BRIEFING WORK

Insecure shift: why millions of workers don’t have protections they need

The UK's uneven system of sickness and care protections leaves workers exposed to insecurity, and incentivises a shift towards less protected types of work.

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Executive summary

The UK's system of in-work earnings protection is no longer fit for purpose. Millions of workers face economic insecurity when illness or caring responsibilities interrupt work, with protections varying by employment status. Statutory sick pay and parental pay have failed to keep pace with wages, leaving many workers facing substantial income losses when illness or family responsibilities interrupt work. At the same time, millions of dependent contractors and self-employed workers are excluded from core protections altogether, despite facing, on average, higher levels of poverty than employees. This is a key driver of economic insecurity in the labour market.

Current arrangements also create incentives for employers to shift risk onto workers by employing them through these less protected forms of work. Businesses can reduce labour costs by relying on self-employed or dependent contractor models, avoiding both employment protections and employer National Insurance contributions. This undermines fair competition, weakens employment standards, and risks limiting the impact of recent employment rights reforms.

This could be addressed through a new settlement for in-work social insurance where:

- core protections such as sick pay and parental pay are available to all workers, regardless of employment status, and provide meaningful income security

- tax treatment across different forms of work are more closely aligned to reflect these new and improved protections
- employment status rules are simplified and enforced effectively to prevent workers being misclassified and denied their rights, and to ensure companies can’t avoid paying their fair share.

1. Protecting workers — time to finish the job

In the UK labour market, protections tend to cluster at the top. If you’re a high earner, you’re more likely to enjoy a combination of job security, strong rights, and enhanced benefits when temporarily unable to work. If your earnings are low, you're more likely to be in an insecure job, have fewer rights, and low or no work-related benefits. This is a key driver of economic insecurity, as those with the least ability to withstand income shocks are the most exposed to them.

Nowhere is this dynamic clearer than when we look at the experience of taking time off to care for a newborn or recover from sickness. High earners are more likely to get enhanced, often full, pay while those on lower earnings usually rely on low, flat-rate statutory pay (Klair, 2024). If they’re one of the 4.6 million workers outside the standard employment contract, they get no support at all. As a result, falling ill or starting a family can result in large drops in earnings, derailing people’s finances and lives.

The Government has recognised the need to improve pay and protections for the lowest earners and sought to reform the labour market through minimum wage increases and the Employment Rights Act. Key changes include making parental leave (though not pay) an entitlement from day one of employment, and sick pay available to all employees from the first day of illness. These are welcome

enhancements that will materially improve work for millions. However, the job needs to be finished. Without further reform, there's a risk that things will get worse for many workers, not better, as employers are incentivised to use more unregulated forms of work.

Circumventing rights and protections, while shifting risks to workers

The Government's employment rights reforms risk being undercut because companies can too easily circumvent these and existing workplace protections, if they manage to avoid engaging their staff as employees. Not only that, but they are financially incentivised by the tax system to do so.

While most countries have 2 employment statuses, the UK has 3: employees, dependent contractors (legally known as 'limb (b)' workers) and self-employed workers. Most are employees, entitled to the full set of employment protections. However, a considerable number of people — from delivery riders to taxi drivers, hairdressers, cleaners, carers, and construction workers — are not employed in this way (see below). As dependent contractors or self-employed workers, they have much fewer rights, including no access to statutory sick pay or parental pay. There is no pension auto-enrolment for self-employed workers, and dependent contractors, though entitled, may be less likely to meet the earnings criteria if they work for multiple employers.

Table 1. Key employment rights and protections by employment status — Minimum floors and other employment rights

Employment right	Employees	Limb (b) workers	Self-employed
National Minimum Wage / National Living Wage	Yes, day 1	Yes, day 1	No
Paid holidays	Yes, day 1	Yes, day 1	No
Statutory Maternity Leave, Paternity Leave and Adoption Leave	Yes, day 1	No	No
Statutory Shared Parental Leave	Yes, 26 weeks	No	No
Statutory Adoption Pay, Shared Parental Pay, Paternity Pay, Maternity Pay and Parental Bereavement Pay	Yes, 26 weeks	May be entitled*	No**
Statutory Sick Pay	Yes, day 1	May be entitled*	No
Workplace pension scheme	Yes, day 1	Yes, day 1	No

Table 2. Key employment rights and protections by employment status — Protections against loss of work

Employment right	Employees	Limb (b) workers	Self-employed
Unfair dismissal (for certain automatically unfair reasons)	Yes, day 1	No	No
Unfair dismissal (ordinary)	Yes, 2 years (6 months starting January 2027)	No	No
Statutory redundancy pay	Yes, 2 years	No	No

Table 3. Key employment rights and protections by employment status — Collective bargaining and trade union rights

Employment right	Employees	Limb (b) workers	Self-employed
Right to join a trade union and participate in trade union activities	Yes, day 1	Yes, day 1	Yes, day 1
Protection against dismissal for trade union activity	Yes, day 1	No	No

Employment right	Employees	Limb (b) workers	Self-employed
Protection against detriment for exercising trade union activity	Yes	Yes	No

* Limb (b) workers may be entitled to statutory payments if they are paid through an employer's PAYE system.

** Self-employed workers with sufficient National Insurance Contributions can claim Maternity Allowance, which is between £27.00 and £194.32 a week for up to 39 weeks.

This lack of protections means that the joy of having a new child is overshadowed by the worry of whether you can afford the time off. It means that the misfortune of falling ill, or doing your back in, can turn into a major financial crisis. And it means that retirement, instead of being something to look forward to, is a source of worry or a distant dream as you simply can't afford to stop working. After working hard and contributing, many find that when they need support, they are entitled to only minimal help and exposed to insecurity.

> Naomi is in her late 20s and expecting her first child. She works as a hairdresser, renting a chair from the salon owner. Naomi hasn't been able to work full-time due to pregnancy-related illness and, since she is self-employed, gets no sick pay. Her earnings have dropped, but she still has the same business expenses to cover. This has depleted the money she'd put aside to cover her maternity leave, and she's now worried about how long she can afford to be off work once the baby is born. Her partner works, but they rely on 2 incomes to cover their mortgage and other costs. She's hoping family members will help look after the baby to allow her to return to work sooner and keep childcare costs down.
>
> Source: Joseph Rowntree Foundation 'Grounded Voices'

Changing shape of the UK labour market

Of the 34.2 million people in work in the UK, 87% are employees and about 13% are self-employed. While the number of self-employed workers has grown by more than 39% in the last 25 years, their share of the labour market is still comparable now to what it was in 2001. During this time, however, there has been a fundamental shift in the composition of self-employment. Since 2001, solo self-employment has grown by nearly 1.4 million workers (+57%), while the number of self-employed with employees has fallen by around 290,000 (-33%). The entire net growth in self-employment has come from solo self-employment. Solo self-employed workers made up 73% of all

self-employed in 2001; by 2025 that share was 87%.

It is much harder to know the share of dependent contractors in the labour market, or how this has changed over time. Dependent contractors are not captured by payroll data like employees are, and it is difficult to get a survey estimate because of the complexity of the case law determining employment status. However, there are some useful proxies. For example, many dependent contractors are employed on zero hours contracts. This number has been steadily rising since 2013, and we know that around 650,000[1] more people were employed this way since 2013.

What were once arrangements at the margins of the labour market are increasingly becoming more mainstream (Florisson, 2024). Advocates of these employment models highlight the autonomy and flexibility they provide workers, and this is arguably an important selling point for many (Slaughter, 2024). What is often left out, however, is how it allows companies to shift costs and risk away from themselves.

Risks shifted away from firms do not disappear; they are transferred elsewhere, to individuals, households, the welfare system, and wider society. Workers who can't access sick pay either must work when they're ill – which risks worsening their health and infecting others — or stop working and face a serious drop in earnings. This means becoming detached from the labour market and, for those who cannot weather the income loss, relying on benefits (Oakley, 2023).

Being denied access to paid parental leave can leave families struggling financially at a time of increased costs and reduce parents’ ability to choose how to share care responsibilities. This reinforces gender inequalities, limits fathers’ involvement in early childcare, contributes to mothers’ long-term pay and pension penalties, and has wider social and economic costs through increased inequality and reduced labour-market participation (Barca, 2026). When it comes to pensions, the costs are not as immediate, but they will be severe as millions reach retirement age without sufficient savings. Only 4% of workers relying entirely on income from self-employment are saving into a pension (DWP, 2026).

> Paul is in his mid-50s and runs a small tech support business. His income often doesn’t cover his everyday costs, so he cannot save for retirement. He boosts his earnings by buying and selling second-hand goods and taking on short-term contract work. Paul receives Universal Credit, which covers part of his rent, but is limited by the minimum income floor. He’s trying to secure more self-employed work through advertising, but his budget is already stretched to the limit. He often has to borrow money and relies heavily on credit cards.
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> Source: Joseph Rowntree Foundation 'Grounded Voices'

Incentivising insecurity

There are strong incentives for companies to hire workers through less protected forms of employment. Not only can they avoid the risk that comes with fluctuating demand – if there is a quieter period, they can easily cut back their workforce — but they also don't have to pay statutory entitlements. If someone complains about how they're being treated, they can simply be taken off the rota or replaced by someone less troublesome (Citizens Advice, 2024). And, while self-employed workers can join a trade union, companies have no obligation to recognise the union or bargain with it.

If this didn't add enough downward pressure on employment standards, companies engaging people in these less secure ways also get a tax break. If you employ someone as an employee, you are liable for Employer National Insurance Contributions (NICs). This cost isn't payable for dependent contractors or self-employed workers, creating a strong incentive to find ways not to employ people directly. Employer NICs have recently been increased from 13.8% to 15%, and the wage threshold at which they need to be paid has been lowered from £9,100 to £5,000 per year, adding to the tax differential.

There are of course rules around employment status; an employer can't legally choose to employ someone as a dependent contractor or as self-employed if this isn't how their work is arranged in practice. However, it's currently too easy to misclassify workers and get away with it, and too difficult for workers to challenge their status (CIPD, 2020 and Vicol et al., 2026).

Rules around employment status are based on evolving case law, making them hard to understand for employers and workers alike. They aren't enforced by the state, but by individuals through the Employment Tribunal system — a complex and often costly route that can take years (Mellino, 2026). As a result, people are missing out on the protections they're owed, and Treasury is missing out on tax revenue as companies aren't paying their fair share of National Insurance Contributions.

But the impacts are wider than this, affecting the whole labour market. Companies that can't or won't organise their workforce in this way are undercut by those who do, leading to worsening employment standards across the board. We've seen this in the food delivery sector, where Just Eat briefly shifted to employing their riders as dependent contractors — providing them with fixed hourly pay, sick pay, and regular shifts — but reverted to a self-employed model to remain competitive against rivals (BBC, 2023).

Royal Mail says its labour costs are twice as high compared to competitors who use gig workers and self-employed couriers to deliver parcels (House of Commons, 2026). The same is true for hairdressers — those who rent chairs to self-employed stylists instead of employing them directly can offer cheaper prices to customers (Radio 4, 2026). Providing secure work that comes with rights and protections shouldn't make companies go out of business.

The solution is not to strip back rights from employees — outside of the National Minimum Wage, the UK has some of weakest workers' rights in the OECD, and the

Employment Rights Act only moves it closer to average on some protections, while it continues to lag behind on others (Cominetti and McCurdy, 2025). Instead, the Government needs to finish the job on whole labour-market reform. This could be done through a new settlement for in-work social insurance where:

1. Core protections like sick pay and parental pay are available to all workers, regardless of employment status, and provide genuine economic security.
2. Rules around employment status are simplified and enforced so companies can't avoid paying their fair share of national insurance or deny workers their rights.
3. Different forms of work are taxed more equally to reflect these new and improved protections, and reduce the incentive for companies to rely on less secure forms of work.

The Employment Rights Act takes us in the right direction on many fronts, but there is more to be done. If the Government doesn't actively shape the labour market, there's a risk that it'll shape itself around casualisation and tax optimisation. In the process many jobs will get worse, workers will lose out on economic security, and society will be left to pick up the bill.

2. Economic insecurity — why focus on core protections?

The National Minimum Wage has been a huge success story, raising the wages of the lowest earners in real terms (meaning above inflation) most years since it was introduced in 1999 (House of Commons Library, 2026). It has increased the annual income of the UK’s lowest-paid workers by thousands of pounds compared to if their earnings had risen in line with typical wages (Resolution Foundation, 2024). But pay alone does not determine economic security. Equally important is the experience that people have within the labour market, and what happens to your earnings when you can't work, whether that’s due to illness or a major life event like having a baby.

Statutory protections have flatlined

In the UK, earnings protections for temporary periods out of work have historically been weak and have stagnated over time. While statutory payments for sickness, maternity, and paternity have been uprated every year since 2014/15, they’ve failed to keep up with the National Living Wage and average earnings. As a result, the value of these protections relative to workers’ earnings has steadily eroded.

Figure 1: Despite nominal increases, statutory payments have fallen behind real growth in average earnings and National Living Wage



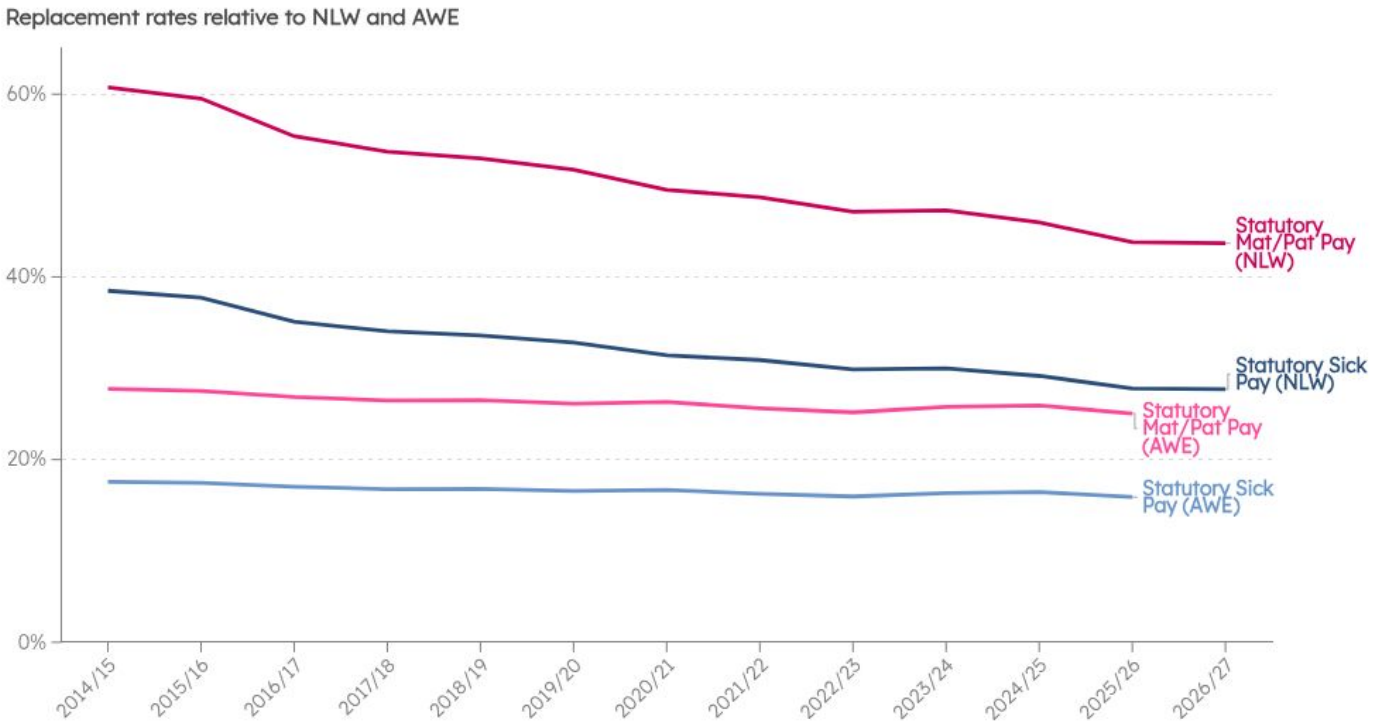
Source: JRF analysis of HMRC rates and allowances archives and HMRC's annual Rates and Thresholds for Employers publications. Consumer Price Index (CPI) data are from the Office for National Statistics.
Note: National Living Wage (NLW), Average Weekly Earnings (AWE), Statutory Sick Pay (SSP), Statutory Paternity Pay (SPP) and Statutory Maternity Pay (SMP) values were converted into 2026 prices using Consumer Price Index (CPI) to calculate the real growth since 2014/15. Annual CPI indices are the monthly average of each corresponding financial year. For 2026/27, only April 2026 CPI index was available at the time of analysis; estimates for this year are therefore provisional and may change as further data become available. Results for 2026/27 should be interpreted with caution. Replacement rates for Statutory Maternity Pay (SMP) have been calculated using the flat rate portion of SMP (this is the same as the highest possible weekly Maternity Allowance payment), which is paid after week 6.

Statutory Sick Pay used to replace 38% of the earnings of a full-time worker on the National Living Wage in 2014/15; it now replaces only 28%. Parental pay has experienced an even greater decline in value over time. The flat rate portion of Statutory Maternity Pay, paid from week 7 of maternity leave, replaced 61% of the

earnings of a full-time National Living Wage worker in 2014/15, compared with just 44% today.

Statutory Paternity Pay has followed the same downward trajectory. As these are flat-rate payments, the higher a worker’s earnings, the smaller the share of income that is replaced. For a full-time average earner on £38,900 a year, the replacement rate is just 16% for Statutory Sick Pay and 25% for both maternity and paternity pay.

Figure 2: Statutory protections, including sick pay, maternity pay and paternity pay, have become less adequate over time, with replacement rates falling relative to both the National Living Wage and average weekly earnings

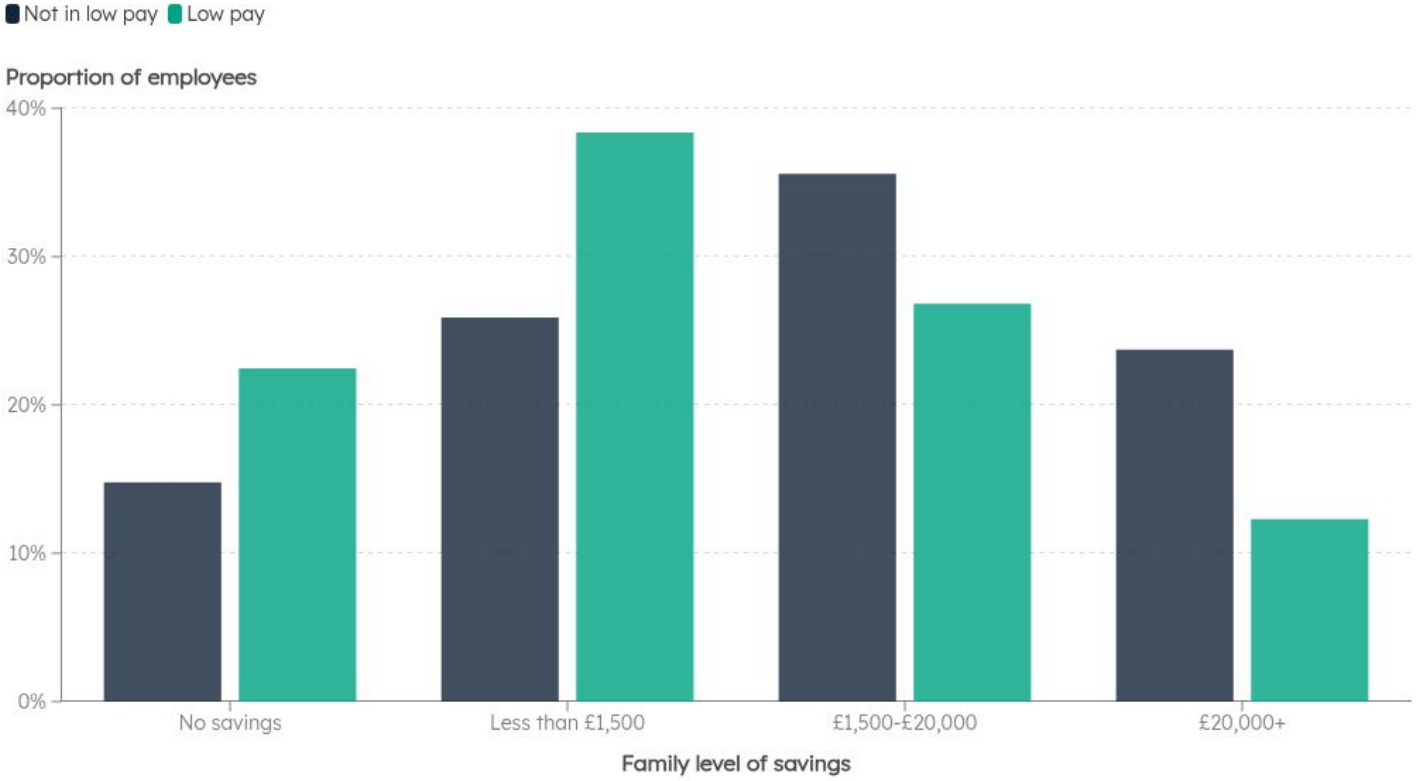


Source: JRF analysis of HMRC rates and allowances archives and HMRC's annual Rates and Thresholds for Employers publications. Consumer Price Index (CPI) data are from the Office for National Statistics.
Note: Replacement rates for Statutory Maternity Pay (SMP) have been calculated using the flat rate portion of SMP (this is the same as the highest possible weekly Maternity Allowance payment), which is paid after week 6.

The adequacy of statutory payments is particularly important for maintaining financial security because the employees who rely on them often have no savings to help absorb an income shock and, when they do, the amounts are usually small. Overall, 43% of employees live in families with either no savings or savings of less than £1,500 to fall back on in the event of a loss of income.

For low-paid employees, this figure is 61%, leaving them with very limited resources to manage interruptions to their earnings. The picture is, however, arguably worse for those outside of the standard employment contract, as they are not entitled to even these meagre protections.

Figure 3: The majority of low-paid employee adults live in families with limited financial resilience, having less than £1,500 in savings or no savings at all



Source: JRF analysis of Family Resources Survey, 2023/24.
Note: Low-paid employees are defined as those earning less than two-thirds of the median hourly earnings of all workers. Savings refer to the total value of savings and investments held by all adults in the family unit.

Flexibility or protections — a fair trade-off?

More flexible forms of work — especially self-employment — are often seen as an active choice that is based on a fair trade-off between having fewer rights and protections than employees, but more freedom and autonomy. Lower taxes and the ability to pass certain costs onto clients mean that self-employed workers should be able to put money away for a rainy day, providing themselves with a savings safety net for when they can’t work. However, for a considerable number of workers, these assumptions simply don’t hold true.

In part, this is because self-employment encompasses a diverse range of working arrangements, not all of which involve the independence and autonomy commonly associated with running your own business (see groups below). Some workers are falsely classified as self-employed despite mainly working for a single company and being subject to significant control over how they perform their work. Others occupy an intermediate status, where they are self-employed for tax purposes but have a different status for employment rights purposes, to reflect their less autonomous position.

There is also a growing group of nominally self-employed workers whose ability to determine when, where, and how they work is heavily constrained in practice, often facilitated by technology. For these groups of workers, self-employment is often less about freedom and independence and more about shifting the risks of employment from businesses onto individuals.

In polling carried out with 1,000 self-employed workers by Opinium for JRF and Bright Blue in February 2026, nearly half of respondents lacked the freedom and autonomy you would expect self-employed workers to have.[2] Almost 1 in 4 (23%) said most of their work was for a single client, organisation or employer; around 1 in 7 (15%) said they did not have the right to send a substitute if they could not perform the work themselves; almost 1 in 7 (13%) said they don't set their own rate of pay and 1 in 10 (9%) said they do not set their own working hours.

Low-autonomy groups within self-employment

False or ‘bogus’ self-employed

These are workers who are treated as self-employed when they are in fact employees or dependent contractors, usually due to a company’s desire to avoid tax and/or employment law obligations. The true size of this group is hard to know because it is by nature hidden, but it is estimated that up to 15% of self-employed people are wrongly categorised, with the lowest-paid and most vulnerable most likely to be affected (CIPD, 2020). False self-employment denies workers key rights like the National Minimum Wage, holiday pay, and employer pension contributions, as well as access to statutory payments for sickness and parenthood, which are part funded and administered by employers.

Dependent contractors, legally known as 'limb (b) workers'

These workers sit somewhere in between employees and the self-employed. They are usually self-employed for tax purposes, but 'workers' for employment rights purposes in recognition of the fact that they aren't fully autonomous. This means they have access to a floor of basic employment rights, like the National Minimum Wage and holiday pay, but have fewer rights than full employees. Crucially, these workers don't get access to protections like sick pay or parental pay, except in some very limited circumstances. And because they are self-employed for tax, their employers do not pay employer National Insurance Contributions. High-profile examples of dependent contractors include Uber drivers and Evri couriers, both of which have only gained this status through legal cases brought by workers and trade unions (The Supreme Court, 2021b and Employment Tribunal Leeds, 2018). About 39% of businesses say they employ someone with this status (Willmott, 2025).

Low-autonomy self-employment (LASE)

This group includes those who are legally self-employed, but whose circumstances don't necessarily meet the spirit of what that means. The clearest example can be found in Deliveroo riders who, in a well-known Employment Tribunal case (The Supreme Court, 2021c), were declared self-employed rather than dependent contractors for the purpose of collective bargaining and trade union law largely due to their right to substitution (the ability to send someone to do the work in their place). Yet, they don't set their own pay and have little autonomy in how they carry out their work, and few would argue that they are running a business in their own

right.

Even for those workers who are ‘genuinely’ self-employed, the trade-off between freedom and protections isn’t necessarily freely made. If there’s no alternative to self-employment — either because it is the only work available, or because it is the only way someone can balance work with care responsibilities or a long-term health condition — then the exchange of protections for autonomy isn’t a choice at all, but a situation people are ending up in.

Our polling found that about 1 in 5 self-employed workers (19%) feel that they have been forced into self-employment by circumstances outside their control, compared to 3 in 5 who said they actively chose it (60%), and a further 1 in 5 who were somewhere in between (18%).

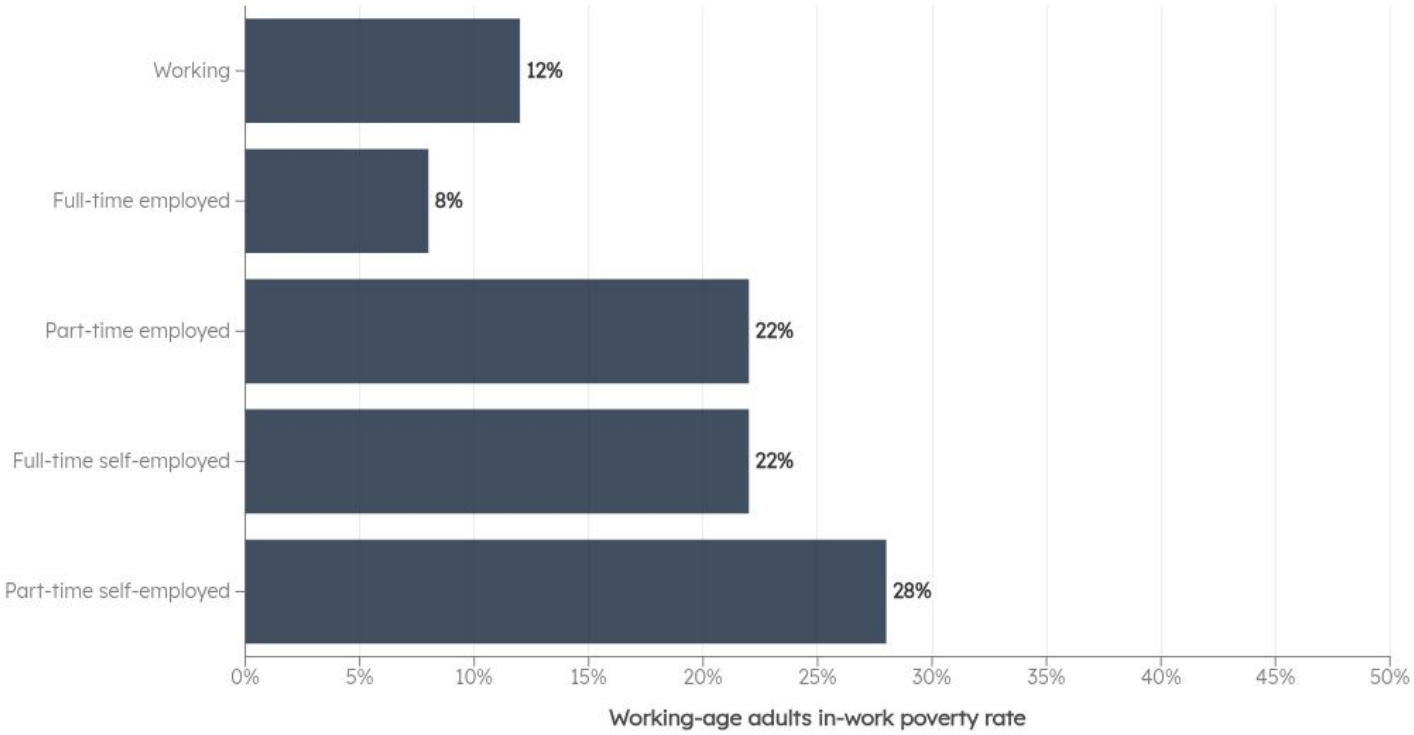
Economic insecurity is much higher among the self-employed

The assumption that self-employment offers sufficient benefits to compensate for weaker protections is also difficult to reconcile with the economic reality facing many self-employed workers. Being self-employed comes with a much higher risk of poverty than being an employee, regardless of hours worked. JRF research has found that the poverty rate among full-time self-employed workers is 22% compared to 8% for full-time employees, and 28% for part-time self-employed workers compared to 22% for part-time employees.

Notably, the poverty risk for full-time self-employed workers is comparable to that of employees who only work part-time (JRF, 2026). These trends are historic, with hardly

any progress made in bridging the poverty gap between full-time employees and full-time self-employed workers between 2000 and 2024. For part-time self-employed workers things have got worse with poverty levels increasing by 7% (JRF, 2026).

Figure 4: A full-time self-employed worker is almost 3 times more likely to be living in poverty compared to a full-time employee



Source: JRF analysis of Households Below Average Income, 2023/24, Department for Work and Pensions.

Our data also shows that self-employed workers face a persistent and widening hourly pay gap, earning about 23% less than employees on average. While real hourly pay (hourly earnings adjusted for inflation) for employees at the end of the earnings distribution shows a steady upwards trend over the past 3 decades, it has remained largely flat for self-employed workers.

In cash terms this means that the average self-employed worker, in the bottom 20% of self-employed earnings and working 37 hours per week, has an average annual gross income of £5,300, while an employee working the same number of hours and in the bottom 20% of employee earnings, has an average annual gross income of £18,200 — a difference of 12,900 per year.

Figure 5: Self-employed workers in the lowest end of the earnings distribution earn more than 3 times less per hour than employees in the same income level

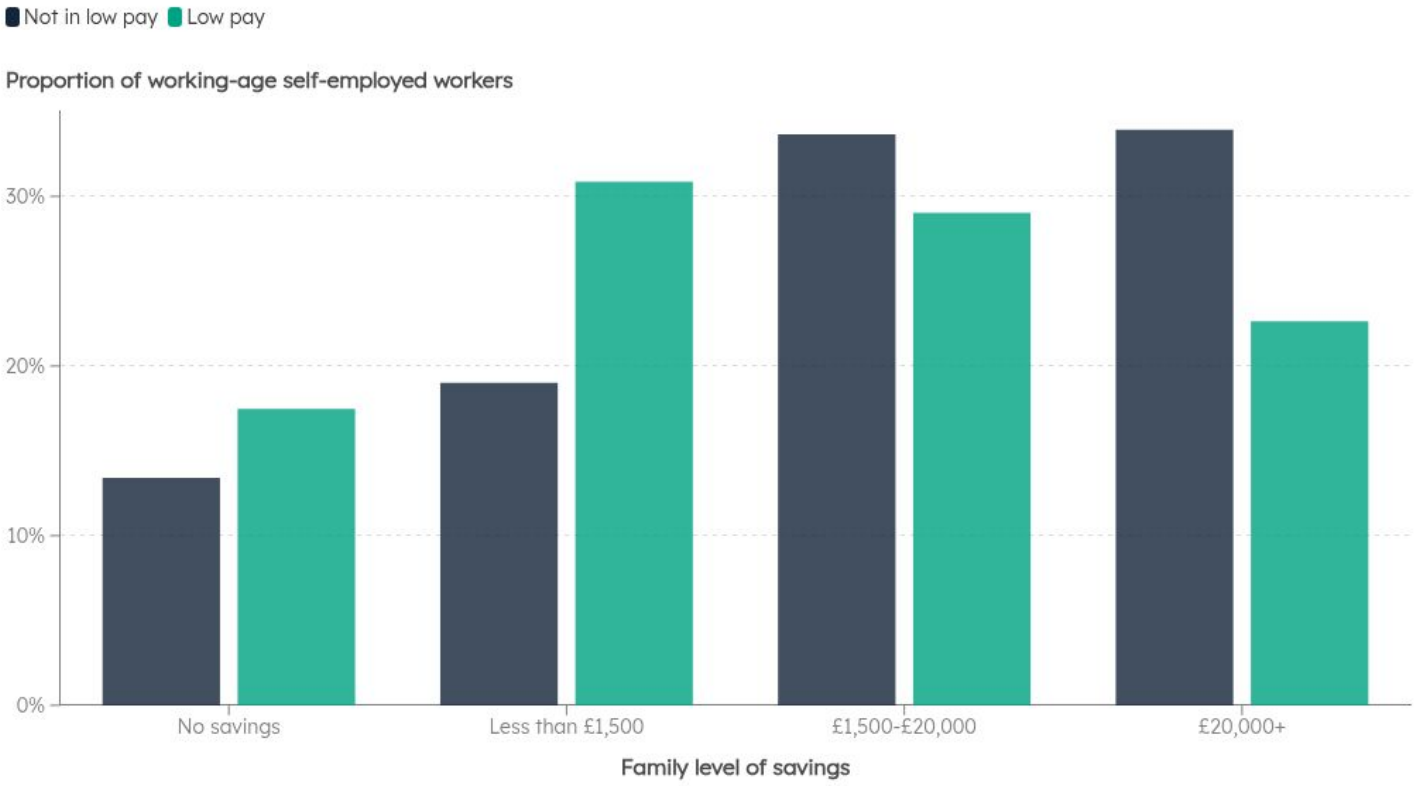


Source: JRF analysis of DWP Family Resources Survey, 2023/24.
Note: Real hourly pay was calculated using the 2026 Consumer Price Index (CPI) as the base year and the CPI index for each corresponding year. Quintiles have been calculated separately for employees and self-employed. Self-employment income is notoriously difficult to measure due to potential under-reporting and greater volatility compared with employee earnings. As a result, some of the observed increase may reflect real increases in hourly earnings, but could also reflect changes in how income is declared.

Considering their high poverty rates and low earnings, it is unsurprising that many self-employed workers have little financial protection against income shocks. Almost 2 in 5 self-employed workers (39%) live in families with either no savings or savings of less than £1,500 to fall back on if their income suddenly drops. The situation is even more concerning for self-employed workers on low pay. Nearly half (48%) live in

families with no savings or less than £1,500 in savings.

Figure 6: Almost half of low-paid self-employed adults live in families with limited financial resilience, having less than £1,500 in savings or no savings at all

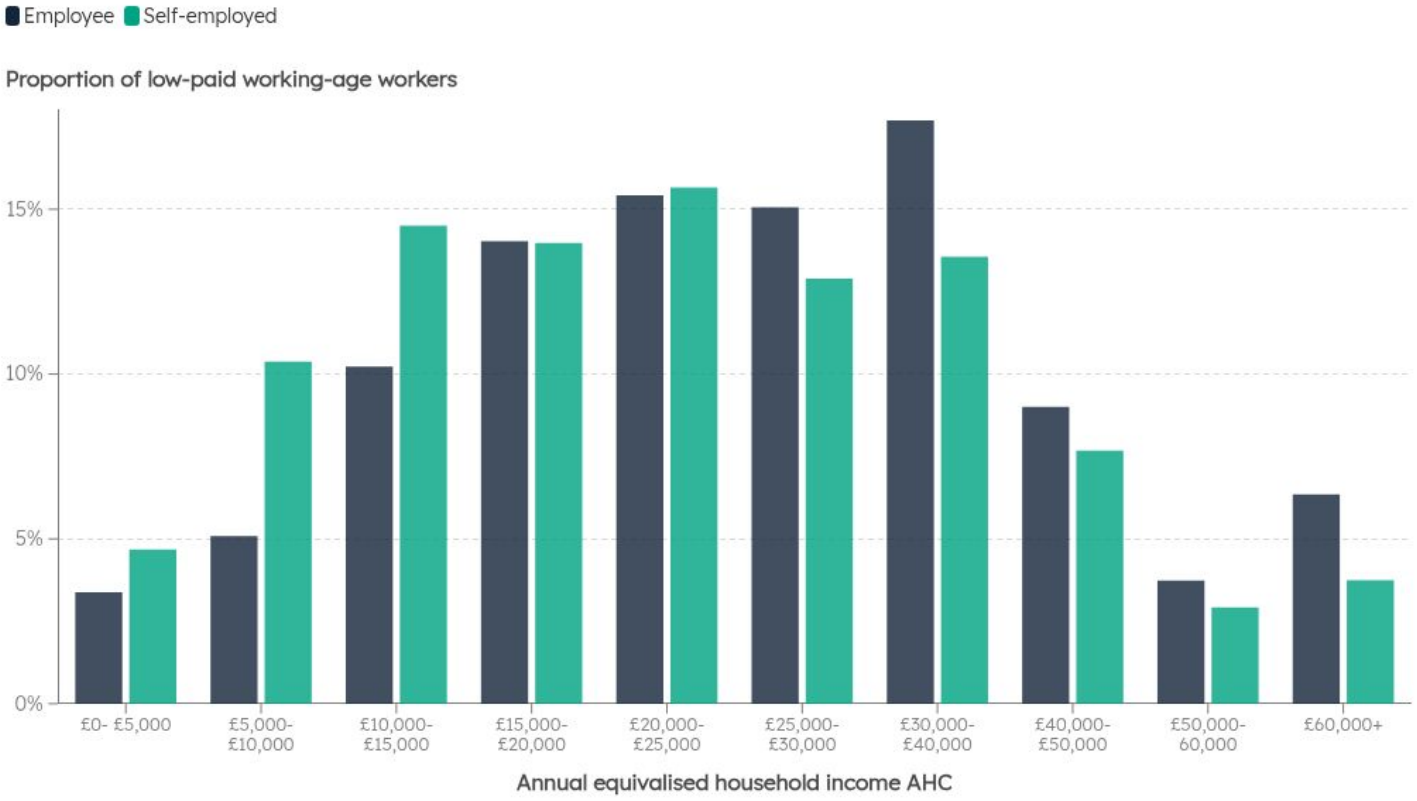


Source: JRF analysis of Family Resources Survey, 2023/24.
Note: Low-paid self-employed are defined as those earning less than two-thirds of the median hourly earnings of all workers. Savings refer to the total value of savings and investments held by all adults in the family unit.

Moreover, low-paid self-employed workers are less likely than low-paid employees to benefit from the financial security that can come from living in a higher-income household. More than 4 in 10 low-paid self-employed workers (44%) live in low-

income households, compared with 3 in 10 low-paid employees (33%). As a result, many low-paid self-employed workers cannot rely on the earnings of other household members to cushion the impact of financial shocks. In total, around 600,000 self-employed workers across the UK face the combined challenge of low earnings, limited household resources, and weaker access to earnings protections.

Figure 7: Low-paid self-employed workers are more likely to live in low-income households than low-paid employees



Source: JRF analysis of Department for Work and Pensions Family Resources Survey, 2023/24
Note: Low-paid workers are defined as those earning less than two-thirds of the median hourly earnings of all workers. A household is classified as low income if its annual equivalised income after housing costs (AHC) is below 60% of the median household income of the overall sample. In the latest year of data, this corresponds to an annual equivalised AHC income below £20,436.

This combination of low earnings, limited savings and a higher likelihood of living in a low-income household leaves many self-employed workers exposed to multiple layers of financial risk. And, unlike employees in a similar position, they’re excluded from statutory protections. In this context, it is unsurprising that 44% of self-employed people feel that the benefits of self-employment do not make up for the lack of Government support they receive, while only 20% feel that they do.

Taken together, the evidence points to 2 groups that are particularly vulnerable to income shocks: employees who rely on inadequate statutory support when unable to work, and dependent contractors or self-employed workers who lack key protections. In both cases, low pay, limited savings, and weak income replacement increase the risk of hardship when work is interrupted.

3. A new settlement for in-work social insurance to boost economic security in the labour market

The changing nature of work means that the UK's existing system of employment protections is no longer fit for purpose. We’re seeing a growing diversity of working arrangements, including solo self-employment, dependent contracting, false and low-autonomy self-employment, and zero hours and agency work. Yet access to many of the protections that underpin economic security — including sick pay, parental pay, and support with pension saving — remains heavily dependent on people working as employees.

Furthermore, significant inequalities exist within the employee workforce itself. Higher-paid workers and those in the public sector are far more likely to have access to enhanced support, while lower-paid private-sector workers must rely solely on meagre statutory entitlements.

In this context, there is a strong case for a new settlement for in-work social insurance in which core protections are available to all workers, regardless of their employment status, and are sufficiently strong to provide meaningful security when people are temporarily unable to work. The purpose of social insurance is not simply to prevent destitution, but to protect people’s incomes against foreseeable risks that

they cannot reasonably manage alone.

Such a settlement would not only benefit individuals; it could also lead to a more dynamic and productive economy. By helping workers remain attached to work during periods of illness, caring responsibilities or family change, it could reduce labour-market exits and encourage people to move between jobs and forms of work without losing access to core protections.

But delivering this change comes with real challenges. Extending protections like sick pay to self-employed workers requires new ways of verifying eligibility and preventing abuse. It also raises difficult questions about contributions, particularly given that self-employed workers currently pay significantly less into the system. If self-employed workers are to benefit from stronger income protection, contributions and entitlements will need to become more closely aligned across different forms of work.

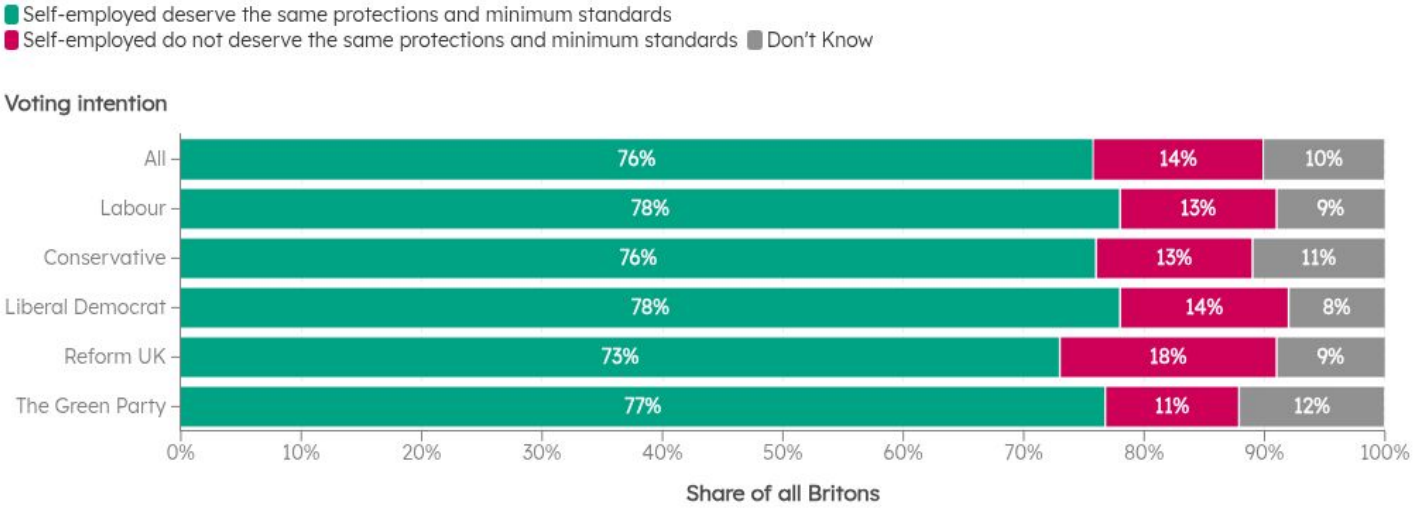
The challenge is to achieve this in a way that is fair, progressive and doesn’t place undue pressure on those with the lowest and most volatile incomes. This is especially important as low-paid self-employed workers aren’t protected by the National Minimum Wage and don’t necessarily have the bargaining power to pass the costs of social insurance contributions onto consumers or the businesses engaging them. We are currently exploring how adjusting National Insurance Contributions might impact employment levels, workers’ share of income, and the distribution of work between different employment statuses.

Reducing tax differentials between employment statuses is also important if we are to remove the incentive for companies to shift risk onto those workers who enjoy the least protections. A better in-work settlement for social insurance can't be built on top of a labour market that rewards businesses for avoiding employment rights and social contributions – all companies need to pay their fair share.

It also can't be built on a labour market where this avoidance is easy to get away with. Successive governments have delayed much needed employment status reforms, despite longstanding concerns about misclassification and the growth of precarious work. They shouldn't be allowed to push this issue further into the long grass.

Figure 8: Across all parties Britons support minimum standards for the self-employed

Which of the following comes closest to your viewpoint?

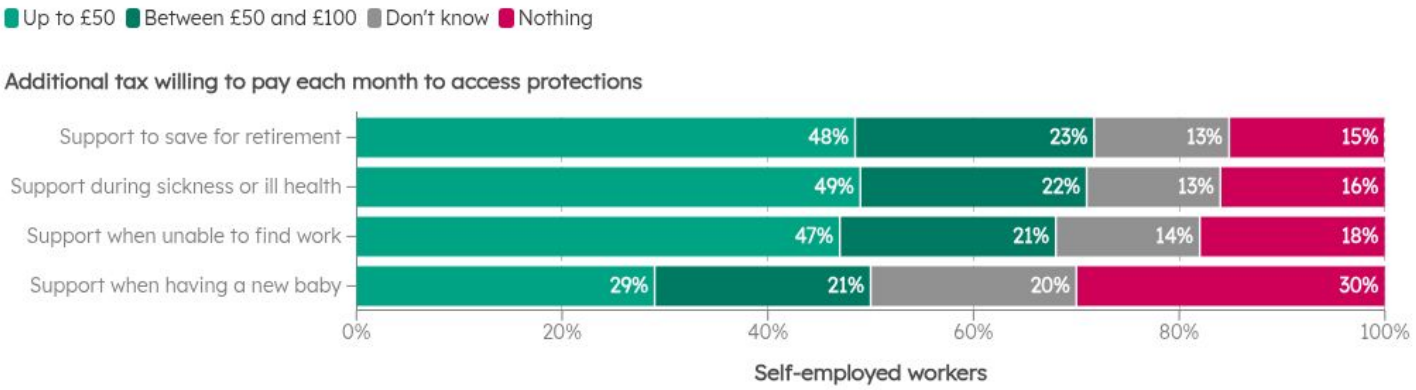


Source: More in Common analysis for JRF, January 2026.

Support for a new settlement

There is political space to work towards a better settlement for in-work social insurance. Research by More in Common for JRF finds there is instinctive support for worker protections and extending these protections to self-employed people.

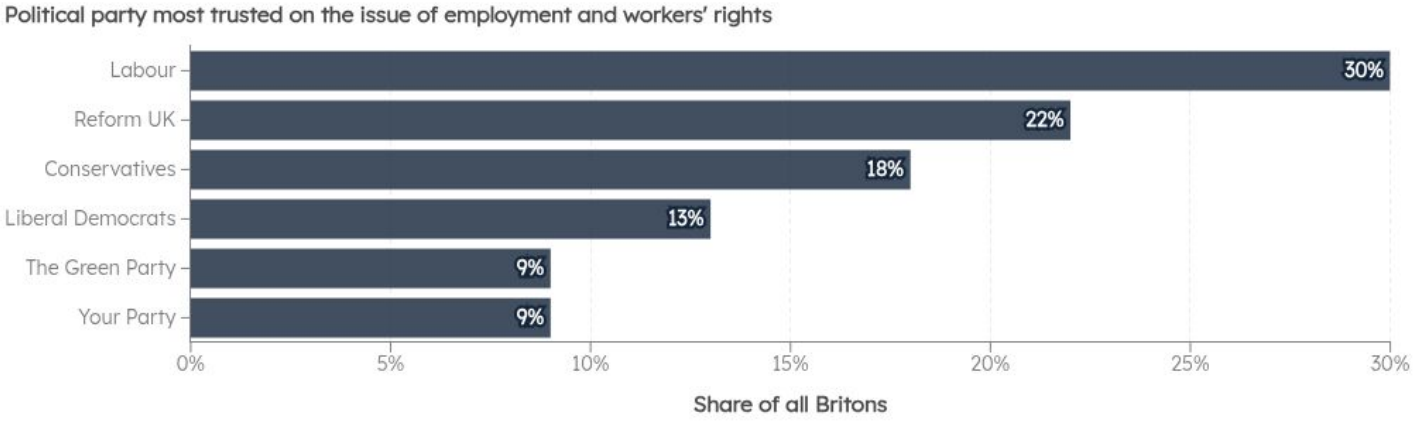
Figure 9: On average almost 7 in 10 self-employed workers would be willing to pay more in taxes each month in order to have better protections



Source: JRF analysis of Opinium polling, February 2026. • Based on a sample of 1,000 self-employed workers. Respondents were asked "How much more tax would you be willing to pay each month if it meant that you and all other self-employed people would have access to the following?"

At the level of principle, three-quarters of the public believe self-employed workers deserve the same protections and minimum standards as employees, and this holds true across political parties on the left and the right. On specific measures — such as extending sick pay and parental pay — there remains majority support amongst voters of all parties, though the highest levels of support cluster in parties of the liberal left.

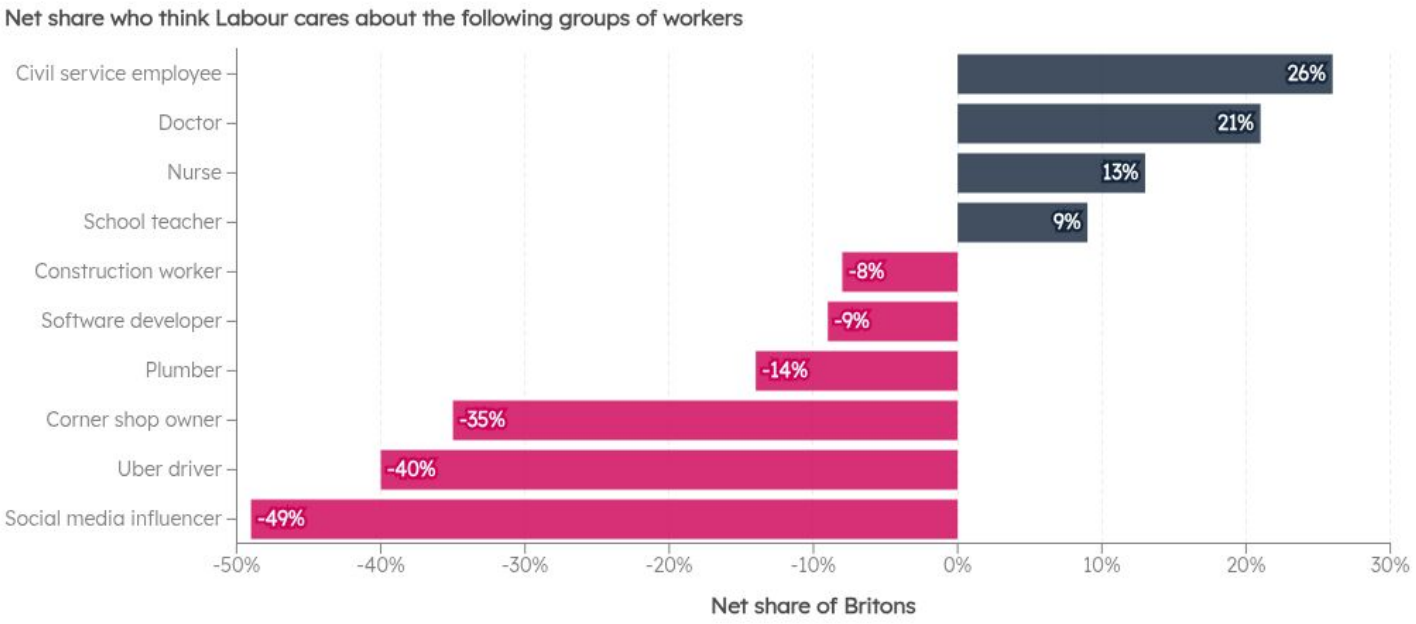
Figure 10: Labour are the most trusted on employment and workers' rights



Source: More in Common polling for JRF, January 2026.

Whilst introducing these protections is not without challenges — both practical and political, if tax rises are required — further research by Bright Blue finds that there is willingness amongst a significant portion of self-employed people to contribute more via taxation if they're rewarded with stronger protections. On average nearly 2 in 3 (65%) self-employed workers would be willing to pay more in taxes to have better protections.

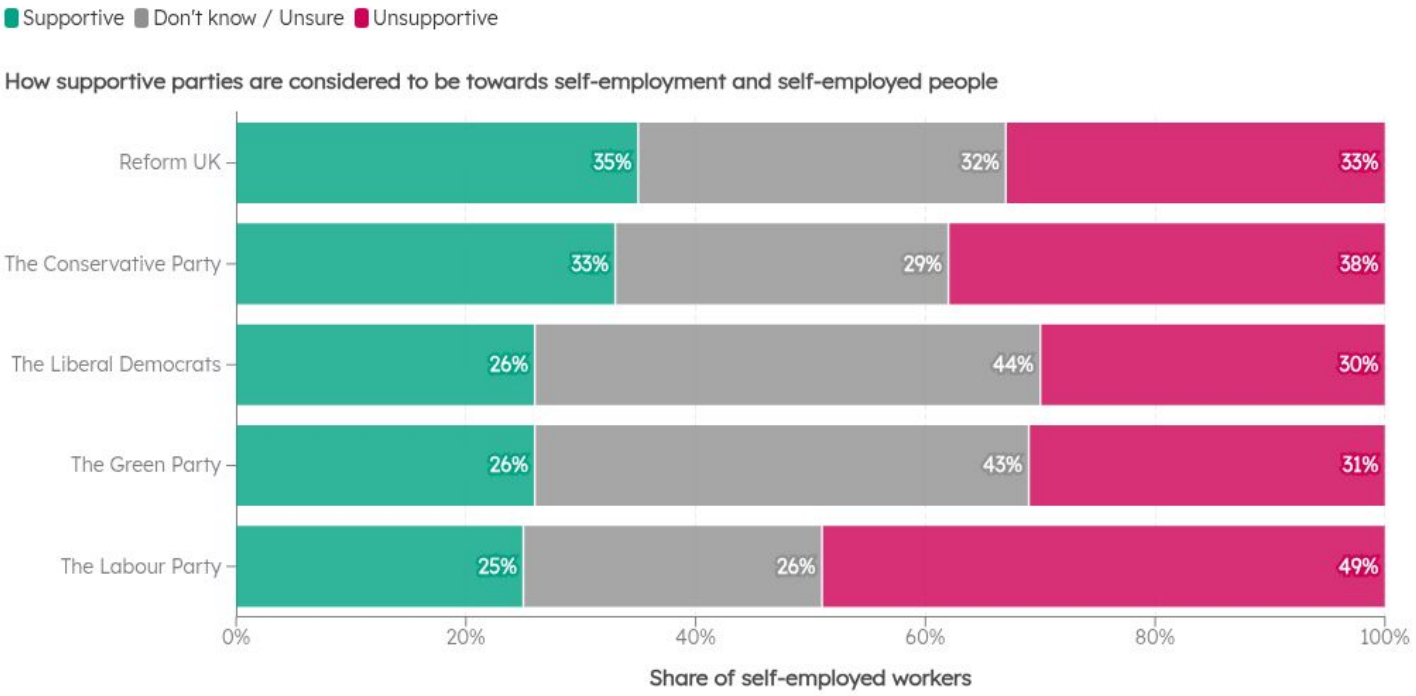
Figure 11: Labour is seen to care least about workers with the fewest level of existing protections



Source: More in Common polling for JRF, January 2026.
Note: Net score is the number who responded Labour care "greatly" of "somewhat" minus those who responded "not a lot" or "not at all"

For the current Government there is a clear political incentive to develop a more expansive policy agenda in relation to work. Labour remains the most trusted party on employment rights overall but is seen to care less about plumbers and Uber drivers compared to public-sector employees. Self-employed people themselves view Labour as the least supportive party of self-employed people.

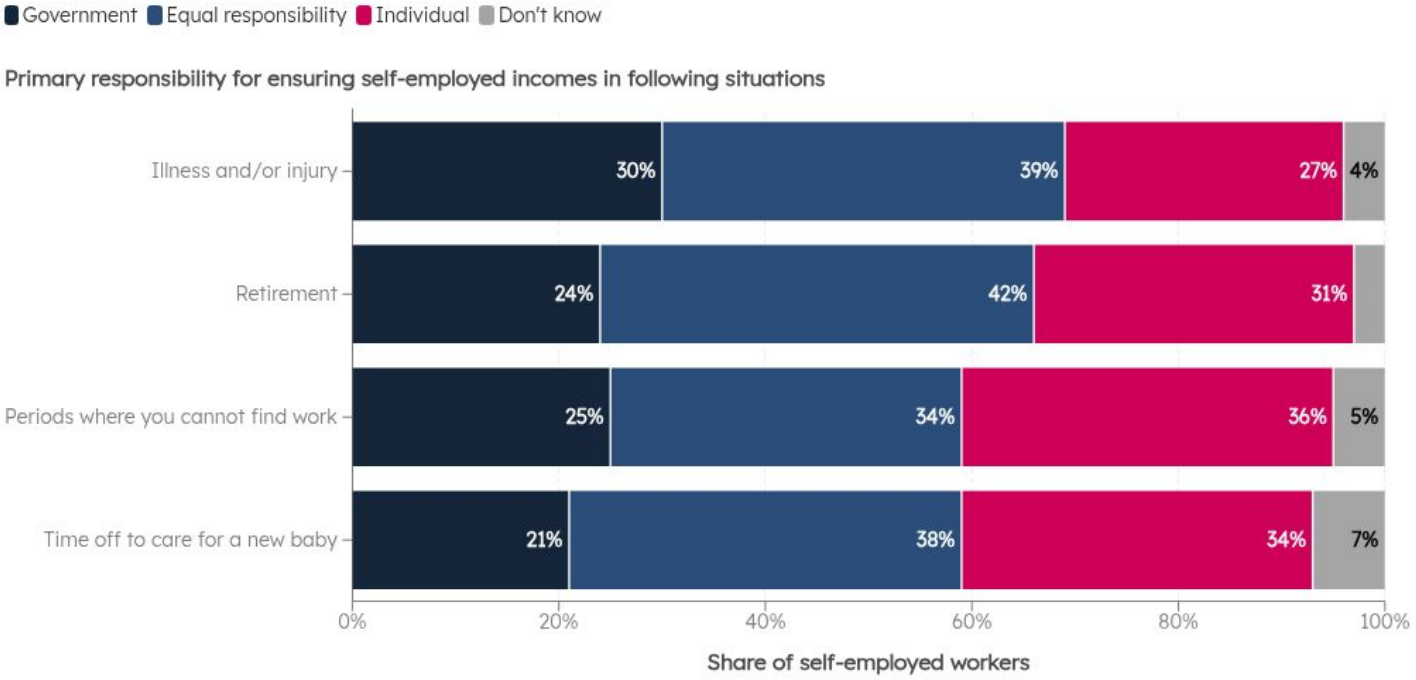
Figure 12: Reform are considered the most supportive of self-employed people, and Labour the least supportive



Source: JRF analysis of Opinium polling, February 2026.
Based on a sample of 1,000 self-employed workers. Note: Question asked: "How supportive do you think the following parties are towards self-employment and self-employed people?"

The Government could develop a distinctive offer built on security and that extends its politics of work to include workers outside of the standard employment contract, who are often valued by challenger parties, ensuring all workers in the modern labour market are adequately protected from income shocks. There is an appetite for government to play a role, alongside individuals.

Figure 13: There is strong support for the Government playing a role in supporting workers during income shocks such as caring for a newborn, saving for retirement, and experiencing illness or injury



Source: JRF analysis of Opinium polling, February 2026. • Based on a sample of 1,000 self-employed workers. Question asked: "Who should be primarily responsible for ensuring self-employed people have enough income to meet their living costs in the following situations?"

4. Conclusion

Security shouldn’t depend on employment status

The UK's system of earnings protection no longer reflects the realities of the modern labour market. While employment rights have expanded for many employees, millions of workers remain excluded from core protections when illness or caring responsibilities interrupt work. At the same time, businesses continue to face financial incentives to rely on employment models that offer fewer rights and protections. The result is a labour market that leaves too many workers exposed to insecurity while rewarding the transfer of risk away from employers.

The Employment Rights Act is an important step towards a fairer labour market, but it cannot be the final one. Without further reform, there is a risk that stronger protections for employees will increasingly sit alongside the growth of less protected forms of work, limiting the impact of recent progress and weakening standards across the labour market.

A new settlement for in-work social insurance offers a way forward. By extending core protections to all workers, aligning contributions and entitlements more closely across different forms of work, and ensuring employment status rules are clear and effectively enforced, the Government could create a system that provides genuine security while supporting fair competition between businesses.

The question is not whether workers will face interruptions to work from illness, injury, and caring responsibilities. They will. The question is how those risks are shared. A labour market that leaves individuals and families to shoulder them alone is neither fair nor sustainable. A stronger system of in-work social insurance would ensure that everyone who works can count on a basic level of security when they need it most.

Methodology

Surveys

Between 17 and 23 February 2026, Opinium conducted a poll of 1,000 self-employed adults in the UK, commissioned by Bright Blue and JRF. The sample was weighted to be nationally representative of self-employed adults. The poll allowed us to gather a fuller picture of the key characteristics and values of the self-employed in the UK, and to quantify the frequency and severity of the different financial challenges they face. It also enabled us to examine the experiences of self-employed workers when they face income shocks and when they have, or lack, access to in-work benefits.

A second survey was conducted by More in Common between 23 and 25 January 2026 and included a sample of 2,016 adults in Great Britain. The sample was weighted by age-sex interlock, region, ethnicity, education, and 2024 General Election vote to be representative of the population of Great Britain. The aim of this survey was to understand work in the current political context and public attitudes towards it.

Grounded Voices

The case studies included in the report are from the Grounded Voices programme, a qualitative research programme by JRF involving people with lived experience of financial hardship across the UK. The names of people quoted have been changed to

protect their identities. You can find out more about the Grounded Voices Programme here (https://insightinfrastructure.co.uk/#grounded-voices).

Low-paid workers definition

For this report low-paid workers are defined as those earnings less than two-thirds of the median hourly earnings considering the whole sample of workers, unless otherwise stated.

Low-income households definition

For this report low-income households are defined as those whose annual equivalised income after housing cost (AHC) is below 60% of the median annual equivalised income AHC of the overall sample.

Family Resources Survey and Households Below Average Income

Some of the analysis in this report was conducted using the latest available data from the Family Resources Survey (FRS) and Households Below Average Income (HBAI) at the time of writing. Since then, a new release of the FRS and HBAI has been published, incorporating benefits data from administrative records. This may affect some of the poverty estimates and measures of equivalised household income used in this report. As a result, some of the poverty rates reported here may not be directly comparable with estimates published elsewhere using the latest FRS and HBAI data.

Notes

1. The rapid growth in recorded zero-hours contracts could potentially be due, at least in part, to greater awareness of term from around 2012.
2. This includes respondents who answered yes to one or more of the following:
    - If I cannot perform work myself, I am not allowed to send another person to do the work instead.
    - The client, organisation or employer that I work for sets my rate of pay.
    - I am on a zero-hours contract.
    - The client, organisation or employer that I work for provides tools and equipment for me so that I can complete my work.
    - The client, organisation or employer that I work for sets the hours that I work.
    - If I cannot perform work myself, I can only send another person to do it instead in certain, limited circumstances (for example, with consent from the client, organisation or employer).

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