TUC

Changing the world of work for good

Making this a decade of renewal

TUC Submission to Budget 2020

Summary

A decade of austerity and stagnating wages has left Britain weaker and less united. The next decade is a chance to turn this around. The urgency of the task of tackling climate change is also an opportunity for government – to invest in the jobs, skills and communities the UK needs to meet the challenges of the transition to a low carbon, more digital economy.

But if we are to 'level up Britain', the government must be much more ambitious. In this submission we set out the challenges we face, and the steps government must take to address them. A key part of that approach must be prioritising a trade deal with the EU that protects workers' rights and jobs. National renewal cannot be achieved without a strong relationship with our largest trading partner.

This submission proposes a comprehensive set of policy suggestions for national renewal. Here we set out four challenges for government, and the tests we will use to assess whether it is meeting them.

1) Prepare the country for a just transition to a low carbon, more digital economy

The 2020s is the decade in which the task of moving to a net zero economy must be addressed. And it's a time when the opportunities from new technology could start to deliver the productivity boost the UK desperately needs. Both these challenges should be an opportunity to deliver a just transition to better jobs across the UK. But at present, we are falling behind. The number of jobs in the low carbon economy is now lower than in 2014. And we're failing to invest in the skills we will need to take advantage of new low carbon and digital technologies. Government spending on adult education and skills (outside apprenticeships and higher education) fell by 47 per cent between 2009–10 and 2018–19.

Tests for success:

- Government must dramatically up its investment in meeting the net zero target. And it must ensure that every new infrastructure and low carbon investment project will come with a commitment to new local jobs – and an agreement with trade unions to ensure they are on fair wages.
- Every worker should have a funded lifelong learning account, and a new right to paid time off to train.

2) Invest in communities as well as in infrastructure

A decade of austerity has hit communities across the country. Over a million over 65s are not getting the social care they need. 500 children's centres have been cut. A&E waiting times are at their worst on record, with less than three-quarters of patients seen within four hours, and over 80 per cent of schools will have less to spend on each pupil this year than in 2015.

We need government to invest in the social infrastructure that communities need to thrive.

Tests for success;

- Government must announce in the budget how it will meet the commitment made previously by the Prime Minister to bring forward a set of proposals for the future of social care, including how we fund, commission and provide services and support a world class workforce. This should involve deep and meaningful engagement with social care providers, local authority commissioners and trade unions representing adult social care workers.
- Government must ensure that at least 500 children's centres are reopened – without the need for further cuts to services.

3) Decent jobs across the country

3.7 million workers are in insecure jobs and workers haven't seen their wages rise in a decade. One in five workers earn less than the real living wage.

The chance of a decent job varies dramatically where you live; there is almost a nine percentage-point gap between the regions with the highest and lowest employment rates (the South West and North East). The result is that families are facing record levels of debt.

We need a plan for decent jobs across the country.

Tests for success

- Government must use the employment bill to ban zero hours contracts – stamping out this exploitative practice once and for all.
- Government should assess the success of its economic policy by:
    - Closed employment gaps across the country while keeping employment rising; and
    - Ensuring real wages are growing strongly for everyone.

4) A strong economy and a trade deal that protects jobs rights and peace

2019 saw economic growth hit just 1.4 per cent, and the manufacturing sector is in recession. The Bank of England predicts growth of less than 1 per cent in 2020. And a trade deal that restricts the UK's opportunity to sell goods and services to our largest trading partner could hit jobs across the country; we estimate that well over a million jobs are dependent on exports to the EU.

Our tests for success

- Government must support the economy with a package of spending that delivers the promised £100 bn on infrastructure, and invests in in communities with at least an additional £25bn over the next three years on a just transition to a low carbon economy. Fiscal rules designed for an era of austerity should not stop the government from investing in the public services the UK desperately needs.
- And Government must protect jobs rights and peace with a trade deal with the EU that preserves tariff-free, barrier-free, frictionless trade in goods and services with the rest of Europe to protect jobs

1) Prepare the country for a just transition to a low carbon, more digital economy

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Reaching Net Zero

The TUC warmly welcomes the commitment made by the last government, and reaffirmed by this one, to move to a net zero economy by 2050. This commitment was recommended by the Committee on Climate Change (CCC) in its report, 'Net Zero: the UK's contribution to stopping global warming', published in May 2019. That report highlighted the importance of a 'just transition' to a net zero economy. A just transition means that, as we move away from high polluting industries to low and zero carbon ones, new opportunities are provided workers, as we change the way we produce to reduce carbon emissions. A just transition is essential to ensure public support for the move to net zero. It also leads us to focus on the opportunities, and not just the costs, of moving to a net zero economy. The UK is already a world leader in offshore wind; possibilities in other low carbon sectors could entail great new jobs, in communities across the UK.

For those opportunities to be maximised, however, we need to raise our game. For example, the government's sector deal for offshore wind currently requires 60 per cent UK content for construction and maintenance. This is a good start, but is too limited; the government should use this Budget to announce a raising of that target to 80 per cent.

More generally, the TUC statement, 'A just transition to a greener, fairer economy', set out the need for government investment if a transition to a net zero economy is to be achieved. The Chancellor should therefore use this Budget to double investment for climate action and restoring nature to an equivalent of at least five per cent of government spending. This amounts to an additional £25bn of investment.

The CCC has stressed the importance of carbon capture storage and use (CCSU) technology as part of the move towards net zero. Specifically, the CCC states that we need 10m tonnes of CO2 stored annually by 2030 ('Reducing UK emissions: 2018 progress report to Parliament, Committee on Climate Change, June 2018'). The TUC strongly supports the development of CCSU technology. CCSU in the Irish and North Seas could reinvigorate key UK industries in Merseyside and South Wales, Teesside, the Humber, and Scotland. In its election manifesto, the Conservative Party promised £800m for the development of CCSU technology.

Seizing the opportunity to deliver better jobs

This new spending should be an opportunity to deliver good jobs across the country. But if government doesn't take action, that opportunity will be lost.

The Office for National Statistics have shown that although the low carbon economy is growing there were 11,100 fewer green jobs in 2018 (now just over 220,000 jobs) than four years earlier in 2014.[1]

Too often the jobs that are delivered aren't of good quality: the offshore wind sector in general has four times more accidents per hour worked than the offshore oil and gas industry. Although there were no reported fatalities in 2015 or 2016, the latest years for which data is available, the lost time injury frequency for these years was 2,96 and 2.12 respectively.15 This measures the number of recordable injuries (fatalities + lost work day incidents) per 1,000,000 hours worked. The equivalent figure for offshore oil and gas was 0.52, which adds weight to fears that hard-won advances in offshore health and safety are being put at risk.

More broadly at present we are losing the wider opportunities to build it in Britain and support key industries across the board. We should be world leaders in the production of low carbon steel - but Unite the Union have found that the government's own 'Steel Procurement Pipeline,' shows that of the £158 million of steel product procured by the public sector less that 43 per cent - or £68 million – was actually produced in the UK.[2] We need the whole of our industrial strategy focused both on meeting our net zero commitment and delivering better jobs. Simply offshoring heavy carbon production will meet neither of those aims.

We know that when government and companies commit to working with trade unions we can deliver good local jobs – like at the 2012 Olympics, and the world leading project at Hinkley Point C.

The Olympic agreement with trade unions included:

- A commitment to ensure good standards in the construction of the Olympics site

[1] Office for National Statistics (2020) Low carbon and renewable energy economy, UK: 2018 https://www.ons.gov.uk/economy/environmentalaccounts/bulletins/finalestimates/2018
[2] Unite the Union (2019) Manufacturing Matters https://unitetheunion.org/media/2740/191118-manufacturing-matters.pdf

- A clear commitment to local jobs and training opportunities, with active relationships in place with local authorities and other partners including trade unions
- Training opportunities for local workers delivered throughout the course of the project – including through the use of a community and trade union learning centre.
- Outreach and engagement with local businesses to build capacity to win contracts.
- A commitment to deliver the greenest Olympics on record.

The construction of Hinkley Point C shows that working with trade unions can deliver significant benefits in terms of local jobs, skills and safety. Working with unions, the delivery company EDF have:

- Signed a trade union recognition agreement, which commits to deliver 'best in class' employment terms and conditions, direct employment wherever possible, and a strong commitment to health and safety.
- Committed to deliver 25,000 jobs over the life time of the project, with 50 per cent from the local area.
- Ensured over 60 per cent of the contracts by value go to UK companies; and
- Committed to train over 1,000 apprentices over the course of the project.

Government needs to act now to ensure that the necessity of delivering a transition to a low carbon economy is also seen as an opportunity to deliver better jobs. This means that every new infrastructure and low carbon investment project must come with a commitment to new local jobs – and an agreement with trade unions to ensure they are on fair wages.

The Fourth Industrial Revolution

Digital technology is both a challenge and an opportunity. Artificial Intelligence, Big Data and the Internet of Things – taken together to form the so-called 'fourth industrial revolution' - offer benefits in areas as wide as increased productivity, greener production and services and even better medical diagnostics. Yet digital technology could change many existing jobs and has implications in areas such as surveillance and monitoring, and the management (and potential mismanagement) of data.

The TUC strongly supports the development of digital technology. We have been pleased to work with the Made Smarter Commission over the last year. We particularly support the Made Smarter Principles, covering issues including partnership at work, developing digital skills for the future, job security and enhancement, and equalities, diversity and inclusion. The principles made clear the value and importance of companies working with trade union representatives in the introduction of digital technology.

The TUC believes we need a just transition to a digital economy. This means that investment in skills training to ensure digital capabilities for those whose jobs are under threat is vital. It also means that workers must enjoy a share of the productivity bonus delivered by digital technology, which could help us move towards a shorter working week with no loss of pay.

Horizon Europe is the European Union's proposed 100bn euro research and innovation programme that will run from 2021-2027. The programme aims to strengthen European science and technology research, and boost innovation capacity, competitiveness and jobs. Horizon Europe is the successor programme to Horizon 2020, which ran from 2014-2020. The UK significantly benefited from Horizon 2020, based on our strength in science and our world leading universities. According to the House of Lords European Union Committee, the UK is the second largest recipient of Horizon 2020 funding and has received 15.2 per cent of grants distributed through the programme so far, totalling 5.7bn euros.[3]

It is critical for the future of UK science and the long-term strength of British industry that the UK has the maximum possible access to Horizon Europe after we leave the European Union. This means we must continue to contribute to the programme. The Chancellor should confirm in his Budget that we will do so.

Erasmus+ is the European Union programme for education, training, youth and sport. It also runs for seven years, from 2014 to 2020. Erasmus+ is open to education, training, youth and sport organisations across all sectors of lifelong learning, including school education, further and higher education, adult education and the youth sector.

Erasmus+ has been a massive success. Participants gain new transferable skills, broaden their horizons and develop cultural awareness. They help to build links with other countries that share the UK's values. This is good for our economy and society. Under Erasmus+, 1bn euros is expected to be allocated to the UK between 2014 and 2020.[4]

The TUC welcomes the fact that, under the Withdrawal Agreement negotiated with the EU, the UK will continue to participate fully in the current (2014-2020) Erasmus+ programmes. We call on the UK government to seek a long-term treaty with the EU which secures UK participation in the successor programme to Erasmus+ and we call on the Chancellor to commit the funds to do so.

Skilling up the UK

Massive under-investment in workforce skills has left a legacy of poor productivity and increasingly entrenched barriers for people wanting to improve their job prospects. According to the Institute for Fiscal Studies (IFS) government spending on adult education and skills (excluding apprenticeships and HE) fell by 47 per cent between 2009–10 and 2018–19.[5] TUC research shows that the total volume of employer-led training has declined by around 60 per cent since the end of the 1990s.[6] Against this backdrop, the demand for skills will be intensifying significantly in the coming years as the impacts of Brexit, automation and longer working lives play out. Research with over 38,000 workers by Unison, for example, found that Individuals feel they do not have adequate digital and management skills. Two-thirds of respondents felt the main challenges to their skillset was

[3] 'Brexit: the Erasmus and Horizon Programmes', House of Lords European Union Committee, February 2019.
[4] Ibid.
[5] Available at: www.ifs.org.uk/uploads/R162-Education-spending-in-England-2019.pdf
[6] Green, F. and Henseke, G. (2019) Training Trends in Britain, unionlearn research report no.22

their digital capability and felt they needed to improve their digital computer skills. Nearly half of respondents felt that management and supervisory skills also required improvement.

The TUC has repeatedly called for a fiscal boost to revitalise the adult skills system and our national college network. We have welcomed a number of the recommendations of the Augar Review, including: new skills entitlements; improved financial support for FE students; and, making investment in the FE workforce a priority. The government is yet to respond to the review, but has committed to increase capital spending by investing £1.8bn over the current parliament to upgrade the college estate.

A major plank of the government's skills policy framework is a commitment to spend an additional £600 million per annum on a new National Skills Fund that will provide "a first step towards a 'Right to Retrain'". Welcome as this is, it needs to be put in the context of the sustained long-term decline in public spending on adult skills (e.g. IFS[7] says that this additional spending will only reverse about one fifth of the cuts to total spending on adult education and skills since 2010).

To open up learning opportunities to those facing the greatest barriers, we need a new expansive skills system that provides:

- lifelong learning accounts for all adults incorporating entitlements to upskill or retrain
- a new right to paid time off for education and training for workers
- a new entitlement to a mid-life skills/career review and development of an all-age careers guidance service in England.

The TUC has welcomed the increased investment in apprenticeships in recent years, but there remain significant challenges, including slow progress in tackling the continuing high numbers of poor-quality low-paid apprenticeships and widening access to underrepresented groups. Reforms are required to strengthen enforcement of rights, boost wage levels, improve equality of access, and guarantee progression to an advanced apprenticeship.

According to the OECD the UK lacks the national social partnership arrangements on skills that are found in many other countries with high-quality training systems[8]. There is now a window of opportunity to begin to develop such an approach by widening the remit of the National Retraining Partnership.

The recent devolution of the adult skills budget to parts of England has resulted in some benefits, including better alignment of provision to local needs and allowing more focus on disadvantaged groups. However, there have been some unintended consequences resulting from a postcode-based skills funding system as it has created an avoidable further barrier to participation for many learners.

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[7] Available at: www.ifs.org.uk/publications/14625

[8] Getting Skills Right: Making adult learning work in social partnership, OECD 2019

2) Invest in communities as well as in infrastructure

Public services are a crucial component of a strategy of renewal across every community in the country. Renewal at this scale will require a significant programme of investment in order to address the damage inflicted by a decade of austerity, to equip our public services to meet rising demand going forward and to level up across the country by investing in the social infrastructure that every community relies on.

Below we set out some of the key areas that the budget should address in order to:

- *Enable every community across the country to achieve its potential*
- *Build our social infrastructure to meet demands on public services going forward*
- *Recruit, train and retain a world class public service workforce.*

In particular, our tests for success are that:

- *Government must announce in the budget how it will meet the commitment made previously by the Prime Minister to bring forward a set of proposals for the future of social care, including how we fund, commission and provide services and support a world class workforce. This should involve deep and meaningful engagement with social care providers, local authority commissioners and trade unions representing adult social care workers.*
- *Government must ensure that at least 500 children's centres are reopened – without the need for further cuts to services.*

Every community achieving its potential

The past decade of spending cuts impacted on every community in the country. But this impact was not evenly distributed. Nowhere is this starker than in local government, where those local authorities with the highest need, greatest reliance on central government grant and lower local tax bases, suffered the largest cuts to spending power.

In November, the TUC published research that found that local councils had been forced to cut billions of pounds from essential services. Our research found that in 2010/11, upper tier and unitary local authorities in England were spending a total of £49.3bn on key services such as social care, waste management, libraries and transport. But in 2018/2019 – following years of funding cuts from central government – that spending had fallen to £41.4bn. This works out to 20 per cent (£135) less being spent on services per person.

England's upper tier and unitary councils (those providing the most services) have been worst hit in Labour-controlled metropolitan areas:

- Salford Council (Labour) is spending 38 per cent (£99 million) a year less on key local services than in 2010/11. That works out to £479 a year less per person.
- Camden Council (Labour) is spending 32 per cent (£103 million) a year less than in 2010/11. That works out as £620 a year less per person.

By contrast, large Conservative-controlled shire and county councils have been protected from cuts to central government funding:

- Surrey Council (Conservative) is spending 7 per cent (£54 million) a year more on key local services than in 2010/11. That works out £11 a year more per person.
- Wiltshire Council (Conservative) is spending 8 per cent (£27 million) a year more on key local services than in 2010/11. That works out £16 a year more per person.

This situation may well be exacerbated by the government's Fair Funding Review. Research from the Local Government Association indicated that the results of the review would see £320m in adult social care funding directed away from deprived councils, while primarily Conservative voting, affluent local authorities would see gains of £300m.

Looking forward, it is crucial that we have a renewed approach to local government funding in three key areas.

First, the quantum of funding needs to increase significantly so that councils can perform their role as service providers, stewards of place and drivers of cohesive and sustainable local communities. And part of this must involve the restoration of capacity lost over the decade of punishing spending cuts.

In September the New Economics Foundation published research, commissioned by the TUC which projected that, under current spending plans, local authorities would face a funding gap of £24.5bn by 2024/25 if they were to try and provide the level of service provision available in 2010. The North West, the most deprived region, will face cuts of £535 a head by the end of the period.[9]

Second, business rate reform must be undertaken in a way that balances the incentive for local authorities to invest in and grow their local economies, with fair redistribution of resources based on need. In 2016 the TUC commissioned the 'Better Rates' report by the Institute for Public Policy Research (IPPR).[10] Better Rates proposed the Growth First model; this allows councils to retain more of their business rates using a formula that takes the growth in business rates income achieved multiplied by the local level of need. In doing so it restores a measure of fairness to council funding and it ensures that any system of business rate retention enables all councils to grow their funding in line with the needs of their communities. Councils with higher funding needs (either more demand or less income) would be allowed to keep a greater proportion of their business rates.

Third, any outcome of the Fair Funding Review will not be sustainable unless it is introduced alongside sufficient additional resources to meet the significant funding gap facing local authorities and to ensure that no council should see its funding reduce as a result of a new distribution system. Proposed changes to funding formulae must be properly evidence-based and pay sufficient weight to the importance of deprivation as a factor. The Review is scheduled to be implemented from 2021/22, and it is therefore vital that the Government

[9] NEF, 'Councils in Crisis, local government austerity 20/0910-2024/25' https://neweconomics.org/2019/09/councils-in-crisis-local-government-austerity-2009-10-2024-25, September 2019

[10] IPPR, 'Better Rates: How to ensure the new business rates regime promotes growth everywhere', https://www.ippr.org/publications/better-rates, June 2016

produces greater clarity about the potential differences in allocations at the earliest opportunity. This will help us judge the merits of the Review and ensure that local authorities receive as much advance notice as possible of their provisional funding baselines to enable proper financial planning.

In addition to a fairer and most sustainable funding settlement for local government, we would support a deeper and broader approach to English regional devolution. We need to ensure that more areas are able to benefit from the opportunities that accrue from greater control over regional economic development, infrastructure and public service reform.

However, to achieve its full potential, regional devolution should be deepened and democratised through a greater role for social and economic partners to help determine regional priorities and to develop the relationships and joint working between unions, employers, local political leaders and civil society that will maximise the benefits.

Regional devolution on this model could be used to drive local industrial strategy in a way that creates great jobs, inclusive growth and strong public services.

The budget should also make clear what funding will be used to underpin this, including through the Towns Fund, Share Prosperity Fund and future direction of the Local Growth Fund. The Shared Prosperity Fund should be designed in a way that uses a broader set of metrics -beyond GVA – that includes disposable income levels, household poverty and well-being measures. This should be based on a process for determining priorities and allocating resources in consultation with social and economic partners and local communities, with a priority on inclusive growth and community wealth building.

Connectivity within and between communities in all parts of the country must be addressed as a matter of priority – a particular problem for areas outside London and the greater South East.

In February the Prime Minister announced an additional £5bn for improved bus services across the country; bus services play a vital role in local communities and the economy so we welcome the additional investment. The Prime Minister also committed to the manufacture of 4000 additional electric busses, it is vital that he keeps to his commitment to manufacture this in the UK and to ensure that UK firms have capacity to win the contracts and manufacture the new fleet. While these commitments are welcome, we maintain that the best way to deliver on commitments like improved services, reduced prices and simplified ticketing would be to provide greater powers to local authorities to regulate and operate their own bus services.

We welcome the government’s commitment to the HS2 project. However, it is vital that HS2 is connected to a fully integrated and enhanced transport network that connects cities and towns across the north of England and delivers all the commitments on Northern Powerhouse rail.

Social infrastructure that meets demand

From health and social care to prisons and schools, our members who deliver public services know that they are being stretched to breaking point. This means real loss of services that working-class families rely on. Since 2010 we’ve seen:

- 400k fewer older people receiving publicly funded social care[11] - Age UK estimates that there are 1.4m people aged over 65 that do not receive the care and support they need with essential living activities.[12]
- funding for Sure Start cut by two thirds since 2010 with the closure of 500 centres, 170 of which were in the poorest 30 per cent of neighbourhoods[13]
- pupil funding cut in real terms - 13 per cent of pupils in our state primary and secondary schools are now taught in classes with over 30 pupils, the highest levels in over 15 years[14]
- local councils forced to close 14 per cent of public libraries, slashing weekly bin collections by 40 per cent and cut funding for parks, environmental services and local transport by 40 per cent – with the biggest impacts in working class communities [15].

The Chancellor must act to undo the damage inflicted on services over the last ten years. Not just for one year but with a plan to invest in world class public services over the medium to long term. Not just ending cuts but reversing them, bringing investment back to the levels we need to maintain quality and meet demand.

Focussing on the areas of early years, education, health and social care allows us to identify the scale of the challenge.

Sure start

From 2010/11 to 2017/18, the government reduced spending on Sure Start from over £1.5bn a year to £600m – a fall of £900m. As a result, at least 500 Sure Start children's centres were closed. Many hundreds more centres have drastically reduced services and opening hours.

The TUC is calling on the government to ensure that local government has the funding to reopen at least 500 Sure Start Children's Centres, and pay decent living wages to the staff who work there.

Health

Addressing the crisis in staff recruitment and retention must be the number one priority for the NHS.

We repeatedly hear from our members in the health service that there aren't enough staff and that unfilled vacancies put additional strain on those left trying to fill the gaps in the face of increasing demand. This is confirmed by NHS staff survey results, showing that only 32 per cent agree that there are enough staff in their organisation to do their job properly.

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[11] https://publications.parliament.uk/pa/ld201719/ldselect/ldeconaf/392/392.pdf
[12] https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/health--wellbeing/age_uk_briefing_state_of_health_and_care_of_older_people_july2019.pdf
[13] https://www.bbc.co.uk/news/education-48498763
[14] https://schoolcuts.org.uk/stories/
[15] https://www.apse.org.uk/apse/assets/File/Neighbourhood%20Services%20(web).pdf

Despite the best efforts of staff, these shortages are having an impact on patient care. Patients are waiting longer for care – the average wait for a routine GP appointment is now more than two weeks and A&E waiting times are at their worst on record, with less than three-quarters of patients seen within four hours.

And we are seeing growing risks to patient safety. A recent survey of Unison staff members expose the direct effect of staff shortages on patients. Almost half of the respondents (45 per cent) said there were not enough staff on their shift to deliver safe, dignified and compassionate care. One in seven (14 per cent) staff rated the quality of care as compromised and one in six (15 per cent) believed patient safety to be compromised

We recognise the commitment made by ministers to boost nurse and GP numbers and welcome the focus in the NHS People Plan to improve the quality as well as quantity of jobs. But the government must learn from the failings of previous commitments – where the pledge to recruit 5k additional GPs by 2020 has led to 1k fewer GPs providing care to greater numbers of patients.

A key concern raised by the National Audit Office is that staff shortages could continue to hamper the implementation of the Long-Term Plan. First, the additional funding announced for the NHS does not cover staff training. Second, staff shortages may lead to expensive alternative uses of funding, e.g. through the use of agency staff. Third, that even where commissioners have the resources to take forward Long Term Plan priorities, the staff will not be available to deliver it.

We need a fully funded workforce strategy that focuses on recruitment but also retention. This should include a focus on pay, pensions and conditions which supports retention of staff. And we need greater investment in CPD for the existing workforce, to reinstate training bursaries for new entrants, increase use of other routes into NHS, including apprenticeships and to remove unnecessary barriers to migrant workers.

The government's announcement of new funding for the NHS amounts to 3 per cent a year to the health budget, compared to the 5 per cent that organisations such as the Health Foundation say is required in order to address deficits, maintain service levels, address the capital backlog and invest in the service transformations by the Long Term Plan.

Adult social care

Despite additional funding of £1bn a year and an extension of the social care precept announced in last year's spending review, social care continues to be plagued by austerity - funding is still 2 per cent lower in real terms than a decade ago.

This has left providers at risk of collapse and increasing numbers of older people getting access to services – with over 400k fewer over-65s accessing state supported care and 1.4m older people failing to get help with their care needs.

The government must act urgently on funding if the Prime Minister is going to deliver on his commitment that no one should have to sell their homes to fund their care needs. TUC analysis shows that since 2010, 179k older people have sold their properties to meet the cost of moving into residential care. Unless urgent action is taking, we estimate that a further 114,000 will have to sell over the next parliament.

But the crisis in social care goes deeper than funding – we need a fundamental review of how we commission and provide care and, crucially, how we end the spiral of low pay and exploitation of the workforce.

Pay in the sector is generally low, with the gap between the median hourly rate and NLW narrowing. There is no national pay scale, nor formal routes to progress to higher pay as a result of gaining skills and experience, nor much enforcement of providers who pay a lower rate due to domiciliary care workers having to travel between visits on their own time.

Given most of the workforce are female (82 per cent of total workforce) low pay in the sector is likely a significant driver of the national gender pay gap.

One quarter of care workers are on zero-hours contracts. This increases to 50 per cent when just accounting for domiciliary care workforce.

Providers are struggling to recruit and retain workers - social care has the second highest vacancy rate after the NHS out of all public services – 8 per cent - around 112,000 vacancies at any one time. And the turnover rate of the sector is 30.8 per cent. This equates to 440,000 leavers in the past twelve months – although 66 per cent of leavers stay in the sector.

The population aged 65 and above is projected to grow by 36 per cent by 2035. If the workforce grows at the same rate, then an additional 580,000 jobs will be required to meet this demand. And almost a quarter of workers are aged 55 and over (24 per cent, 320,000), and so could retire within the next ten years.

The government must, as a priority, meet the commitment made previously by the Prime Minister to bring forward a set of proposals for the future of social care, including how we fund, commission and provide services and how we support a world class workforce. This should involve deep and meaningful engagement with social care providers, local authority commissioners and trade unions representing adult social care workers. This process should begin within the next 6 months.

Education

Research undertaken on behalf of the National Education Union, The Association of School and College Leaders, the National Association of Headteachers, unions representing school support staff including Unison, GMB and Unite and the cross-party F40 group of lowest-funded local authorities has calculated the funding required to restore pupil funding to 2015/16 levels while meeting school cost pressures going forward.

Using government figures, they employed a cost index covering schools and early years, including pay, pension, national insurance, national minimum wage, apprenticeship levy and non-staff spending, uprated by inflation to calculate funding requirements over the next four years.

Even with the announcement of more funding for schools, it is estimated that a further £9.7bn funding will be required by 2025 in order to address shortfalls across core school funding, pupil premium, early years, 16-19 and high needs.

Under current spending plans announced in last year's spending review, 80 per cent of state schools will have less funding per pupil next year than in 2015 when schools began to face real terms spending cuts.

This has a very real impact on pupils and staff in schools across the country.

According to a survey by the National Governors Association in 2019:

- **Over three quarters of respondents said that they are not confident that funding pressures can be managed without any adverse impact on the quality of education provided in their school.**
- **78 per cent of governors said their school did not have enough funding to meet the needs of their SEND pupils.**
- **16 per cent said their school had reduced pastoral support due to funding constraints and 61 per cent did not have enough money to support pupils from disadvantaged backgrounds.**
- **Over half said that their school had reduced the number of support staff and just under a third had reduced the number of teaching staff.**

Developing our pupils into a cohort fit to meet the future demands of the UK and its economy, investing in our schools must be a key priority. We recognise the additional funding that has been announced for schools but this falls short of what is needed. The budget needs to provide additional funding for schools that meets the scale of the challenge.

Recruit, train and retain a world class public service workforce

Pressure on staffing is increasing across the public sector in the face of rising demand, excessive workloads, financial constraints and reductions in new entrants from the EU to plug skills gaps. In order to recruit, train and retain a world-class public sector workforce, the government needs to address these issues. We need to create great jobs across the UK public sector – that means getting the fundamentals of pay and pensions right.

In 2015, the TUC set out five tests for a fair pay deal for public sector workers, including funded increases, fair pay awards across all public services, freedom for collective bargaining and genuinely independent Pay Review Bodies, tackling low pay through the real Living Wage and the restoration of earnings lost since 2010.

Analysis carried out by the New Economics Foundation for the TUC set out the real-terms increases needed to departmental budgets over the next four-year period in order to fund fair pay rises. The research found that additional annual funding of £3.55bn will be needed next year to ensure pay rises of 1 per cent above RPI inflation, rising to £10.6bn by 2022/23 for similar restorative rises each year12.

Additional funding compared to baseline 2% rise: CPI inflation + 1%	
2020-21	£1.73 bn

2021-22	£3.44 bn
2022-23	£5.13 bn
Additional funding compared to baseline 2% rise: RPI inflation plus 1%	
2020-21	£3.55 bn
2021-22	£7.10 bn
2022-23	£10.64 bn

The figures represent the additional funding that would be required on top of an increase of 2 per cent – the current average pay rise across the public sector. This would ensure that public sector pay rises both keep up with the cost of living and commence restoration of lost wages since the public sector pay cap was introduced in 2010.

Public sector workers are still earning significantly less in real terms than they were in 2010 – for example, TUC analysis shows that a teacher working outside of London is likely to be earning 12 per cent less in real terms than they were in 201013.

Pay restoration is essential not only out of fairness to public servants, whose wages have been pegged back for a decade, but also to address the growing recruitment and retention crisis across the public sector.

The research estimates that nearly half of this additional investment would be returned to the government in the form of direct taxes paid by public sector workers, reduced in-work benefits and indirect taxes through the growth stimulus in the wider economy.

The government should also maintain a firm commitment to the protection of public sector pensions schemes in line with the 25 year commitment following revisions to public sector pensions from 2015. This includes providing the funding required to enable employers to meet additional costs resulting from the government's decision to revise the SCAPE discount rate in January 2019. The chancellor should use this budget to provide departmental funding to meet these additional employer contributions beyond the current funding commitment to 2019/20.

3.Fair jobs across the country

Record employment levels are welcome. But a tighter labour market has done too little to tackle deep regional inequalities, stagnant pay growth across the board, and record levels of in-work poverty and debt.

Government needs to act. In addition to increases in the minimum wage, government should:

- *Use the employment bill to ban zero hours contracts – stamping out this exploitative practice once and for all.*
- *Government should assess the success of its economic policy by:*
    - *Closed employment gaps across the country while keeping employment rising; and*
    - *Ensuring real wages are growing strongly for everyone.*

There are huge regional disparities in employment prospects

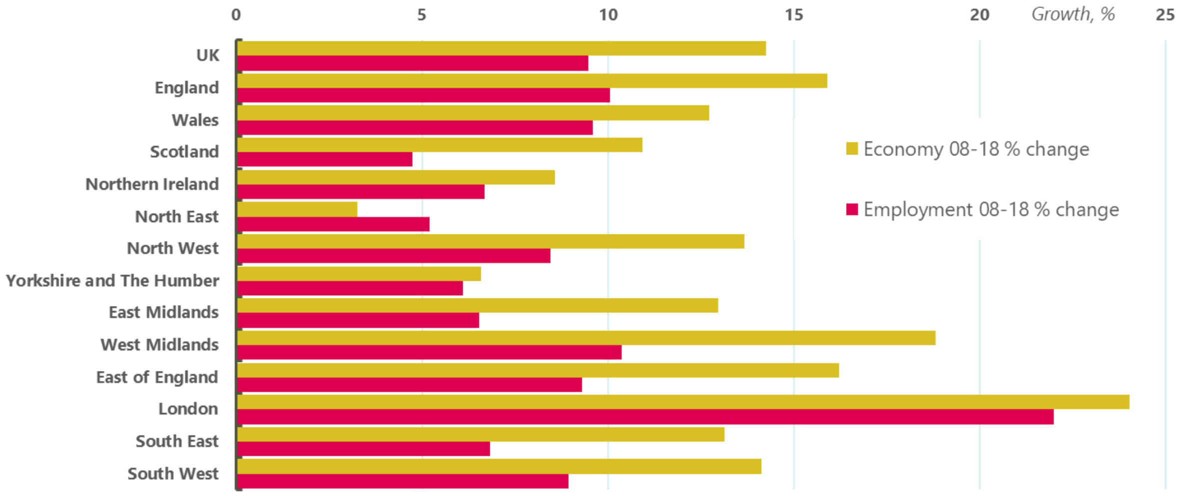
Overall employment figures mask regional disparities, with almost a nine-percentage point gap between the regions with the highest and lowest rates (79.8 per cent in the South West, compared to 71.4 per cent in the North East)[16]. Even these regional figures hide what's happening at a constituency level, where the employment rate ranges from 90 per cent in Woking to 55 per cent in Birmingham, Hodge Hill[17].

It's not just employment where we see regional disparities, but also productivity, economic strength and wealth. The Industrial Strategy Council has highlighted that differences in productivity across UK regions are 'large, in absolute terms and by international standards, and are longstanding'[18].

The latest regional data on Gross Value Added (GVA, which is a measure used to assess regional economic strength and trends) shows that London has raced ahead of the rest of the regions and nations of the UK in terms of growth and employment since the 2008 crash and throughout the austerity decade[19].

[16]*Regional labour market statistics in the UK: January 2020*, ONS: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/january2020
[17]*Dataset: LI02 Regional labour market: Local indicators for parliamentary constituencies*, ONS: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/locallabourmarketindicatorsforparliamentaryconstituenciesli02
[18] *UK Regional Productivity Differences: An Evidence Review*, Industrial Strategy Council https://industrialstrategycouncil.org/uk-regional-productivity-differences-evidence-review
[19] *Beyond the North-South Divide: one size won't fit all,* TUC: https://www.tuc.org.uk/blogs/beyond-north-south-divide-one-size-wont-fit-all

Employment and economy growth by region and nation, 2008-18 (%)



Source: ONS, TUC analysis

The most recent Wealth and Assets Survey shows stark regional disparities in median total household wealth, with median total household wealth in the South East being around twice as high as it is in the North West, North West, Yorkshire and the Humber, the East Midlands and the West Midlands[20].

As we set out above, meeting the challenge of moving to a net zero economy should be an opportunity to start to address these challenges. Government must ensure that its infrastructure spending, including spending on delivering a greener economy, is also aimed at delivering decent jobs. That strategy should ensure that every new infrastructure project involves a framework agreement with unions, setting out how the project will deliver decent local jobs and apprenticeships, and build local supply chains.

Tackling insecure work

While employment may be high, one-in-nine (3.7 million) workers are in insecure work. This includes low-paid self-employed, agency, casual and seasonal workers, and those on zero-hours contracts[21].

Many of those in insecure work miss out on rights and protections that many of us take for granted. These include being able to return to the same job after having a baby and the right to sick pay when they cannot work.

The latest figures show that 974,000 people are employed on zero-hours contracts. This means that they often don't know what hours they will work each week, causing chaos with financial planning and arrangements like childcare.

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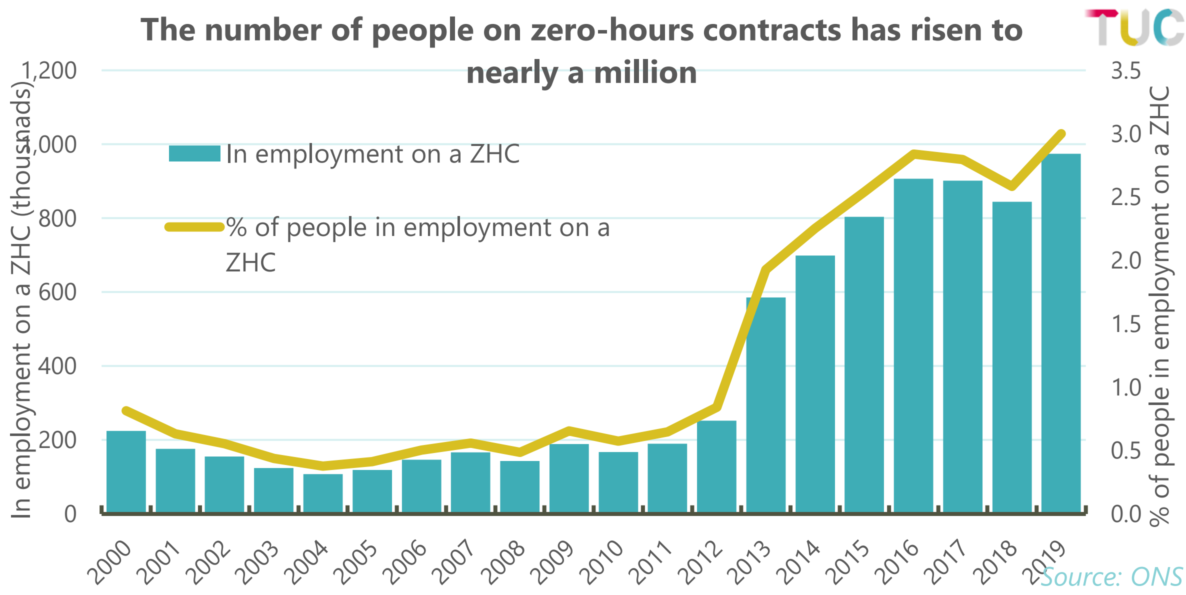
[20] *Total wealth in Great Britain: April 2016 to March 2018*, ONS: https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2016tomarch2018#regional-distribution-of-total-wealth-in-great-britain

[21] *Insecure work*, TUC: https://www.tuc.org.uk/research-analysis/reports/insecure-work



The government needs to act to end insecure work. It can start by

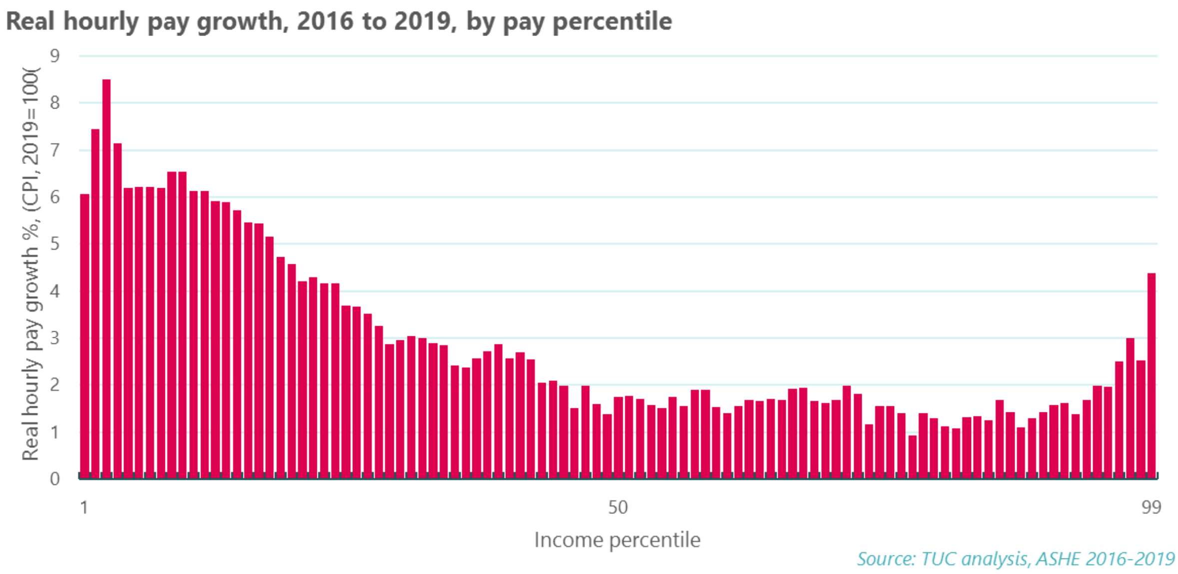
- banning zero-hours contracts
- introducing a legal requirement for adequate notice of shifts and payment for cancelled shifts.
- providing a decent floor of rights for all workers from day one.

Work isn't paying well enough

The government's national living wage, which is significantly less than the Living Wage Foundation's real living wage, was introduced in April 2016 to help ensure that work pays. From April 2020, the national living wage will be £8.72. However, this only applies to those 25 and over[22].

The introduction of the national living wage has had a positive, but limited, impact. Since 2016, hourly wage growth for those at the lower end of the pay distribution has been higher than for everyone else.

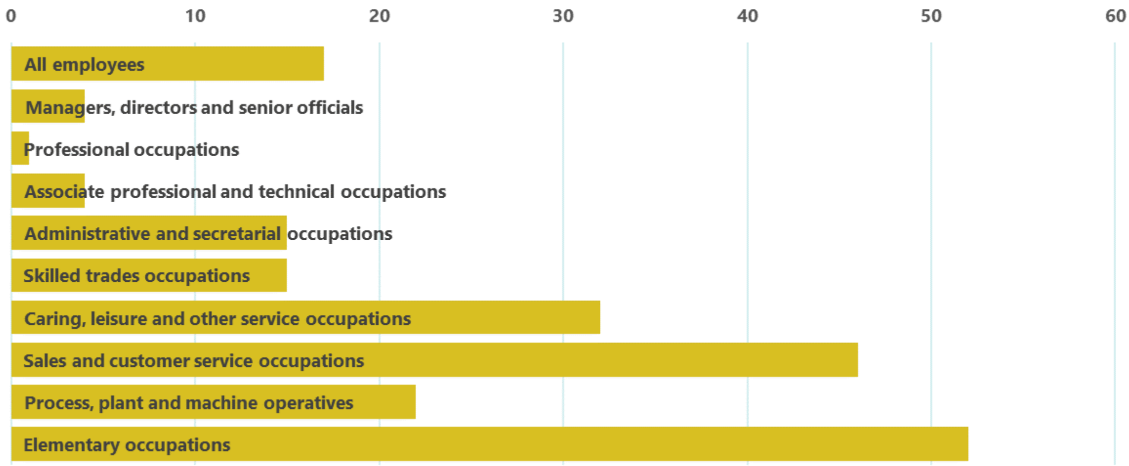
[22] *National Minimum Wage and National Living Wage rates,* GOV.UK: https://www.gov.uk/national-minimum-wage-rates



However, this wage growth is far from spectacular. Despite the introduction of the national living wage, 17 per cent of all employees were earning less than £9 per hour in April 2019, the real living wage at the time. In some occupations, such as sales and elementary occupations, this rises to over half of all employees. These figures do not account for the higher real living wage in London, so the percentage of employees not being paid the real living wage is likely higher[23].

[23] Figures from an ad-hoc ONS request estimate that when the higher real London living wage is accounted for, 20 per cent of employees aren't being paid the real living wage. *Annual Survey of Hours and Earnings (ASHE) - Estimates of the number and proportion of employee jobs with hourly pay below the living wage, by work geography, local authority and parliamentary constituency, UK, April 2018 and April 2019*, ONS: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/adhocs/10743annualsurveyofhoursandearningsasheestimatesofthenumberandproportionofemployeejobswithhourlypaybelowthelivingwagebyworkgeographylocalauthorityandparliamentaryconstituencyukapril2018andapril2019

Percentage of employees earning less than a real living wage by occupation

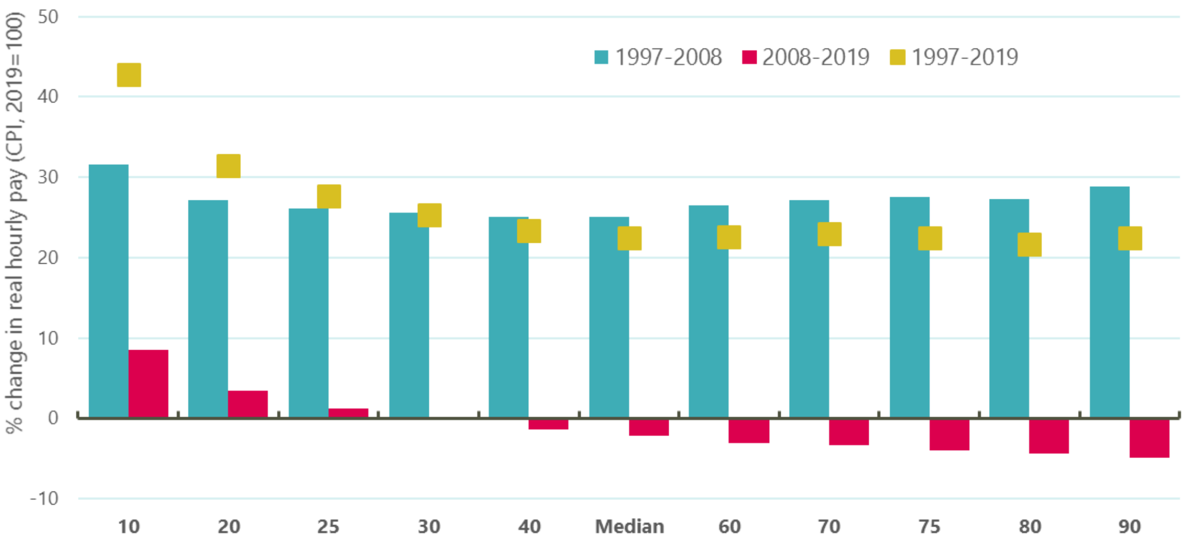


Source: ASHE 2019, Living Wage Foundation, TUC analysis

As well as this. the highest hourly wage growth we saw between 2016 and 2019 for lower earners (6-to-8 per cent) would be fairly standard across a three-year period pre-recession. The wage growth during this period for everyone else may be positive, but it's weak.

It's even worse if we look at the bigger picture. At each income decile, pay growth since the recession has been significantly weaker than it was before the recession. At the majority of deciles, its negative. 11 years after the recession, real hourly pay for the median employee is still 2 per cent lower than it was in 2008. In contrast, median real hourly pay grew by 25 per cent in the 11 years before then.

Real hourly wage growth by deciles, quartiles and median



Source: ONS

Record employment sits alongside other record highs

The intent of the government's national living wage was to ensure that work pays, but work is too often not enough to escape poverty. In-work poverty is at its highest on record. The latest figures show that, after housing costs, 57 per cent of those living in relative poverty are in working households. The percentage of children in poverty who live in a working household is also at a record high[24].

We're also seeing record levels of household debt, with unsecured debt per household hitting £14,540 in 2019[25]. Unsurprisingly, individual insolvencies are also on the rise – with 2019 seeing the highest number of individual insolvencies since 2010[26]. A recent report from Citizens Advice highlights how debt isn't being caused by extravagant spending, but instead incomes no longer covering basic costs, which has been worsened by the benefits freeze[27].

Alongside record-high levels of debt and poverty, we have record high levels of food bank use. The Trussell Trust gave out a record 1.6 million food parcels in the financial year 2018/19[28]. A mid-year report, covering the first six months of the current financial year, show that this trend is continuing, with these six months being their busiest ever[29].

The rise in food bank use, debt and poverty is also strongly linked to the introduction of Universal Credit, as well as the freeze on most working-age benefits that has been in place since April 2016.

The budget is an opportunity to take stronger, immediate steps to get much needed money in to the hands of working people. The government's aspiration to potentially raise the minimum wage to £10.50 by 2022, as well as the end of the benefits freeze in April 2020, are both positive steps, but insufficient.

A priority should be removing the five-week wait for the first payment of Universal Credit. The problems with the five-week wait policy are well-documented: it can lead to financial hardship for claimants, including debt[30], poverty and a reliance on food banks[31].

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[24] *Our broken economy has locked millions of workers in poverty – here's how to fix it,* TUC: https://www.tuc.org.uk/blogs/our-broken-economy-has-locked-millions-workers-poverty-heres-how-fix-it
[25] *Unsecured debt hits new peak of £14,540 per household*, TUC: https://www.tuc.org.uk/news/unsecured-debt-hits-new-peak-ps14540-household-tuc-analysis
[26] *Individual Insolvency Statistics, Q4 October to December 2019*, The Insolvency Service: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/861179/Commentary_-_Individual_Insolvency_Statistics_Q4_2019.pdf
[27] *Negative Budgets: A new perspective on poverty and household finances,* Citizens Advice: https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/debt-and-money-policy-research/negative-budgets-a-new-perspective-on-poverty-and-household-finances/
[28] *End of Year Stats*, The Trussell Trust: https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/
[29] *Mid-Year Stats*, The Trussell Trust: https://www.trusselltrust.org/news-and-blog/latest-stats/mid-year-stats/
[30] *Hardship Now or Hardship Later?,* The Trussell Trust and StepChange: https://www.stepchange.org/Portals/0/assets/pdf/stepchange-debt-charity-trussell-trust-universal-credit-report.pdf
[31] *Five weeks too long*, The Trussell Trust: https://www.trusselltrust.org/five-weeks-too-long/

On a wider scale, Universal Credit itself should be stopped and scrapped. The new social security system has been plagued with problems both in its design and its delivery, damaging the lives of claimants. These include, but are not limited to, the five-week wait, a cruel and punitive sanctions system, a 'digital by default' application system that obstructs access for claimants without the internet or sufficient digital skills, and an advance-payments system that means massive deductions can be taken from claimant's already low UC payments[32].

Action is needed now on the minimum wage, with a new minimum wage of £10 per hour that guarantees that everyone is paid enough to live on. The lack of pay rises for all but those who employers are legally obligated to give pay rises to also shows that collective bargaining is now more needed than ever.

Collective bargaining

A key reason for labour market insecurity and stagnant pay is that working people don't have enough of a say in the conditions that shape their working lives. We need to give working people much stronger rights to influence their working lives. Not just a voice at work – but a voice to which their employer must listen and respond.

Collective bargaining is when workers come together as one to negotiate with their employer. It gives a better balance of power between employer and workers: an employer can ignore one worker speaking out, but it's harder to ignore workers when they unite as one voice. As the OECD's Jobs Strategy sets out:

"Collective bargaining institutions and social dialogue can help promote a broad sharing of productivity gains, including with those at the bottom of the job ladder, provide voice to workers and endow employers and employees with a tool for addressing common challenges."[33]

Despite clear benefits to workers, employers and society[34], collective bargaining coverage has declined over recent decades, with only 26 per cent of employees being covered by a collective agreement in 2018[35].

We need a new framework to give unions stronger rights to access workplaces and tell people about the benefits of unions. Working people need stronger rights to come together to speak and negotiate with one voice at work and we need stronger requirements on employers to listen and to engage in collective bargaining when that is the democratic will of their workforce. And we need new mechanisms for employers and unions to come together at a sectoral level to put a floor under wages and conditions to prevent a race to the bottom and the under-cutting of good employers by bad.

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[32] *Report of the Special Rapporteur on extreme poverty and human right*, United Nations: https://undocs.org/A/HRC/41/39/Add.1

[33] http://www.oecd.org/employment/jobs-strategy/about/

[34] *A stronger voice for workers*, TUC: https://www.tuc.org.uk/sites/default/files/2019-09/Astrongervoiceforworkers.pdf

[35] *Trade union statistics 2018,* GOV.UK – Department for Business, Energy and Industrial Strategy:

4) A strong economy and a trade deal that protects jobs, rights and peace

A decade of austerity has left the UK economy fragile. The Bank of England expect GDP growth to be under one per cent this year, the manufacturing sector is in recession, and business confidence is fragile. The global economic situation poses further risks to the UK.

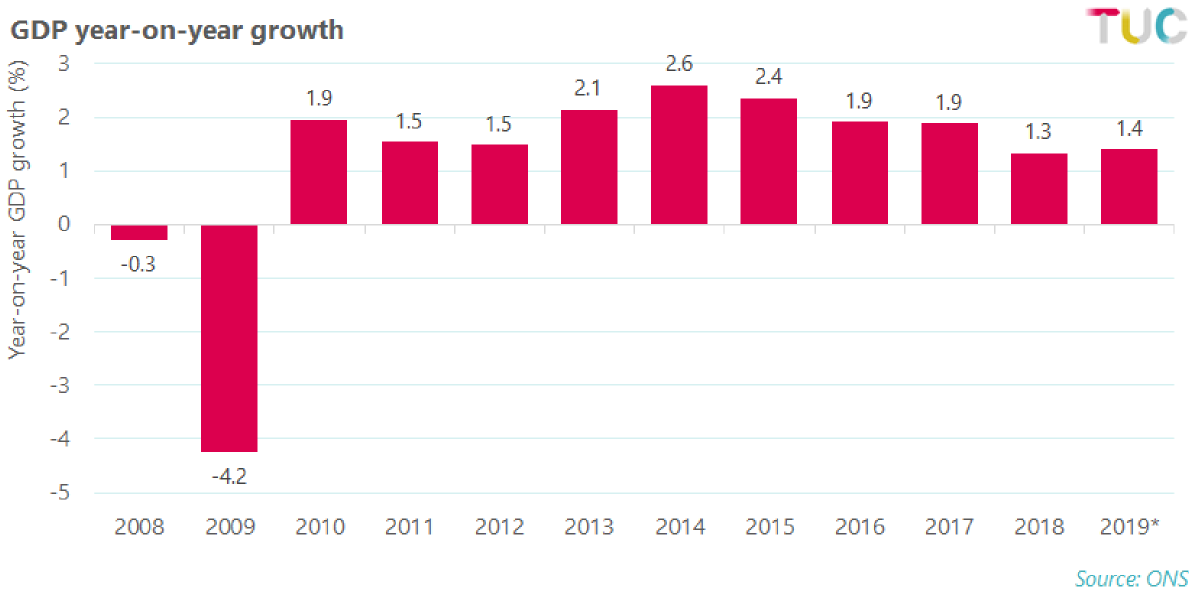
A trade deal that puts up barriers to the frictionless trade we currently enjoy with our largest trading partner, the EU, could knock this fragile growth further off course, undermining the government's ability to deliver decent jobs across the UK. We estimate that around 1.7 million jobs are directly dependent on export trade with the EU.

Tests for success

- *Government must support the economy with a package of spending that invests in infrastructure and communities, spending at least an additional £25bn over the next three years on a just transition to a low carbon economy. Fiscal rules designed for an era of austerity should not stop the government from investing in the public services the UK desperately needs.*
- *And the government must protect the UK's economy, with a trade deal with the EU that promotes UK industry and protect jobs, rights, peace in Northern Ireland and our public services.*

GDP growth is weak

Even by the standards of the decade as a whole, GDP growth of below 1½ per cent in each of the past two years is an unprecedentedly weak outcome outside recession.

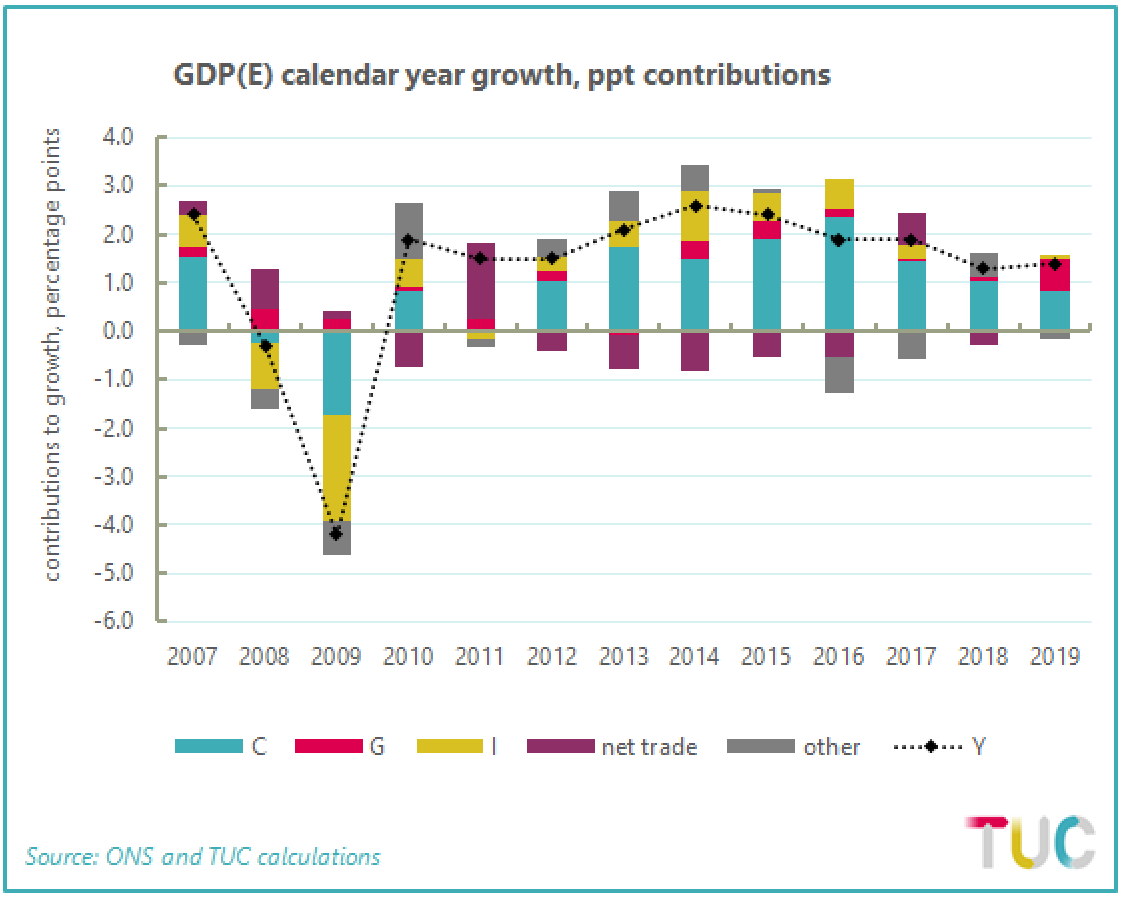


From the output perspective, the manufacturing industry is now back in recession (see next section). Service growth is flagging, especially across the hugely important 'business services and finance' industries. Virtually the only area where growth is up is a modest pick-up in construction activity, driven by 'private commercial' sectors.

From the demand perspective – contributions to growth are shown below- investment growth (shown in yellow) has ground to a halt over the last two years, and household consumption has slowed materially since 2016. The trade performance is neutral in 2019, with export and import growth cancelling out, and difficulties interpreting the figures because of very large movements in 'non-monetary gold'. Adjusted ONS figures suggest the underlying picture is of relatively subdued export growth.

Official data are erratic over the course of 2019, with quarterly GDP growth sawtoothing (Q1: +0.6, Q2: –0.1, Q3: +0.5 and Q4: 0.0 per cent). But four-quarter growth figures shows a material reduction through the year, especially for most industry categories.

Government expenditure is now providing important support to both supply and demand. The expenditure contributions show government current expenditure (red) accounting for just under half of GDP growth in 2019 (0.7 of 1.3 percentage points).



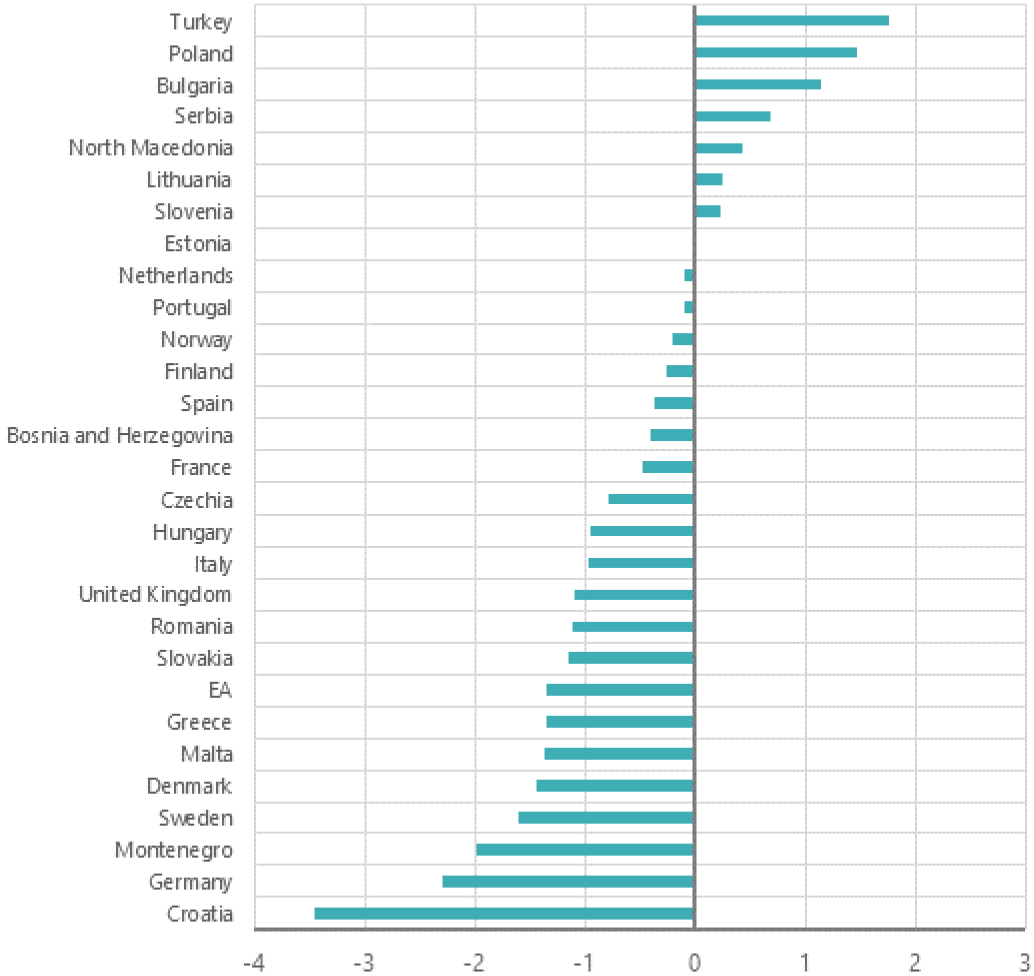
The global economy

In November 2019 the OECD called for governments to "cooperate and invest to prevent prolonged stagnation. Their warning came as they observed world GDP growth falling to 2.9 per cent in 2019, the "lowest rate since the financial crisis".

While there has been some optimism (for example by the IMF in their January 2020 update) [36] current signs are not positive. In 2019Q4 quarterly GDP growth for both the euro area and EU 28 was only 0.1 per cent; France and Italy had negative readings (–0.1 and –0.3 respectively). US growth of 0.5 per cent is not stellar, and there has been a sharp reduction in the growth of exports and investment; with, like the UK, growth heavily supported by government. No less concerning is the deterioration in industrial production: manufacturing output in the euro area fell by two per cent on the year to the fourth quarter. The chart below shows the growth between the third and fourth quarters across the EU, with all core countries in sharp decline – not least the UK. This severity of the decline follows a particularly bad December figure, which may of course prove erratic.

[36] World Economic Outlook Update, January 2020: Tentative Stabilization, Sluggish Recovery?

Index of manufacturing output: 2019Q4, quarterly growth



Source: Eurostat

In very broad terms the changed global outlook related to a shift in financial conditions at the end of 2018, and associated uncertainties around monetary policy and trading relations. Weaker activity in emerging market economies has hit global demand at a time when GDP in advanced economies is increasingly sensitive to global condition.[37] This sensitivity is hardly surprising when domestic demand in advanced economies is contained by still too tight fiscal policy.

The weakness of the global economy took policymakers by surprise, less so in the case of the UK because of concerns after the EU referendum. As the OECD show central banks have halted a cycle of rate rises and some have begun once more to cut rates. Likewise plans for

[37] In their February forecast NIESR observed that UK activity was increasingly sensitive to the global outlook [get proper reference]

‘quantitative tightening’ have been halted, and some central banks are once more expanding their balance sheets.[38]

The OECD have made a strong call for expanded fiscal policy, warning that "The mix between monetary and fiscal policies is unbalanced”. The TUC supports their call:

… there is scope and an urgent need for much bolder policy action to revive growth. Reducing policy uncertainty, rethinking fiscal policy, and acting vigorously to address challenges raised by digitalisation and climate change, all have the potential to reverse the current slippery trend and lift future growth and living standards.

At present, the government looks set to expand investment spending. But there appears to be less appetite to review previous estimates of capacity and the associated idea of fiscal space which has contained spending on public services.

The TUC argue that this restraint on expenditure has been the wrong strategy. While meant to restore confidence to the private sector (as in ‘expansionary fiscal contraction’), the opposite has happened. Policymakers however insist on regarding this prolonged shortfall in performance as a result only of weak supply in the economy, rather than weak demand, and to believe that any increased spending could result in inflation.

This position is increasingly untenable. This time last year the Bank of England were expecting inflation to rise to 2.2 per cent in the middle of 2020 when now it is expected to be almost a percentage point lower at 1.3 per cent. And the Bank now believe that there is a ‘margin of spare capacity’ in the economy.

The decade of austerity has led not only to weaker public services and communities, but a weaker economy.

Government must support the economy with a package of spending that invests in infrastructure and communities, spending at least an additional £25bn (over and above the £100bn infrastructure spending promised) over the next three years on a just transition to a low carbon economy. Fiscal rules designed for an era of austerity should not stop the government from investing in the public services the UK desperately needs.

A trade deal that supports jobs rights and peace

The government cannot achieve its aims for strong economic growth that delivers better jobs across the UK if the relationship with our largest trading partner is disrupted.

The EU accounts for 40 per cent of our service exports and 50 per cent of our goods exports. Finance and insurance activities; information and communication; manufacturing; professional, scientific and technical activities; and admin and support services are likely to be the industry most at risk from a bad deal that increases tariffs and barriers to trade as they are more reliant on EU exports.

We estimate that 1.7 million jobs are directly reliant on export trade with the EU. The National Institute of Economic and Social Research (NIESR) have estimated that a hard or no deal Brexit could reduce trade with the EU by up to 60 per cent over 10 years (60 per

[38] https://www.telegraph.co.uk/business/2020/01/06/central-banks-unleash-billions-qe-rebooted/

cent for services and 40 per cent for goods). If this were the case, we estimate that 1 million jobs, directly dependent on EU exports, could be at risk.

While of course such estimates are uncertain and depend on a wide range of factors, we think they are illustrative of the deep risks to workers' livelihoods from a trade deal that significantly restricts our ability to export to the EU.

Trade in services:

Services account for nearly 80 per cent of the UKs total economic output. This is also reflected in the jobs market where over 80 per cent of jobs are also service based

40 per cent of our service exports go to the EU, with the top three service exports (financial and insurance; professional, scientific and technical; and information and communication activities) accounted for £162bn of UK service exports in 2017 with 39 per cent going to the EU (£63 billion).

The main service industries most likely to be affected to barriers to trade with the EU are finance and insurance; admin and support; professional, scientific and technical; information and communication; transport and storage; and other services.

Taking the NIESR assumption of a reduction of trade in services of 60 per cent over 10 years, we can estimate that in these key service areas 637,000 jobs could be at risk across the regions and nations of the UK if a good deal with the EU is not reached.

Trade in goods

Total goods exports in 2018 were valued at £339.5 billion and goods imports at £481.8 billion, the EU accounted for 50 per cent of goods exports (£170 billion) and 54 per cent of goods imports (£263 billion).

Machinery and transport commodities account for the highest value of total exports at £134 billion (39 per cent). Of this 44 per cent (£59 billion) is exported to the EU.

Chemicals account for £55 billion of total exports, of which 55 per cent goes to the EU.

Cars (worth £33 billion) account for nearly 24 per cent of total machinery and transport exports and 10 per cent of total exports. The EU accounts for 36 per cent of all car exports, and nearly 69 per cent of £17.4 billion road vehicles we export to the EU are cars (worth nearly £12 billion).

Applying the NIESR assumption of a 40 per cent reduction in trade in goods over ten years to the manufacture of chemicals; electrical equipment; machinery; vehicles and trailers and other transport – which are key export commodities - we can estimate that 137'000 jobs could be at risk from a trade deal that increases barriers and tariffs and reduces trade.

Our priority is that any deal agreed must promote UK industry and protect jobs, rights, peace in Northern Ireland and our public services.

In negotiating a good deal with the EU, the TUC believes government must:

- maintain workers' existing rights and establish a level playing field so that British workers' rights do not fall behind those of other European workers
- preserve tariff-free, barrier-free, frictionless trade in goods and services with the rest of Europe to protect jobs
- ensure no hard border between Northern Ireland and Ireland to preserve jobs, livelihoods, and peace.
- not include any kind of ISDS-style courts.
- involve trade unions in negotiations and be transparent.

Government's negotiation of trade deals with other countries should also have the protection of decent jobs and rights at their heart. In particular the TUC believes that the government must not pursue a deal with the US which threatens to lower employment rights, threatens to increase the import of cheap goods and increases the risk of privatisation in the NHS.

We are also concerned that the government intends to significantly lower or eliminate tariffs to countries it has no trade deal with after the UK leaves the EU customs union at the end of 2020. This is likely to expose manufacturing and agriculture to more dumping of cheap goods from countries such as China which will put thousands of jobs at risk.

This would be compounded by the weak trade remedies system the UK government plans to put in place which would reduce the protection we currently have in the EU trade remedies system. We are also concerned by the fact the government has also made clear there will be no guaranteed trade union representation involved in the Trade Remedies Authority and no official role for trade unions in initiating cases of trade dumping.

Protecting jobs and industry

Changes to trade arrangements could cause significant disruption to jobs and industry. In that case, the Government must be prepared to step in to support jobs, involving both trade unions and business in designing appropriate mechanisms to ensure that livelihoods and communities are protected.

5. Summary of recommendations

Prepare the country for a just transition to a low carbon, more digital economy

- Government must dramatically up its investment in meeting the net zero target. And it must ensure that every new infrastructure and low carbon investment project will come with a commitment to new local jobs – and an agreement with trade unions to ensure they are on fair wages.
- To open up learning opportunities to those facing the greatest barriers, we need a new expansive skills system that provides:
    - lifelong learning accounts for all adults incorporating entitlements to upskill or retrain
    - a new right to paid time off for education and training for workers
    - a new entitlement to a mid-life skills/career review and development of an all-age careers guidance service in England.
- It is critical for the future of UK science and the long-term strength of British industry that the UK has the maximum possible access to Horizon Europe after we leave the European Union. This means we must continue to contribute to the programme. The Chancellor should confirm in his Budget that we will do so.

Invest in communities as well as in infrastructure

- Government must announce in the budget how it will meet the commitment made previously by the Prime Minister to bring forward a set of proposals for the future of social care, including how we fund, commission and provide services and support a world class workforce. This should involve deep and meaningful engagement with social care providers, local authority commissioners and trade unions representing adult social care workers.
- Government must ensure that at least 500 children's centres are reopened – without the need for further cuts to services.
- In local government, the quantum of funding needs to increase significantly so that councils can perform their role as service providers, stewards of place and drivers of cohesive and sustainable local communities. And part of this must involve the restoration of capacity lost over the decade of punishing spending cuts.
- Business rate reform must be undertaken in a way that balances the incentive for local authorities to invest in and grow their local economies, with fair redistribution of resources based on need.
- Any outcome of the Fair Funding Review in local government will not be sustainable unless it is introduced alongside sufficient additional resources to meet the significant

funding gap facing local authorities and to ensure that no council should see its funding reduce as a result of a new distribution system.

- Within the NHS we need a fully funded workforce strategy that focuses on recruitment but also retention. This should include a focus on pay, pensions and conditions which supports retention of staff. And we need greater investment in CPD for the existing workforce, to reinstate training bursaries for new entrants, increase use of other routes into NHS, including apprenticeships and to remove unnecessary barriers to migrant workers.
- The budget needs to provide additional funding for schools that meets the scale of the challenge.
- Pay restoration across the public sector is essential not only out of fairness to public servants, whose wages have been pegged back for a decade, but also to address the growing recruitment and retention crisis across the public sector.
- The government should also maintain a firm commitment to the protection of public sector pensions schemes in line with the 25 year commitment following revisions to public sector pensions from 2015. This includes providing the funding required to enable employers to meet additional costs resulting from the government's decision to revise the SCAPE discount rate in January 2019. The chancellor should use this budget to provide departmental funding to meet these additional employer contributions beyond the current funding commitment to 2019/20.

Fair jobs across the country

- Government must use the employment bill to ban zero hours contracts – stamping out this exploitative practice once and for all.
- Government should assess the success of its economic policy by:
    - Closed employment gaps across the country while keeping employment rising; and
    - Ensuring real wages are growing strongly for everyone.
- Government can start tackling insecurity at work by:
    - banning zero-hours contracts
    - introducing a legal requirement for adequate notice of shifts and payment for cancelled shifts.
    - providing a decent floor of rights for all workers from day one.

- Government should remove the five-week wait for the first payment of Universal Credit. The problems with the five-week wait policy are well-documented: it can lead to financial hardship for claimants, including debt poverty and a reliance on food banks

- On a wider scale, Universal Credit itself should be stopped and scrapped.
- Unions should be given the right to access workplaces to help spread collective bargaining – the most effective way to raise pay and working conditions for everyone.

A strong economy and a trade deal that supports jobs, rights and peace

- Government must support the economy with a package of spending that invests in infrastructure and communities, spending at least an additional £25bn (over and above the £100bn infrastructure spending promised) over the next three years on a just transition to a low carbon economy. Fiscal rules designed for an era of austerity should not stop the government from investing in the public services the UK desperately needs.
- Government must prioritise a trade deal with the EU that promotes UK industry and protects jobs, rights, peace in Northern Ireland and our public services.
- Where industries face disruption, government must consult workers and business on how best to intervene to support jobs and livelihoods.