

Living with insecurity

How insecure work drives poverty and financial hardship.



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Executive Summary

Britain is trapped in a relentless living standards crisis. Stagnating incomes and spiralling costs, especially for housing and energy, have pushed millions of people into hardship. At Citizens Advice, we see the impact of this crisis clearly. Every month, our advisers help more than 20,000 people access foodbanks and other crisis support.

This struggle is not confined to those out of work. People who are working in insecure jobs such as zero hours contracts, agency work, or low paid self-employment are often hit the hardest. For too many, **insecure work does not provide a route to a higher standard of living**. Instead, to make ends meet each month they are forced to rely on family and friends, on foodbanks and local authority crisis funds, or on building up mounting levels of debt.

The government has promised to act. When they were elected in 2024, Labour announced a plan to [Make Work Pay](#), which would tackle in-work poverty.¹ At its heart was the Employment Rights Act (ERA), passed in 2025, which promised the biggest upgrade of employment rights in a generation.² By boosting workers' rights, and reducing insecurity, work could become a more reliable path out of poverty. The ERA is, without doubt, a crucial step forward. But will it be enough?

This report draws on the findings from a survey of 4,000 workers, as well as our own advice data, to understand how and why work insecurity has such a severe impact on household finances. It also assesses whether the Make Work Pay plan will actually deliver the change that is so urgently needed.

Work insecurity is widespread, and causes severe hardship

We estimate that **1-in-6 workers (17%), equivalent to 5.6 million people, are in the most insecure forms of work** - such as zero hours contracts, temporary work, or very volatile pay. Some groups are more at risk - around a quarter of **disabled** workers (24%), **private renters** (25%), and **carers** (23%) are in insecure

¹ [Labour Party manifesto](#), July 2024 p25; [Get Britain Working white paper](#), November 2024 ² Dept for Business and Trade, [Factsheet: Employment Rights Act 2025 – Overview](#)

work. For **young workers** (18-24 year olds) and people receiving **benefits**, the rate jumps to a third (34%).

Insecure workers are far more likely to have low financial resilience. More than **4-in-10 insecure workers (43%)**, and **50% of low paid insecure workers have low financial resilience**, compared to around 1 in 4 overall (28%). This is overwhelmingly driven by low pay, which is a particular problem for those in insecure jobs, where low pay is prevalent. Workers experiencing low pay **and** pay volatility are 170% more likely to have low financial resilience.

Many of these workers are left facing severe hardship, particularly if they experience a rise in costs, or an unexpected bill.

- **More than half (55%) of insecure worker households** have experienced some form of financial hardship in the last 12 months
- **7-in-10 (70%) benefit recipients in insecure work** have experienced some form of financial hardship in the last 12 months
- **1-in-10 (10%) disabled insecure workers have used a foodbank**

It's clear that many of these households are already under water, and the costs of keeping them afloat are being displaced to their families, the benefits system, and food banks. The government needs to take **immediate, targeted action** to support them.

Government must finish the job on the employment rights upgrade

So, tackling **both low pay and work insecurity together** must be at the heart of the government's living standards agenda. Low pay is more common for insecure workers because they lack the power to push for better pay and conditions. **Finishing the job on employment rights reform**, and looking to boost workers bargaining power in parts of the economy where insecure work is rife - for example by extending the Fair Pay Agreement model to areas like retail, hospitality and construction - is crucial.

But new rights will only be meaningful if they're properly enforced. We found that insecure workers are much more likely to experience potential violations of their rights at work.

- **4-in-10 (40%) insecure workers said they had problems at work** (such as unfair treatment, discrimination, or issues with pay or working hours), compared to less than 1-in-4 (23%) of more secure workers
- **Almost half (47%) of insecure workers** say they know little or nothing about their employment rights, compared to 41% of more secure workers

This underscores why properly funded state-led enforcement, via the new **Fair Work Agency**, is so important.

Gaps in the government's reform agenda leave some workers more exposed

But one of the most insecure groups of workers - the bogusly self-employed - won't benefit from plans to tackle insecurity. People who are wrongly classified by their employer as self-employed, currently miss out on most employment rights (including the right to the National Minimum Wage), and risk being left further behind as these rights are strengthened.

This is a huge issue that needs to be addressed urgently. We estimate 1-in-7 (15%) self-employed people without employees may be bogusly self-employed.² To ensure that efforts to Make Work Pay benefit everyone, the government must prioritise employment status reform to ensure that all but the genuinely self-employed enjoy full employment rights.

² See Chapter 3 for more details on how we defined bogus self-employment and our estimate of its prevalence.

Summary of recommendations for change

To reduce the insecurity of work, and to limit the hardship insecure work can create, we recommend:

- **In the short term:** immediate cost of living support for hard hit households, **focusing on the biggest costs like rent and other essential bills**
- **In the medium term:** finish the job on the **employment rights upgrade** by:
 - Ensuring secondary legislation is robust and effectively implements key rights in the Employment Rights Act
 - Properly resource the new Fair Work Agency
 - Introduce legislation to reform employment status rules and move the UK to a Single Worker Status
- **In the long term:** raise the floor on **low pay** by:
 - Continuing to uprate the National Minimum Wage
 - Extending Fair Pay Agreements to cover other sectors where low pay and insecure work are common
 - Ensuring that good job creation is a key element of the government's economic growth agenda

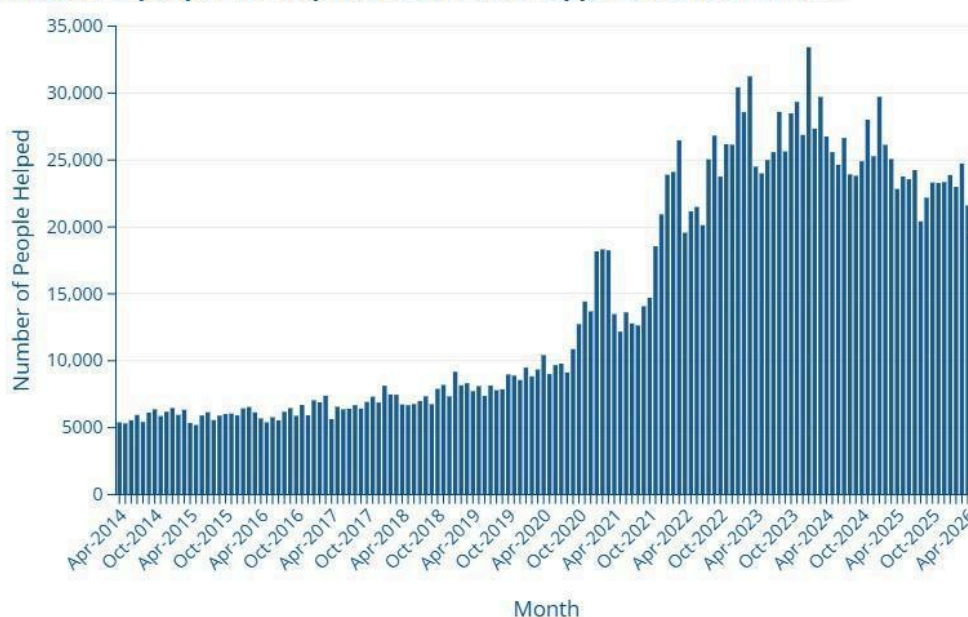
Chapter 1: Measuring Insecure Work

A persistent living standards crisis

At Citizens Advice our advisers see the impact of stagnating living standards every day. Demand for crisis support has surged over the last five years. The root cause of this is very weak growth in household incomes over two decades, especially for the poorest households, who have actually seen their incomes fall in real terms.³ This has left those households extremely vulnerable to the kind of price shocks that triggered the cost of living crisis in 2022. For key essentials like rent and energy, government policy has failed to protect households from spiralling costs that are out of their control.⁴

For many, the crisis hasn't stopped; our advisers are still helping more than 20,000 people every month access charitable support and food banks.

Number of people we help with charitable support and food banks



Data for England and Wales.

³ Resolution Foundation, [Unsung Britain: A Portrait of the Country's Poorer Half](#), February 2026

⁴ Citizens Advice, [It's Time to Turn the Tide](#), July 2026

This is not a crisis confined to those who are out of work. Close to a third (30%) of the people who come to Citizens Advice for support are in work, often in insecure, low paid jobs, in non-unionised parts of the economy. We support thousands of people across the country working at the sharp end of the labour market daily. This gives us a unique insight into the financial challenges they face and the hard realities of in-work poverty; people like Margaret*.⁵

Margaret* works as a care worker on a zero hours contract. She also receives Universal Credit (UC). Her hours of work vary a lot week to week and she came to us for help because she was struggling to manage the severe impact this was having on her finances. Her monthly wages can vary from £200 to £900, impacting the amount of UC she receives. As a result, she has fallen behind on her mortgage payments, putting her home at risk. She is also struggling to afford to fix a leaking roof and damp in her home which is affecting her health. But, because her income in some months is better, she doesn't qualify for some sources of crisis support.

When work is secure and decently paid, it can help lift people out of poverty and raise their living standards. But, if not, as in Margaret's case, it can drive financial hardship and leave people struggling to make ends meet every month. This can lead people to take on more debt in order to cover essentials, or leave them reliant on crisis support funds or foodbanks.

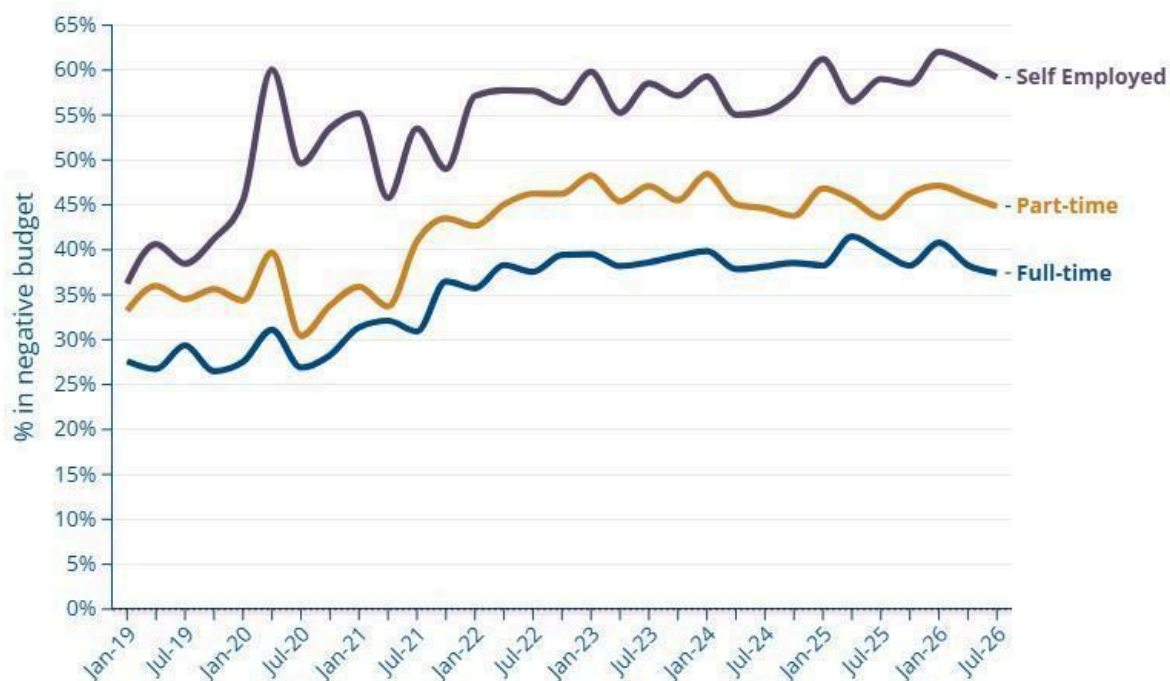
The data we collect as part of delivering debt advice to hundreds of thousands of people every year helps us to see this picture even more clearly. It allows us to build up a detailed picture of household income and expenditure and calculate a key metric we use at Citizens Advice to measure levels of severe hardship - **negative budgets**. Someone is in a negative budget when, even after working with one of our specialist debt advisers to lower their outgoings and maximise their income, they still cannot cover their essential expenditure every month. This leaves them unable to pay essential bills or repay debts.

⁵ All names marked with * have been changed to protect anonymity

Rates of negative budgets rose sharply during the cost of living crisis.⁶ Prior to late 2021, around 35-40% of all the people we gave debt advice to were in a negative budget. But, by early 2023, this had risen to over 50%. For those people we support with debt advice who are in full time work, we saw a steady rise in the negative budget rate to just over 35%. But, crucially, for less secure forms of work like part time work and self-employment, the rate has climbed faster to reach even higher levels. It is now around 45% for part-time workers and 60% for the self-employed. Prior to 2022, most of the people we helped in less secure forms of work were still able to cover their essentials each month, but that is no longer the case.

Percentage in negative budget among debt clients by employment status
when essential expenditure surpass total income

By financial quarter



Data for England and Wales.

We also saw that the people in work that we help with debt advice had less money left at the end of each month, while their average debt was rising. Once again, it is those in less secure work who are seeing the worst outcomes. Surpluses for all workers dropped in 2022, and recovery has been mixed. Part-time workers are still barely breaking even on average. For the

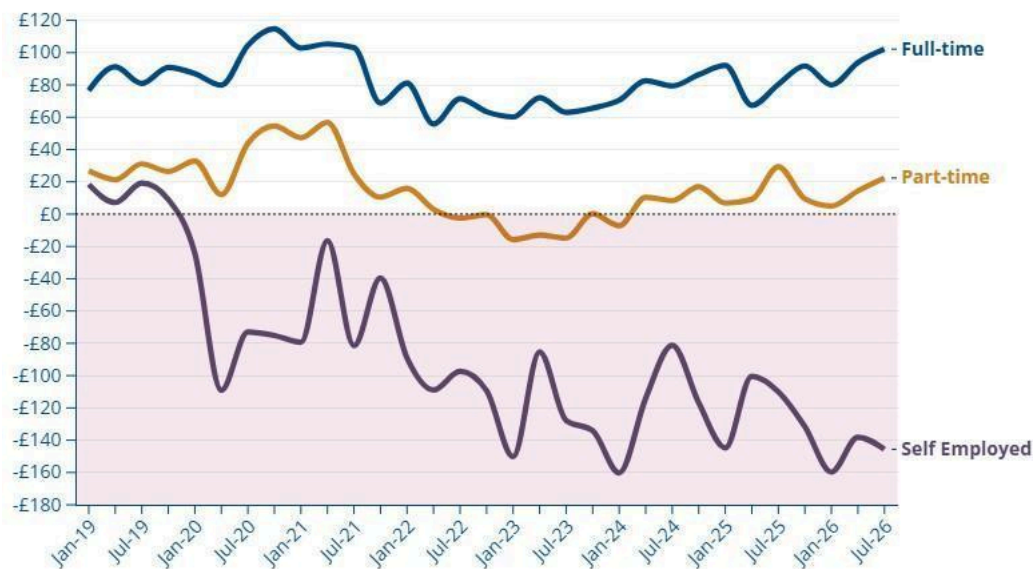
⁶ Citizens Advice, [The National Red Index 2025: negative budget households face a debt crisis like quicksand](#), 21 October 2025

self-employed the picture has been even worse; they are, on average, in deficit every month and that deficit has been getting deeper. And, as surpluses have dropped and deficits have grown, average debt levels have risen steadily, to above £10,000 for all types of workers, and over £16,000 for the self-employed.

Average monthly surplus among debt clients by employment status

Surplus equals income minus essential expenditure. Groups below the dotted line are in a negative budget on average.

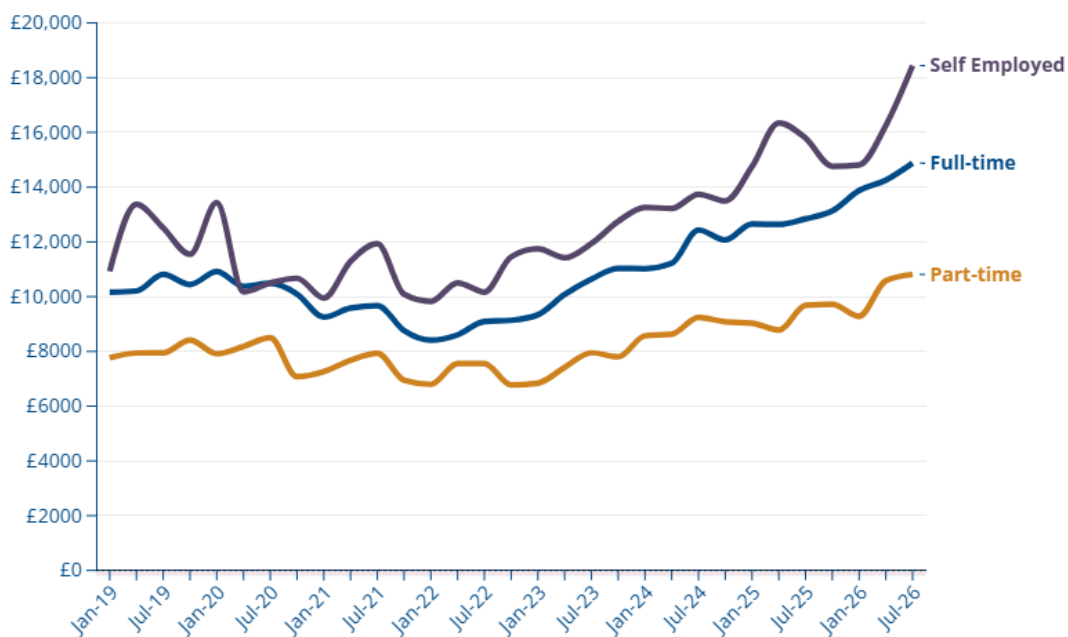
By financial quarter



Data for England and Wales.

Average total debt among debt clients by employment status

By financial quarter



Data for England and Wales.

Our data shows a worrying picture for those in insecure work. The battle to pay bills and keep debt under control is getting harder and harder. But we know that the people who come to Citizens Advice for support are not representative of the working population as a whole. To help us dig deeper and get a broader picture we commissioned a representative survey of 4,000 working people, exploring the nature and prevalence of insecure work, and its impact on household finances.

The scale and nature of insecure work

There is no set definition of insecure work. For the purposes of this research we have used an approach similar to the one used by the Living Wage Foundation.⁷ This uses factors like pay levels, pay and hours volatility, and contractual status to measure work insecurity. We also recognise that insecurity cannot be reduced to a simple binary (secure vs. insecure) and that a given job may exhibit some characteristics and degrees of insecurity but not others. To address this, we have focused mainly on the most insecure forms of work. We defined this as being in a job which meets at least one of the following five criteria:

- **Low pay combined with pay or hours volatility:** earning less than the median wage and having at least a moderate degree of variability in their pay or working hours each month
- **Involuntary non-permanent employment:** being in non-permanent employment (e.g. in temporary, seasonal, or casual work) but wanting a permanent position
- **Underemployment:** working less than 16 hours per week but wanting to work more
- **Zero hours contract:** being on a contract with no minimum guaranteed hours
- **Very low paid self-employment in relative poverty:** being in low paid self-employment **and** living in a household whose monthly income after housing costs is below 60% of the median

⁷ Living Wage Foundation, [Precarious pay and uncertain hours: insecure work in the UK Labour Market](#), August 2023

We call workers who meet at least one of these criteria 'highly insecure'. Using this measure, we estimate that **17.3% of the working population are in highly insecure forms of work**, equivalent to **5.6 million people**. Note that people can meet more than one of the criteria, as reflected in the chart below; the headline 17.3% figure removes any double-counting of individuals.⁸

Percentage of workers in different forms of insecure work



The most common form of highly insecure work is low pay combined with pay or hours volatility; 13.2% of all workers are in this form of highly insecure work, equivalent to 4.2 million people. A worker in this situation might, for example, have a contract that guarantees them a small number of hours each week, but they regularly get offered additional hours. But they will rarely know in advance how many total hours they will be working each week and, crucially, what their total pay will be. This leaves them with big swings in their income, making it much harder to budget and cope with unexpected bills. If their hourly pay is also low, they are especially at risk of financial hardship.

This type of contract, which is similar to a zero hours contract but does guarantee some minimum number of hours, is common. It is the target of

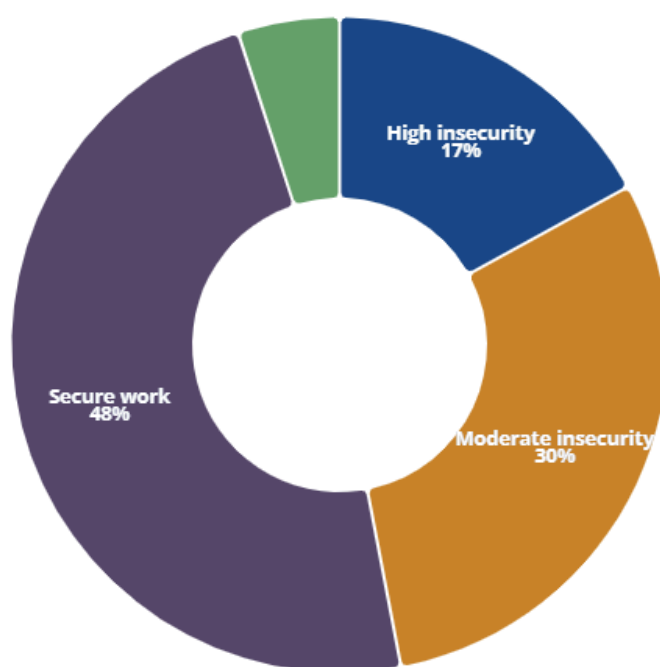
⁸ Our finding that 1-in-7 workers, or 17% of the working population, are in insecure work broadly aligns with research by other organisations, which tends to draw on data from the official Labour Force Survey and uses slightly different criteria for determining what counts as insecure work. For example, [TUC research](#) in 2025 estimated that 1-in-8 (11.7%) workers are in insecure jobs, while the [Work Foundation's](#) most recent Insecure Work Index estimated the figure for severe insecurity at almost 1-in-5 (19%) workers.

planned reforms in the Employment Rights Act which will, in theory, give workers in this situation more certainty and security over their working hours.⁹

In addition to the estimated 17% of the working population in highly insecure work, we also looked at workers whose jobs exhibit some degree of insecurity, but don't meet the criteria for high insecurity. This group consists of an **additional 30% of the working population**. This includes people who sometimes experience pay or hours volatility month-to-month, part time workers who want more hours, those voluntarily in temporary work, those who have a second job, and on low pay. Taking these two estimates together, close to half of the workforce (47%) are in jobs with at least some degree of insecurity.¹⁰

Proportion of the GB workforce with different levels of work insecurity

■ High insecurity ■ Moderate insecurity ■ Secure work ■ Could not be classified



This shows just how common some forms of insecurity are in the labour market. But we can also see from our analysis that the most insecure workers are the

⁹ UK Government, [Make Work Pay: Ending one-sided flexibility reforms of zero hours and similar contracts](#), June 2026

¹⁰ This approach of classifying workers as highly or moderately insecure is similar to that used by the Work Foundation in their surveys of work insecurity, though our estimates of the sizes of the different groups are slightly different. See Work Foundation, [The UK Insecure Work Index 2024](#), February 2024. The 'could not be classified' group refers to those who answered 'don't know' or did not answer relevant questions in the survey.

most at risk of harm. So, for the remainder of this report, we focus primarily just on those workers in highly insecure work - when we refer to insecure workers, this is the group we mean.

Some sectors of the economy have particularly high rates of insecure workers.

Our results showed that insecure workers were most likely to be found working in retail, hospitality, or the arts. As we discuss below, these are all sectors where young workers are particularly likely to be working, and this is a key reason why insecure work is so common among 18-24 year olds.

Economic sectors with highest proportion of insecure workers



This strong sectoral dimension highlights the need to have a targeted approach to tackling insecure work. As we discuss in more detail in Chapter 4, extending the **Fair Pay Agreement** model that is being rolled out in social care to sectors like retail and hospitality could help boost pay and reduce work insecurity.¹¹

Who is in the most insecure forms of work?

Insecure work is not evenly distributed across the working population. We have identified five groups who are particularly likely to be in the most insecure forms of work. These are:

- **Young workers** (aged 18-24)
- **Disabled workers** (and especially those who say their disability impacts them a lot)
- **Renters**
- **Carers**
- **Benefit recipients**

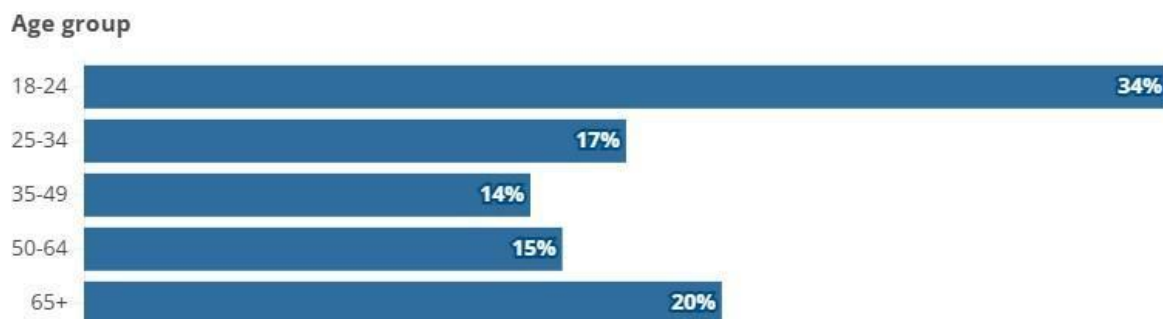
¹¹Dept. of Health and Social Care, [Fair Pay Agreement Process in Adult Social Care](#), July 2026

These groups are not mutually exclusive and in practice there is a lot of overlap between them. For example, 25% of carers, and 38% of benefit recipients in our sample were also disabled. Similarly, 52% of young workers and 59% of benefit recipients are renters. This means that some workers will face multiple barriers to accessing more secure work.

Young workers

Young workers are significantly more likely to be in the most insecure forms of work than older age groups. We estimate that just over a third (34%) of 18-24 year olds are in highly insecure employment, compared to 14% of 35-49 year olds and 15% of 50-64 year olds. This is in line with what other research has found.¹² A big reason for this is the types of sectors where young workers tend to work - more than a third work in either hospitality, or the wholesale and retail sectors.¹³ These are sectors where insecure forms of work, like zero hours or minimal hours contracts, are especially common.¹⁴

Percentage of each age group who in highly insecure forms of work



Jobs in sectors like hospitality or retail are often the only feasible options for young workers who lack work experience, have fewer formal qualifications, or are combining work with completing a degree or other course. But, working in these types of jobs can make for a rough introduction to the world of work. In

¹² See for example Living Wage Foundation, [Precarious pay and uncertain hours: insecure work in the UK Labour Market](#), August 2023, p18-19

¹³ ONS, [Employment by industry section and age group, 16- to 64-year olds, 2005 to 2025](#), April 2026

¹⁴ Work Foundation, [No Progress? Tackling long-term insecure work](#), September 2024, p11-12

addition to the insecurity and low pay, a poor experience in the workplace is also common for insecure workers.

Our research found that young workers are more than twice as likely to have experienced problems at work than older workers; more than 4-in-10 (41%) young workers had a problem at work in the last 12 months, compared to less than 2-in-10 (18%) workers aged 50-64. Issues like mistreatment by management, unsafe working conditions, or problems with working hours, shift patterns or pay, were much more common for younger workers. This was the case for Liam*, who came to Citizens Advice for help with problems he was having with his job as a delivery driver.

Liam* works part-time as a delivery driver for a major retailer while he studies for a degree. He works on a self-employed basis, but based on what he described to our adviser, it's unlikely that his job meets the criteria for genuine self-employment. As a result, he may be missing out on key employment rights, like the right to receive the National Minimum Wage and paid holidays. He has struggled with unreasonable work expectations from managers, and with being required to work more hours than he is paid for. He has also not received some of the benefits that he was promised when he accepted the job.

Low pay, work insecurity, and problems at work might be more tolerable if insecure work was just a temporary stepping stone. Indeed, government policy until recently has been to effectively treat insecure work as a necessary evil on the path to better paid and more secure jobs.¹⁵ But, as recent research by the Work Foundation has shown, people in insecure work, including young people, can remain trapped in this kind of work for long periods of time.¹⁶

Some of our findings add strength to this concern. Young workers were much more likely than older workers to say they were in insecure jobs because it was the only kind of work they could find locally. There is a real risk that for some young people insecure work can be hard to escape from because of a lack of

¹⁵ House of Commons Work and Pensions Committee, [Get Britain Working: Reforming Jobcentres](#), September 2025

¹⁶ Work Foundation, [No Progress? Tackling long-term insecure work](#), September 2024

locally available secure jobs. Given the strong links between insecure work and financial hardship, this in turn risks leaving many young people mired in financial insecurity from the very start of their working lives.

Disabled workers

Disabled people are also much more likely to be in highly insecure forms of work than non-disabled people. Our results classify disabled people based on how much they say their disability impacts their day-to-day life. Around **3-in-10 (31%) of those who say their disability impacts their ability to carry out day-to-day activities a lot are in highly insecure work**, compared to just over a fifth (22%) of those who say their disability impacts them a little, and 16% of those who are not disabled.

We also carried out a regression analysis to test the impact of personal and work demographics on a person's chances of being in insecure work. This found that **people with a disability that impacts them a lot are 72% more likely to be in highly insecure work** than non-disabled people, after accounting for other factors like age and occupation.

Percentage in highly insecure forms of work by disability status

Disability status



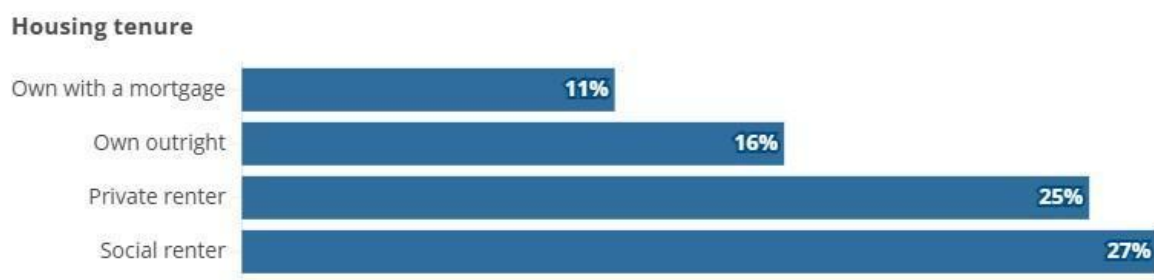
A major factor for disabled workers is likely to be the need for greater flexibility around work, in order to manage health and care needs. All too frequently, insecure work is the only available form of work that offers enough flexibility. Our research found that 1-in-3 (28%) disabled workers in insecure work said they chose this type of work in order to fit work around their health needs, while 60% of self-employed disabled workers said they thought it would be difficult for them to find a permanent job that offered the flexibility they need.

This shows that disabled workers are often forced to choose between job security and flexibility. **Strengthening rights to work flexibly needs to be part of the solution.** The Employment Rights Act makes some positive steps in this direction. But, as our previous research has highlighted, there is also a serious issue with the local availability of jobs that can be done flexibly. In too many parts of the country, there are simply not enough jobs that can feasibly be adapted to allow for things like home or hybrid working, or other types of flexibility.¹⁷ Until structural barriers like this are addressed, disabled workers stuck in insecure work will likely continue to struggle to transition to more secure jobs.

Renters

Renters are also much more likely to be in highly insecure work than people in other housing tenures; **27% of social renters and 25% of private renters are in highly insecure work**, compared with 11% of those who own a property with a mortgage, and 16% of those who own their property outright. Regression analysis confirmed that social renters are 44% more likely, and private renters 36% more likely, to be in highly insecure work than those who own their property outright.

Percentage in highly insecure forms of work by housing tenure



The relationship of cause and effect is likely to be different for renters. Work insecurity, especially in combination with low pay, will make home ownership much harder to achieve. Saving for a deposit and securing a mortgage is much more challenging without a stable, decent income. Among the insecure workers in our sample, half (49%) were renters. In comparison, renters (social and

¹⁷ Citizens Advice, [Shut out of Work: How workplaces are excluding disabled people](#), January 2026

¹⁸ Ministry of Housing, Communities and Local Government, [Profile of households and dwellings](#), July 2026

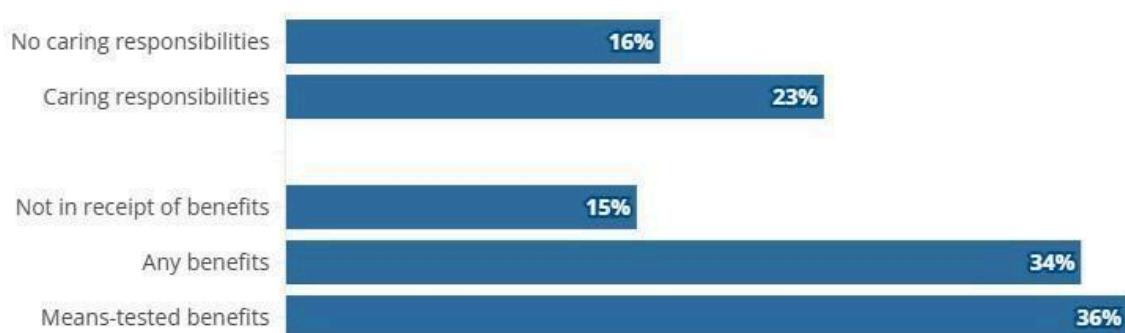
private) only make up around a third (35%) of households in the population as a whole.¹⁸

Carers

Just under a quarter (23%) of those with unpaid caring responsibilities (excluding regular childcare) are in highly insecure work, compared to 16% of those without caring responsibilities.

Some of the issues that carers face are likely to be the same as those facing groups like disabled workers, in particular the need for flexibility around work; 1-in-3 (33%) carers said they chose insecure work to fit work around family or caring responsibilities. Interestingly, 1-in-8 (12%) said that caring responsibilities made other forms of work financially unaffordable. This suggests that some carers are able to trade work security for better levels of pay. So while insecure work is strongly associated with low pay, as we discuss in the next chapter, this is not always the case: 1-in-11 insecure workers in our sample were earning above median hourly pay. For a minority of workers then, it will be possible to make this trade off - reduced security, and likely fewer rights, in exchange for better pay.

Percentage in highly insecure forms of work



Benefit recipients

Over a third (34%) of workers in receipt of any type of benefit (and 36% of those on means-tested benefits) are in highly insecure work, compared to 15% of those not in receipt of any benefits. Benefit recipients are likely to overlap with some of the other categories we've already touched on, especially disability.

Almost a third (30%) of disabled workers in our sample are receiving benefits, for example, compared to 10% of non-disabled workers. For those benefit recipients, the same issues around the need for work flexibility are likely to also apply.

There is also a strong regional pattern to the distribution of benefit recipients; there are higher proportions of Universal Credit claimants in the North East and South West of England, for example.¹⁸ These are also the two regions of the country where insecure jobs are most common.¹⁹ Economic deprivation and a lack of locally-available good quality jobs leaves many people on benefits with few options but to work in insecure jobs. Our survey research found that respondents on means-tested benefits were much more likely to say they were in insecure work because they couldn't find better work locally than those not receiving benefits (30% versus 19%). A regional economic growth agenda that puts good quality job creation at its heart will be essential to changing this picture.

Our research shows us that insecure work is widespread, particularly among certain groups. Recognising the scale of the challenge, and the specific needs of different groups, will be key to finding the right solutions. In the next section we look at how this plays out in more detail and what forms of insecure work have the most impact on household finances.

¹⁸ Polimapper, [Individuals claiming benefits in Britain](#)

¹⁹ Living Wage Foundation, [Precarious pay and uncertain hours: insecure work in the UK Labour Market](#), August 2023

Chapter 2: How work insecurity leads to financial insecurity

Insecurity and financial resilience

We know that insecure workers have lower pay and more volatility in their income baked in, so it follows this will have an impact on their household finances. But how do we measure this? One way is to look at **resilience** - our ability to manage a sudden drop in income or a bigger than expected household bill. Given the volatility of global economies in recent years, resilience has become more important. The sharp rise in energy bills in 2022 showed just how quickly many households could be pushed into crisis. So, to understand insecure workers' finances better, we developed a measure of financial resilience that assessed how well a household was likely to be able to cope with a financial shock.

We say a household has **low financial resilience** if it meets at least one of the following criteria:

- Could meet no more than 1 month's essential expenditure if its main source of income was lost
- Has missed or fallen behind on payments for essential bills, council tax, or debt in the last 6 months
- Has no more than £50 left over after paying for essentials each month
- Cannot consistently cover essential expenses every month
- Would be unable to meet an unexpected expense of £250

We found that low levels of financial resilience are common among all workers - affecting more than 1 in 4 (28%). Weak wage growth, even for those not on the lowest pay, combined with the rising cost of housing, energy, and other essentials is likely to be a big part of the explanation for this. But, for highly insecure workers, levels of low financial resilience are particularly high; **43% of highly insecure worker households have low financial resilience**. When

combined with low pay, the connection is even stronger: **50% of low paid highly insecure workers are in households with low financial resilience.**

Percentage with low financial resilience



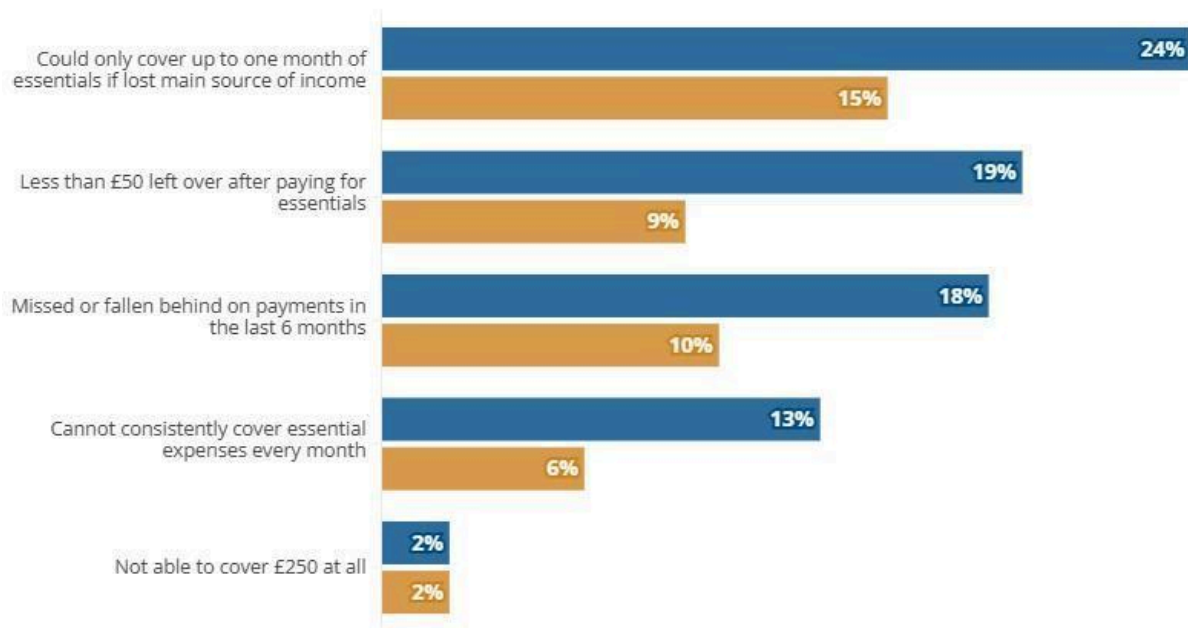
The breakdown of how many people met each criteria for low financial resilience makes clear just how precarious household finances are for many insecure workers. For many households, a constant anxiety about making ends meet is clearly the norm. Around 1-in-4 insecure workers (24%) say they could cover no more than a month's worth of essential costs if they lost their main source of income. Similarly, 1-in-5 (19%) say they have less than £50 left over every month after paying for essentials. A sudden drop in income, or even a relatively small, unexpected rise in bills, could quickly push these households into the red.

For some insecure workers though, being in the red is already their lived reality. More than 1-in-8 (13%) insecure workers say they cannot consistently cover their essential expenditure every month. Almost 1-in-5 (18%) say they have missed or fallen behind on payments for rent, debts, council tax, or essential bills in the last 6 months. For these households who are already in trouble, any further financial shocks, like a loss of income or an unexpected bill, are potentially catastrophic.

Mary* works part time as an agency worker. The amount of work she gets from the agency varies month to month and isn't guaranteed. Her husband is undergoing treatment for cancer at the moment, and is unable to work. As a result of Mary's low and variable earnings, and the inadequate amount of benefits they receive, she and her husband are struggling to cover the cost of essentials. They have fallen behind on payments for rent and utilities and now have significant debts, which are adding to the financial pressures they are facing. They have also been unable to consistently afford enough food and have relied on foodbank vouchers to help.

Measures of low financial resilience

■ Highly insecure workers ■ All other workers



Some groups among insecure workers are even more likely to have low financial resilience, regardless of their pay or the type of insecure work they are doing. Most of the groups we highlighted in the previous chapter - **disabled workers**, **renters**, **carers** and **benefit recipients** working in highly insecure jobs - have rates of low financial resilience at or above 50%. This underscores the compounding effect that issues like the need for flexibility around work to manage health or caring responsibilities, or high inflexible costs like rent, on top of work insecurity, can have on the financial health of households.

Percentage of highly insecure workers with low financial resilience by demographic



To better understand exactly which aspects of insecure work have the strongest relationship with low financial resilience we undertook a regression analysis.

This looked at various aspects of insecure work and measured how much each of them increased the likelihood that a worker would have low financial resilience. The aspects we looked at included:

- A non-permanent employment contract
- Pay that varies a lot month to month (combined with hourly pay in one version of the model)
- Hours that vary a lot month to month
- Being potentially bogusly self-employed
- Being underemployed (defined as working less than 16 hours per week but wanting to work more)

What our results showed was that the biggest influence on low financial resilience is not actually any of these specific forms of work insecurity. Rather, it is the **low hourly pay** that all too frequently accompanies being in insecure work. Whilst insecure work isn't always low paid, insecure workers are far more likely than workers in more secure jobs to earn below the median hourly wage. In our sample, **87% of insecure workers had hourly pay below the median**, compared to 39% of more secure workers. And insecure workers are also heavily overrepresented amongst the very lowest earners: almost 1-in-3 insecure workers (30%) in our sample had very low hourly pay (defined as self-reported hourly pay that is below two-thirds of the median), compared to just 7% of other workers.

This relationship between insecure work and low pay is a big part of the explanation for why insecure work drives low financial resilience. Our regression analysis showed that workers with **below median hourly pay were 2.6 times (156%) more likely to have low financial resilience** compared to those with above median hourly pay. This is not a surprising finding. Low hourly pay directly impacts total household income and reduces the resources available to households. But, it does underscore why a **relentless focus on tackling low pay** needs to be at the heart of the government's living standards agenda.

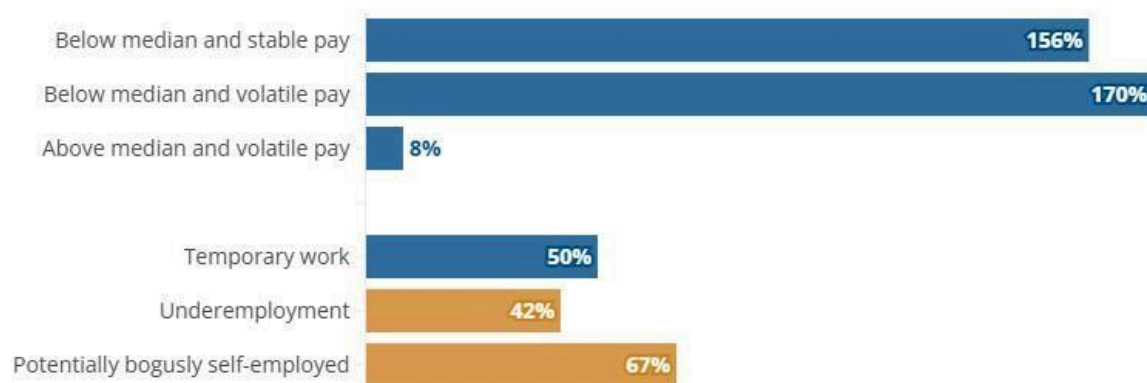
In addition to the huge impact that low pay has, our results also show that one form of work insecurity has a strong relationship with low financial resilience: **temporary work**. Workers in non-permanent employment (which includes

things like fixed term, agency, seasonal, and casual work) are **50% more likely than workers in permanent jobs to have low financial resilience**. This is not necessarily surprising - workers who don't have permanent contracts are likely to experience more volatility in their earnings and more frequent periods of unemployment, making it harder to build up savings or budget for the longer term. In some cases, like Steve's, this income volatility and uncertainty can lead to severe hardship.

Steve* is employed as an agency worker, generally working for the same company each week. Sometimes his shifts are cancelled at short notice. At the time he came to see us for help, his shifts had been cancelled with less than 30 hours notice for two weeks in a row. He no longer receives any Universal Credit payments so he relies entirely on the income from his agency work. The cancellation of shifts at short notice has driven him into severe hardship and he has been forced to rely on foodbank vouchers to make ends meet.

Our findings also showed how some aspects of work insecurity that are not necessarily impactful by themselves, can end up undermining household finances when they are combined with low pay. For example, having pay that varies a lot month to month did not, by itself, have a big effect on whether someone has low financial resilience. But, when we modelled it together with below median pay, volatility **compounded the effect of low pay** - workers with below median hourly pay and who also experienced pay volatility were 2.7 times (170%) more likely to have low financial resilience.

Increased likelihood of low financial resilience by form of insecure work



Results in orange are less statistically robust

Low pay and insecurity go hand in hand

These findings show how work insecurity can undermine financial resilience in both direct and indirect ways. But, the strong association between low pay and insecure work is itself a reason to tackle work insecurity, given the powerful negative impact that low pay has on household finances. By reducing the insecurity of work, we can also reduce the number of people on low pay.

One central reason for the strong relationship between low pay and insecure work is that **insecure work reduces workers bargaining power**. The precarious nature of this type of work, and reduced employment protections, make it much riskier for insecure workers to complain about their working conditions or ask for higher pay. As the TUC has argued, if getting another shift depends on keeping your boss happy, you are less likely to want to do anything that might upset them.²⁰ As our survey results highlighted, insecure workers were much less likely to be union members (12% of highly insecure workers versus 17% of more secure workers). Increasing the security of work is therefore important for tackling low pay because it will help improve workers' bargaining power.

These findings on the relationship between insecure work and low pay show why it is so important for the government to **finish the job on employment rights reform**. Key measures in the Employment Rights Act, such as the right to guaranteed hours, are specifically designed to help tackle these aspects of work insecurity and the severe impact they can have on household finances for insecure workers. But, the effectiveness of these measures will depend a lot on how well they are implemented and on whether proper enforcement is in place to make sure employers aren't able to evade their new responsibilities.

Beyond measures to reduce work insecurity, the government should look for other ways to improve the balance of workplace power in parts of the economy where insecure work is common. One way for them to do this is to **extend the Fair Pay Agreement approach being taken in adult social care to other sectors**. This is effectively a form of sectoral collective bargaining where employers and unions will collectively agree minimum pay and conditions for workers in the whole sector. It is a key way to compensate for the relative lack of

²⁰ TUC, [Insecure work: why employment rights need an overhaul](#), July 2022

bargaining power that individual insecure workers have, and if implemented more widely, could be a key route over the longer term to reducing the number of workers on low pay.

How do some insecure workers escape financial hardship?

Despite the clear relationship between insecurity and low financial resilience, this does not apply to all insecure workers, even those with low pay. Many insecure worker households avoid low financial resilience not because they have higher hourly pay, but because **they have other sources of income they can rely on to compensate for low pay and work insecurity.**

Our survey showed that the hourly pay of insecure workers with and without low financial resilience looks quite similar; 86% of insecure workers without low financial resilience have below median hourly pay, compared with 92% of those with low financial resilience. But, the total household income of the two groups looks very different. Insecure workers with low financial resilience are more than twice as likely to be low income households compared to insecure workers without low financial resilience.

Hourly pay by worker type

■ Low pay ■ Lower middle ■ Upper middle ■ High pay

Insecure workers with low FR



Insecure workers without low FR



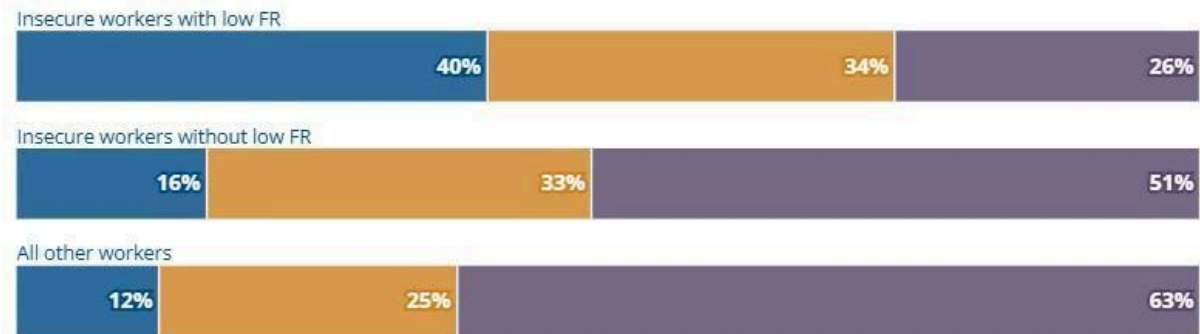
All other workers



Excludes don't know/did not answer

Household income after housing costs by household type

■ Low income ■ Below median ■ Above median

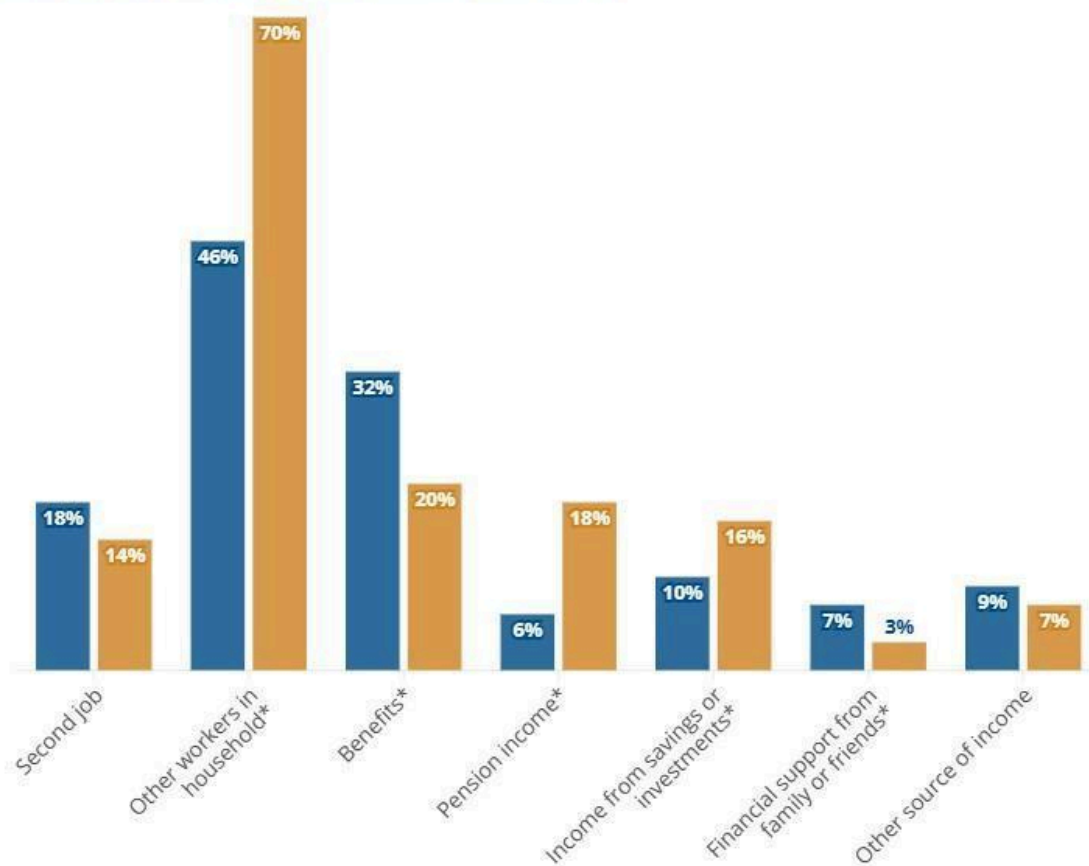


Excludes don't know/did not answer

Among insecure worker households, those with low financial resilience are **much more likely to be reliant on a single earner** - less than half (46%) have another earner in the household. In contrast, 7-in-10 (70%) insecure worker households with higher financial resilience have another earner in the household. These households are also much more likely to have other types of income like a pension, or income from savings or investments. This means that these households, despite having earners in similar types of low paid, insecure work, have ways to protect themselves from the negative financial effects of this type of work.

Sources of household income (in addition to main job) by household type

■ Insecure workers with low FR ■ Insecure workers without low FR



Other sources of income includes rent income and child maintenance payments.
* = difference is statistically significant

The lack of additional income to compensate for low paid, insecure work leaves many insecure worker households unable to build up any kind of buffer against future financial shocks. For insecure workers who have low financial resilience, over 1-in-3 (37%) have no savings at all. This compares with just 3% of other insecure workers households.

Level of household savings by household type

■ None ■ Up to £500 ■ More than £500



Excludes don't know/did not answer

These findings help us complete the picture of what drives low financial resilience in working households. The combination of **low pay, work insecurity, and a greater reliance on a single source of income** leaves many insecure worker households in a precarious state, exposed to much greater levels of hardship and highly vulnerable to even relatively small financial shocks.

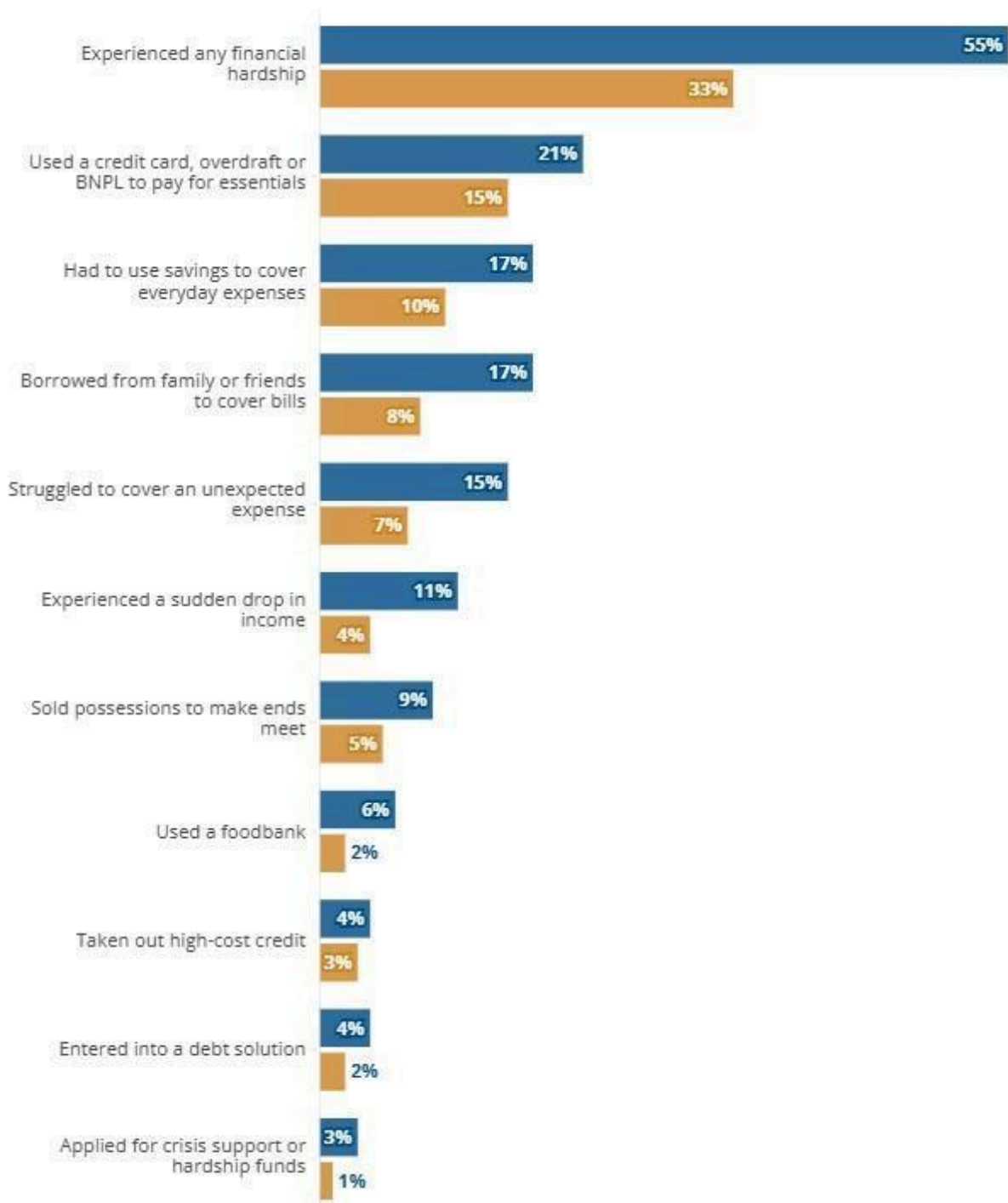
What's the impact of low financial resilience?

The cost of living crisis that began in 2022 drove many households into increasing hardship. For insecure workers struggling with low incomes, constrained monthly budgets, and the absence of a significant savings buffer, the relentless rise in basic costs has pushed their finances to the brink.

Our findings show that **more than half (55%) of insecure worker households have experienced some form of financial hardship in the last twelve months**. More than a fifth (21%) of insecure worker households have used credit to pay for essentials in the last twelve months (compared with 15% of other households), while 1-in-6 (17%) have borrowed from family and friends to pay bills (compared to 8% of other households). Similarly, insecure worker households are more likely than other households to report having used a foodbank in the last year (6% vs. 2%) or having accessed crisis support or hardship funds (3% vs. 1%).

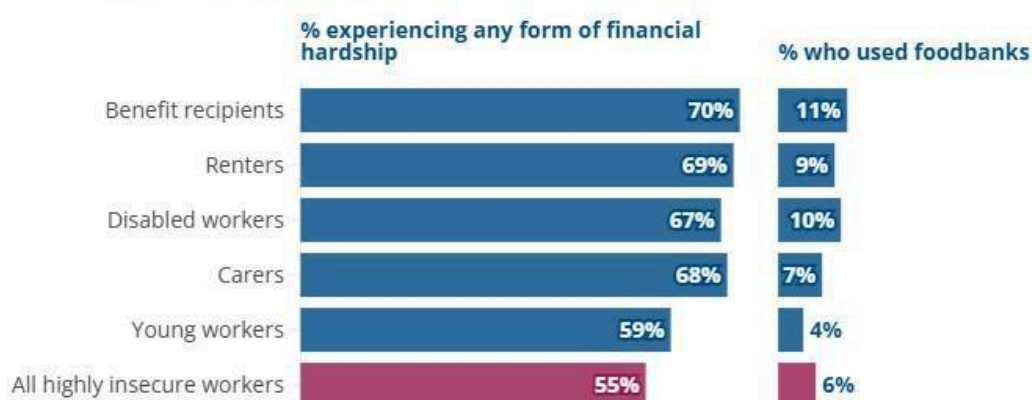
Experience of financial hardship in the last 12 months

■ Insecure worker households ■ All other households



Once again, certain groups within the highly insecure worker population are particularly likely to experience financial hardship.

Percentage of highly insecure workers who have experienced financial hardship in the last 12 months, by demographic



Two-thirds (67%) of disabled workers in highly insecure work have experienced some form of financial hardship in the last year, and **1-in-10 (10%) have used a foodbank**. Similarly, 70% of benefit recipients in insecure work have experienced financial hardship and 1-in-9 (11%) have used a foodbank. Zainab's story helps show what this can look like in practice.

Zainab*, a single parent with a teenage son, works at a local school on a zero hours contract. She has a long term health condition that limits the amount of work she can do. She doesn't get any hours during school holidays so her income drops significantly for those months. Her Universal Credit doesn't cover her rent and bills, so she is often forced to rely on a local foodbank.

Zainab's story illustrates starkly why **targeted cost of living support**, aimed at households facing the greatest financial pressures, is so urgently needed. With her earnings from work so low, and few other options available to boost her household income, households like hers need immediate help to protect them from the rising cost of the basics, like energy and rent. Otherwise, a slide into severe hardship is increasingly likely.

As well as the physical and emotional toll this hardship takes, this data also shows that when work doesn't offer security and decent pay, the costs households face don't vanish. They are simply displaced elsewhere. The costs of keeping households afloat are instead borne by other households (in the form of family and friends, whose own costs are thereby increased), by public and

charitable organisations (e.g. foodbanks or local authority crisis funds), or by those households taking on more debt (often at high cost).

This explains why insecure, low paid work rarely offers a sustainable route out of poverty. But it also shows, on top of this, that this type of work creates new burdens elsewhere in society. When employers rely on insecure, low paid workers to run their businesses, they force the low wages they pay to be supplemented - either by the worker themselves drawing down any available assets, and borrowing to get by - or by charities, creditors, and the state.

This highlights why it's so important that **concerted action on low pay** is given a central place in the government's living standards agenda. It is also critical to **finish the job on employment rights reform** in order to reduce the impact that work insecurity has on household finances. This will ensure that employers are contributing fairly to the financial resilience of the workers they depend on to run their businesses. It will also ensure that work is a genuine route to better living standards.

Chapter 3: Bogus Self-Employment

We've shown that insecure work drives low financial resilience. Strong employment rights are central to making work more secure, and therefore a boost to living standards. But, not everyone will benefit from planned improvements to employment rights or the government's plan to Make Work Pay. One group who are particularly at risk are workers in **bogus self-employment**.

What is bogus self-employment?

A worker's entitlement to employment rights is based on their **employment status**. There are 3 main employment statuses under [UK law](#) - employee, worker, and self-employed. They each have different relationships with employers in terms of statutory duties and benefits. Broadly speaking, if you're an employee, you have access to a range of rights at work, like entitlement to the National Minimum Wage (NMW), holiday and sick pay, and workplace pension contributions. If you're a worker, you still have rights at work but not as many as an employee. You're normally entitled to NMW but don't have protections against unfair dismissal or the right to request flexibility, for example. If you're self-employed, you have almost no employment rights.

It can be difficult for people to understand which employment status they hold. Over the past year, **our advisers have supported 3,357 people with an employment status related issue**. Theoretically, employment status is defined by what actually happens when someone is at work, which might be different to what their contract says about their status. But this is not straightforward, and there have been legal cases which take differing approaches to defining status.²¹ All of this helps create an environment where employment status can be blurry, complex, and at worst, open to exploitation by unscrupulous employers.

Bogus self-employment is when someone is wrongly denied a range of employment rights because they are treated by their employer as self-employed, when their actual working conditions are more like an employee or worker.

²¹ See for example Institute of Employment Rights, [Judicial Backpedalling on Trade Union Rights in the Gig Economy: Deliveroo in the United Kingdom Supreme Court](#), December 2023

Bogusly self-employed workers are exposed to the worst risks of insecurity, without any of the benefits of being genuinely self-employed, and without any meaningful protections.

As part of our research, we commissioned 20 interviews with self-employed people in low income households. We asked them about their experiences of self-employment, and if they had ever been bogusly self-employed. Jay* gave us a clear example of what bogus self-employment can look like.

Jay* started a new courier job, which was advertised as a self-employed position. The advert made it seem that Jay would be able to choose his hours and how much he worked to fit around his studies, but the reality was quite different. He was told what hours he had to work, and that he had to drive a branded van. He couldn't send someone in his place. However, he did not receive holiday or sick pay, and still had to do his own tax. He had all the burden and risk of self-employment, with none of the autonomy or freedom meant to come with it. In his words, 'it was just lose-lose'.

This sort of situation can happen by accident. Employers acting in good faith may not realise the working arrangement they've set up has strayed into bogus self-employment. But it can also be a deliberate strategy. Because self-employed workers have fewer employment rights, unscrupulous employers can cut costs like National Insurance Contributions, holiday and sick pay if they give workers the wrong status, while continuing to benefit from treating them like employees in terms of controlling their hours worked, flexibility and autonomy.

Kelsey* is a hairdresser, and an employee at a salon. She came to Citizens Advice because her employer told her when she returned from maternity leave, she would have to become self-employed, and pay to rent a chair in the salon. Her employer was one of several our advisers had seen in the local area making salon workers become self-employed to avoid higher employer NI contributions, and to increase their revenue by making the workers pay to rent the chairs. This change in employment status meant the salon owner could also avoid redundancy payment owed to Kelsey for ending her employment.

Who is in bogus self-employment?

Because employment status can be so complex, it can be difficult to quantify how many people are bogusly self-employed. Our research looked at three variables to determine if a respondent was potentially in bogus self-employment. Each of these conditions broadly reflect the working conditions that indicate a true employment relationship.²² We identified someone as being potentially bogusly self-employed if they identified themselves as being self-employed, but met at least two of the following conditions:²³

- **Cannot send someone else in their place.** If a worker is self-employed, then the relationship is between a client and business who have agreed to provide a service. Even if it is specialised enough that most times it is the worker themselves, they could send someone else in their place, so long as the contracted services happen. If a worker is an employee, then their employer has hired that person, and the use of their time - they cannot send someone in their place
- **Low work autonomy (defined as control over how and when work is done).** In a true self-employment relationship, the worker can choose how and when they work - they have autonomy over their work and how it is performed. In an employment relationship, the employer makes these decisions
- **Dependent on a single client for most or all of their income.** True self-employment means working for many different clients - even if this is on a longer term contractual basis. Working for one employer for most or all of a worker's income is a sign of an employment relationship

Based on this analysis, we estimate that **bogus self-employment is widespread: more than 1-in-7 (15%)** of self-employed people without employees may be bogusly self-employed.²⁴

²² Citizens Advice, [Check your employment status](#), November 2022

²³ Since bogus self-employment, and employment status in general is complex, and relies upon a combination of factors and circumstances, respondents had to meet 2 of these criteria to be classified as potentially in bogus self-employment.

²⁴ Estimate of 15.1% with a 95% confidence interval of 10.4% to 19.9%.

Despite it being widespread, awareness of bogus self-employment is low and many workers do not know that they are bogusly self-employed. Our survey research found that **only a third (32%) of self-employed workers without employees said they had heard of bogus self-employment** and knew at least a little bit about it. Often, people only realise there is a problem with their employment status when something goes wrong. For example, many people don't know what their entitlement to benefits is until they seek state support - for example if they are out of work due to sickness - and find that because they have been bogusly self-employed they have not been paying National Insurance Contributions (NICs), so are ineligible for benefits.

'I've worked with several clients who have been caught off guard and told that they are self-employed several months into their working for an employer. It's always been the case that they absolutely could claim full employment rights because as defined in law, they work as an employee. But their employer is just choosing to name them self-employed because it's convenient for them.'

Adviser, Stockton ²⁵

Even if people are aware that they are bogusly self-employed, it can be very difficult to challenge their employment status. The process is time consuming and costly, with high risks for the worker. Raising an issue at all could mean losing their job, and the scarcity of work in an area can leave workers with few real alternatives. It's also not uncommon for terms of employment to change after a worker has already started in a job.

If a bogusly self-employed worker does raise the issue with their employer, and it doesn't get resolved, their next step is the Employment Tribunal (ET). Only the ET can determine a worker's exact employment status, and they do so on a case-by-case basis. But the **ET system is overstretched**, and facing a huge backlog - with some hearings scheduled as far away as 2029²⁶.

²⁵ We held 4 focus groups with our advisers in late 2025 to explore issues around insecure work, particularly bogus self-employment and examples of this in their local area.

²⁶ Dominic Casciani, BBC, [Unfair dismissal claims face five-year delay as tribunal backlog grows](#), 21 May 2026

Many workers are not in a position to wait this long - which takes a mental toll as well as a financial one. In cases where no discrimination is involved, there is no legal aid available to help workers with legal costs. This makes the process either incredibly expensive, or leaves workers with the daunting prospect of representing themselves. It's not surprising that people in low income jobs have a far lower rate of bringing a case to ET.²⁷ After this whole process, many workers don't even receive all the compensation they are due.²⁸

'A group of clients, who worked in what was strongly suspected to be bogus self-employment in a specialised trade, came to us for advice. Around 40 workers from the same company had joined together and put forward a complaint to the Employment Tribunal. Before their case could be heard, the company entered administration, and all 40 workers lost their jobs, and income. About 6 months later, a remarkably similar company with a similar name appeared. All of the workers returned to their former employer, under the same condition of likely bogus self-employment, as there was no alternative work.' **Adviser, Dorset**

It's clear that without reform of employment status rules, and a simpler way to determine status when there's an issue, many workers will remain trapped in bogus self-employment. This has huge implications for their financial resilience, and for the labour market as a whole.

What is the impact of bogus self-employment?

Bogus self-employment causes harm on several levels. Bogusly self-employed workers are deprived of employment rights and protections, leaving them open to all kinds of financial risks. In our regression modelling, we found that bogus self-employment is a driver of low financial resilience.²⁹ **Workers potentially in bogus self-employment are 67% more likely to have low financial resilience** - and the harms this causes, as outlined above.

²⁷ Resolution Foundation, [Enforce for good](#), April 2023

²⁸ Citizens Advice, [From rights to reality](#), July 2024

²⁹ Results were borderline statistically significant, and so should be treated as indicative

There are a few reasons for this. The first is **low pay**. We've seen that low pay is one of the biggest drivers of low financial resilience. Bogus self-employed people are especially exposed to low pay, because National Minimum Wage law does not apply to self-employed people, so unscrupulous employers will make use of this loophole to pay workers less than they are entitled to.

Low pay can be compounded by other factors of bogus self-employment.

Bogusly self-employed workers lose out on employment rights like holiday and sick pay, as well as all the paid leave new parents are entitled to. If they take time away from work for any of these reasons, they simply aren't paid, and must budget their already low pay accordingly.

Many bogusly self-employed workers also have to **pay work related expenses that an employer should be paying**. Many of the drivers in our qualitative research described paying for their vehicle, maintaining it, buying petrol, and ensuring they had appropriate insurance. If their vehicle was off the road for any reason, they couldn't work, and therefore earn.

Gloria*, a delivery driver, described routine car problems. She had to have her car repaired, taking it off the road temporarily. Gloria had to give up shifts since she had no alternative vehicle. Her working arrangements show many of the hallmarks of bogus self-employment.

If their employment status reflected their working conditions, these costs would be their employers responsibility. Looking further ahead, bogusly self-employed workers are not guaranteed workplace pension contributions, leaving them at greater risk of hardship later in life.

Another factor is **lack of employment protections**. Bogusly self-employed workers are at risk of many sharp practices that employment rights are designed to prevent. Examples include required notice periods for employment ending, your job still being there for you on return from parental leave, or the right to time off for emergencies. Without these, there is a high risk of financial shock as a result of small or normal changes in your working life.

Moving beyond the individual worker, bogus self-employment causes harm across wider society. As we have seen, the price of insecure work is not just paid

by the worker, but by the people and organisations that have to supplement the low pay and insecurity that comes with it. Bogus self-employment often shifts the costs of employing people properly to taxpayers who are left to pick up the tab, often through the benefits system. Businesses who deliberately treat employees as self-employed are not only shortchanging workers, but also undercutting compliant employers. And because it is very difficult to enforce against, this leads to widespread poor standards across the labour market.

What needs to change?

Measures to tackle bogus self-employment are urgently needed. Bogusly self-employed people are already some of the most exposed to the worst harms of insecure work. And unfortunately, the more rights employees have, the more incentive there is for unscrupulous employers to exploit this loophole in employment law. There is a risk of a widening gap between employees who have access to higher quality, secure work, and a growing group who are trapped in bogus self-employment.

A **Single Worker Status** would extend full employment protections to all but the genuinely self-employed. This would mean that many more workers would benefit from the greater rights and protections promised by the ERA. This reform would also remove much of the confusion and complexity from the system, and enable for simpler and more efficient determination of status by the Fair Work Agency.

More effective enforcement will also boost standards and reduce non-compliance across the labour market, meaning more workers can access secure jobs that genuinely improve their living standards.

Chapter 4: Recommendations for policy change

So, what does government need to do to address these challenges? Given the immediate financial challenges facing insecure worker households, there is a need for action in the short term to create some breathing space. In the medium and longer term, government needs to finish the job on labour market reform and implement new mechanisms to drive up pay in the lowest paid parts of the economy.

Short term measures: targeted support for the hardest hit

There is an immediate need to target support at insecure worker households - **55% of insecure workers report experiencing at least one form of financial hardship in the last twelve months**. We have argued previously that government cost of living interventions should focus on renters, especially in the private rental sector, and on targeted support for other essential bills like energy.³⁰ These are the biggest expenditure areas for most households and action on them would go a long way to helping to stabilise the finances of households with low financial resilience.

At the moment, 30% of insecure worker households in rented accommodation say they have missed or fallen behind on payments for essentials or debts in the last 6 months. Of those that have missed payments, almost 4-in-10 (38%) have missed or fallen behind on rent payments, while 44% have fallen behind on energy, water or other essential household bills. Similarly, almost 1-in-5 (19%) insecure workers who are renting say they cannot always cover their essential costs every month (compared with 7% of those who own their home).

The government should consider, as a matter of urgency, improving support for renters. A good place to start would be to restore the link between the housing element of Universal Credit and the actual cost of market rents. This would provide immediate help to millions of private renters on Universal Credit who

³⁰ Citizens Advice, [It's Time to Turn the Tide](#), July 2026

are currently not receiving enough in benefits to cover their rent. The government should look beyond this though and consider wider measures that would deliver relief to hard hit renter households.

Similarly, on essential bills, the government should consider introducing targeted support to help struggling households afford the basics. We have outlined previously some of the ways the government could do this to direct support for essential costs in the most effective way.³¹

Medium term measures: finish the job on the labour rights upgrade

Short term interventions to stabilise the household finances of insecure workers are crucial. But, they won't solve the core problems we've outlined in this report. To get to grips with those, the government needs to see through its stated commitment to upgrading workers' rights. The Employment Rights Act (ERA), the core of the government's Make Work Pay plan, offers a potentially huge step forward in workers' rights. Citizens Advice was among those who strongly welcomed the passage of the ERA last year.

However, the passage of the ERA doesn't mean the job is finished. Much of the detail in the Act has been pushed to secondary legislation, and there is a real risk that the potential for decisive change could be watered down in practice, particularly under pressure from some business groups.³²

One area in particular where the government must ensure that new rights are implemented robustly is the **right to guaranteed hours** that is intended to clamp down on exploitative zero, or low hours contracts.³³ As we highlighted in Chapter 2, workers on low pay whose earnings vary a lot month-to-month are 2.7 times more likely to have low financial resilience. Measures to reduce pay

³¹ Citizens Advice, [Essential bills made affordable: A blueprint for targeted support](#), December 2025

³² Financial Times, [UK government's flagship workers' rights legislation clears final hurdle](#), 16 December 2025

³³ UK Government, [Ending one-sided flexibility: reforms of zero hours and similar contracts](#), 2 June 2026

volatility for these workers, via a right to guaranteed hours, are therefore essential.

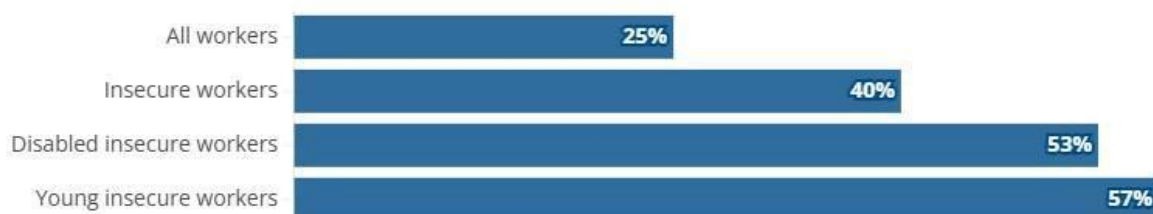
But, implementing this new right in a workable way is not straightforward, and there is likely to be pushback from some employers. The early signs on how the government intends to approach the issue have raised some concerns about how workable their initial proposals would be in practice.³⁴ But, there is still time for the government to get this right, and doing so would make a real difference to the financial wellbeing of insecure workers.

Other measures in the Employment Rights Act, such as stronger rights to work flexibly, also have the potential to make a big difference, especially to groups like disabled workers and carers. As we highlighted in Chapter 1, the lack of flexibility that often accompanies more secure work is a key reason disabled workers and carers end up pushed into insecure work. The need to accommodate health needs or caring responsibilities, leaves them with little option but to trade security for greater flexibility. **Strengthening rights to flexible working** could help stop them having to make that choice.

If these changes are to be meaningful, new rights need to be properly enforced. Insecure workers are particularly at risk of having their rights at work violated, as our survey research underscored. Whilst 1-in-4 (25%) workers reported having experienced an issue at work in the last year (such as unfair treatment, discrimination, or problems with pay, hours or working patterns), this rose to 4-in-10 (40%) for insecure workers, and more than half of young (57%) or disabled workers (53%) in insecure work.

Percentage experiencing a problem at work in the last 12 months

Disability status



³⁴ A Range of Reasonable Responses, [Is the government serious about guaranteed hours?](#), 2 June 2026

As we've argued previously, the new state enforcement body, the **Fair Work Agency**, must be given the resources it needs to tip the scales against employers who break the law and deny workers their rights.³⁵

But, there is also a key area of employment law which the Employment Rights Act did not address and where action is desperately needed - **employment status**. Uncertainty about the dividing lines between employment statuses, and lack of effective enforcement, effectively create a loophole in employment law. Employers can circumvent employment protections by reclassifying workers as self-employed, creating the so-called bogus self-employment that we discussed in Chapter 3 of this report. There is a risk that as legal rights for employees and workers are strengthened, the incentive for employers to circumvent them will further increase. This is a risk that many have explicitly warned about, including the former Director of Labour Market Enforcement, Margaret Beels.³⁶

Employment status reform is therefore urgently needed to close this loophole and prevent workers' being wrongly denied their rights at work. Government should legislate for a move to a simpler, 'Single Worker Status' framework that would extend full employment protections to all but the genuinely self-employed. This is something that Labour promised to do in its 2024 manifesto, but has yet to deliver on.³⁷ Now is the time to act, to ensure that new employment rights can be properly accessed by all those they are intended to help. The government should also give the FWA the responsibility, and the resources, to enforce employment status rules so that workers have a credible route to redress that doesn't rely on them taking on their employer by themselves.

Longer term: raise the floor on low pay

Our research has highlighted the central role that low hourly pay plays in undermining household financial resilience. Important steps have already been taken to tackle low pay. Sizeable increases in the level of the NMW in recent

³⁵ Citizens Advice, [Building a foundation for success: three priorities for the new Fair Work Agency](#), January 2026

³⁶ Financial Times, [UK's labour market tsar calls for crackdown on bogus self-employment](#), January 2025

³⁷ Labour Party, [Labour's plan to make work pay](#), 2024, p6-7

years have been very welcome and have done much to lift the earnings of low income working households. But, there is further to go and current NMW rates are not high enough to ensure all working households can escape poverty - the sizeable gap between NMW rates and those of the voluntary Real Living Wage, which is calculated based on the cost of essentials, is one indication of that.³⁸ The government should commit to further significant uprating of the NMW to ensure it serves its purpose as a meaningful floor for low pay.

Beyond the NMW, there are other measures the government can take to boost worker pay. The Employment Rights Act created the institutional mechanisms to negotiate and implement Fair Pay Agreements in social care, in recognition of persistent issues of low pay and poor working conditions in that sector.³⁹ These Fair Pay Agreements should tip the imbalance of bargaining power more in favour of workers and help drive up pay and conditions in the sector. But low pay and insecure work are rife in other parts of the economy too, particularly sectors like retail, hospitality, and culture and recreation. **Government should look to implement Fair Pay Agreements in those sectors as well**, to improve the earnings of low paid workers in those parts of the economy.

Beyond these measures, there is a need to ensure the economy is generating enough of the right kind of higher paid jobs so that workers have realistic alternatives to low paid work. Successive governments have put kick-starting economic growth at the top of their agendas; Andy Burnham's promise to deliver "growth in every postcode" is the latest iteration of that approach.⁴⁰ Delivering real economic growth will be key to raising living standards, but to do so effectively **growth must also bring good jobs with it**, jobs that are secure and pay a decent wage. And it's clear from our research that good jobs must also be flexible jobs. This will help remove barriers faced by groups like disabled workers and carers, whose need for flexibility around work all too often locks them out of better quality, but less flexible, forms of work.

³⁸ Living Wage Foundation, [What is the real Living Wage?](#)

³⁹ Dept. of Health and Social Care & Dept. of Business and Trade, [Factsheet: Social Care Negotiating Bodies & Fair Pay Agreements](#), February 2026

⁴⁰ Prime Ministers Office, [Prime Minister pledges growth in every postcode across whole of UK as he visits Scotland](#)

Conclusion

The government needs a multi-tiered strategy to get to grips with low pay and insecure work. Action is needed in the short, medium and long term to lift household finances, boost workers rights, and raise the floor on low pay.

In summary, we recommend:

- In the short term, immediate cost of living support for hard hit households, focusing on support with rent and other essential bills
- In the medium term, finish the job on the employment rights upgrade by:
 - Ensuring secondary legislation is robust and effectively implements key rights in the Employment Rights Act
 - Properly resource the new Fair Work Agency
 - Introduce legislation to reform employment status rules and move the UK to a Single Worker Status
- In the long term, raise the floor on low pay by:
 - Continuing to uprate the National Minimum Wage
 - Extending Fair Pay Agreements to cover other sectors where low pay and insecure work are common
 - Ensuring that good job creation is a key element of the government's economic growth agenda

Together, these measures could turn the tide on low pay and insecure work. They could stabilise and boost the finances of working households. And, they could ensure that work really does pay.

Appendix: Methodology

The research for this report consisted of a survey of 4,000 workers in Great Britain, conducted in March and April 2026 by Opinium for Citizens Advice. The survey consisted of a 15 minute, online questionnaire which explored the nature of respondents' work, their pay, employment status, household finances, experiences of financial hardship, and their knowledge of their employment rights and problems they had experienced at work. The survey also collected demographic data from respondents, including their age, gender, ethnicity, region, housing tenure, household size, parental status, disability status, carer status, and trade union membership.

Survey results were weighted to be nationally representative by sex, interlocked with age and highest qualification, employment status by part-time and full-time working, employment status by permanent employee, temporary employee, and self-employed, ethnicity, region and household income before housing costs by quintile.

Note that respondents living only with non-family members (for example, housemates, but not partners) were treated as single-adult households, so all their financial questions, including income, were asked about them personally rather than their whole household.

In addition, Opinium also undertook exploratory regression analysis, using binary logistic regression models. The first model explored the demographic characteristics most associated with being in insecure work. The final version of the model used the following independent variables:

- Age
- Gender
- Ethnicity
- Trade union membership
- Disability status
- Caring responsibilities

- Home tenure
- Occupation
- Industrial sector

A second model explored the work characteristics most associated with low financial resilience.⁴¹ The final version of this model used the following independent variables:

- Non-permanent contract
- Hours volatility
- Potentially bogus self-employment
- Underemployment
- Pay level and pay volatility combined (four categories: not below median/pay stable; below median/pay stable; not below median/pay volatile; below median/pay volatile)

Full results for both these models are available on request for those interested in further details of the analysis we undertook.

Budget planner data

To calculate negative budget data (negative budget rates, average monthly surpluses, and average debt levels), we analyse the budget planners that around 80,000 people complete with a Citizen's Advice adviser every year. This records details of their household income, expenditure and debts.

Population figures

Population level figures for insecure workers were calculated by applying the survey share to the figure for the GB population aged 18+ in employment in the twelve months to March 2026 (32,179,300).

⁴¹See Chapter 2 for the definition of low financial resilience we've used in this research

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