

The UK's changing labour market and the employment divide

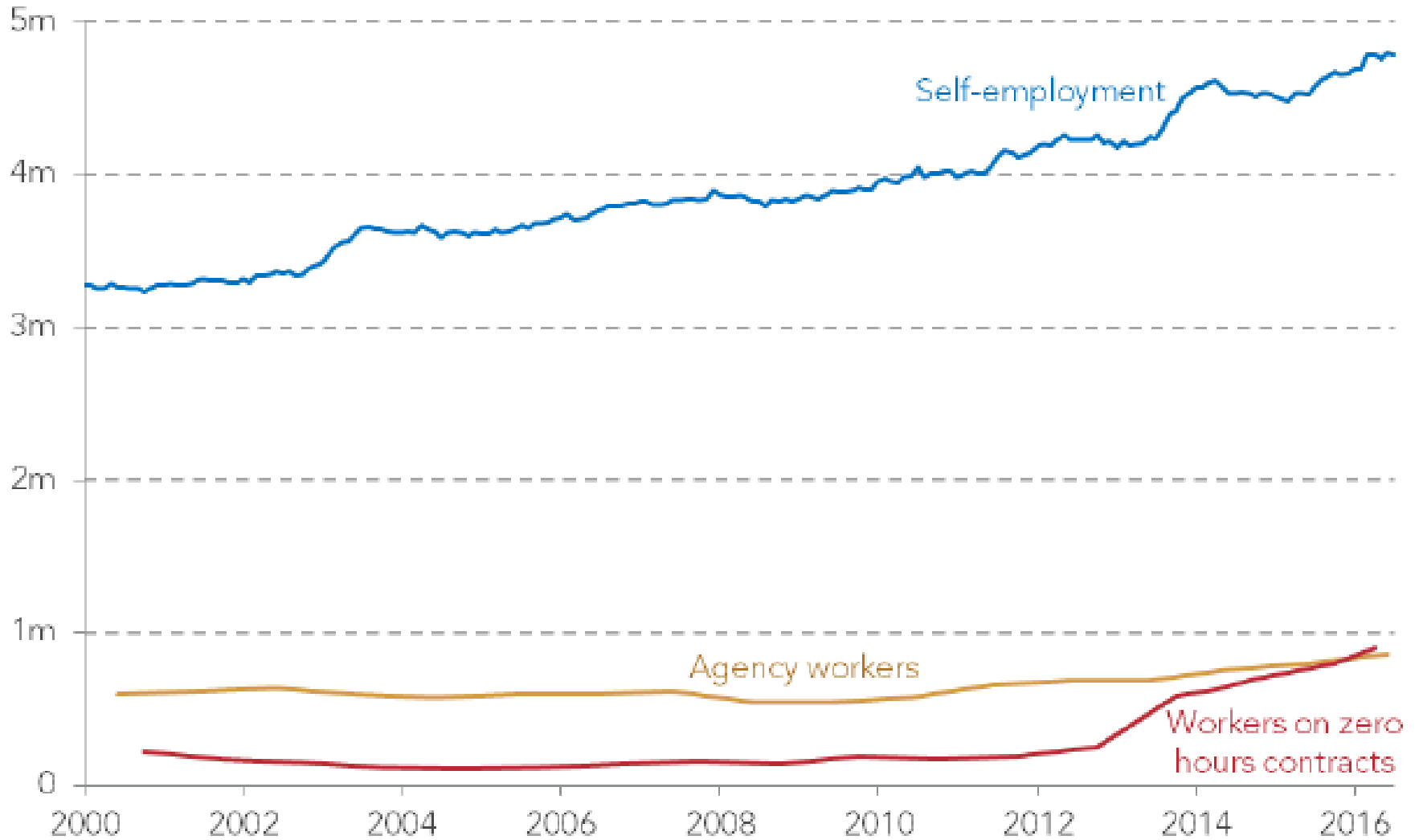
Taxation, regulation and broader policy are structured around ‘employment’ as the norm

- National Living Wage
- Auto-enrolment
- National Insurance regime
- Benefits and Universal Credit

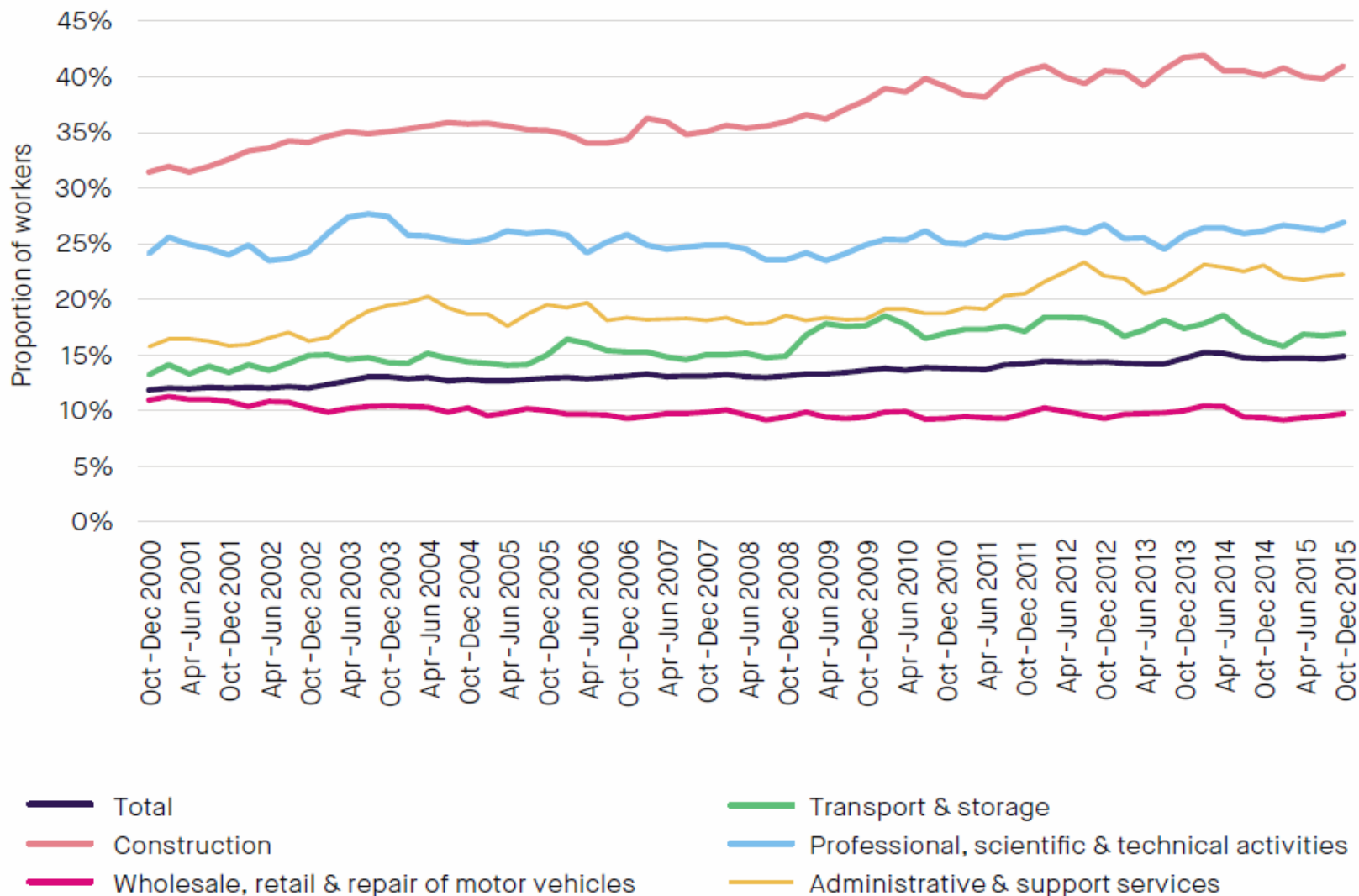
Taylor review of employment practices

Treasury policy on National Insurance Contributions

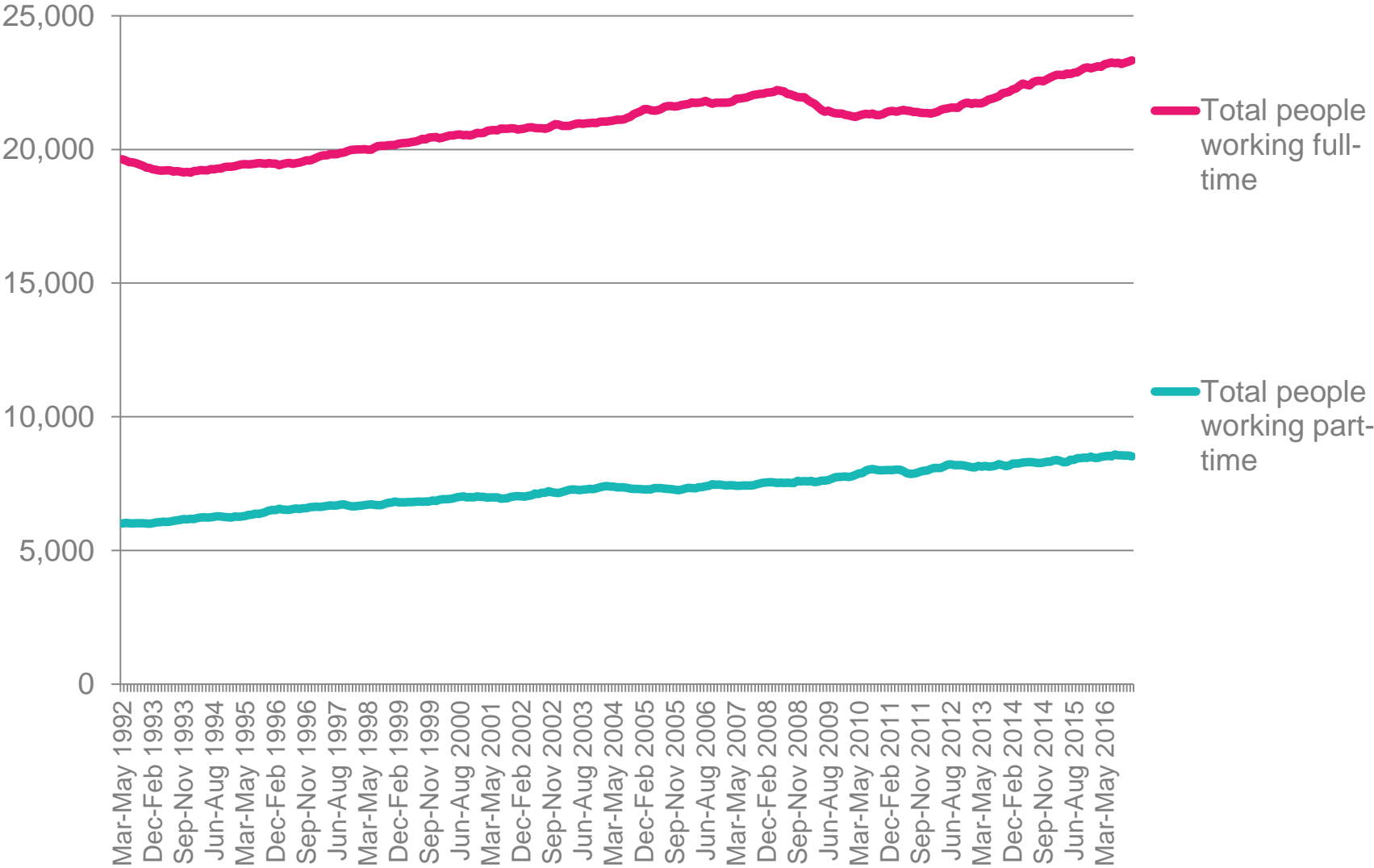
Proportion of workforce, 2000-2016



Increase in self-employment by sector



Number of UK workers in full-time and part-time employment (thousands)

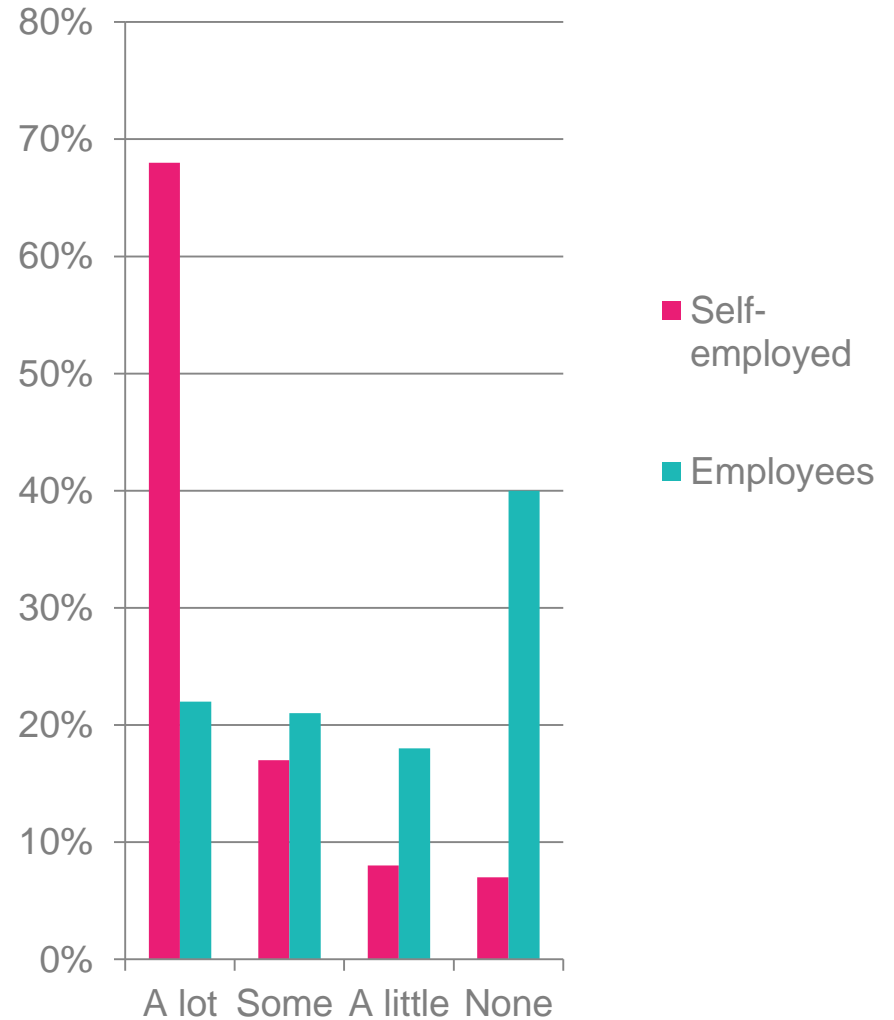


Source: ONS

Proportion of workers reporting that they have autonomy over job tasks

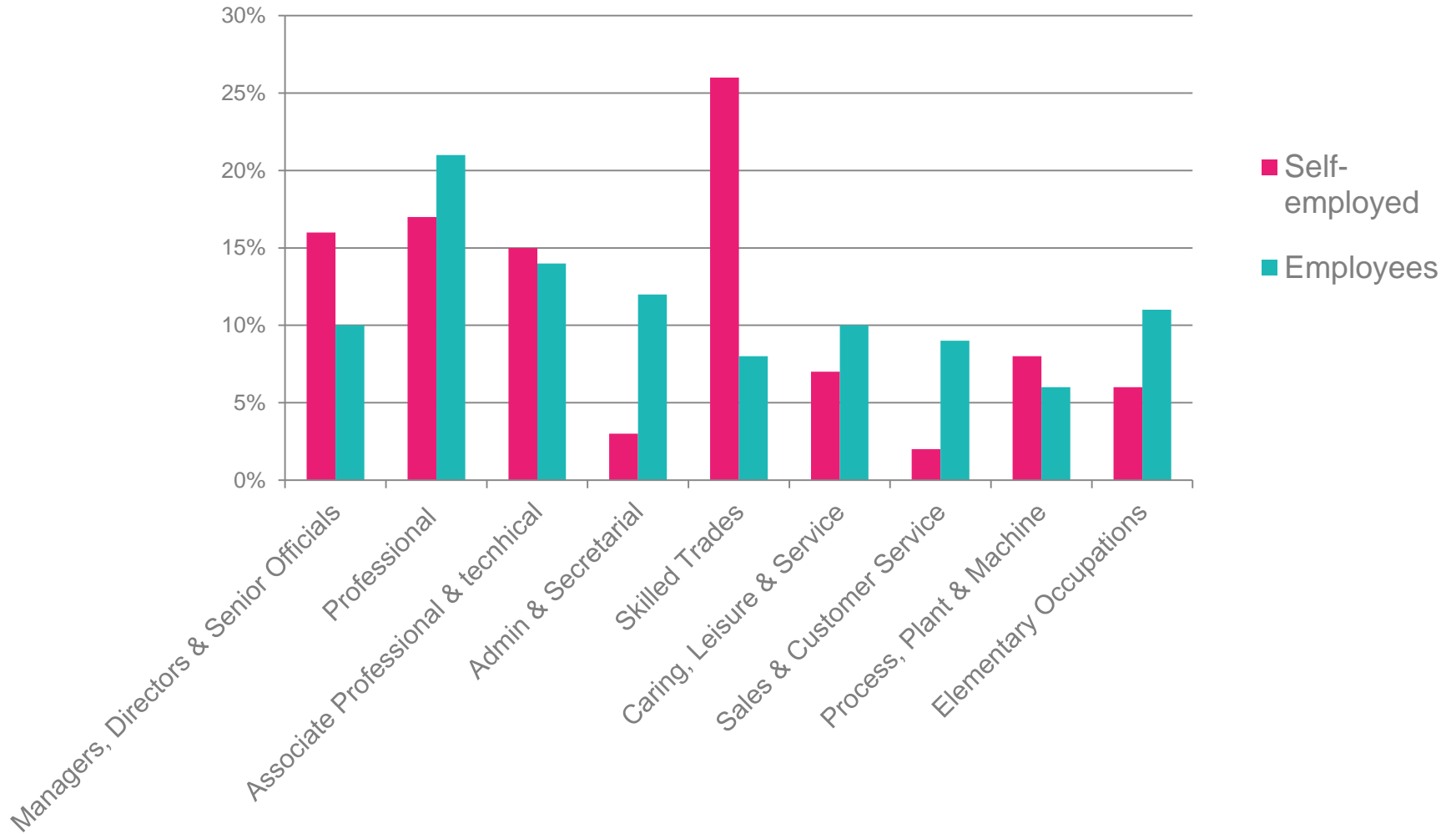


Proportion of workers reporting that they have autonomy over work hours

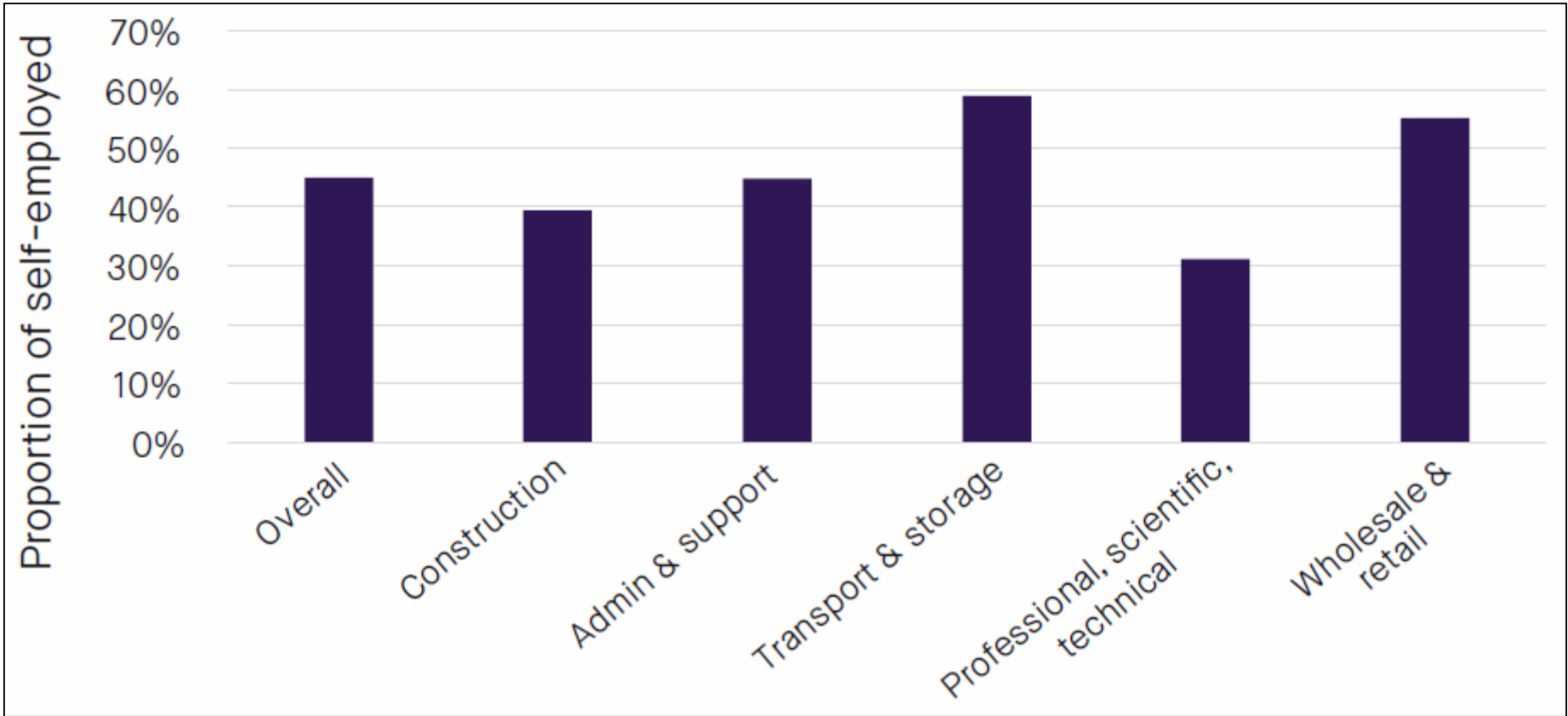


At the same time the self-employed workforce is very diverse and includes many on low pay

Proportion of workers across different sectors: employed vs self-employed



Proportion of self-employed workers paid below the equivalent of the National Living Wage



- Uncertainty for workers and employers
- Differential treatment for self-employed versus employed creates perverse incentives
- Vulnerable segment of self-employed have weak bargaining position and limited workplace entitlements and rights
- Treasury potentially denied revenue that it should receive

- Long-term review
- Even out the tax and NI treatment across all workers
- Expand entitlements and benefits for the self-employed
 - Pension saving
 - Paternity and maternity pay
 - Sickness pay / insurance
 - Training opportunities
- Better representation for the self-employed
- Develop more predictable rules of thumb for determining employment status for tax and regulatory purposes