-Productive as opposed to Productive – or Back Office as opposed to Front Office. It's a bit like Armies without their back-up; fighter jets without their engineers and tech support; the US Abrams Tank without its retinue of tech support.

In all of this, the aim is to get to the stage of maximum number of workers at the customer interface.

Many observers would take the view that Public Sector also needs to include those people who are actually paid for by Government – part of the Government envelope - but NOT FTE on the Government payroll.

More about this elsewhere in this Section and Paper. Not an easy assessment.

Additionally, Definitions are an issue. These can be fairly complex issues. Primarily, these are about data collection processes but also about changing definitions and major changes by Government in how the various components are aggregated and displayed. (eg: The employees of railway businesses who have passed into Government ownership become Government employees for the duration.)

The reality is that this is where the UK is at the moment. Surely the UK needs less back-office people and lots more front office people?

It's all about Products, People and Process. The Government has (just about) decided what the **Products** are. Success in their Transformation Programme will be largely down to **People** – and we don't hear much about the People involved yet and, partly because of this, we don't have **Process** outlined.

Government is not quite sure how to sort out the people component but is active. The reality is probably about Intervention - more or less direct control – micro-management or laissez-faire. Their task should really about creating opportunities – more about work; less about jobs. BUT..... whoever owns the Project is responsible for making it happen – and the way the new Trump world is shaping up, the less time we have for getting this job done.

Forget about dogma. Just get the job done

Facts and Figures

The Reporting Convention seems to be that Public Sector and NHS are reported separately. Some commentaries do not make this clear.

ONS reports that the UK Public Sector employs 6.120mn people and this is 18% of the Total in Employment: -

Public Sector	6.120mn	18%
NHS	2.040mn	6.04%
Private Sector	25.610mn	75.84%
Total in Employment	33.770mn	100%

Public Sector (Central Government, Local Government and Public Corporations) and NHS is 24% and Private Sector is 76%

Working Free contends that the real figure for workers supported by Government money – but not actually categorised as **Employees** – is considerably more than this. It is difficult to be precise about this due to availability of data and a blurring of interpretations.

But in 2023, for example, the NIESR suggested that a figure of 10.6mn was more likely than 6.1% This would have changed the percentage split to 37%/63%

Public Sector employees have risen since then. Working Free reports below that in the last year, they have increased by 170k.

From the ONS published information (try googling – ONS EMP01), this is the latest Current Position - as at end of September 2024 – published on 17.12.24. (Next issue 20.3.25)

- *Employment in central government was a record high at an estimated 3.97 million in September 2024, an increase of 28,000 (0.7%) compared with June 2024 and an increase of 113,000 (2.9%) compared with September 2023; the main contributors to this increase were the NHS, some local authority schools becoming academies, and the Civil Service.*
- *The NHS employed an estimated record high of 2.04 million people in September 2024, an increase of 12,000 (0.6%) compared with June 2024 and an increase of 57,000 (2.9%) compared with September 2023.*
- *Employment in public corporations was an estimated 157,000 in September 2024, an increase of 4,000 (2.6%) compared with June 2024, but a decrease of 39,000 (19.9%) compared with September 2023; part of the annual decrease is impacted by a reclassification between March 2024 and June 2024.*
- *Employment in local government was an estimated 1.99 million in September 2024, a decrease of 6,000 (0.3%) compared with June 2024 and a decrease of 11,000 (0.6%) compared with September 2023; some local authority schools becoming academies contributed to this decrease.*
- *There were 548,000 employees in the Civil Service in September 2024, an increase of 2,000 (0.4%) compared with June 2024 and an increase of 19,000 (3.6%) compared with September 2023.*

Latest figures – above – can be summarised as follows: -

	(Million)	increase -1yr (£'000)
• Central government	3.970	113
• Local Government	1.990	(11)
• Public corporations	0.157	(39)
Total - Described by ONS as Public Sector	6.120	63
• NHS	2.040	57
Total - Public Sector Workers and NHS	8.160	120

Note: Central Government includes 548,000 Civil Servants – being a 19k - 1 year increase.

Current statistics are specifically restricted to Government employees. Some are employees through a separate entity (eg: Public Corporations)

The year-on-year net increases add up to 120k. If you exclude the two minus figures this becomes 170k.

Of the two minus figures, Local Government run their own show within constraints and some funding from Government and noisy commentaries from their local citizens. There is also a level of estimation in these figures. The minus figure in Public Corporations is in practical terms outside Government direct action.

Whether this £170k is seen as a big figure or a modest increase is a judgement waiting to be made.

This is how Public Sector is defined.

- **Central government** includes Government Departments and their ALBs (Arms Length Bodies) : Executive Agencies, Non-Departmental Public Bodies, Non Ministerial Departments, and any other non-market bodies controlled by Government
- **NHS is** treated as a separate organisation.
- **Public corporations:** There are quite 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.)

How do we measure how many workers could be categorised as Public Sector?

Public Sector really needs to include – in addition to “employees” - those people who are supported directly by Government money.

- Government money finds its way into a range of suppliers and outsourcer businesses – not employed or contractors - but otherwise delivering goods or services to Government.
- 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. This can be a sensitive issue- in other contexts.
- Organisations on preferred supplier lists, frameworks and otherwise under contract.
- Suppliers to the above.
- Direct procurement engagements. Not usual but needs to respond to emergencies. (Happened fairly often in Covid.)

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The aim is to calculate exactly how many workers in the UK are available to generate national wealth as part of the National Transformation Programme.

Excluded, obviously, is money that constitutes investment, funding, grants and loans, much of which will trickle down through third parties. The Conservative Party's unavoidable Covid spend of £440bn which, in the end, will not be discredited, is obviously. But it will be a long time before the damage has been made good – if ever.

An interesting case-study example could 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. The Covid years disrupted this. When Covid fell away, their staffing process had to react reflecting less Government work and many Big Four employees were let go. But this will doubtless recover. In fact, it now looks as if some recovery is under way for the Big Four in Government work – in spite of their strong rhetoric about anti-consultancy spend.

The debate here is whether these people should be seen as employees. Technically not, but indirectly they might be. Do they provide a service that otherwise would be needed on the payroll. Of course, expert external advice may well be needed by any organisation. But, all of it? Clever, well-educated senior public servants ought to be able to make up their own minds. But off-loading risk and responsibility is an easy thing to do.

Translating this into cost is an interesting exercise.....

What do the numbers of people mean for Costs and Value for Money

A primitive – maybe clumsy - way of approaching this might be to pick up from the internet this quote from **the Institute of Fiscal Studies**

26 Sept 2024 — The public sector employs 5.9 million people (as it was then) in the UK, at an annual cost of £270 billion in 2023–24 (including salaries, employer pension.)

This is £45,763 per person. Some may see this as on the low side – but Public Sector does employ a very broad spread of people.)

Based on this, for the latest reported figure of 6.12mn - the pro rata increase would be **£14bn extra to £284bn**

And if it were 10.6mn, the pro rata increase would be a whopping £209bn – making £493bn.

Who is to say what the real figure for Public Sector numbers and costs might be?

This is why the UK has to move into profit. It needs to do it through the Government's National Transformation Programme. The UK, as a country, last made a profit in 1997 (except for an accidental profit in 2020) and in only 18 years out of the last 76 years since these records began in 1948 during the Labour Government of 1945 to 1951

The immediate future is going to be – and it looks like it has already started – about doing a lot more with no extra money to do it with. The urgency to get hold of new money has to come from foreigners and be earned.

Section 3 Atypical Workers

- What are Atypical Workers?
- IR35. What is it?
- Why does it need changing?
- The Working Free Proposal. **A solution!**

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, changing 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. Special arrangements with HMRC are in place in many cases.
- 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. (Usually PSCs – Personal Service Companies.)
- 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.) In these circumstances, Atypical Workers are often disadvantaged.

- 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., although some think that this is temporary. This will have put pressure on the state to fill the void and pay.

What is of current interest is how many of the MPs put out of work at the last General Election are now “Atypical Workers”? Actually, no-one knows. But networking conversations suggest a range of current incomplete discussions still going on and, in some cases, not having a good understanding of how Atypical work operates. NED work seems elusive to those expecting it to be a given.

- About 40% of the Total in Employment in the UK can be categorised as Atypical Workers.
- Atypical Workers are almost all off-payroll but included in the 33mn. This means that virtually all never get counted in any Unemployment figures.
- This means that when the economy downturns, they are the first to feel it. (It is the difference between Jobs and Work). It puts Atypical Workers in the same category as the rest of the economy selling to consumers and to other businesses selling to consumers.
- But what also happens is that the FTEs who are reacting to being made redundant may well conclude that there are no available FTE positions for them elsewhere and, amongst identified options, will turn to Independent Working as a personal solution. At this stage they will recognise the big difference between JOBS and WORK.

IR35 What is it?

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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, thereby, recognised as an Independent Business supported by Contract Law and not Employment Law and be accountable for their own tax liabilities.

One of the impacts of IR35 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. One of the results of this is that some independent workers will be counted as FTEs.

In recent times, employers have also mandated inclusion on their own payroll for fear of HMRC penalties.

Referred to by many as “bogus employment” with strong echoes of “tax dodging”, these are difficult distinctions. In practical terms, the fact that workers who WANT to be treated as independent practitioners have no standing ought to have an alternative. Working Free offers their solution. Read on!

Does it matter?

But these people do have other choices faced with redundancies – and we all know something about all of these. They can quit altogether – money and options permitting – “retire” or go off sick. They do become largely invisible and have to learn new tricks. Largely on their own. Government is not interested if they can’t see them - but supports HMRC who are inclined to see them as tax dodgers whilst Unions are likely to see them as zero-hour workers.

How an absence of work – and the jobs that would flow from that - play out in practice depends on the level of worker. At the lower end, there are about three financial support options. At the more senior end there is probably nothing by way of support.

If anyone in Government would value a closer look at this, talk with some of the MPs who lost their seats last year. This might be you in 2029!

IR35. Why does it need changing?

Because the world is changing and more workers – particularly at senior levels – understandably want these changes to be recognised. Many others share this view. And this will have more credence as the economy tightens. *(This view expressed Feb 2025)*

See it this way. Compare the plethora of employment legislation coming into law and unusual disruptions with a tightening economy where there is less work around and redundancies will start to increase.

Lots of effort for workers who are NOT there!

More workers moving, in effect, from corporate payrolls onto the Government's payroll.

The Government's journey towards their vision of the UK's future really does need to avoid colliding with these bollards!

Umbrella companies

Umbrella companies are a fairly new phenomenon in the employment market and have been independently created to respond to the new rules – from 2020/2021 - to facilitate tax collection under the IR35 legislation.

There are - reportedly – about 500 of these specialist operators in the UK and their purpose is to assess and collect PAYE and NI from the Independent Workers who fall within scope of IR35, pay it over to the HMRC and invoice the organisation hiring the independent worker with the full (gross) amount. The umbrella market is unregulated, and umbrella companies are just standard limited companies operating payroll services.

At the start of any assignment between an organisation and an independent professional, their tax status has to be established and there is HMRC published criteria upon which the determination can be based. Many see this as overly subjective – and it is primarily the workers' decision. The financial risk of getting this wrong can be distinctly punitive – both for the worker and the client organisation involved. What happens in practice is that the client automatically elects to use an umbrella company for all workers engaged in this way.

Statistical data for the size and volume of this process is hard to come by but the sector itself offers various assessments of the number of independent workers Operating through them Industry sources generally assess this at 700,000 (2024/5) and HMRC itself is reported as agreeing with this.

The impact of this is that whatever the number is , these workers are whereas in fact included in the full-time employee (FTE) figures in the ONS statistics. – the individuals concerned see themselves as at running their own small business and the reality is that they are self-employed and should be included in this category in the ONS statistics.

Nevertheless, Independent Professionals working through Umbrella Companies doing established payroll jobs should be treated as FTEs as currently required. But they should enjoy the same benefits.

But the question should be asked **“Why does the company not recruit permanents (FTEs)to do the work?”**

The negative answer would be they can't find any. Why not? Because they don't exist. ONS and the Government confirms that.

But you can find Independent Professionals - seven hundred thousand of them. And you engage some of them because they have more to offer; or suit better your timescales and/or requirements; or you don't want to employ FTEs because they are too much trouble. Contract law is very much easier than Employment Law - particularly the new ones.

So, something is wrong somewhere.

Here is Working Free's solution

IR35. Working Free's Solution

Instead of arguing about tax – which are very much problems waiting to be solved, HMRC – and the Government – should adopt a much bolder – maybe radical – approach and implement Working Free's long-standing proposal as a solution.

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.

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

The Working Free IR35 Proposal

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 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.

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

Recalling yesterday’s management buzzword “**Empowerment**”, what about the Government’s enthusiasm for working with ALL the talents.

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.

*Smile at us, pay us, pass us; but do not quite forget,
For we are the people of England, that never have spoken yet.*

GK Chesterton 1908

Section 4 What has all this got to do with Growth?

- **What has growth to do with Working Free?**
- **About the hysteria**
- **Have the right targets been identified?**
- **Growth means new money**
- **New money means exports.**
- **What to focus on? The key question**

What has growth to do with Working free?

Working Fee beats the drum for senior people operating on an independent basis – a key component in the Atypical worker segment. It's not possible to beat this particular drum without saying what Atypical workers do and in particular what do they do to promote growth.

Here are some important applications.

Most Independents operating at senior levels do it because they want to – are entrepreneurially minded and learn how to be good at getting a flow of work. Well suited to **selling more goods and services to more foreigners.**

About the hysteria

Don't you think that this single word – Growth – is the most over-used, widely abused and certainly unexplained word current today amongst politicians, economists, business leaders, even people in pubs - and the media.

No-one has taken the trouble to say what it actually is – who has to do what, when and how. It is almost like all has been written into the documents – and that is all you need to do.

Working Free offers this:-

Growth is more businesses and their people selling more goods and services to more foreigners.

Growth starts with one business and its people selling one product to one foreigner.

Those who don't know how should call the Department for Business and Trade.

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Have the right targets been identified?

The main thrust of Invest 2035: is to focus on key sectors – primarily top end advanced technology and manufacturing. How can this approach be best made realistic, given the inexorable decline in the UK manufacturing sector - now only 9.4% of national GDP. (where is the low-hanging fruit?)

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

The Government states: -

“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:”

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

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

(In Bold – above - are services - as opposed to Manufacturing. These three actually 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.

The other five sectors have been identified as growth ones – and will be targeted. These five sectors are clearly important ones but are currently fairly modest in volume and technical maturity and varying degrees of catch-up will be required to compete effectively internationally. It is worth bearing in mind that manufacturing accounted for 17% of the UK economy in 1990 but now accounts for 9.4%. The other 90.6% relates to Services.

Realistically, they must have enough to get started now to meet the Spring publication date. 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 Conservative Government made a fairly similar choice.

The then Prime Minister and Chancellor published in January 2014 the Conservative's Industrial Strategic Plan for 2024 in summary format – and which was the same for 2023. What they did with this afterwards is not evident.

The key growth sectors were: -

- 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 Section:- Creative Industries are one of the UK's major strength and leading exports.)

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. Moving into 2025, inflation looks like it might come from different sources.
- **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 has developed into an established export activity – Universities, Independent Schools, smaller private initiatives, Professional Bodies and, often overlooked, the UK armed forces. eg; Sandhurst training overseas soldiers (Ukraine, currently).

The Government’s VAT and business rates changes for independent schools - which means that foreign students will now have to pay extra – will damage this export business. It is reported that about 15% of student headcounts are currently overseas students.

- “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 all this. If not reflected in their Strategic Plan - Invest 2035:

What is noticeable is the amazing level of agreement between the three organisations. The differentiator lies in the ability to deliver.

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Growth means new money.

Since 1948, there have been only 18 years in which exports have exceeded imports. Apart from an accidental one in 2020, the last real surplus was in 1997. Unless this can be turned around.....

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

Internal sources of money include one or more of finding out who has the money 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 SECTION 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.

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 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 – 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.

However, in this case, money from furlough, support loans and grants came to the rescue – much never paid back. This won't be available again.

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.
- Supporting all this and as background, 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 a helpful process. 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.

Invest 2035: 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, more services to more foreigners.

The story of the UK as a global trading nation is and has been one of gradual decline – since the Empire peaked around 1910 and 1920.

Reversing this can realistically only mean selling more goods and services to more foreigners.

If the Labour Government are saying they can fix this decline – 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. In fact, most major Government projects do not end on budget and on time. Partly this reflects the sheer size, complexity and genuinely unforeseen events but it also is some reflection on Government's capability to run major projects.

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 for 58 out of the 76 years 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 last time the UK had a surplus was in 1997.

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 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.
- In 2024, the UK's exports of goods and services totalled £838 billion and imports totalled £866 billion. The EU accounted for 41% of UK exports of goods and services and 52% of imports in 2023. The UK generally imports more than it exports meaning that it runs a trade deficit

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.

Recognised - but certainly not celebrated - the UK is (still?) 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 .

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What to focus on? The key question

With the UK economy split 80% goods and 20% services and recent figures showing an exporting surplus of £43.3bn for services and £54.1bn deficit for goods, it looks sensible to regard the exporting of services (still second leading exporter in the world of services.) as worthy of strong promotion.

Earlier in this Section are listed the selected target sectors to focus on from now on. These are:

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

Those in black obviously need continuing promotion - with maybe Creative Industries extra effort

Apart from Defence which, probably, Trump has already set the budget for, those in red are itemised as what any global power should be good at – and Government has chosen to be part of that club.

The difficulty here is how best to balance effort, time and funding on each individual sector, bearing in mind their relative importance in domestic and global terms. How much does Government need to invest – and timings – to create income streams.

Going for low-hanging fruit has obvious attractions for today given that current demands are escalating, but investing in tomorrow's uncertain profits is the sort of conundrum that many CEOs and their Boards have to wrestle with. Might the catch-up cost not be worth it?

Always difficult.

Section 5 Why does any of this matter?

- **Making it work. Boots on the Ground**
- **Getting Down to Business**
- **More about Business; less about dogma**
- **A philosophy (Privatisation, Nationalisation and Intervention.)**
- **Flexible Working**
- **WFH (Working from Home)**

Making it work. Boots on the Ground

The real challenge is working out what sort of approach Labour needs to adopt for the overall project to succeed. Clearly it has much internal capability to build on and in a wider context but the project needs driving. It needs driving hard - particularly with a realistic day of judgement being 2029 – not 2035 as published by the Government.

The real energy and drive will come from individuals – particular at the customer-facing front line.

The traditional response of government to Projects has been to focus on creating the environment, the infrastructure and support to those involved – and the range of support activities can be quite broad. And then expect them to get on with it.

This project is not an infrastructure project – such as HS2 or the channel Tunnel – but it is about people and process – **a bit like Covid** where constant communications in a variety of formats between the Government and the people regulated who should do what when and how and importantly why. Covid was kept always front of mind. Decisions were made on the hoof – mostly right but sometimes questionable – and sometimes cutting corners – which came in for critical scrutiny afterwards – and much to the annoyance of the PM at that time.

No one was allowed to forget the importance of obeying the rules And keeping focused on the need to overcome Covid – and with everyone playing a part.

In order to shorten the time between initiation of an exporting capability and actually receiving the first receipts from customers for these endeavours, government may consider introducing frontline professionals on a project basis. In these cases government has been reluctant to put boots on the ground by way of working alongside companies expanding abroad. Interventions have not gone as far as seconding people into front line roles. Maybe it is now time to trial this in a purposeful way.

Setting up an infrastructure for this would have to be done that re-but precedence would be a great help.

Where the businesses are owned by the state, it is the state who decides what will happen how when and by whom. The state pays for it. Regulators will also have a role to play here.

When the business is owned by organisations and /or individuals it is easy to offer various forms of support – as happens comprehensively at the moment – but the big decisions lie beyond the control of government – with the owners.

It's a bit like the current target of building 1.5 million houses by the end of this current parliament. Government does not build houses. Builders build houses and whatever anyone says builders will only build houses when it suits them and their business plans.

What government can do and may well finish up doing this – is to put boots on the ground – probably foreign ground working with a variety of organisations and hungry British businesses mostly in foreign countries but short on people fire power.

This paper from Working Free seeks to identify who these people are, where they are and how they can be selectively mobilised.

Getting Down to Business

Of the eight target sectors selected by the Government to focus on, three are Services and five are what can best be described as Technology. This could be called the New Economy but it is hoped that this does not mean neglecting the best bits of the old economy – or even all of it. This is/has been referred to as **Manufacturing and Goods**. In doing this, it acknowledges that **Manufacturing** now represents less than 20% of the economy.

The three Services areas are the leading ones already identified – and ripe for major expansion. The five Technology areas are in various stages of development in global terms and of uncertain earnings potential. In any case, sales less development costs should not be expected to be linear.

Working Free has suggested that Technology should be made the third category – alongside Goods and Services - in ONS reporting. Some of these distinctions are fairly fine but standards can be agreed.

Additionally, Working Free has a suggestion for managing this process – see: *Section 8 Parting Shots*

More about Business; less about dogma.

But what this also does is recognise that Politicians need to know about and be skilled at business in all its manifestations and political dogma of all political hues becomes subservient to the creation of national wealth and which is for all the people, arguing about how to split the cake is better than having the continuing very little cake or no cake at all. This is a real current prospect.

Read our comments about the UK being unable to make a profit.

A philosophy – Privatisation. Nationalisation. Interventions

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 should be backing off their inherited mantras. Above all, they should be excellent Managers. - irrespective of dogma. Doing the best thing – or the right thing – are options but doing what works best and profitably and successfully would be what any intelligent observer would recognise and settle for.

Getting the right mix of Privatisation, Nationalisation and Intervention is the key to success. Nothing much to do with political dogma!

- After a noisy and sometimes bruising start and remembering their Union backers, Labour would ideally finish up where the Conservatives should have been - Outward facing, pragmatic, interventionist, well-informed, hard-working and with a renewed focus on people.
- But actively generating Growth – however the Government defines it - needs constant, energetic leadership to make it happen. Politicians need to be business savvy. “It’s the Economy, Stupid!”

Privatisation has become a different sort of concept.

The Conservatives' primary response to Privatisation has been to refine 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 worse than others.

Also, and ironically, the Conservatives finished up with being the “de facto” owners of some public sector operations – eg.: railway companies and maybe Thames Water.

Labour's concept of Nationalisation, as being currently articulated, is distinctly old school.

However, what they have done is not to pay acquisition money but to wait for current contracts to expire. Smart move! But time will tell if their approach will be better than the current arrangements would have been. Certainly, the staff will be better paid.

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.

Water, for example, should not have been privatised. Or it should have been stopped when it got out of hand. However, what might be best is to wait till it fails – ideally, to minimise cost. Whatever happens next will likely disadvantage customers.

Intervention ...

.... is the third vital component in a government's overall involvement philosophy in business and in the economy – sometimes not the same thing.

In practice, this is slightly more complex than many would expect.

Intervention can be viewed as follows: -

- Ownership
- Direct Intervention – Money / shares – and on varying terms.
- Indirect intervention. – Through regional and trade bodies. (Originally Government money)
- Unavoidable (eg: bailouts)
- Various forms of grants, loans subsidies.

There's a lot to be said about Intervention

But not here! Please scroll to the end and see Postscript 2

Flexible Working

Flexible **employment** is a cause supported by all political parties but which may differ in detail between them. It needs to be developed along the lines that suit all stakeholders.

Its main application is for FTEs (Full Time permanent employees on the payroll.) Part time workers are flexible already and as are the Self-Employed. Atypical Workers are clearly not covered by these circumstances – although they do represent an important and largely unrecognised part of the UK workforce.

- Covid and consequential changes in working patterns have recognised that the “power” balance between employers and employees has shifted towards employees. *(One perception is that they are hard to find, often expensive and often difficult to please and manage- and, when appropriate, to part company with!)*
- This now seems to be softening towards employers’ sentiments.
- The reduction in viable numbers in the workforce and the inability to match emerging and changing needs with supply presents an issue.
- Newish thinking about matching workers’ personal goals, aspirations, skills and availabilities with organisations’ specific and also just-in-time business needs adds to the sense of positive change.
- The need to reflect the impacts of these changes with new or amended business models is also having an impact.
- More relevant is the extent that current absentees can actually be persuaded back into the workforce - mixed results. Many must be thinking that the effort needs to be limited. At what point do you stop trying?

WFH - Working from Home

Working from home is a conundrum!

At one end of the scale, in the beginning, it was an emergency, radical, distressed measure ostensibly driven by the covid science.

Most employees were fascinated by it particularly if they were on furlough (9mn at its peak), notwithstanding the transition challenges. Most employers were horrified at the implications – how best to react and handle what needed to be done. How to run the business in these circumstances.

Extensive damage was done to the economy – as evidenced in the published indicators and relevant ONS data - and to a wide range of related matters. Everything slowed down. Attitudes changed – sometimes unhelpfully - perhaps more than at any since the Industrial Revolution. How to survive. How to bounce back were key questions.

IT suppliers did well. Many people left London. The dog population increased to 11 million since February 2020 when it was 10.1 million. (No joke! Sentiments have changed.) Gyms were out of bounds but are now doing a roaring trade (also known as Working from home!)

At the other end of the scale - Now – early 2025 - people are being gradually summoned back to the office, sometimes with effective pressure being used. Change is afoot. But exactly how and what shape this will take is not yet known. Probably, it will settle at a point a little higher than at present for the returners although with a higher level of flexibility than before. But it does expect more of the Individual in terms of good faith and delivery.

The real WFH debate comes in that middle ground.

Covid and the after-years made this middle ground fairly extensive but now, it's getting smaller. However, it's never likely to disappear in its entirety because it is what people want – and it's also what so many people have altered their circumstances in response to Covid and the after-years and do not want or can go back to what it was – or what was remembered it was.

But home workers do need to recognise that the absence of interactivity between co-workers and senior people can be personally damaging and career limiting. These people are short-changing their employers as well as themselves.

With relationships with co-workers, many do not realise just what they missed in virtually all aspects. *Office news; staff coming and going; gossip; activities in other parts of the business; things that you've wrong and no-one ever got near to mentioning it.*

At this stage, it then becomes a personal choice. How happy are they with their value to their employer/engager really is diminishing? Out of sight; out of mind. If they were recruited without a face-to-face interview, was their first encounter with their boss a good experience.

On their own and fairly quickly, many workers from home started to believe in their own hype – pacing themselves against themselves can be delusional. They think that the reality is something different than it actually is. They may miss the warning signals at this stage.

The reality of WFH has become that we are all responsible for our own actions and chosen lifestyles. If it does not work out satisfactorily, it is likely to be our own fault.

Very often what needs to happen is obvious. An advertising agency or a marketing Consultancy needs creative and buzzy people interacting personally for best results. Consultants and advisors are similar – doing all this on zoom is rarely as effective as doing it face to face.

(Apart from being busy at weekends, gyms are also busy on Mondays and Fridays. But should they be as busy as they seem to be now on Tuesdays, Wednesdays, and Thursdays? (This may constitute working from home!)

Section 6 There are not enough people to do the work.

Assuming that this is all about more UK businesses and their people selling more goods and services to more foreigners

Quoting from - www.employment-studies.co.uk

Labour Market Statistics, May 2024

“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 2024 the IES (The Institute for Employment Studies) 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%

The Working Free assessment starts here:

...and starts with a total UK Population:-

• Total in Employment (ONS Emp01)	33,770
• Unemployed (4.3%)	1,508
• Worklessness/ Economic inactivity. (21.7%)	9,337
• Pensioners/ Retireds over 65	11,000
• Under 14’s (From the last census)	11,524

Total (Actual UK current Population is 69mn) 67,139mn

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- **From the Total in Employment**, we look for 22,269 Full time Employees. The others fall into Atypical Workers category.
- From the 22,269 figure, we need to adjust for those who cannot be regarded as front line, client facing workers – at all levels – but primarily at middle and senior levels
- Category 2 - Lots of current efforts finding jobs for the unemployed.
- Category 3 is a much talked about group of absentees and with varying degrees of returnability
- Categories 4 and 5 don't count for these purposes.

These are the Total in Employment figures - October 2024. Figures available since them. Changes are modest. From ONS EMP01.

	All Figures	NOT f/t Employed Million
Employees (Full-time)	22269	
Employees (Part time)	6933	6933
Self Employed (Full time)	2944	2944
Self Employed (Part time)	1439	1439
Unpaid family	116	116
Govt Support	65	65
Total in Employment	33,770	11,497
		33.9%

Working Free contends that 33.9% - say 34% - above - represent the atypical working part of the UK Workforce.

However, Working Free would also contend that **Employees, full time but with a 2nd job of 1,256 and Temps of 1,538** need to be taken into account.

This turns the 33.9% into 40.2%.

We are sure that the ONS would recognise the 34% if asked – and possibly the 40% - but may express some surprise about what third parties do with their figures!

Taking this further..... (See Notes after the figures)

	(mn)
Employees (Full-time)	22.269
Less	
Umbrella Companies	0.700
Public Sectors FTEs – because they are back office	6.102
NHS	2.024
Subtotal	8.826
Available private sector workers	13.443

We tell the story of Umbrella Companies earlier in this Paper.

These workers are Independent Professionals, deemed by HMRC as not meeting their IR35 criteria and their engager is required to treat them as payroll workers – but less favourably than their own payroll staff.

However, if the real figure for Public Sector, as we have already considered, is 10.6mn, and NOT 6.1, the uplift of 4.5 goes to reduce the 13.443 to 8.9mn....

8.9mn FTEs are available for FTE work in the Private Sector.

(A bit fanciful, you would doubtless argue but the principle must be that the UK economy – particularly as it changes and adapts to the new realities heading for 2035 needs the best people In the right place, with the right skills, doing the right sort of work.

If the Labour Government can get the overall People bit right, the rest of it has a great change of working out well.

The message here is that Atypical workers need to be understood and treated much more seriously as at present and, in particular when answering these questions: -

- **What is the work that will now need to be done?**
- **What types of people will be needed?**
- **On the basis of these figures (above) who might be available?**
- **Where do others come from – not hitherto explored? There are 69mn people in the UK!**
- **What happens to them when they have been?**

Interestingly, many of the answers are available in a variety of formats in work already being undertaken.

Without, at this stage, exploring these areas, it is sensible to take the view that formal answers need to be assembled and firmed up and built into the overall and co-ordinated National Transformation Programme.

The need is escalating – it's a mix of getting the UK into profit, after all these years of losses; acknowledging the increasing number of Atypical workers; finding better ways of communicating with all levels of worker; recognising that **more work** is as important as **more jobs**.

And making all workers proud of what they do and proud of being British.

Section 7 What do we do now?

- Time to think differently
- A big-scale Programme calls for a big-scale communications response.....
- How best to communicate?
- Merging bits of public sector operationally with private sector
- Treat Atypical Workers as equal to any other worker – and let them do it their way. There are too many of them NOT to.
- Don't mention the word "Growth" again! (Growth is actually pronounced "More organisations and their people selling more goods and services to more foreigners.)
- Tell the Unions the true story about Zero Hours Work – *see below* – and tell them you want more.
- Stop bumping into bollards. The journey is too important for that sort of nonsense.

Time to think differently.

What has happened in the past has not worked. Otherwise, why has the UK made losses for every year since 1948 (except for only 18 of those years?) In fact, the last time the UK made a profit was 1997– except for 2020 when some imports get held up for London. In 2023, the UK's exports of goods and services totalled £844 billion and imports totalled £866 billion. A deficit of £21bn

Someone has to do something!

In Matthew Syed's excellent book "Rebel Ideas". He makes a distinction between Recombinant Innovation and Incremental Innovation. The difference being things that did not exist before – like personal computers - and things that did exist but could be dramatically improved - like Amazon and books. The UK needs more of all this – but Incremental Innovation ought to be on everyone's agenda. It should become an obsession. Focussed on doing; not talking.

A big-scale Transformation Programme calls for a big-scale communications response.

In the same way that any organisation that has developed and produced a major new product is faced with the task of selling it – selling it becomes absolutely vital and invariably accounts for a major part of the overall cost.

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In some cases, it might account for about 30% of the total cost which has to include not only launching the product but also getting it up to speed.

The same applies to the Government's National Transformation Programme. Different parts of the project will be launched at different times and go at different speeds but for effective impact it has to be within a reasonably close timeframe.

It must be strongly branded and personalised between the people leading the Programme – Starmer, Reeves and Reynolds and supported by DCMS and, importantly, must resonate with those targeted.

The DBT "new global growth team" could easily be added to this list – and certainly a major step forward - its establishment announced on 28.1.25.

Quick wins are vital. These should be like the Olympics, where Golds start being won from virtually the beginning, Golds (and/or Silver and Bronze) should be publicly celebrated continuously. Contrast this with the current Government view – that wins come at the end and they are mostly infrastructure and similar projects linked.

It is important to keep it all at the very front of national awareness. Regular (monthly – as the ONS does?) reporting to “clients” – the UK Population - who have and are paying for it. They need to be kept engaged particularly those who would take the view that the money should have been spent on things nearer to their own interests.

What might be a useful and important step is, liaising with ONS, to expand the monthly and other reporting to include a third category – Technology - alongside Goods and Services. Technology is now the Government's focus for the future and traditional manufacturing continues to get less. (Now about 9%)

A good example of a successful project is probably the Privatisation project under the Thatcher administration. This ensured a good selling of the shares and a sense of excitement and advancement that it engendered nationally and with its target audience – which was most of the adult population.

In this case - Google “Tell Sid “– 1986. Brilliant!

This is slightly different in that the **Tell Sid** campaign exchanged taxpayers' money for an investment in what was Public Sector -which in most cases proved fruitful. Today, it might be different. We all know it's our money being spent – and we'll all be hoping for some payback! It should promote “engagement”.

Creative and energetic development activity will create confidence and help to promote inward investment. The outcome should be evidenced by more people coming back into the workforce, higher activity levels and greater recognition and involvement with Atypical workers. Alongside this, mechanisms for capturing entrepreneurial endeavours and involvement should be established – as also should be new ways of doing things.

At the current time, paying for it will be a difficulty alongside current obligations. It's like a business – fixed costs apply to whatever the turnover is or is not. Variable costs should link directly to increases in turnover – but they always lag behind. This needs to be funded until it works – but the fixed costs still need to be paid. Invariably difficult.

Merging bits of public sector operationally with private sector

The balance of staffing and resources between public sector and private sector has always been a political hot potato. See Section 2 in the Paper.

Generally, Labour staffs up and Conservatives staff down – in so far as they can. Where this impinges seriously on the supply of services to the population the debate becomes more difficult – and, as at present, very difficult to resolve. It is about balancing funding between the present and the future.

But it is a compelling argument that having the maximum possible number of people on the operational front line has to have precedence over the back office.

Given the inexorable headcount increases in Public Sector (see Section 2 in this Paper, an ideal solution could be for more specialist trade people in the public sector to be seconded beyond what currently happens to those operating on the front line in the private sector, ideally in exporting goods and services.

The prodigious work supporting exporting carried out by the Department for Business and Trade should not be underestimated - but including some greater element of **"doing"** as opposed to **"advising"** could be very beneficial.

However, there is an interesting but worrying history of public sector people moving into private sector and private sector people moving into public sector. A favourite view is the **"Yes, Minister"** one – Public Sector people are institutionalised, and Private Sector people

expect decision-making as and when required and prompt implementation. Private Sector people also generally fire non-performers

Treat Atypical Workers as equal to any other worker – and let them do it their way. There are too many of them NOT to.

See Section 3 - Atypical workers.

These include part-time employed and part-time self-employed people.

Reasons for being part-time are many and varied. They also provide practical support for needy family, relatives and friends - and who would otherwise have to be supported by the state. Could these people receive more recognition?

(Current carers' allowances are payable to the actual person – not to the carer.)

Major revisions to the IR 35 mechanisms should be introduced. Ideally, following the Solution proposed by Working Free in this Paper.

Encourage and support more entrepreneurial behaviour in strong practical terms. Previous iterations of this have tended to be elitist and fairly trivial.

Don't mention the word "Growth" again! (Growth is actually pronounced "More organisations and their people selling more goods and services to more foreigners.)

For many, the word "Growth" has begun to sound hollow and meaningless; meaningless because, in its constant repetition, no-one says what it is. It denies definition. No national call to action. And when it gets near to being understood they are mostly about infrastructure projects and/or other projects that are not likely to produce profit for some considerable time. Likely not to be within the lifetime of this current parliament.

Seriously, those who want to keep on saying "Growth", Fine! But you'll only make progress when you do it. And to do it, you need to decide what it is and how to do it. Good Luck to you!

This is the Working Free Definition:-

Growth is more businesses and their people selling more goods and services to more foreigners.

Growth starts with one business and its people selling one product to one foreigner. And then escalating it.

Those who don't know how should call the Department for Business and Trade

Tell the Unions the true story about Zero Hours Work – and tell them you want more.

This is an interesting case study about the convergence of political dogma with business common sense.

Unions and Labour party alike condemned zero hours working and vowed to abolish it when Labour came to power.

And this was a firm intention until it got into the second reading in the house. Amendments were made in the light of representations made. At the time of writing is not certain where this has finished up, but it looks like the final outcome is slightly different than each anticipated - but looks eminently doable.

The government has won on principle but the opposition has secured some safeguards that would make an amended zero hours contract concept workable by all and which would establish a base period for continuity work, as requested. It looks like being slightly more expensive. But there is still a market there. There are willing sellers and there are needy buyers.

If you were to refer to this now as “**Just-in-Time Workers**” – **here would be a new, viable employment product.**

The fact is that many workers prefer this style of working even though they have had to put up with some bad practice. Hopefully, NO longer. Businesses will come back to the idea, resigned to the need to pay a bit more and make some commitment. Time will tell - whether it works both ways and the parties find it workable.

It is also worth noting that Zero House Contracts also operate at the senior manager end of the market. People don't hear about it as any complaints rarely get picked up by the Press. This is likely to be under Contract Law – not Employment Law.

Businesses have long ago established their business model on being able to respond almost immediately and this format is likely to increase.

Stop bumping into bollards. The journey is too important for that sort of nonsense

The Labour Party came into power on the 4th of July 2024, having been in opposition for 14 years.

They set off on this journey with great enthusiasm, hard work and much activity particularly with new legislation. However, their early journey was punctuated with colliding into a few bollards.

At the time of writing this, one is tempted to think their damage was limited to superficial scratches. But time will tell whether there is major body work or mechanical damage.

In the meantime, forget the past; manage well the present; and make sure that the future and the line of travel is ambitious, do-able and strongly supported, particularly by those who are paying for it.

The general consensus must be that there is a huge workload ahead and many Transformation tasks to be undertaken. So, let's get it done.

Many might see these as the damaged bollards.

- **Receiving free clothing and tickets to concerts**

Most of these were errors of judgement and/or practical experience – lack of attention - quickly forgotten – but on file.

- **Compare Starmer's first speech as Prime Minister with Trump's first speech as president**

Trump was noisy, rabble-raising and champing at the bit to get on with his expected and well-leaked legislative programme. Americans like tough guys. Brits invariably fire them. By contrast, Starmer was gloomy, full of foreboding about the difficulties ahead and the steps that will be needed to overcome these difficulties - and still insultingly voluble about the previous administration. Not undeserved but no longer relevant. Always a good move to be nice to people, before you take money off them.

But money had to be raised – the obvious sources had been declared out of bounds, so choices were limited. And still are.

- **Winter Fuel Allowance**

Much hostile and emotional reaction – and visions of little old ladies huddled in their duvets not getting out of bed in order to

keep warm. Bad press. The real problem was a failure of PR management in its delivery. Probably, it was intended to present as an example of strong and decisive management, coping with exceptional challenges. But, for many, it seemed like something being done TO them rather than FOR or WITH them.

The reality is that it had been a one-off emergency payment by the previous Government, reacting to a huge spike in oil and gas prices and people also needing to be cheered up. So, there was no real reason why it should have been seen as a commitment. In the event, those deserving cases were covered by the benefits system.

The lesson to be learnt here was around PR – and to be borne in mind when launching the overall economic transformation project.

- **As expected, independent schools had VAT at 20% slapped on fee income**

We await any major responses to this in terms of any possible legal action or the extent to which pupils need to be relocated. Seen by a minority as an inevitable act of class warfare rather than a matter of personal choice – which for the most part involved personal financial sacrifice something that will have bothered them but probably no-one else. But some will have seen this as levelling down rather than levelling up. The fact that education is a significant export service was not mentioned.

But what might have been a better approach could have been to start off with a lesser rate than 20% - and then increase it when the noise had died down. Time will tell. In the meantime, the rest of the country gets on with their own lives.

- **Farmers are still kicking up a fuss about the changes to inheritance tax**

..... and not without some justification in the eyes of many. Hardly anyone feels sympathy for the wealthy who have bought farms primarily tax reasons but many will have concerns about small farms where generations of a family have laboured for very modest returns seeing a justified reward when they do sell up. It is a bit like families expecting to finance their later years by selling their houses.

Perhaps the government could have recognised this slightly more than they did by some improvements to the

exemptions. Maybe some tapering? And extra tax charged on disposal for anything other than agricultural?

- **National Insurance and minimum pay rates.....**

..... created many heated objections – but at least businesses have the opportunity of recouping the cost - unlike individuals. And many businesses have had experience of handling situations like this in the wake of Covid. Sales needed more care and attention, as did staff who were either absent or distracted. Additionally, business models had to be amended in many cases. Digital solutions became more relevant and integral.

There is a view that accommodating all this – and in a tightening market – needs some Government response in terms of creating a better business climate within which they can grow. (What is Growth?) The deal needs to be *“We’ll tax you more in return for Government fixing for you to get more business -and have something left over.”*

But it has to be about the Individual and how each individual can make a contribution. The UK has to generate enough money to pay for what its people want and what the Government decides it needs.

Section 8 Parting Shots (4.3.25)

The Government's approach was presented piecemeal; but, together, they look like a major Business and Economic Transformation Programme. If successful, it might compare well with any British Government, including the Labour Government of 1945 to 1951. There is some overlap in these 6 points, but, in total, they must constitute the creation and delivery of what needs to be the most important and far-reaching period of industrial - and social - change – that the UK has experienced since the Industrial Revolution.

How will this play out? This question is out of scope for this Occasional Paper. But there must be many with ambitious ideas and vision who may ride to the rescue. The Government knows what the **Product** is. It needs help to harness the potential of its **People**. And it ought to be able to work out an effective **Process**.

But... here is a practical working suggestion..... to get the Programme going: -

Adopt the Triumvirate approach – first used effectively in the Roman Empire ... and often noticed informally in some businesses – with the CEO, CFO and COO.

For each one of the eight targeted sectors for development, appoint a three-person team to act as the **Sector Directorate** and with the responsibility for creating, developing and managing the deployment of the Transformation Programme for that particular Sector.

The lead member of the team should be someone from the sponsoring Government Department who knows their way around Government. The second member should be an externally recruited independent professional with director level practical experience and knowledge of working in that particular sector – or nearest. They would need to be old enough to be personable, cunning and streetwise but young enough to have the energy for the unique challenge and have some international experience. The third member should be a technical specialist – or nearest - also with some international experience.

This approach would reflect the different speeds at which each of the eight selected Sectors will develop and also the need for quick wins. The visible competitive spirit between all eight Sectors should provide good theatre.

The Government's planning sees this as a ten year project – to 2035. But if they have not scored enough goals by 2029, they'll be relegated.

This project must not be allowed to fail.

Section 9 More about Working Free

What does Working Free mean?

- 1 It means working for yourself, free from the shackles of organisational constraints and structures.
- 2 Secondly, it means doing the work that you want to do. It means focusing and matching your own specialist skills to the tasks that demand that skill.
- 3 Thirdly, it actually does mean working for free, if you choose.

But you do need to view this for what it is. It is a commercial decision. It is part of a pricing strategy. Many organisations have different price structures for different types of work and always depending on the relationship with the client. They also build marketing and selling initiatives into their processes. It means being yourself. It is your **decision**. It is your **business**. It's your **risk**. **It is your life**.

This is what Working Free should mean for ALL Individuals: and their Organisations-

- *A preparation for new working environments and models.*
- *A broadening, an extension and – maybe – a renewal – of personal and professional skills.*
- *An exploration of entrepreneurial skillsets, attitudes and behaviours.*
- *It's a lifestyle change from dependence to independence.*
- *Working Free builds on what you've got – it does not start again.*

In an increasingly turbulent working world – with the impact of Trump yet to unfold - the importance of the UK government rolling out its vital transformation programme – successfully and as soon as possible cannot be overstated.

Success will largely depend on Individuals.

About Charles Russam. Charles set up in 1982 and ran, with others, Russam GMS - now rebranded www.russam.co.uk - the first UK mainstream Interim Management Provider business. Through all this he developed a strong and abiding interest in how workers, particularly at higher levels earn a living or, as the case may be, don't. He sold, through an MBO, the business in 2014 to Jason Atkinson and Ian Joseph. After this he took over and set up www.WorkingFree.co.uk and Devonshire House Network Ltd www.DevonshireHouseNetwork.co.uk

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Postscript – 1 - 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 handicraft 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

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acknowledging it - attending to matters that if they did not, 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 – now 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.

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

... The most important results in daily life are to be obtained not through the exercise of extraordinary powers such as a genius and intellect but through the energetic use of simple means and ordinary qualities with which nearly all human individuals have been more or less endowed...

Samuel Smiles. Self-Help 1859

Postscript 2 - About Interventions – the Elephant in the Room ...

... defined by the Cambridge Dictionary as: *“If you say there is an elephant in the Room you mean that there is an obvious problem that people do not want to talk about”*

If Government wants to grow the economy, how does it do it?

Intervention is the third vital component in a government’s overall involvement philosophy in business and in the economy alongside Privatisation and Nationalisation – sometimes not the same thing.

You have to have intervention to make anything happen.

These are unlike the big-scale physical infrastructure projects – which seem mostly to exceed significantly their budgets and their timetables and would not be likely to have any short-term benefit. Big non-physical projects are as difficult to manage.

Intervention can be viewed as follows: -

- Ownership
- Control
- Direct Intervention – Money / shares – and on varying terms.
- Indirect intervention. – Through regional and trade bodies. (Originally Government money)
- Unavoidable (eg: bailouts)
- Regulatory.
- Various forms of grants, loans subsidies.

The key issue behind any form of success in **the Invest 2035: – The UK’s Modern Industrial Strategy 2035** – and interpreted by Working Free as the **UK’s National Transformation Programme** - will lie in its ability to control all key parts of the process. It’s not a physical infrastructure thing like HS2 - where it’s not finished until it’s finished and trains are running on it. It’s intangible and ought the start with little wins from the very beginning. And be incremental. Like winning medals at the Olympics – they start almost from the very beginning.

EG: the Government’s ambitious housebuilding Programme looks stalled before it has started. It’s all the side issues that need changing to allow this to happen – and then the big challenge lies in the realisation that Governments don’t build houses; builders build houses. And builders operate to their own drivers.

The Invest 2035: project, as suggested by Working Free in this Paper, might best be divided into 8 Projects – reflecting the 8 Target Sectors. Each one contains differing content, lines of development, outcomes and timings and different ways of measuring them. . Success will show as lots of small achievements that add up to a big, continuous and sustainable win.

Most observers take a cautious view of direct interventions. Historically, cherry-picking has not generally worked. But some turn out to be little more than experiments and usually unsuccessful.

Negative interventions usually take the form of bailouts or dogma driven investments.

Ownership ...

... means that you can make the decisions, own the IP and enjoy the dividends/ profits when they come.

Invest 2035: has to focus on supporting UK owned businesses - existing ones or newly created ones.

Over the years, many progressive businesses and in key sectors have been bought by foreign businesses or hedge funds or Private Equity Firms. But why should there be any commercial sense on spending UK owned capital – maybe provided by tax payers - on enriching foreign business owners. To justify that by quoting job-creation is a nonsense – particularly when they get fired – or the owner moves the business overseas.

Protectionism is a great policy – particularly when you can dress it up as something different. As we may be finding out in the Trump era.

How many Defence related or high tech business have gone to foreign owners – much more relevant now as we shuffle into a new world order.

UK Governments have been criticised for allowing this to happen. These are difficult decisions

The primary purpose of any civilised democracy is to look after its people and, probably, the best example of Political Ownership of this was the radical Labour Government of 1945 to 1951 under Clement Attlee who was the Leader of the Labour Party for 20 years until 1951. His Government created the National Health Service, nationalized industries, and decolonized parts of the British Empire. The government also passed the National Insurance Act of 1946, which established a welfare state.

Attlee had limited interest in promoting a strong manufacturing base and international trade by way of national wealth creation and what he had created mutated over the years until Thatcher took it on herself to create a

focus on national wealth creation. She altered the power of unions, made the making of profit in business important and fashionable, said that the UK was now a services-based economy and country – whatever the merits and demerits of that might have been then - and allowed the rest to quietly moulder.

Thatcher – and her successors – realised that Manufacturing works best - and probably only - when based on cheap labour – unless highly automated. This was a policy that was never going to get very far.

There is a case to be made that no other Prime Minister did little more than manage the nation's decline.

Control is difficult when it does not emerge from Ownership. It's mainly about Leadership.

It's difficult to think of any of Labour's activities in this area because 14 years out of power is a long time. But Starmer and his senior Ministers now have Ownership. The plethora of published material describing what they are going to do creates a – maybe unique - opportunity to achieve a genuine Transformation. A new beginning.

Here are some varied examples – in no particular order – and probably only emphasising the huge difficulties in deciding what is the right thing to do at any particular time.

- **The NatWest bailout in 2008 cost £46bn** – we will likely finish up in 2025 with all the shares sold for about £20bn repaid.
- **Even Mrs Thatcher surprised her colleagues** with a significant investment in a Northern Ireland motor car manufacturing start-up at the invitation of a tall, handsome and hugely charismatic American called DeLorean.
- **The biggie of them all has been Covid** at £440bn. Selectively maligned by Labour and with shrugged shoulders elsewhere, it probably stopped many people dying with some others benefitting - mainly suppliers - and introduced many to the working-from-home lifestyle – and who develop their own ideas about work. Comments about this elsewhere. On balance, it had to be done. It's difficult to imagine any other Political Party doing any better.
- **Airbus is a sad example of the UK's lack of international realisable trade ambitions.** In the late 1960s, Airbus' predecessor companies from France, Germany, the UK, and Spain laid the foundation for today's industry leader. The UK was one of the major joining shareholders. But exited from this at a later date. Airbus is now the leading civil aircraft manufacturing business in the world. Alongside this, they are an integral part of the Typhoon fighter jet project. **part**
- It's difficult to think of any of Labour's activities in this area because 14 years out of power is a long time.
- **British Steel** early days!

Where Government want to finish up is with some level of control over sectors that the Government has targeted sufficient to expedite rollouts and the speed of development - and meet agreed milestones.

However, for Labour to be successful with their Transformation Programme, **it looks like direct intervention of some type is going to be the best option** for achieving what they have said they want to do – and on budget and, importantly, on time.

They have quoted 2035 as their target date – but they'll have to persuade voters in 2029 that they have achieved enough to keep them in power.

Postscript 3 – Finishing where we started.

Update from the Dept for Business and Trade – 12.3.25

The DBT writes to those who contributed to their Research – as Working Free did – as follows:-

Industrial Strategy consultation - interim analysis and next steps

“As one of the respondents to the Industrial Strategy consultation, Invest 2035, we wanted to update you on the work to date on analysing the wealth of information provided by you and other contributors. The questions posed in the consultation received more than 27,000 answers from a wide range of businesses, individuals, academic institutions, think tanks and unions, and including more than 250 business bodies representing hundreds of thousands of businesses across the UK.

The focus is on detailed policy design to improve the business environment and address the identified barriers to growth, specifically for the growth-driving sectors and across the economy. The Industrial Strategy Advisory Council, comprised of experts from across academia and industry, continues to provide scrutiny, advice and challenge on the overall policy package. We are also engaging business directly - regionally, nationally and internationally - including through sector-specific channels.

We are very grateful for your input to the Industrial Strategy, which can only succeed as a mission to drive up business investment and the UK's long-term growth through partnership with the network of businesses, investors, civil society, international partners, local leaders and devolved governments that play such a critical role in the UK economy.

Thank you again for your contribution and ongoing commitment. “

Detailed plans and proposals are due in the Spring.

Working Free looks forward to welcoming a worthy successor to their original Paper which we described as:-

*It 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. They seem to within reach of finalising the **Product** and are creating **Process**. What about the **People** – the major focus of this Occasional Paper from Working Free.*

However, the National Audit Office does have some reservations – under the heading:-

“DBT’s approach to supporting UK industry needs boost to unlock full potential of Industrial Strategy” And refer to some specific points.

Press release Date: 12 Mar 2025

<https://www.nao.org.uk/press-releases/dbts-approach-to-supporting-uk-industry-needs-boost-to-unlock-full-potential-of-industrial-strategy/>

The big question posed by this Occasional Paper is ...

Will this Government actually deliver what is promised?

Working Free says that it is all about more businesses and their people selling more goods and services to more foreigners.

What now makes this now more obvious is to see Trump pushing the rest of the world towards doing the same thing,

*We are the music makers,
And we are the dreamers of dreams,
Wandering by lone sea-breakers,
And sitting by desolate streams; —
World-losers and world-forsakers,
On whom the pale moon gleams:
Yet we are the movers and shakers
Of the world for ever, it seems.*

Part of "Ode" by the English poet Arthur O'Shaughnessy and first published in 1873.

Elites tend to quote the words “*movers and shakers*”. But what comes before that sums up what successful individuals need to go through before they qualify to use those three words.

Postscript 4 - A bit more about Growth – GDP, Taxation and Exporting.

- **What is Growth?**
- **How does the UK rank in global GDP?**
- **How is GDP calculated?**
- **What are the main contributors to UK total tax revenue?**
- **NOTE that the UK ranks variously between 20 and 30 as measured by GDP per capita. What does this mean and why are we not higher up?**

What is Growth?

Growth is normally seen as increases in GDP – as measured and reported by Government. This reflects businesses getting busier, new businesses with better products or services starting to win work, new work in new markets and other initiatives aimed at growth all needing Individuals – in organisations or on their own – creating drive and delivering results.

How does the UK rank in global GDP?

Here are the World's GDP rankings as at the start of 2025 – from the IMF.

2025:

		US\$ trillion
1	United States	30.34
2	China, People's Republic of	19.53
3	Germany	4.92
4	Japan	4.39
5	India	4.27
6	United Kingdom	3.73
7	France	3.28

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8	Italy	2.46
9	Canada	2.33
10	Brazil	2.31
11	Russian Federation	2.2
12	Korea, Republic of	1.95
13	Australia	1.88
14	Spain	1.83
15	Mexico	1.82
16	Indonesia	1.49
17	Türkiye, Republic of	1.46
18	Netherlands	1.27
19	Saudi Arabia	1.14
20	Switzerland	0.9996

The service sector is the largest contributor to the UK's GDP, accounting for around 80% of the total output.

How is UK GDP calculated?

The UK's GDP is primarily made up of the value of goods and services produced within the country, along with income generated from these activities. This can be viewed through three main lenses:

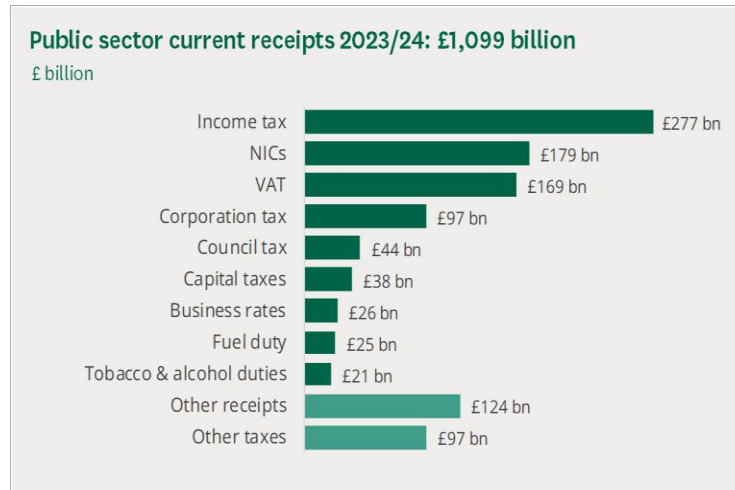
- output (the total value of what is produced),
- expenditure (the value of what is spent), and
- income (the value of wages and profits).

(Working Free has no idea how this calculation is done.)

This process should also be measured by all countries contributing to global statistics. It is acknowledged that some may not always be strictly compliant.

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What are the main contributors to UK total tax revenue?



From the House of Commons Library.

Business organisations will contribute to the first 4 of these categories –and maybe to a small extent to the other - representing about 66 % of the total.

Any movement in business activity (GDP) will directly affect the first four categories in this list – up or down. The current problem – and one which may have been a problem since the war – **is that recent Governments have struggled with relating growth with taxation with public spending and invariable seen as “cost of living” challenges.**”

(More about this throughout this Occasional Paper!)

The UK ranks variously between 20 and 30 as measured by GDP per capita.

The formula for calculating GDP per capita is to divide the economy's GDP by its population. This positions the UK as variously between 20th and 30th in the world.

Many would see this as unacceptable given that the UK ranks 6th in absolute GDP rankings.

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The UK's GDP is 3.73 US\$ trillion and it ranks 6th in the world. Its GDP per capita is somewhere between 20th and 30th. The UK is \$58,273. As comparison, Germany is \$69,027 and Australia is \$70,340. Catching up would solve a lot of current issues.

These are the major issues about why we are not higher up the table and covered in some detail in this Occasional Paper.

- There are too many people NOT in the effective workforce and
- We do NOT produce the right “goods” for a successful exporting nation.
- **Invest 2035** has selected five target sectors for specific focus and these tend to be technology and knowledge based – and at various levels of current activity and development – with some behind the curve. This does not preclude other sectors currently exporting,
- Whilst we are (still) the world’s second biggest exporter of services we are failing to treat this seriously enough although the three Target Sectors selected by **Invest 2035** are spot on!

Sceptics would say that this may be true but the real meaning of Growth is to increase GDP overall because this increases revenues of the various categories of taxation that produce Government income – and enabling it to pay for all its commitments – including new ambitions arising primarily out of Trump-driven action.

The mission of Working Free is to demonstrate that increased prosperity in the UK would best come from the large number of individuals in the UK who could be mobilised towards more effective contribution within the Government-defined sectors and for more businesses and their people selling more goods and services to more foreigners and defined elsewhere in this Occasional Paper.