

Make Work Pay: Employment Rights Bill Inquiry - Workstyle Revolution Submission

Our key areas of focus as Workstyle Revolution within this evidence:

There are many areas of this legislation which are beyond our area of expertise, so we will focus on the following areas:

- Banning exploitative zero-hours contracts
- Making flexible working the default from day one

And in particular focussing on these sub-sets of your stated aims from the inquiry:

- How the Bill will contribute to the Government's stated goal of achieving the fastest growth in the G7
- Whether the Employment Rights Bill will raise living standards in every part of the country
- The impact the Bill will have on businesses, in particular the supply of labour and the employment rate.

Summary

Overall, while we see the value of this legislation, we don't think it goes far enough. It is an evolution of existing approaches, rather than the bold revolution at work that is needed to fundamentally change labour market participation and therefore achieve the government's stated goal of achieving the fastest growth in the G7 and doing so in a sustainable way. We do not believe the Bill in its current format will have any material impact on the supply of labour nor the employment rate.

Introduction to Workstyle Revolution

At Workstyle Revolution our mission is to create a happier, more fulfilled society through a world of work without bias. We believe this can be achieved by giving people the freedom to choose when and where they work, so that they are empowered to fit their work around the individual nature of their life. We call this their 'workstyle' and we believe it should replace the industrial age 9-to-5 model of mandating when and where work is done. We have been testing this individualised, autonomous approach to work ourselves for the last 10 years through our own micro business which works with clients like AIA, Unilever, Merck and Sony and we wrote published a Sunday Times No.1 Bestseller on the subject, titled '*Workstyle: A Revolution for Wellbeing, Productivity and Society*'. Workstyle Revolution is a not-for-profit organisation working in pursuit of better labour market participation and a more inclusive working world. We work in partnership with Scope, Autistica, Astriid and MIND. Closing the employment gaps for these 7 groups who are structurally excluded from work will improve wellbeing and will raise living standards through better access to high quality work for the groups within them, which it will do regardless of their location within the UK:

Disabled people - 82 percent of people without disabilities work, but only 53 percent of disabled people do; *a 29 percent gap.*

Mental health - 43 percent of people with mental health problems are in employment compared to 74 percent of the general population; *a 31 percent gap.*

Written submission from Workstyle Revolution CIC (ERB0023)

Caring - 61 percent of carers don't do paid work but 50 percent of those would like a job; *a 30.5 percent gap.*

Neurodiversity - 77 percent of people with autism want to work, but only 26 percent do; *a 51 percent gap.*

Illness - 50 percent of people with long term health conditions say health is a barrier to the work they can do; *a 50 percent gap.*

Ageing - only 39 percent of retiring workers do so voluntarily, the majority would prefer to continue working in some capacity; *a 61 percent gap.*

Parenting - 86 percent of working parents want to work flexibly but only 49 percent do; *a 37 percent gap.*

References for the sources for these employment gaps are included in Appendix 1 at the end of this document, along with the potential numbers of people who could be positively impacted by closing these employment gaps.

Including these groups in work would provide an enormous boost to the economy, provide more financial independence for millions of people, reduce the burden on the state, and improve mental health and the overall wellbeing of our society.

Overarching Thoughts

If we are to achieve the fastest growth in the G7 this can be achieved through better labour market participation, improved productivity and better wellbeing. All three of these can be delivered through facilitating the widespread adoption of individualised, autonomous, 'workstyle' working.

The year is 2024. The Industrial Revolution was more than 200 years ago, and yet its legacy lives on with the majority of the UK working in the 9-to-5, 5-day-a week model that was created during that era. All of the initiatives laid out in this legislation are undoubtedly valuable but they do not go far enough in recognising that a new and different approach must be taken if we are to be a world-leading economy in terms of economic activity and also diversity of thought in the workforce.

Flexible working is not the answer to this. It only flexes this industrial approach at the edges and is not making a tangible difference to any of the employment gaps laid out below. With changes in technology, demography, a global marketplace and independent attitudes to work there is the opportunity for the UK to provide new opportunities for workforce participation, improved productivity and more innovative, collectively intelligent organisations individualised, autonomous, 'workstyle' working.

Reshaping zero hours contracts may have a part to play in providing access to work for millions of people who currently can't participate in the labour market, but it must be done with the excluded groups (below) in mind and with full consideration of how they can feasibly be best supported to access high quality, secure work on their terms.

Our overarching thoughts on the new legislation would be that:

- We should ban exploitative work and zero hours contracts as is laid out in the Bill, but we should not miss this opportunity to evolve working structures to consider those who need to **access work in a radically different way such that they can fit work around their lives rather than the other way round** and as a nation facilitate this progressive way of working.
- We should give everyone the right to request flexible working from day one but recognise that even in doing this two challenges remain:
 - Firstly, this presents flexible working as the solution when it does not go far enough. It is still flexing around an outdated, Industrial Age 9-to-5 model of work. **A more**

radical change is needed, and a revolutionary approach to work which is fit for the digital age we live in.

- Secondly, making flexible working ‘default from day one’ in the legislation has many complexities in practice, not least the cultural element of **changing attitudes required to actually create a new inclusive mindset in practice within an organisation, and also the enduring power dynamic between employer and employee.**

Measurement of labour market participation

If the government is serious about labour market participation we would strongly recommend the central ongoing tracking of the excluded group ‘gap stats’ for the excluded groups laid out above, through incorporating each of these specifically into the **Census** and the **Office for National Statistics’ Labour Force Survey**.

We would also suggest there are ways to increase the accountability of large organisations to engage those from the 7 excluded groups above by introducing **mandatory reporting obligations** for organisations over 250 employees on their diversity and inclusion efforts, with specific measurable reporting required for these excluded groups.

Areas for improvement: direct

These are the areas we feel the government needs to expand its thinking for the Make Work Pay initiative in order to achieve its targets:

- **Directly encourage organisations to adopt more individualised, autonomous working practices to make it easier for individuals from excluded groups to participate in the labour market.** This could transform labour market participation, business and economic success and bolster corporation tax contributions. This could look like:
 - **Making funding available** to organisations adopting this way of working and not-for-profit movements like Workstyle Revolution
 - Advertising and promotion to **raise awareness** of this way of working and **education** to help businesses see that employment can take a different form
 - Setting up a **taskforce to fund and oversee research** in order to create a guidance framework for widespread adoption of this way of working
- Create a **Labour Market Participation Group** bringing together employers, workers, charities and government for an ongoing, complete view of the emerging structures of work and to collectively to address the issue of participation. We strongly suggest bringing together 3 government functions; DBT, DWP and the Treasury on the basis we believe we should look at how organisations and individuals interact within the labour market and look at designing policy centred around that, rather than being government department led which leads to a more siloed approach. Through collaborating we can make significant progress across these areas, ensuring that the participation group is progressive and forward-looking, recognising technology and inclusion as key enablers of this, whilst ensuring that our employment models and policy around these models maintain the UK’s position as an innovative, forward-looking and prosperous economy. The focus of the group should be on participation, but also on fair, secure and fulfilling work.

- Perhaps beyond the scope of this enquiry, but we would recommend the government **broaden the access to work scheme to include all 7 excluded groups** laid out above, in order to facilitate all of these people accessing, and remaining in, work.

Areas for improvement: indirect

One of the fastest ways to create large scale labour market participation for excluded groups is to support organisations in working differently to bring these groups into their workforces. In the majority of cases for those individuals in excluded groups, self-employment is the only way they can engage with work, with traditional employment simply not being an option because of location, fixed hours and the general lack of opportunity to fit work around their complex lives. As a result, making self-employment a strategic workforce choice for organisations will be a powerful tool to bring these individuals into work. We believe these initiatives will support that:

- Introducing a **statutory employment test** that reflects modern working practices to remove the ambiguity of employment law and tax law being based on case law (extremely old and outdated in some cases - Ready Mixed Concrete v Minister of Pensions 1968 jumps to mind which is often cited today and yet preceded the invention of the public internet by more than two decades, not to mention the technological leaps forward made during the covid-19 pandemic). This should be created and maintained to remain up to date as technology continues to impact the way we work. Our recommendation is that this statutory employment test should classify employment as work contracted on the basis of time for a single client, and self-employment as work contracted on an output-basis for a number of end clients. Moving to this statutory employment test would make these tax obligations clear and fair for organisations and individuals. Self-employed working is currently not embraced as a **strategic part of organisations' workforce strategies** nor a source of competitive advantage in organisations (despite research to the contrary such as that of Professor Andrew Burke from Trinity College Dublin) because of fear from the organisations that supporting self-employed workers will lead to tax or legal ramifications. This often leads to a blanket position being applied.
- **Reform the tax system.** The tax system is both complicated and intimidating for many individuals, particularly IR35. The work self-employed individuals need to invest in order to understand this legislation and comply with it takes an equal amount of time whether you are an unpaid carer doing paid work 1 day a week, or whether you are a 5-day-a-week freelancer, but to the former it feels less 'worth it' and discourages people from these groups from working as a result. With organisations often confused and therefore applying blanket positions, there is an onus on the individual to understand it because often those engaging them for work don't understand it themselves and part of securing work is being confident in these structures. Even to those self-employed who deem it worthwhile, the fear resides then in being mistaken for an employee, which is a mental health burden as well as a barrier to creating improved labour market participation.

We would recommend 3 actions:

1. **Below a certain threshold there should be no tax obligation for those in the seven excluded groups above**, with the benefit to the economy coming from moving these people to being economically active and therefore boosting the economy, improving corporation tax revenues, and also reducing the burden on the state.
2. Overall **make tax engagement (including the payroll vs off-payroll process) more friendly and accessible** so as to include people rather than scare them or put people

off. This should be in both tone of communications and also in ease of user experience.

3. **Move to a statutory employment test, fit for the digital age we live in and in recognition of a desire to bring people into the workforce, which is based on time-based vs output-based working** in order to give clarity, assurance and confidence to all individuals, but especially all those who are self-employed, that they are correctly accounting for tax in how they engage with work (see above).
- **Make excluded groups exempt from the minimum income floor for Universal Credit.**
The government should review the minimum income floor and the way it is applied to members of these excluded groups who are self-employed. Universal Credit currently assumes there is a 1 year 'startup period' during which self-employed individuals build up to working 40 hours per week and there is no minimum income floor. However, for members of these excluded groups that level of hours per week is unlikely to ever be attainable and therefore the minimum floor should be abolished specifically for those excluded groups in order to facilitate bringing them into the labour market.
 - Providing **better support to those who are self-employed to save for later life** is an important issue. We believe there are 2 key elements to this;
 - Firstly, understanding the importance of **moving past the idea of cliff-edge retirement altogether**, with benefits for the labour market participation and therefore the economy, as well as overall physical and mental health, and the state. For example, this may be a targeted government advertising campaign to attract those nearing retirement to become self-employed, increasing awareness of the 100-year-life and the need for planning for financial longevity as well as working differently to accommodate ageing and semi-retirement or staged retirement.
 - Secondly, **reforming the Lifetime ISA**, abolishing the age limit and promoting this as an alternative to a pension to encourage people to continue to save for later life on an ongoing basis. This should be coupled with considering how to incentivise this, including a mechanic for later life that is not based on retirement, but rather based on balancing working ongoing in a self-employed capacity with other aspects of life.

We would welcome the opportunity to further discuss these thoughts or to give oral evidence to the inquiry on the above.

Appendix 1:

WORKSTYLE REVOLUTION: Excluded group statistics

Older workers - only 39% of retiring workers do so voluntarily; the majority would prefer to continue working in some capacity.

That's a 61% gap.

Department for Work & Pensions, *Attitudes to Working in Later Life: British Social Attitudes 2015* (2016)

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/574655/attitudes-to-working-in-later-life-british-social-attitudes-2015.pdf

Could bring into work: 610,000 people aged 50-64 who are not in employment but state they are willing to or would like to work.

Carers - 61% of carers don't do paid work yet 50% of them would like a job.

That's a 30.5% gap.

Carers Week, *Carers Week 2020 Research Report* (2020)

https://www.carersuk.org/images/CarersWeek2020/CW_2020_Research_Report_WEB.pdf

Could bring into work: 3.2 million unpaid carers in the UK would like paid work

Long-term illness - over half of people with long term conditions say that health is a barrier to the work they can do.

That's a 50% gap.

Department of Work & Pensions and Department of Health & Social Care, *Health is everyone's business: proposals to reduce ill health-related job loss* (2021)

<https://www.gov.uk/government/consultations/health-is-everyones-business-proposals-to-reduce-ill-health-related-job-loss/health-is-everyones-business-proposals-to-reduce-ill-health-related-job-loss>

Could bring into work: 13 million people who live with at least one long term condition who say it is a barrier to their work

Physical disabilities - 82% of people without disabilities work but only 53% of people with physical disabilities work.

That's a 29% gap.

Andrew Powell, *House of Commons Briefing Paper Number 7540 Disabled People In Employment* (2021)

<https://researchbriefings.files.parliament.uk/documents/CBP-7540/CBP-7540.pdf>

Could bring into work: 2.4 million more people in work if we could bring it up to the equivalent level (recognising there would be specific challenges to overcome)

Mental health - 43% of people with mental health problems are in employment compared to 74% of the general population.

That's a 31% gap.

NHS England, *The five year forward view for mental health* (2016) <https://www.england.nhs.uk/wp-content/uploads/2016/02/Mental-Health-Taskforce-FYFV-final.pdf>

Could bring into work: 601,400 people if we were to bring those using mental health services in the UK up to the same employment level as the general population

Parents - 86% of working parents want to work flexibly but only 49% do.

That's a 37% gap.

Working Families and Bright Horizons, *Modern Families Index 2019* (2019) https://www.workingfamilies.org.uk/wp-content/uploads/2019/02/BH_MFI_Report_2019_Full-Report_Final.pdf

Could improve work: 4.8 million parents who want to work differently from how they do now

Neurodivergent - 77% of people with autism want to work but only 26% do.

That's a 51% gap.

National Autistic Society, *The Autism Employment Gap* (2016) https://www.base-uk.org/sites/default/files/knowledgebase/nas_tmi_employment_report_24pp_web.pdf

Could bring into work: 229,500 people (with autism alone, not fully reflecting neurodiversity) who would like to work but don't currently

(Please note intersectionality has not been modelled within these numbers)