

Working People – the new crisis.

From Charles Russam.

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This paper focuses on and explores the developing crisis in the UK workforce, made more visible by the publication of the government's. **The UK's Modern Industrial Strategy Paper**, published on 23.6.25 and following the extensive consultation process which started in the autumn of 2024.

The UK's labour force is not fit for tomorrow's purposes. There are not enough workers to do what is needed – and there are major mismatches between supply, demand and, importantly, the softer characteristics of the work ethic, apathy, motivation/creativity and the sort of entrepreneurial, inventive ambitions that have worked well for the UK over the centuries. Variables interacting with other variables create interpretation challenges.

Understanding this and identifying solutions need to take place within this framework:-

- The UK has not made a profit since 1997 and only 18 times since records began 76 years ago.
- The only viable way forward is for more businesses and their people to sell more goods and services to more foreigners
- An unprecedented mix of old and new, internal and external pressures have been relentlessly changing the workplace, employment models and social and economic structures.

This framework translates into these activity areas:-

- **Where are we NOW?** Stalled Economy. Thousands of workers under-utilised.
- **Growth.** GDP is a global standard – of size. Real Growth is more money coming in than going out. It is front-line people who deliver this.
- **The UK's Modern Industrial Strategy – published 23.6.25**
Is this the beating heart of Growth?
- **What are Working People?** Millions more than just Union Members

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- **The UK's labour force is not fit for tomorrow's purpose.** Take a look in depth.
- **Unemployment.** Not what you think it is.
- **Worklessness will not be changing significantly.** Time for a re-think.
- **Public sector and private sector** – much out of balance
- **Atypical workers.** About 40% of Total Employment. Under-recognised.
- **What do we do now?** Read our progressive Proposals.
- **About Interventions.** Misunderstood. Dangerous. But vital.

See supporting Information that follows for each of these bullet points.

These are also page-marked to fuller information contained in the Occasional Paper – “Kickstarting Growth NOW! “ (V17 runs to 24k words. V18 is in preparation with necessary amendments.)

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Firstly, LOOK AT ... The Working Free Big Picture

7.7.25

These figures were collected during the second half of 2024. More recent figures do not alter the Big Picture.

Total in Employment (ONS Emp01)	33,770	(Fairly constant)
Unemployed (4.3%)	1,508	(Trending UP)
Worklessness/ Economic inactivity. (21.7%)	9,337	(Trending down)
Pensioners/ Retired over 65	11,000	
Under 14's (From the last census)	11,524	
Total		
(Actual UK current Population is 69mn)	67,139mn	

Our primary interest is in the Total in Employment – 33,770mn.

Employees (full-time)	22,269
Employees (part-time)	6933
Self-employed (full-time)	2944
Self-employed (part-time)	1439.
Unpaid family	116
Government support	65
Total	33,770

Working Free contends that on further examination, this is what you find:-

UK total Population	69mn
UK Total in Employment	34mn
This Includes FTEs	22mn
FTE includes Public Sector (incl NHS)	(8) (Could be over 10mn)

Working Free's Frontline FTE workforce 14mn (22 less 8)

Consider, for a moment, that this might be true. If not, what else might be true?
Who needs to do what about it?

The key questions are:-

- How do you create an effective UK workforce when there are only about 14mn people to work with?
- How do you align them with what the UK decides are the primary purposes (targeted sectors) of the UK, going forward?

This is not about Politics. It is about management.

Where are we now?

- We might be in recession. In any case, it feels like it. you don't need statistics to detect the gloomy national mood. The economy has stalled.
- Currently, it looks like the Government has run out of money. We know this because the Government says so. Or it's just about to.
- In its first year, it has responded to its union backers and adopted some of their own Labour philosophies into the Nation's affairs. It has bumped into several bollards. None of this has had little impact on what was intended. In fact, the reverse looks true.
- However, forging an ambitious future for the UK seems to be covered by **The UK's Modern Industrial Strategy**. Published on 23.6.25, this is the Government's impressive UK 10-year plan for Business and Trade to 2035. But, just how effective is this going to be?
- To be fair, the Government has displayed major application and much energy and has also had to cope with world issues, primarily unwanted and mostly Trump related. But, outcomes will be the judge of that.

However, this leaves Individuals in particular - as well as Organisations - struggling to understand and balance what they do; want to do; need to do; have to do and can do. No-one seems to be happy! Or have enough money.

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The UKs Modern Industrial Strategy – published 23.6.25

This 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. It needs to succeed. If not !

The Government has included the widest range of advisors, supporters, champions and ambassadors in its creation, development and promotion.

<https://www.gov.uk/government/collections/the-uks-modern-industrial-strategy-2025>

Supporting our Frontier Industries

This is how the Government describes the Sectors selected for special support at the sharp trading edge:-

“Our new economic approach is founded on supporting high-growth sectors across the UK’s strengths in both manufacturing and services. For the first time, the whole of government is backing eight sectors which represent 32% of the economy: Advanced Manufacturing, Clean Energy Industries, Creative Industries, Defence, Digital and Technologies, Financial Services, Life Sciences, and Professional and Business Services.”

Bulls-eye stuff! Note that most of these Sectors here were quoted by the Conservative Government in their attempts at creating a Modern Industrial Strategy. Sadly, it never seemed to get much past the One-Pager stage.

What happens between now and 2035 affecting people in the workplace remains to be seen but here are what Working Free offers in this context:-

- **Money has to flow both ways in the overall project.**
Critical to success is the Government’s ability to pay for its implementation as they have detailed in their Strategy Paper, and, crucially, for it to actually work. This needs to be visible and needs to be delivered quickly enough to validate their strategy and to provide money to pay for the mounting demands on Government. Otherwise, they’ll run out of time and not get re-elected.
- **Is this just a consultancy exercise that will now be handed over to well, who will it be handed over to?** What happens then? Who does what, how and when? Who is the driver? How does Government make things happen?

- **When government says that its role is to develop and create effective infrastructure and provide the means and encouragement** for industry and wealth creation to take place it generally means NOT the following week but sometime in the future. Currently, the struggling UK economy needs action immediately.
- **The quoted cost is £150mn. What does this mean? Is this all?** How does this relate to individual budgets quoted in the Strategy? This Project will be about lots of money going out for a wide range of agreed needs. How do you measure specific financial gains? Are these targeted ahead of spends
- **..... and for each transaction initiated?** The economy needs quick wins which can become consistent and incremental.
- **How will implementation actually work?** Is there a Policy and a Plan around the detailed issues. Government, impressively, talks about “**intervention**”. These are tricky areas. The history of “**cherry-picking**” is littered with failures. This Government needs Interventions that actually work – particularly at the sharp end. Knocking on foreign doors does not suit Civil Servants, nor WFH. A project of this magnitude needs to be driven hard. Quick wins are important.

Footnotes

- *Government advertising refers to the (three) Services Sector’s primary task being to support the activities of the (five) “Frontier” Sectors. Working Free’s view is that the three Services Sectors should be dedicated to selling their own services and the other five should have their own internal marketing/selling functions.*
- *Government also refers to the need to promote inward investment. Working Free’s view is that foreign ownership means that the foreign owners keep the profits and own the IP. But they do provide jobs – but only as long as they are needed.*

The Government must take the strongest lead in its implementation. Comprehensive Interventions are vital.

Working Free's view is that the Government should bundle up everything that it has created since taking office connected with business, industry, trade and people in the workforce **into The UK's National Transformation Programme** – and treat it as big, as important and as far-reaching as Covid was and market it to suit. (See pages 5 and 6 of **Kickstarting Growth NOW!**)

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What are working people?

- Some think “Working People” are restricted to members of trade unions – whence comes the Labour Party’s funding.
- Many think that “Working People “ are everyone **who works** – and at all levels.
- But “Working People” also includes the variants. Those who do NOT work but want to, or don’t want to; or can’t work (worklessness) or do work for no pay – such as family commitments or Charity workers – and even some of those categorised as Retired – or Early Retired.
- An unquantified number of these are Atypical Workers (See separate Section) and with many off-payroll.
- An unquantified number are also invisible to Government and HMRC

The UK's Labour Force is not fit for tomorrow's purpose.

- There are not enough people to do the work.
- There are major mismatches between supply and demand. Well publicised specific skills shortages will continue as trading needs to focus more on tech (broadly defined.)

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- The reality is that demand will always exceed supply where tech is concerned and managing this will need major effort and resource. Government is looking at the need for more tech-orientated workers – not an easy process deciding what skills are needed when these things take much time setting up, deciding how to actually deliver it - and all against a background of what specialist sectors need them.
- But what is in abundant supply are middle to senior professionals who know how to run businesses; who have experience in international organisations and trading. Many of these people have not enough to do.
- There are – and will continue to be - major negative changes in the softer characteristics of work ethic, apathy, motivation/creativity and the sort of entrepreneurial spirit that has worked well for the UK over the centuries . The Covid era showed us so many better things to do with our lives – not always realisable but awareness can be variously unsettling/ infectious or motivating.

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...and pages 55 to 58

Unemployment

Figures for unemployment are monitored closely and reported frequently.

The figures derive from the Labour Force Survey administered by the ONS. Those responding to the Survey (and part of the sample) need to describe themselves as unemployed – if that is what they are. This sample then becomes the source of the published figures. *Note the overall comments from ONS about levels of caution in assessing these figures.*

These figures are likely to be more accurate at lower income levels than at more senior levels – partly because they may well be registered for benefits but mainly because those at senior levels generally do not register as unemployed. This reflects the modest amount of money offered through unemployment pay and also how these people actually see themselves.

Various reasons here. Mainly it will be because they are busying themselves planning their next steps - either another role reflecting what they have been doing and/or doing their own thing. None of this is easy - basically setting up their own independent practice – falling under the definition of Atypical Worker or a different way of describing the same thing.

This subjectivity and the uncertainties make accurate assessment difficult.

Many become part of the overall self-employed statistics. Alternatively, they might describe themselves as a full-time employee of their own consultancy limited company.

An unquantified proportion of all small independent professional service providers – whatever vehicle is being used – will often be earning less than their own expectations or in many cases virtually nothing. There is no difference between an unemployed FTE worker and an independent practitioner trading through a limited company or otherwise. For those earning nothing or virtually nothing. No difference at all. These apply particular in the early days.

These statistics never get captured by anyone or any organisation.

It is reasonable to assume that before any formal redundancies are made, the organisation will have *“cleared out all the temps.”*

Also note the role of the **DWP Claimant Count**. This is the actual money paid out to registered unemployed people. In recent times this has included some of the other related benefits. This makes it difficult to compare with the ONS figures.

Our separate comments about Self-Employment should be read in conjunction with the above.

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Worklessness will not be changing significantly

Government probably knows as much as it needs to about this mixed population. There has been a population here for many years and it is only since Covid that the number has swelled and has been given a name.

What bothers Government alongside the social concerns is the significant cost as well as the time allocated to managing worklessness. Some would say that it is not worth the effort. Unlikely that Government would agree with that.

These people are NOT on anyone's headcount. Largely invisible. Furlough taught many businesses how to operate with fewer or no people. Labour's taxes encourages this. Furlough also taught too many individuals how NOT to work – including, paradoxically, working somewhere else at the same time.

There is also a significant number of middle and (mainly) senior managers off payroll (primarily working independently) *with not enough to do*. Much of this is NOT generally quantified, nor apparent from any statistics and not recognised by Government

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Public sector and private sector –

Much out of balance. Or is it?

The split between Public Sector (not 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 higher figure acknowledges those people are NOT actually on the payroll but paid for by public money. (eg: Outsourcing; Contractors, etc)

This would change the split with private Sector- to 37%/ 63% and would cost an estimated extra £209bn.

- How do we really measure how many workers could be categorised as Public Sector?
- What do the numbers actually mean? Merging or seconding bits of public sector operationally with private sector might offer some solution. Override the objection. Send civil servants to the front line!
- Read about Interventions (see below). Succeed where others have failed Maybe it's time to break the rules.
- Should those who wrote the Plan be responsible for delivering it. Sort of! Yes, it's almost impossible to get this right but non-delivery would invalidate the whole exercise.

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and 73 to 76 re: Interventions**

Atypical workers.

- Working Free calculates that Atypical Workers account for about 40% of the Total in Employment. See below.
- A minefield – but very relevant and very important
- Atypical Workers are, broadly, everyone except purely FTEs. It is on the increase.
- Self-Employment represents the largest part of this category
- IR35. What is it? A silly tax that has lost its validity.
- Why does it need changing? A negative impediment to positive business. Important to keep tax matters accurate.
- An IR35 Solution - The Working Free Proposal.
- Indeed, the whole area of off-payroll working will – for the sake of corporate success – even survival - need to be remodelled. Important to find better and quicker ways for getting the best out of demand and supply and to use ALL the talent – from wherever

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The way Working Free calculates Atypical Working is:-

Total in Employment	33,770	
Less FTE	22,269	
Atypical Workers	11,431	33.9%
Add		
FTE with 2nd jobs	1,256	
Temps	1,538	
Total	2,894	

Atypical Workers- new percentage **39.4%**

Say 40%

Note: the 1,256 and 1,538 need to be added to the 33,770 for the purposes of this calculation.

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“Self-employed means being employed by yourself.”

This is Working Free’s definition. It is an obvious one. It actually means that anyone can be – or see themselves as – self-employed.

Most of the Self-employed are at the primary end of the SME community – such as shop-keepers, plumbers ,etc

When you get into the more management levels of self-employment, navigating this route can be difficult. What makes this more difficult is the fact that self-employment is almost the ultimate in flexible employment but it is not the same. Government supports flexible working. But it distrusts Atypical Working. The purpose of HMRC is to collect all tax as and when due.

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.

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What do we do now?

- **Time to think differently.** Read what the **National Audit Office** has to say about this. <https://www.nao.org.uk/wp-content/uploads/2025/03/supporting-the-uks-priority-industry-sectors.pdf>.

The NAO recognise the importance of inter Government Departments working together. In this context, there is the DBT as prime mover together with the Treasury and

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involvements with DCMS and DWP. Is there a message here?

- **A big-scale Programme calls for a big-scale management response. Call it – **The UK's National Transformation Programme** .(See below)**
- **Set up “Interface Boards” to sit between Government Departments and corporate users. Making things happen.**
- **How best to communicate?** Do it bigly. As big as the Covid years
Involve the Nation. Get people excited!
- **Treat Atypical Workers as equal to any other worker – and let them do it their way.**
- **Turn selected Worklessness people into Atypical workers**
- **Best not to mention the word “Growth”!** It has become naff.
Just do it.
- **Stop bumping into bollards. No shortage of people to do this !**

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Scroll down to Page 5 – The UK's National Transformation Programme.

Overall View – pages 59 - 64

Scroll down to Pages 64-66 – Stop bumping into Bollards!

About Interventions

Misunderstood. Dangerous. But vital.

Too big for serious study here

It's all about making planned things happen. Government has to be accountable.

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