Self Drive Workers

The Employment Dynamic - V12 – 30.10.25

(*Charles.russam@WorkingFree.co.uk* - **30.10.25**)

About 40% of the UK Workforce are Self Drive Workers.

Operating with maximum flexibility as Independents, Self Drive Workers are Professionals who offer a specialist, instant and targeted human resource alongside conventional workplace practices – crucial in achieving the UK's national wealth creation and growth ambitions as defined in the UK's Modern Industrial Strategy published on 23.6.25.

- **The UK's labour force is not fit for tomorrow's purposes.**
- **There are not enough workers to do what is needed.**
- **There are major mismatches and shortfalls between supply and demand of workers.**
- **Much of the supply is absent and the nature of the demand is changing hugely.**
- **Importantly, the softer characteristics and mix of work ethic, motivation, creativity and the sort of entrepreneurial, inventive ambitions that have worked well for the UK over the centuries are drifting away into disinterest - almost apathy.**
- **Variables interacting with other variables create interpretation and implementation challenges.**

It is not possible to appreciate the concept of Individuals as Self Drive Workers without appreciating the huge task that the UK's working population is being asked to address as defined in the UK's Modern Industrial Strategy published on 23.6.25. See Section 11.

It is all about People, Purpose and Process. In that order.

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What needs to be understood is the interactivity between these categories. Workless is a major problem. When it goes down – at significant effort and cost - we don't really know where these individuals finish up. It may be some mix of Permanent (FTE and/or Part time), Unemployment, Self Employment – or they may have simply disappeared.

Little sign of Growth currently. The common view will be that overall Employment is not likely to increase until the current climate stops feeling like recession, additional burdens on business ceasing and when additional staff costs can be absorbed by more sales and the future is bright.

Charles M Russam, Managing Director Charles.Russam@WorkingFree.co.uk
Working Free Limited is a company registered in England and Wales. Registered Office: 45 Pall Mall, London, SW1Y 5JG. Company number: 08963376.
www.WorkingFree.co.uk - 08081 565604 -

1 Why does the current Government want to introduce new Employment Rights legislation – due before the end of 2025?

- Because their paymasters, the Unions, have stipulated it.
- Because Labour believes in this approach – partly inherited dogma and partly humanitarian. It is reasonable for Labour to assume that this is why they were voted into Government.
- However, none of this is likely to stimulate Growth – and evidence to date seems to confirm this.

Of course, there is a social case for the minimum wages increase but the NI increase has clearly resulted in a negative reaction to business activity.

The primary task of any democratic Government is to look after its people. All of them.

Alongside this, what Government should be doing is using all the workforce talents available to it and set about creating the sort of entrepreneurial activity at grass roots levels that would cover – and more – tax increases. Not happening at the moment.

Charles M Russam, Managing Director Charles.Russam@WorkingFree.co.uk

2 The Big Picture

To understand what Self Drive Workers are, it is helpful to start with the Total UK population.

Total in Employment (ONS Emp01)	34,221	(Fairly constant)
Unemployed (4.8%)	1,740	(Trending UP)
Worklessness/ Economic inactivity. (21.7%)	9,110	(Trending down)
Pensioners/ Retired over 65		13,100
Under 14's (From the last census)	12,500	
Total		
(Actual UK current Population is 70mn)	**70,671mn**	

Our primary interest is in the Total in Employment – 34,221mn.

Employees (full-time)	22,539	
Employees (part-time)	7,086	
Self-employed (full-time)	2,950	
Self-employed (part-time)		1466
Unpaid family	118	
Government support	62	
Total	**34,221mn**	

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

UK total Population		70mn
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)

The key questions are:-

- How do you create an effective UK workforce when there are only about 14mn FTE people to work with?
- How do you align them with what the UK decides are the primary purposes (IS 8 targeted sectors) of the UK, going forward**?**
- The current FTE workforce of 22mn cannot be reasonably expected to support a population of 70mn with an average age of 40.7 (42 for workers) and a birth rate of 1.56 per woman. (The impact of immigration may not yet have been fully reflected in ONS figures

This is not about Politics. It is about management.

3 What are/ Who are Self Drive Workers?

Self Drive Workers are a varied and mixed group of:-

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

	All Figures	**NOT f/t Employed** Million
Employees (Full-time)	22,539	6933
Employees (Part time)	7,086	7,086
Self Employed (Full time)	2, 950	2,950
Self Employed (Part time	1,466	1,466
Unpaid family	118	118
Govt Support	62	62
Total in Employment	**34,221**	**11,682**
(34.13%)		

However, Working Free would also contend that **Employees, full time but with a 2nd job of 1,323 and Temps of 1,584** need to be taken into account.

This takes the 34.13% - say 34% - now becomes 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.

(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.

Included in this will be" side-hustles".

Various FTEs (Full time Employees) have arrangements external to their main job – mostly agreed but occasionally not. Examples would be NED appointments, Charity advisory or Trustee roles, (mostly unremunerated) giving talks, mentoring roles or, (not approved!) preparing to go independent (solo or with others)

Additional features that muddy the waters include: -

- Equity Partners in professional Practices are almost entirely categorised as Self Employed but, to many would rarely appear as such.
- Many independent professionals who are Owner/ Directors of their own limited companies describe themselves as Full Time employees of their companies.
- IR35, seen by many as a silly – often damaging tax also distorts the picture. (700,000 Atypical Workers are included in FTE- and in the ONS statistics.
- Those NOT FTE but allocating some of their time to activities that if they did not do this, the state would have to pay for it – such as caring for grandchildren, needy rand/or sick relatives. (See next section)

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. Not to be confused with Worklessness people.

4 What are/who 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.

Importantly …….

- But "Working People" also includes the variants. Many are not included in any statistics. Those who do NOT work but want to, or don't want to; or can't work (worklessness) or do work for no pay – in theory, all those who could do **some** work.
- This also includes those with family commitments – grandchildren or elderly relatives. Charity workers – and even some of those categorised as Retired – or Early Retired – are also part of the workforce. Many come back as Workers and for various reasons.

- An unquantified number of these are Self Drive Workers / Atypical Workers (See separate Section) and with many off payroll.

- An unquantified number are also invisible to Government and HMRC

5 Issues around Definitions

- The starting point has to be the ONS Employment statistics. (See additional comments below- and also ONS EMP01)
- The Labour Force Survey (within the ONS) figures are mostly based on samples. Some of these had become distorted.
- In many cases statistics are based on actual counts. (EG: Union Membership)
- Interpretations varied and still do. (EG: what constitutes Private Sector and Public Sector. See additional comments below.)
- Fitting new circumstances into inherited analysis categories can make a difference. (EG: About 700k workers who see themselves as Independent Practitioners are included in FTE. Also, in Covid, up to about 9mn Workers on furlough were included in FTE.)

About the ONS and Surveys in general.

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

However, In the middle of 2023 it was noted 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.

Covid accelerated what had started before. Survey respondents' employment status were changing materially, becoming difficult to choose the right "tick-box" and general disinterest in responding to all Surveys was increasing.

You can read the ONS's commentary on this at – **google ONS EMP01.** And elsewhere.

Notwithstanding this, amendments have been made and other sources of data have come into play. Many Government Departments produce alternative and parallel stats - DBT, DCMS and DWP, for example. Unions have long published their own figures.

The House of Commons Library is also a valuable source of statistics and other information.

Differentiating between FTE, Part Time perms, Self Employed Full time and Part time is becoming difficult, being self-analysed by survey respondents can givs rise to unquantified variations.

Public Sector and Private Sector

The split between Public Sector (including NHS for this purpose) and Private Sector is an intriguing debate.

Generally, it splits 24%/ 76%,

Public Sector headcount (perms) is now 6.1mn and NHS is 2mn. There is comment that it could really be as large as 10.6mn – or even more – when you include workers NOT on the headcount but paid for out of public funds. (EG: Outsourcing, Contracting companies, various Management and other Consultancies.)

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

If you think that Growth is about more businesess and their people selling more goods and services to more foreigners, it is the Private Sector that does this.

Lots to think about. By everyone

6 Unemployment

Figures for unemployment are monitored closely and reported frequently.

Published figures derive from the Labour Force Survey administered by the ONS. Those covered 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.

Unemployment figures are likely to be more accurate at lower income levels than at more senior levels – partly because they may also be registered for benefits including unemployment pay 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.

There are various reasons for this. 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/Self Drive Worker or a different way of describing the same thing.

This subjectivity and the uncertainties make accurate assessment difficult.

There is also a significant number of middle and (mainly) senior managers off payroll (primarily working independently) with *not enough to do.* Importantly, an unquantified proportion of all independent professional service providers – whatever vehicle is being used – will often be earning less than their own expectations or in many cases earning virtually nothing. Whatever the description, these people are in the same financial category as Unemployed people. No – or very little – money coming in.

There is no difference between an unemployed FTE worker and an independent practitioner trading through a limited company or otherwise and earning nothing or very little.

Much of this is NOT generally quantified, nor apparent from any statistics and not recognised by Government

However, there is a difference where formal redundancies are made. Employees will always be retained ahead of those in normal commercial contracts. ***"Clear out all the temps first!"***

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.

7 Worklessness

This is now a serious challenge for Government.

There has been a population here for many years and it is only since Covid that the number has ballooned and has been given a name – *Worklessness.*

What bothers Government alongside the social concerns is the technical complexity of moving people out of Worklessness which, at best, needs to be delivered one-on-one. This carries significant cost as well as the time allocated to managing worklessness. Is it worth the effort? Does Government have a duty to act? Are some deliberately gaming the system. Are some unknowingly gaming the system genuinely? Difficult decisions.

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

8 Self Employment

"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 obviously 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.

9 Zero Hours Workers

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.

The government has won on principle but the opposition thinks it 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 very much a natural market there where there are willing sellers and there are needy buyers. A relevant statistic here is that the ONS report that only 25% of temporary workers are actually wanting to be come permanent

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 but would obviously prefer it to be otherwise! Businesses may come to accept thise 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 to cope with the need for this format increase.

10 HMRC and tax issues (IR35)

Generally welcomed and supported by this and the previous Government has been the increasing flexibility in the workplace. Atypical/Self Drive Working has been and is likely to continue to be a major driver of this.

Because the Government has an uncertain approach to the whole issue of Self Drive Workers/Atypical Workers, HMRC has the tricky task of deciding how best to assess and collect tax.

The current position is seen by many as a mess. Even HMRC must be dismayed by the amount of time, effort and cost necessary to make sure that tax is assessed and collected fairly from this section of the working population. It is getting worse due to a generally increasing tax burden for individuals and much varying volumes of hysteria about tax dodging.

The basic rule is if it looks like a duck; if it waddles and if it quacks, then it is a duck!

Currently, there are four categories of players involved – End User Clients/Engagers – Intermediaries/ Agencies - Umbrella Companies and Workers.

However these debates resolve themselves, the key questions ought to be these:

- ***How can you best structure the workplace to enable differing individuals and categories of individuals to be heard above the noise?***
- ***How can you best encourage entrepreneurial activity at the Individual level?***
- ***…….. and also self-directed teams – and their members.***
- ***How do you best identify and put to work the best workplace reward structures***
- ***IR35 needs to evolve 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. Those who can and will still want to eat what they kill.***
- ***A reasonable view is that, now, workers – particularly at senior levels – think differently, behave differently and have different aspirations.***

The law should fit the circumstances – and be balanced and fair.

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. The Government has current plans to regulate this market.

- 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.

- One impact of this is that whatever the number is, these workers are in fact included in the full-time employee (FTE) figures in the ONS statistics as FTEs but without full FTE benefits. (Re-allocating this from FTE to Self-employed would be a swing of 1.4mn. That is material!

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.

Might the test be whether Labour can deliver the Modern Industrial Strategy that it says it can and can it organise the human resources to deliver it.

Charles M Russam, Managing Director Charles.Russam@WorkingFree.co.uk
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11 The Elephant in the room - GROWTH

Everyone talks about Growth. Few actually say what it is. Even fewer actually do something. If they did, something would be happening now.

The UK's Modern Industrial Strategy published on 23.6.25 gets close. It is impressive. It is probably better than anything that has been produced before. But it focusses more on what foreigners can do for the UK than what the UK can do for foreigners. IS 8 is a great start. In theory, there are 70mn people to help in this process.

But starting with Self Drive Workers is a good place to start.

Here is the Government's Plan -

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

And here is the Government's Report on the first quarter after the start on 23.6.25.-

https://www.gov.uk/government/publications/industrial-strategy-quarterly-update-july-to-september-2025/industrial-strategy-economic-indicators-methodology-note-july-to-september-2025

If Labour can deliver this, they'll be in power for the next time at least. They ought to forget about the side-shows and focus on the Big Picture.

If not ………..

Whover takes over needs something at least as ambitious – and, almost certainly better.

Better comes Next.

See also –

https://workingfree.co.uk/wp-content/uploads/2025/06/Invest-2035-CMR-V17-15.6.25-.pdf

Charles M Russam, Managing Director Charles.Russam@WorkingFree.co.uk