FINANCIAL TIMES

Good jobs in a changing world

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Financial Times

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What’s the problem?

What a ready-meals factory tells us about hidden inequality

Agency staff may do the same work as employees but lack security and suffer penalties

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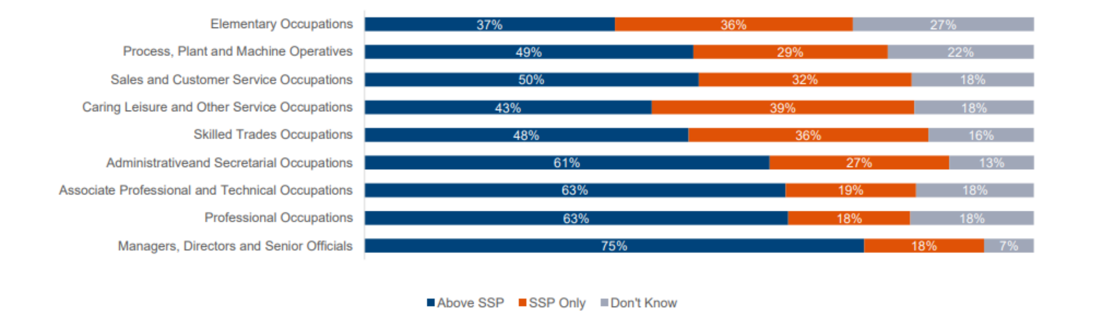
Regular employees know how much they will earn each month; agency staff might have to borrow to pay the bills if their hours come up short © Alamy

1: Risk on the wrong shoulders…

… including the risk of getting sick



Employees in higher-skilled occupations were more likely to receive above SSP compared to those in low-skilled occupations.

Chart 3.7 Employees sick pay arrangements by occupation

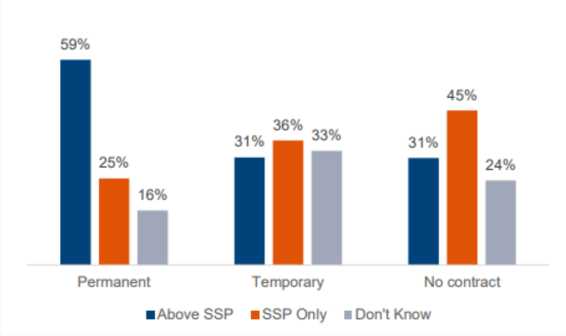


Chart 3.9 Employees sick pay arrangements by contract type

2. A spreading gig economy...

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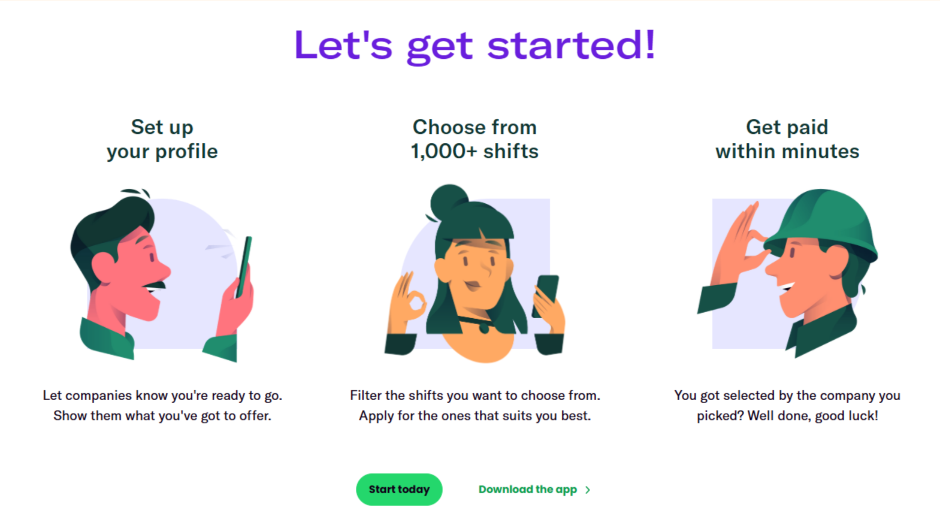

3. Poor enforcement of the law

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Dark factories: labour exploitation in Britain's garment industry | Free to read

In parts of Leicester, workers are paid as little as £3.50 an hour. Why is no one being held responsible?

Sarah O'Connor

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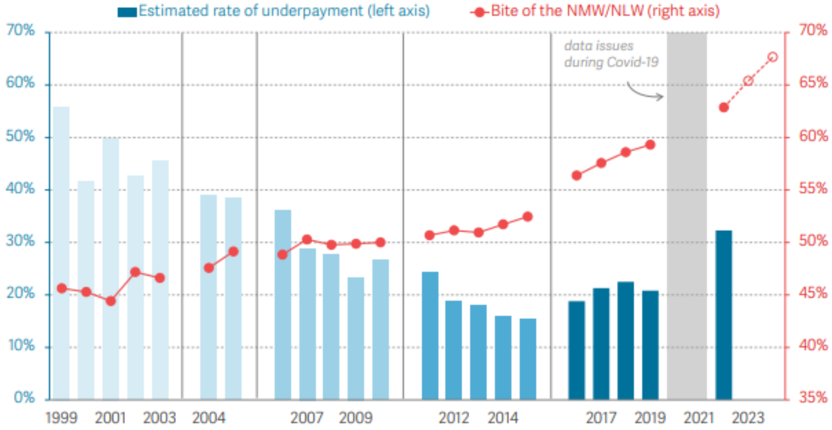
276

FIGURE 6: **As the minimum wage has risen in recent years, so too has the rate of underpayment**

Estimated rate of underpayment for covered workers (those paid at or below the NMW/ NLW-plus-5p), and 'bite' of the NMW/NLW (minimum wage rate as share of median wage), among workers aged 25 and over: UK



NOTES: Different methods are used to calculate underpayment rates 1999-2003, 2004-05, 2006-10 and 2011 onwards. Data for 2016 onwards are for different points in the minimum wage year than all other years, so cannot be directly compared to 2011-15 data. Bite is for April of the relevant year. We exclude 2020 and 2021 because pay data was affected by the Job Retention Scheme, where many furloughed workers were paid 80 per cent of their previous earnings. Latest data point is 2022 for the underpayment series and 2024 for the (projected) bite.

SOURCE: RF analysis of LPC, National Minimum Wage: Low Pay Commission 2018 Report; LPC, Low Pay Commission Report 2022.

Is this the solution?

Minister announces most significant upgrade of employment legislation in 25 years

Topics: Employment rights

Date published: 28 April 2025

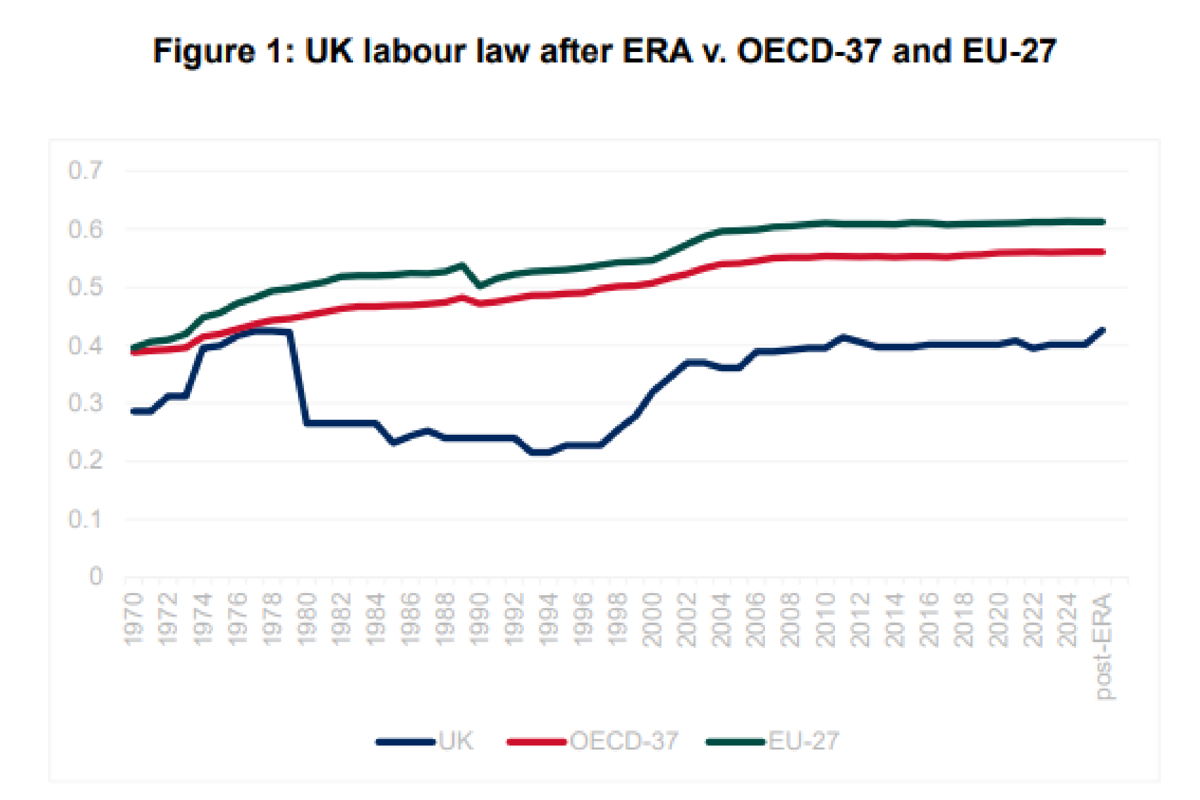
Economy Minister Dr Caoimhe Archibald has launched plans for a major upgrade in employment law as part of her Good Jobs agenda.

UK government's flagship workers' rights legislation clears final hurdle

Employment rights bill heads for statute book after House of Lords backs down

UK business secretary Peter Kyle said the legislation would drag Britain's outdated employment laws into the 21st century © Ben Burchall/PA

Some historical and geographical perspective…

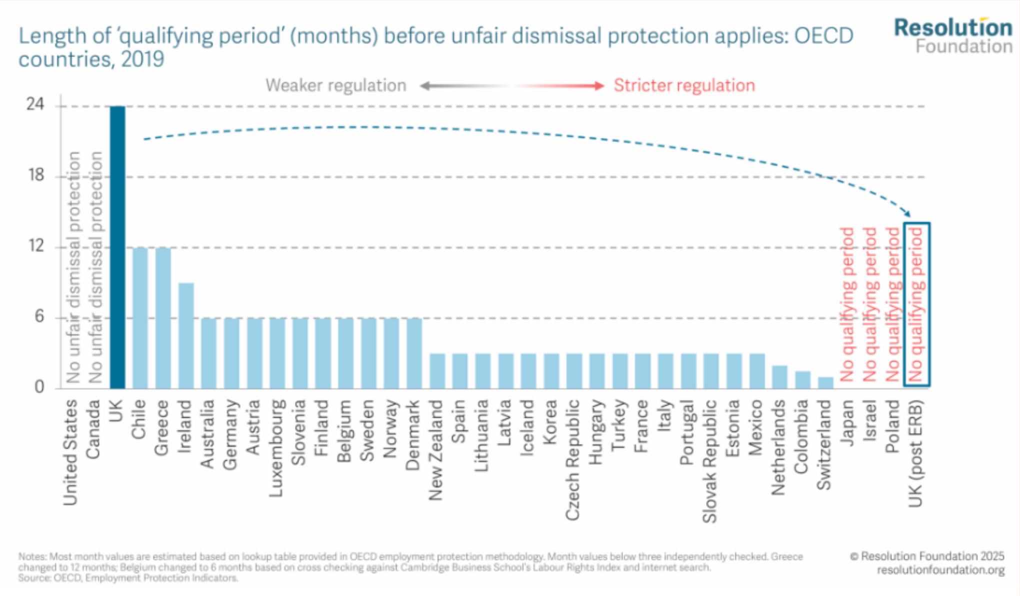


Source: Assessing the legal and economic implications of the Employment Rights Act 2025
Christine Carter (University of Cambridge) Simon Deakin (University of Cambridge), Conor McCormack (Department for Business and Trade) and Kamelia Pourkermani (University of Cambridge)

The good…

A meaningful improvement to insecure low-paid jobs:

- Both UK and Northern Ireland tackle zero-hour contracts (in different ways)
- Day one sick pay (but still at measly levels compared with European peers)
- Sensible UK compromise on unfair dismissal (day one rights would have made us international outliers)



The good (cont.)…

Fair Pay Agreements (sectoral collective bargaining) are worth a go…

Opinion UK employment

The most radical Labour plan you haven't heard about

Collective bargaining in social care could save an ailing sector — but only if it's done properly

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…although New Zealand is a cautionary tale

20 Dec 2023

The repeal of Fair Pay Agreements legislation

The Fair Pay Agreements (FPA) Act has been repealed with effect from 20 December 2023. Your rights and obligations under other employment legislation still apply.

The good (cont.)…

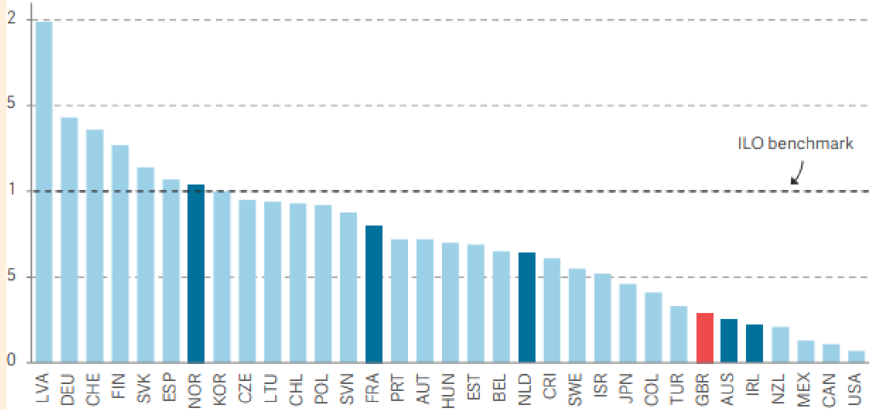
The Fair Work Agency - a single enforcement body – makes good sense.

Caveats:

- The culture gap between GLAA and HRMC is vast. Integration won't be easy.
- What will really matter is resources

FIGURE 12: **The UK has fewer inspectors per worker than most other OECD countries**

Number of labour inspectors per 10,000 employed persons, by OECD country: 2019-2021



NOTES: Data points cover the latest available data in each country, ranging from 2019 to 2022. Bars highlighted are the case study countries commissioned for the report. All figures come from the ILO database, except for Australia and the Netherlands (for which data is not available from the ILO) which we draw from our partner-commissioned work. In these latter two cases, however, we note that the figures may not be perfectly comparable: for example, the figure for Australia does not include smaller numbers of inspectors operating at the state, rather than federal, level.
SOURCE: ILO, Inspectors per 10,000 employed persons; reports from RF-commissioned international partners.

The bad…

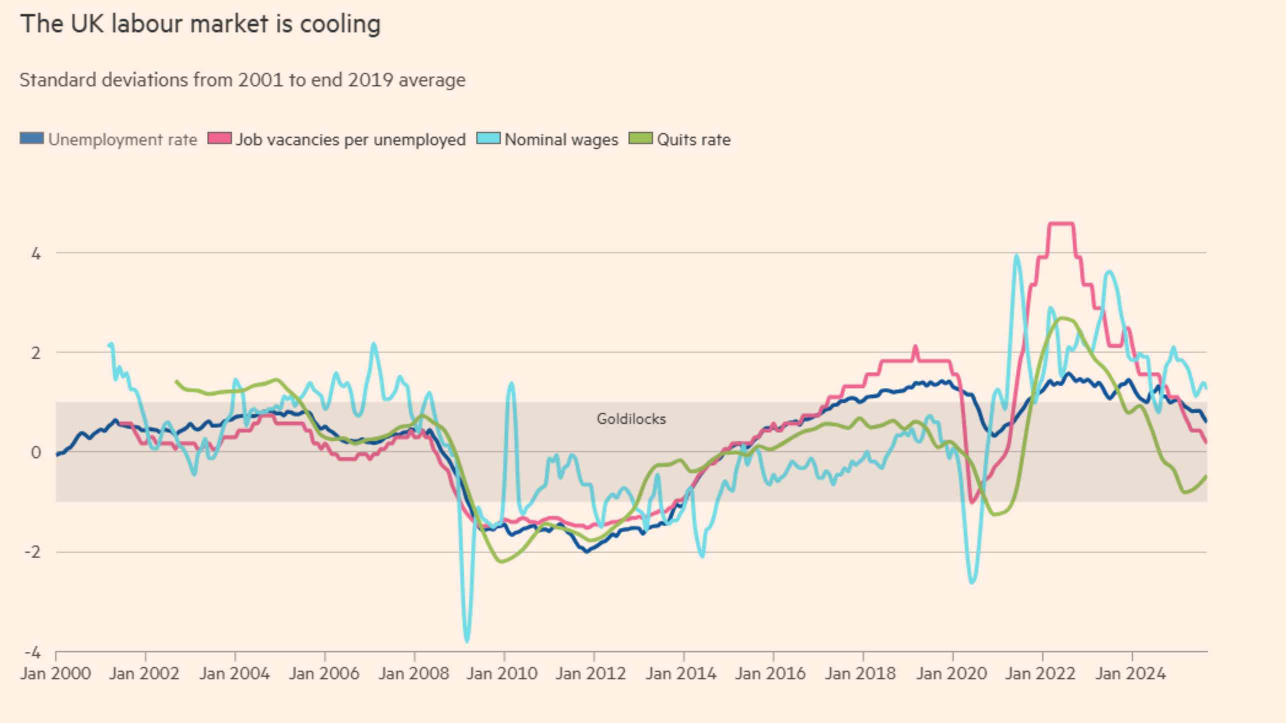
Removing the cap on unfair dismissal claims:

1) Makes the UK an outlier internationally (France, Spain, Italy, Ireland, Sweden, Denmark, Ireland, Switzerland all have caps)
2) Is likely to mostly benefit highly-paid executives (and employment lawyers!), since most claimants don’t bump up against the cap anyway
3) Threatens to add pressure to the already overwhelmed employment tribunal system

The ugly…

In an ideal world, you would upgrade rights at a time of strong growth and rising demand for workers.

This is not an ideal world.

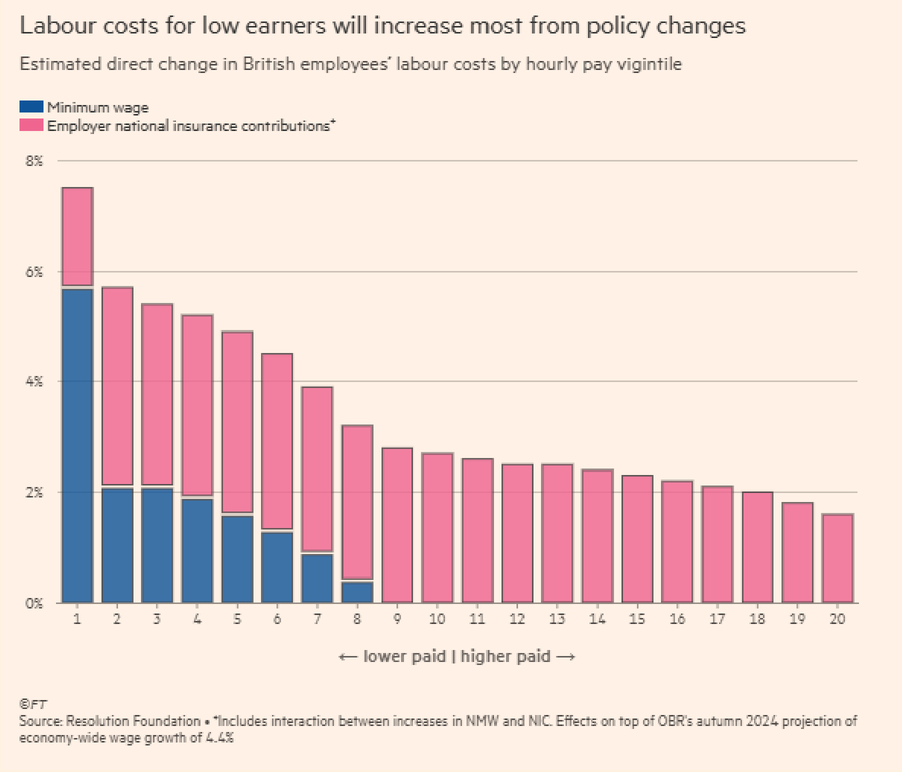


The ugly (cont.)…

Other UK government decisions (NICs, NMW) have added to the cost of employing people, especially lower earners and the young.

Risks:

- (Further) rises in youth joblessness
- Sharper incentives for employers to shift to self-employment gig model



Are we fighting the last war?

A (cheery) dispatch from the future…

Lessons from a swiftly automating workplace:

- Workers having a seat at the table is key
- Technology can erode trust, even if that's not the intent
- Done well, co-determination can benefit employers in times of technological change
- Pro-active safety nets: furlough for lifelong learning

Conclusion

- AI is not a “tsunami”
- You can’t legislate for good jobs, but you can and should legislate against bad ones
- As for the rest: can unions and employers meet the moment?

Thank you (and a quick plug!)

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