

Rebuilding after recession: a plan for jobs



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Introduction

The coronavirus pandemic has required governments across the world to shut down large amounts of economic activity to protect public health. Protecting lives must always be the first priority of government – and further measures will be needed to ensure that people’s jobs can be done safely.

The coronavirus job retention and self-employed income support schemes developed by government following representations to government by the TUC and unions have protected many jobs during this period, with nearly nine million employees and over 2.5 million self-employed people seeing their incomes supported by government.¹ But without further bold action by government, the economic slow-down poses huge risks to people’s jobs and livelihoods. The OECD estimates that unemployment could hit 11 per cent this year – just one of a range of estimates of sharply rising unemployment² with those groups who already face the greatest labour market disadvantage set to experience disproportionate impacts from the recession.

But these are predictions, not inevitable facts. A new plan for jobs, overseen by a National Recovery Council bringing together unions, business and government, can prevent the despair of mass unemployment. And designed right, it can help address some of the UK’s biggest challenges – the need to reach a net zero-carbon economy, to address persistent race, class, gender, disability regional and wider inequalities, and to deliver a higher skill and higher paid, more productive economy.

The lesson of the UK’s economic history is that investment is the most effective way to deliver growth following a recession, and to restore the public finances. We failed to learn this lesson in 2010 with devastating results. This time must be different.

The approach outlined in this report is aimed at supporting workers and businesses in the transition from lockdown, but also in the longer term to create decent work and a fairer society. Achieving this change will mean that GDP will be higher; unemployment will be lower; wages and incomes higher; and government action on climate change will stimulate innovation and create decent jobs. In turn, the higher tax revenues this enables will help government to pay off its debts.

This paper builds on our previous proposals in ‘A Better Recovery’³ to set out plans to:

- bring forward investment with the potential to support 1.24 million jobs, and help the transition to net-zero, and invest across the public sector to support jobs

¹ HMRC statistics as of 7th June 2020 – available here: <https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics>

² OECD Economic Outlook, Volume 2020 Issue 1 : Preliminary version available at <http://www.oecd.org/economic-outlook/>

³ TUC (2020) *A Better Recovery* at <https://www.tuc.org.uk/ABetterRecovery>

- establish sectoral recovery panels of unions, employers and government to develop sectoral route maps and support packages tailored to the needs of each sector that reflect the differing conditions across sectors and encourage businesses to deliver better jobs
- offer government support to individual businesses in the form of equity stakes, conditional on firms committing to put in place fair pay plans, pay corporation tax in the UK and promote decent jobs
- protect those who do lose their jobs with a new government funded jobs guarantee, increased training rights, and reforms to universal credit to prevent people spiralling into debt
- prevent people with protected characteristics experiencing disproportionate impacts, and prioritise progress towards equality rather than pushing it into reverse.

1. Bring forward investment to create jobs

Government investment in the infrastructure and public services was vital before the coronavirus pandemic hit. The UK needs to urgently move towards our net zero-carbon target, to tackle persistent regional inequalities, and to repair our public services.

Meeting these needs now is the best way to repair the economic damage caused by the coronavirus pandemic and the necessary measures taken to contain it. With government borrowing costs at record lows,⁴ there has rarely been a more urgent need for government to invest. This investment – across the private and public sector can not only help create demand in the economy but be used to directly create and support jobs.

The infrastructure we need

In the March Budget, before the scale of the coronavirus pandemic became clear, government promised a programme of infrastructure investment totalling £640bn by 2024-25 and promised a National Infrastructure Strategy in 'spring'.⁵ There is now an urgent need to bring forward this spending.

New research by Transition Economics for the TUC⁶ shows that a programme of investment now could create 1.24 million jobs over the next two years. Ranking a range of projects by their ability to create jobs quickly, help the transition to net-zero, and improve skills and productivity across the UK, they show that projects with high job creating potential in the next two years include:

- investment in high-speed broadband, which could help create over 40,000 new jobs
- research and development in de-carbonising technology in manufacturing, including carbon capture and storage, which could help create over 38,000 new jobs
- expanding and upgrading the rail network, which would help deliver over 120,000 new jobs
- investing in the electrification of transport, including electric buses, new electric ferries, battery factories, and electric charging points, which could help deliver 59,000 jobs

4 See for example IFS (2020) The outlook for the public finances under the long shadow of COVID-19 at <https://www.ifs.org.uk/uploads/BN295-The-outlook-for-the-public-finances-under-the-long-shadow-of-COVID-19.pdf>

5 HM Government, Budget 2020 at <https://www.gov.uk/government/publications/budget-2020-documents/budget-2020>

6 Published at www.tuc.org.uk

- building new social housing and retrofitting existing social housing, which could deliver a 500,000 jobs boost.

The research estimates that £85bn of investment now on these and other projects could help deliver these significant job gains.

Other projects could also make a significant difference. Early works, for example earth works and transport links for major infrastructure projects, such as new nuclear, would give a good jobs boost in specific areas of the country. Industry estimates suggest that getting going on large Gigawatt new build nuclear would provide around 20,000 construction jobs as well as supporting jobs in the wider economy, for example in steel manufacturing.

In addition to bringing forward investment, government needs to ensure that government spending is supporting jobs across the board. This means:

- **Establishing a new Just Transition Commission** to oversee the transition to net-zero in a way that supports jobs and workers across the UK. This should bring together workers through their unions, business, and government, including regional and local government, to set out a clear plan for meeting the net-zero target.
- **Using procurement to support UK jobs** by working strategically with commissioners and both current and potential providers (i) to map goods and service requirements and identify procurement opportunities in advance (ii) build capacity to bid and deliver through the supply chain and (iii) use intelligent, social value procurement to secure employment, labour standards, skills and environmental outcomes.
- **Setting out an Olympics-style plan to promote good quality jobs and training on every new infrastructure project**, and specifying how these projects will help deliver on a Jobs Guarantee: When the Olympics were planned, government and the Olympics Delivery Authority worked with trade unions, local authorities and others on an agreement that ensured that the project would deliver good quality local jobs and skills programmes. A similar agreement was reached to deliver HS2. We now need similar framework agreements, which set out how contractors will work with trade unions to deliver local jobs and apprenticeships, for every infrastructure project backed by government investment. These agreements also need to set out a commitment to tackling labour market inequalities and ensuring equal access to work for those with protected characteristics. As we set out below, the TUC is calling for a Jobs Guarantee to help those who have lost their jobs in the crisis get into work. Government should require investment in infrastructure projects to come with a commitment from contractors to help deliver these guaranteed jobs.

One early candidate for this approach could be the roll out of highspeed broadband. The government has already pledged £5bn to fund the rollout of 'gigabit capable' broadband in the hardest to reach 20 per cent of the country and has an aim of connecting every premise by 2025. At least part of this investment looks set to build upon the Rural Gigabit Connectivity Scheme with a mixture of national and local procurement. The standards on this should go further than the current basic Corporate and Social Responsibility requirements published by DCMS, for example including promotion of trade union recognition, accredited training, permanent employment contracts and career progression, so that the investment leaves a legacy of good jobs. And government should

ensure that the supply chain for the delivery of the materials necessary for broadband roll-out is being developed in the UK.

Invest in public services

Investment must not be confined to infrastructure. Government investment in public services, including health, local government and social care, is not only necessary to repair the damage of ten years of austerity but a good way to increase jobs, get more money into workers' pockets and add demand to the economy. Our response to the Covid-19 crisis has been hampered by a decade of cutting public services to the bone, which has created significant staff shortages in key areas including social care.

The recovery of the wider economy will also depend on public services, from public transport to schools and nurseries, being properly funded and able to operate safely. Investment in childcare, in particular, is necessary to stop millions of women being prevented from returning to work, losing decades of progress on women's labour market participation,⁷ while local government should play a key role in delivering the Jobs Guarantee – both co-ordinating action within regional recovery boards and in directly employing staff. Significant additional funding should be provided to achieve this goal.

Rebuilding public services is not only necessary to strengthen public sector resilience, it will also create good, enduring and socially valuable jobs. In October 2019, Skills for Care estimated that there were already over 120,000 vacancies in social care⁸ – even before taking into account the need to dramatically increase the quantity and quality of provision – jobs which are located right across the country. Local authorities have suffered huge job cuts over the last ten years, jobs which are needed to deliver vital services. For example, according to the Institute for Government:

- The number of health and safety inspectors in Britain – who investigate and enforce health and safety law – declined by 52.4 per cent between 2009/10 and 2017/18.
- The number of professionally qualified food standards and food hygiene staff in England – workers who investigate complaints, inspect businesses and enforce compliance through licensing* – declined by 56.1 per cent and 16.1 per cent respectively between 2009/10 and 2018/19.

⁷ TUC (2020) *Forced out: the cost of getting childcare wrong* <https://www.tuc.org.uk/research-analysis/reports/forced-out-cost-getting-childcare-wrong>

⁸ Skills for Care (2019) *The state of the adult social care sector and workforce in England* at <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

- Between 2009/10 and 2017/18, the number of full-time-equivalent (FTE) library staff fell by 37.9 per cent.⁹

Rebuilding these vital workforces should be a key part of recovery plans.

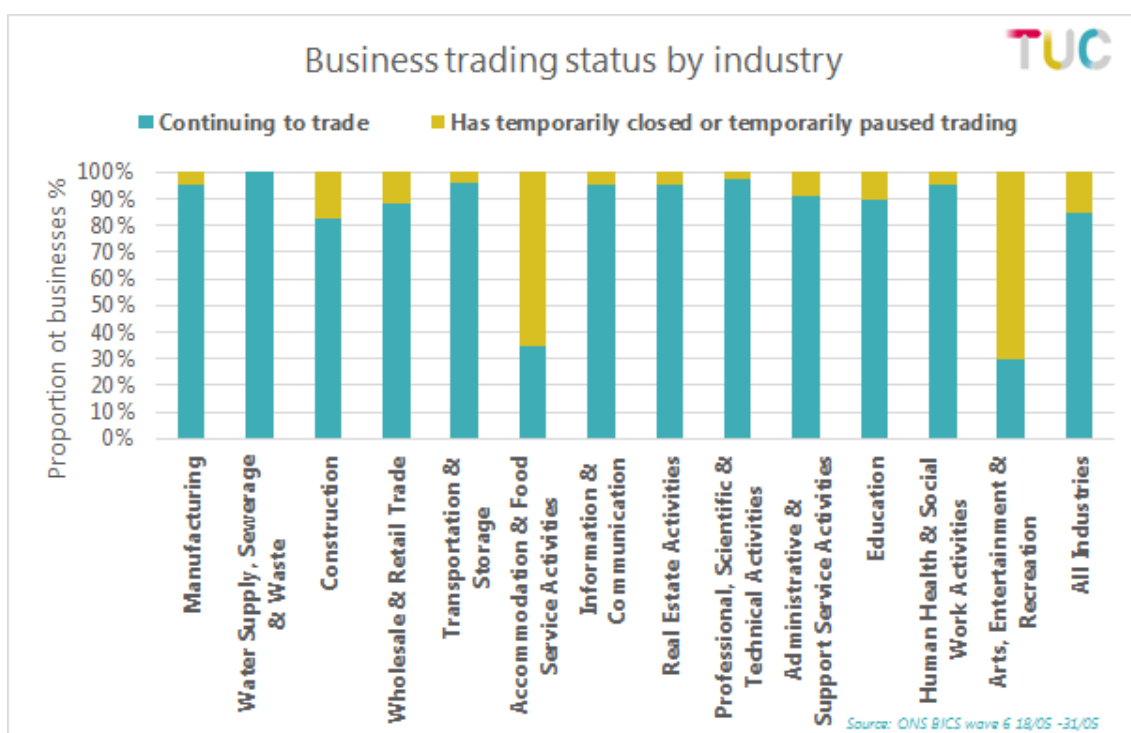
Public sector workers have not only endured increasing workloads caused by staff shortages, but have also undergone ten years of pay restraint that has left the average public sector worker £900 a year worse off in real terms than they were in 2010. Reversing this and giving public sector workers a well-deserved pay rise would not only be a good way of showing our appreciation for their sacrifices during the crisis, it would also bring wider economic benefits. The IPPR estimates that the distributional effect of increased public sector pay is similar to that from decreasing income tax, implying a GDP multiplier of between 0.3 and 1.02.¹⁰

⁹ Institute for Government Performance Tracker 2019 – Neighbourhood Services at https://www.instituteforgovernment.org.uk/publication/performance-tracker-2019/neighbourhood-services?gclid=CjwKCAjw57b3BRBIEiwA1lmyth8rii_OjdSqzUw7LrrQAlgCl8A-BLc2P5iw3AGE8BPAMcaXRGFMrxoCdXkQAvD_BwE

¹⁰ Alfie Stirling and Joe Dromey (2017) Uncapped potential: the fiscal and economic impact of lifting the public sector pay cap at <https://www.ippr.org/files/2017-11/uncapped-potential-november2017.pdf>

2. Sectoral and business support packages that support better jobs

The coronavirus and the public health measures taken in response have had a dramatic impact on the economy, as demonstrated by the 20.4 per cent decline in GDP in April 2020¹¹. This economic impact has not, however, been evenly distributed across sectors and different areas of the economy have been affected very differently by the crisis. As the chart below shows, in two industries – accommodation and food services and arts, entertainment and recreation – the vast majority of businesses have temporarily closed or paused trading. Unsurprisingly, these two sectors also have the highest proportion of workers on furlough.



¹¹ The consensus view is for a decline of 8% in 2020 as a whole, which would be the largest decline for a hundred years (since 1921 when it fell by 9.7%). It should be noted that such estimates are highly uncertain and achieving recovery will require continued and strong support from government.

The table below sets out those industries where total output has declined by more than half between February and April:

Industry	Percentage change in output, February-April 2020
Air transport	-96
Travel agencies and tour operators	-95
Accommodation	-93
Food and beverage service activities	-91
Rail transport	-77
Other personal service activities activities	-70
Transport equipment	-60
Textiles, wearing apparel and leather products	-59
Sports and recreation activities	-57
Creative arts and entertainment activities	-54
Other service activities	-52
Motion pictures, TV production, sound and music activities	-51

Source: ONS, Indices of Production and Services

Even as the economy starts slowly to reopen, the disparity between sectors in the extent to which they can start to return to something like normal, or can restart operations by putting in place adaptations, or still cannot open at all, remains huge. Looking ahead years, rather than months, this is still likely to be the case, with some sectors permanently changed by this crisis while others will – eventually at least – have bounced back. This means there are significant differences in the kind of economic support packages that different sectors and businesses will need going forwards.

Bring together sectoral recovery panels to design support

To guide and inform decisions on support, sectoral route maps are needed that look ahead to the likely scenario for each sector in three months, six months, a year and three years' time. These should be drawn up by sectoral recovery panels that bring together representatives of both workers and employers and other relevant sectoral bodies. Sectoral route maps will create a baseline of analysis on which government can base its ongoing assessment of the resources and measures needed to support the economy in the different phases ahead.

Based on the conditions each sector is likely to face, strategies for support and adaptation should be drawn up by the sectoral recovery panels to create sectoral support plans that are tailored to the circumstances and needs of each sector. Factors that the sector recovery panels will need to consider include:

- The long-term viability of the sector – will the sector eventually return to pre-crisis levels?
- Will permanent adaptations be required for businesses to become viable again? Are these likely to be affordable without support?
- What is the economic contribution of the sector, in terms of value-added, skills, pay and impact on local economies and supply chains?

In addition, all sector support plans must include a strategy for:

- how to improve job quality across the sector, in terms of pay, skills, security and voice at work; and
- how the sector can adapt to reduce carbon emissions to support the UK's move to a net-zero economy.

Areas where a sectoral approach would be beneficial include:

- For sectors planning to reopen soon, what measures are needed to ensure safety? Are there economies of scale and shared planning that can help put these in place?
- For sectors where reduced demand is likely to remain for several years, are there particular products or services which would be a good match in terms of diversification strategies? Are there investments in these that could be made on a sectoral basis, with the learning shared through the sectoral recovery panels?
- For sectors predicting reduced job numbers for a significant period or permanently, what would be the most appropriate training and retraining programmes to put in place to help workers transition to new work, should that be necessary, based on the existing skills and experience of the workforce?
- Are there any sectoral initiatives that could be appropriate for workers who are shielding or vulnerable to work on – to enable these workers to come off the furlough scheme while making an economic contribution and remaining safe?
- If the economy falters in the months and years ahead, some businesses within a sector may be able to survive the altered conditions better than others. Sectoral redeployment schemes, even if informal, could be hugely beneficial to laid off staff and to businesses that could save vital funds on recruitment and training.

Taking equity stakes to support individual businesses

Across the economy, government support for individual businesses that remain viable in the medium-term but cannot operate profitably in the current circumstances will be needed. Without this, there is a risk that many businesses could needlessly fail, leading to a significant loss of jobs, skills and economic and social value.

For large businesses in particular, much of the government support to date has been in the form of loans.¹² As has now been suggested by a wide range of commentators, the most suitable mechanism for support over the medium-term would be for the government to take equity stakes in such businesses. This has already been done in Germany, where the government has taken a 20% stake in Lufthansa in order to save the airline.¹³ There are three main reasons why this is the right approach for the UK government to take.

Firstly, as businesses return to profitability, an equity stake will generate a return to the government for its support – creating an income stream in the future that is flexible for each business depending on their future success. Secondly, an equity stake will enable government support to influence corporate behaviour going forwards in a way that generates a public interest return in exchange for the support of public funds. Thirdly, from the perspective of a business, an injection of cash in exchange for equity is a less risky way of keeping afloat financially than taking out a loan.

There are significant economic benefits for the government in supporting business in this way. It has the potential to create an important future income stream for the Treasury as the economy recovers over the months and years ahead. Importantly, it avoids creating additional financial pressure on businesses that could ultimately make it more likely that directors decide to either scale down or close the business, helping more businesses ultimately to maintain viability.

The US Troubled Assets Relief Programme (TARP) scheme set up to support the financial sector in the wake of the financial crisis demonstrates the potential benefits of using equity injections as a means of business support. Despite the fact the many of the ‘toxic’ financial assets supported by this programme never recovered, overall the scheme generated a healthy surplus to the US government of over eight billion dollars between 2008 when the scheme was established and 2016.¹⁴

Many businesses – understandably – are very wary of taking on further debt at such an uncertain time. This has been acknowledged by the Bank of England’s Monetary Policy Committee, which in its June meeting noted that some businesses are reluctant to take on extra debt and that *“For some of those firms, equity-like solutions might be preferable to additional debt”*.¹⁵

For business, the government taking an equity stake gives them the cash input that they need, with the repayments aligned to the future profitability of the business and the interests of other shareholders. It is also likely to benefit creditors and suppliers, who could otherwise find their stake in the company, were the business ultimately to fail, diluted by additional government loans, if support were generated through that means. From the

¹² <https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19>

¹³ Financial Times 25 May 2020, <https://www.ft.com/content/3e227f73-d421-4b9e-bd57-1723d16becdb>

¹⁴ Rob Runyan, 3 Conclusions on TARP 8 Years Later, US Treasury Notes Blog 10. 3.

2016 <https://www.treasury.gov/connect/blog/Pages/3-Conclusions-on-TARP-8-Years-Later.aspx>

¹⁵ Bank of England Minutes of the Monetary Policy Committee meeting ending on 17 June 2020 <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-summary-and-minutes/2020/june-2020.pdf?la=en&hash=494920DA9E8781F0FDE422290F0A6E7FC75A1D68>

perspective of many businesses, cash for equity is likely to be hugely preferable to a loan system. It is also a relatively simple measure and one that removes the need for time-based hurdles such as would usually accompany a loan system.

Conditionality and influence

It is important, however, that clear conditionality and an effective channel for influence is attached to such support. Government funds are generated primarily by the contributions of working people, including through income tax (25 per cent of total government revenue in 2017), national insurance (19 per cent) and value added taxes (18 per cent).¹⁶ If significant amounts of government revenues are to be used to support individual businesses, it is important that this support is used to encourage companies to take the high road, rather than the low road, to business success and drives improvements in the social and environmental performance of companies.

The three areas of conditionality set out below should be used as forward-looking conditionality in order to influence corporate behaviour in the future, rather than as exclusions on the basis of past behaviour. The aim is for government support to save businesses and drive responsible performance behaviour at the same time.

Fair pay plans

The corona crisis has demonstrated clearly the importance of everyday jobs and work. While health staff, carers, cleaners and others have worked tirelessly to stem the health crisis, staff in supermarkets, refuse collectors, bus drivers and very many others have ensured that people can access what they need in safety. It has shown that while leadership is important, it is one role among many and every job has an important role to play within an organisation that should be properly valued and rewarded.

The pay gaps within the private sector remain very high, despite some reduction over recent years. Average total CEO remuneration for 2018 (the most recent year for which all the data is available) in the FTSE 100 was £3.46m and in the FTSE 250 it was £1.58m.¹⁷ These vast sums are 117 and 53 times median full-time earnings. When compared with the legal minimum, the National Living Wage (for those aged 25 or more - lower rates apply for workers under the age of 25), the gap widens to around 218:1 and 100:1 respectively.¹⁸

Before the corona crisis, average earnings in the UK had still not reached their pre-financial crisis level in real terms. It is a matter of justice and of economic necessity that companies should develop fair remuneration plans that include both company directors and outsourced workers and tackle pay inequalities based on race and gender to ensure that

¹⁶ Helen Miller and Barra Roantree, Tax revenues: where does the money come from and what are the next government's challenges? Briefing note, 01 May 2017 Institute of Fiscal Studies

¹⁷ CIPD and High Pay Centre, Executive pay in the FTSE 100: is everyone getting a fair slice of the cake? Research Report August 2019

¹⁸ Based on converting average CEO annual remuneration to an hourly rate on the basis of a 35 hour week, 52 weeks per year.

company resources are deployed in a way that is both fairer and more effective than is currently the case.

Businesses that access government support should commit to putting in place fair pay plans. These should be discussed and agreed with trade unions where they are present in the company and where they are not businesses should engage with staff collectively in a way that enables staff to discuss the issues fully without management present and feed back through staff representatives. Companies should commit to initiating these discussions within three months, and putting Fair Pay Plans in place in time for 2021.

All fair pay plans should include:

- Executive pay packages should include no cash bonuses, long-term incentive plans or other incentive-related remuneration for the duration of the support.
- No staff whose work contributes to the company, including those who are employed through agencies and/or support the company through outsourced roles, should be paid less than the Real Living Wage.
- The maximum pay ratio between top and bottom of the organisation should be no more than 20:1.

Corporation tax should be paid in the UK

If businesses are accepting support from the UK government, it is not acceptable for them to be registered in tax havens and thus avoiding paying corporation tax in the UK. This principle has been widely accepted in the debate¹⁹ around conditionality that has already taken place.

Businesses that accept government support should commit to acquiring Fair Tax Mark accreditation within the next three years. Those that are currently not registered in the UK for tax purposes should commit to changing their tax registration status as soon as is practically possible and to setting out a timeline for this in their 2020 annual report.

Decent jobs

For the vast majority of businesses, their most significant social and economic impact is their role as an employer. Promoting “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” is one of the [Sustainable Development Goals](#) adopted by all United Nations Member States, including the UK, in 2015. The TUC has developed six principles for decent work, which encompass voice at work, fair and decent pay, regular hours, learning and progression, fair treatment and respect and healthy workplaces.²⁰

¹⁹ See, for example, Clergy attack tax-haven firms seeking coronavirus bailouts, The Times 27.4.2020 <https://www.thetimes.co.uk/edition/news/clergy-attack-tax-haven-firms-seeking-coronavirus-bailouts-9x826tp72>; Conditions are critical: publicly-funded bail-outs for private companies, High Pay Centre, 18.3.2020 http://highpaycentre.org/files/conditions_are_critical_web_version.pdf

²⁰ TUC (2017) The Great Jobs Agenda <https://www.tuc.org.uk/sites/default/files/great-jobs-agenda.pdf>

Businesses that accept government support must commit to promoting decent work throughout their direct and indirect operations. Making this commitment must be a condition of receiving government support and businesses should produce a timed plan for putting in place the steps that they need to take.

Long-term, sustainable business success

In addition to these three areas of conditionality for accessing government support, the government should use its stake in companies to foster a long-term approach to decision-making focused on creating a fair and sustainable model of business success. There is widespread recognition that the UK's business culture often focuses on short-term financial results, rather than investing in skills, positive employment relationships and innovation to create long-term organic growth. There is also an urgent need for adaptations and business transformation to move to a net-zero economy. Through taking a stake in companies, the government will have an opportunity to influence business culture and decision-making to foster a more inclusive and long-term approach and enable it to work with companies to put in place policies for a Just Transition to net-zero.

Extend the furlough scheme for potentially viable businesses and vulnerable workers

For some businesses that are unable to operate when the current furlough scheme is scheduled to end in October, but which maintain a viable future, the continuation of some form of furlough scheme could be the most effective way of supporting their survival. Maintaining a form of furlough scheme for those businesses that can demonstrate viability could be an important part of a wider package of support. This is the model for short-time working schemes in, for example, the Netherlands and Germany.

In addition, even in businesses that are up and running, there are likely to be some workers who cannot safely work outside the home, including those who are shielding, caring for someone shielding, some who are in clinically vulnerable groups and those whose caring responsibilities mean they cannot work outside the home. These workers are likely to face a significant threat of redundancy, and a particularly hard time finding new work in a difficult labour market. A form of furlough scheme enabling their jobs to be protected should remain in place beyond October.

3. Support those who lose their jobs to find work as fast as possible

Swift action to improve confidence in the economy can help to protect jobs. But many people have already lost work.

Official data on the number of employees on payrolls shows this fell by 600,000 between March and May 2020. During 13 March to 9 April, there were a record number of Universal Credit claims that led to 1.2 million new recipients. On 9th April 2020 there were 4.2 million people on Universal Credit, an increase of 40 per cent in one month compared with an average 4 per cent month-on-month increase between April 2019 and March 2020.²²

TUC analysis shows that young people are particularly at risk of losing their jobs. Workers aged 25 and under are three times more likely to work in one of the two sectors where jobs are at greatest risk – accommodation and food, or arts, entertainment and recreation. Women workers aged 25 and under face the greatest risk of all. They are six times more likely than male workers over 25 to work in the highest risk sector, accommodation and food.²³ And as we set out further in the next section, groups who already face structural discrimination may face heightened risks: the unemployment rate for BME groups is 6.3 percent - twice as high as for white groups.²⁴

These workers need urgent support to get back to work. And the social security system needs to be rebooted to protect their incomes and prevent a damaging spiral into debt.

Support to get back into work

As we set out in section one, government will need to invest in directly creating jobs, both in new infrastructure and through restoring our public services. Our analysis suggests that 1.24 million jobs could be created in the next two years through investment in vital infrastructure. And government should provide funding to significantly expand the social care workforce, guaranteeing the provision of hundreds of thousands of good quality jobs across the country, and to restore the local government workforce.

21 ONS, Labour market overview, UK: June 2020, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/june2020>

22 DWP, Official Statistics Universal Credit: 29 April 2013 to 9 April 2020

<https://www.gov.uk/government/statistics/universal-credit-29-april-2013-to-9-april-2020>

23 TUC(2020) Young worker are most at risk from job losses due to the corona virus crisis

<https://www.tuc.org.uk/research-analysis/reports/young-workers-are-most-risk-job-losses-due-coronavirus-crisis>

24 TUC analysis of ONS data Q1 2020

New forms of public provision could also provide jobs. For example, a coalition of charities have proposed a new 'National Nature Service' designed to level up access to nature and providing tens of thousands of jobs and potential training opportunities across the country.

Government must also invest in dedicated training and support schemes to help people access new jobs.

Government should fund a new jobs guarantee

The TUC set out our proposals for a new government funded Jobs Guarantee in May,²⁵ with early access to the scheme for young workers. The scheme should deliver jobs that:

- are paid at least the real living wage rate, or the union negotiated rate for the job
- ensure the worker gets the skills they need to move into permanent work, including the option for kickstarting an apprenticeship
- are additional – this means the money should only be used to create jobs that would not have been created in the absence of a scheme, ensuring that job guarantee participants are not replacing existing workers
- provide a community, public benefit and/or help to decarbonise the economy: the inclusion of a “community benefit” criteria was one of the clear successes attributed to the Future Jobs Fund, and so any similar scheme should adopt and widen this principle to explicitly include a contribution to public good, and/or decarbonising the economy
- meet local labour market needs: this means the ability for the money to be used to create jobs in sectors which correspond with regional or local economic plans
- seek to reduce labour market inequalities. Take-up by people with protected characteristics who face the greatest discrimination in the labour market must be monitored, and action taken to address any inequalities in access. The scheme must seek to support women who need access to childcare to enable them to work, support employers to make reasonable adjustments to enabled disabled workers to take up jobs and ensure in particular that BME workers have proportionate access to the scheme across local labour markets. Action taken during this period must aim to tackle persistent discrimination, not exacerbate it
- ensure access to trade unions.

The jobs guarantee should be overseen by new regional recovery panels, bringing together unions, business and regional authorities to deliver jobs tailored to local needs.

As we set out above, government must ensure that part of its investment plan, both in infrastructure and across public services, goes to funding guaranteed jobs. Information about planned investment in their area must be given to regional recovery panels, who will

²⁵ TUC (2020) *A new plan for jobs* <https://www.tuc.org.uk/research-analysis/reports/new-plan-jobs-why-we-need-new-jobs-guarantee>

be responsible for working with contractors, and across the public sector, to ensure that these are delivered.

Government should invest in rapid support for those losing work, and the ability to retrain

In addition to the devastating impact of the pandemic, we need to deal with long-standing skills challenges. Massive under-investment has left us with a legacy of poor productivity and entrenched barriers: government adult skills spending fell by 47 per cent in the last decade and the volume of employer-led training is down by a staggering 60 per cent since the end of the 1990s. And too many of our young people have been let down, e.g., almost 40 per cent of our 25-year-olds do not progress beyond a level 2 qualification (i.e. GCSE or vocational equivalent).

Alongside the Jobs Guarantee government should:

- Introduce a new right to retrain for everybody, backed up by funding and personal lifelong learning accounts. This should involve bringing forward the £600m promised investment in a national skills fund, and accelerating the work of the national retraining partnership to ensure there is a gateway to new skills for everyone.
- Offer an education and training guarantee for all school leavers and other young people aged 25 and under who wish to take up this option. This guarantee would include an apprenticeship, place at university or college, and other education and training options. In support of this the apprenticeship levy should be flexed to allow employers to use their funds to also provide pre-apprenticeship training programmes where appropriate.
- Invest in rapid redundancy support for everyone at risk of losing their job, with companies required to notify regional recovery panels when they are consulting on redundancies, and jobcentre plus organising tailored on-site provision to offer rapid access to training and other support.

Support to protect incomes

The social security system should support those who do lose their jobs to stay on their feet, and not face a damaging spiral into debt. Government must:

- Raise the basic level of universal credit and legacy benefits, including jobs seekers allowance and employment and support allowance, to at least 80 per cent of the national living wage (£260 per week).
- End the five-week wait for first payment of universal credit by converting emergency payment loans to grants.
- Remove the savings rules in universal credit to allow more people to access it.
- Significantly increase child benefit payments and remove the two-child limit within universal credit and working tax credit.

- Ensure no-one loses out on any increases in social security by removing the arbitrary benefit cap. In addition, no one on legacy benefits should lose the protection of the managed transition to universal credit as part of this change.
- Introduce a wider package of support for households, by introducing a fully funded council tax freeze, significantly increasing the hardship fund delivered by local authorities and moving swiftly to introduce a permanent fund that provides a permanent source of grants to support those facing hardship. Government must also increase the support it provides to renters.
- Scrap the no-recourse-to-public-funds rules that deny working families access to social security.

4. Prioritise progress towards equality

The UK labour market is already marked by persistent inequalities that leave those with protected characteristics, including women, BME groups, disabled people and LGBT+ people facing structural discrimination. To take just some examples:

- Black workers, women and disabled workers are all overrepresented in insecure work, with 1 in 24 BME workers on zero-hours contracts, compared to 1 in 42 white workers.²⁶
- These groups also face persistent pay gaps: the gender pay gap remains stubbornly high at 17 per cent, and disabled workers still face a pay gap of over 15 per cent.²⁷
- Discrimination still forces groups facing protected characteristics into more difficult and dangerous roles. 54,000 women a year are, for example, forced out of work due to pregnancy and maternity discrimination.²⁸ Our report 'Is Racism Real' revealed that despite experiencing high levels of discrimination, BME staff do not feel confident in reporting racism at work, with almost half not reporting incidents²⁹.
- Harassment in the workplace often marks the experience of groups with protected characteristics; TUC research found that seven in ten LGBT people had experienced some form of sexual harassment at work,³⁰ alongside over half of all women.³¹

Previous recessions have often served to exacerbate these inequalities, with those in low paid insecure roles being first to lose work, and structural discrimination holding back their chances of finding a new job. BME groups faced higher unemployment in the 2008-09 recession, and still high unemployment rates. Research shows that during upturns disabled people are the last to gain employment, and during downturns they are first to be made unemployed.³²

Evidence to date suggests that people with protected characteristics are already facing disproportionate impacts from the pandemic and the economic downturn. In particular, the scale of structural and institutional inequality faced by BME workers has been evidenced by

²⁶ TUC(2019) 'BME workers far more likely to be trapped in insecure work'

<https://www.tuc.org.uk/news/bme-workers-far-more-likely-be-trapped-insecure-work-tuc-analysis-reveals>

²⁷ TUC (2019) 'Disability employment and pay gaps' <https://www.tuc.org.uk/research-analysis/reports/insecure-work>

²⁸ See TUC (2020) Forced out: The cost of getting childcare wrong at <https://www.tuc.org.uk/research-analysis/reports/forced-out-cost-getting-childcare-wrong>

²⁹ <https://www.tuc.org.uk/research-analysis/reports/racism-real>

³⁰ TUC (2019) Sexual harassment of LGBT people in the workplace

https://www.tuc.org.uk/sites/default/files/LGBT_Sexual_Harassment_Report_0.pdf

³¹ TUC (2016) 'Still just a bit of banter? Sexual harassment in the workplace in 2016'

<https://www.tuc.org.uk/sites/default/files/SexualHarassmentreport2016.pdf>

³² <https://www.disabilityatwork.co.uk/research-areas/in-work-disability-gaps/all-in-it-together-the-impact-of-the-recession-on-disabled-people/>

the excessive number of coronavirus deaths they have experienced. The unequal responsibility for unpaid care has also been starkly revealed by the crisis, with women far more likely than men to have taken on additional caring responsibilities and to have seen their employment prospects plummet as a result. Government must recognise the scale of inequality that the pandemic has revealed and act now to prevent both the pandemic and the government policy response from holding back the urgent steps needed to address inequality or it, and ensure that progress on equality doesn't go into reverse.

Policy decisions taken now will affect workers for years to come. Over the course of the pandemic we have seen that different groups have been affected both by coronavirus and the policies designed to combat it. The public sector equality duty was specifically introduced to ensure that proper consideration was given to the impact of policies on people from groups protected by the Equality Act. Currently we can see little evidence of how, or indeed if, government is delivering on this duty in its coronavirus response. The EHRC as the relevant regulatory body has a key role to play in ensuring compliance in this regard and must prioritise and appropriately resource enforcement and compliance work in this area.

Step up efforts to tackle inequality across the labour market

Before the outbreak of coronavirus, government had identified several policy areas where it had indicated that issues relevant to groups with protected characteristics would be progressed. These included:

- Taking steps to make flexible working the default
- Measures to strengthen protections around sexual harassment at work
- Reviewing the impact of gender pay gap reporting regulations
- The introduction of ethnicity pay gap reporting measures
- Addressing the disability employment and pay gaps
- Setting up a pregnancy and maternity taskforce
- Reforming the Gender Recognition Act to ensure that trans people do not have to endure a lengthy, humiliating, and expensive process to change their gender, while maintaining the Equality Act 2010 as it stands
- Improving carers leave
- Strengthening redundancy protections for new mothers

Work on these and other policy areas aimed at promoting the rights of people with protected characteristics must form a key part of recovery plans. Work to eliminate discrimination from UK workplaces and promote equality of opportunity is not a 'nice to have' additional extra which can be easily shelved when times are challenging. Not only does the government have a legal duty to pay due regard to equality considerations in its decision-making, including decisions to halt or postpone work, but evidence points to the fact that protecting workers and promoting equality brings economic benefits.

For example, the McGregor-Smith review estimated that the potential benefit to the UK economy from full representation of BME individuals across the labour market, through improved participation and progression, to be £24 billion a year, which represents 1.3% of GDP.³³ Reducing gender gaps in labour market participation, Science, Technology, Engineering and Maths (STEM) qualifications and wages, could increase the size of the UK economy by around 2% or £55 billion by 2030³⁴.

We cannot allow work to promote more equal workplaces and tackle inequality to be labelled as a 'burden on business' or 'red tape' and deprioritised.

And in many areas government will need to go further than the plans already set out. This is particularly the case if meaningful progress is to be made on race equality at work.

- The persistent inequalities and disadvantages faced by BME people require more than warm words and an additional inquiry to be addressed. Government must set out a funded action plan on race inequality, with clear targets and a timetable for delivery, setting out the steps that they will take to tackle the entrenched disadvantage and discrimination faced by BME people. In order to ensure appropriate transparency and scrutiny of delivery against these targets we recommend that regular updates are published and reported to Parliament.
- The Race Disparity Unit should be given a strengthened role to support delivery of this plan.
- Government must step up measures to tackle insecure work that particularly affects women and BME groups, starting by a ban on zero hours contracts.

Ensure the crisis does not force people with protected characteristics out of work

Those with protected characteristics face particular challenges in the current context. In addition to the fact that people facing discrimination are already more likely to be in low paid and insecure roles that may be cut first, the disproportionate impact of the crisis in the childcare sector on women, and the requirement for some disabled people to shield pose additional risks for women and disabled people.

Address the childcare crisis to protect women's jobs

As part of national social distancing measures to limit the spread of coronavirus, the government has taken necessary steps to limit the numbers of children and young people attending educational and childcare settings. From 23 March, education and childcare settings were only been open to priority groups (children of critical workers and vulnerable children) and since early June the re-opening of education settings has been limited.

³³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594336/race-in-workplace-mcgregor-smith-review.pdf

³⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/821889/GEO_GEEE_Strategy_Gender_Equality_Roadmap_Rev_1_1_.pdf

While necessary, this action created huge disruption as working parents suddenly needed to provide at least six additional hours childcare per day, and in many cases far more. Without adequate rights and protections to help working parents balance these new pressures, decades of progress on gender equality at work could be damaged and women's immediate and long-term access to decent jobs weakened.

Government must:

- Enable mums and dads to balance work and care: Give staff the right to work as flexibly as possible from their first day in the job. Flexible working can take lots of different forms, including the right to predictable hours, working from home, job-sharing, compressed hours and term-time working
- Prevent a large-scale collapse of the childcare sector: Give an urgent cash injection to the childcare sector to ensure it remains sustainable and target additional funding at provision supporting children from low income households
- Ensure our parental leave is fit for purpose: Give all workers, regardless of their employment status, a day one right to 10 days paid parental leave. This could be used, for example, to cover parents who are unable to work during a 14-day self-isolation mandated by NHS Track and Trace, or in local lockdown scenarios.
- Ensure employers are given clear messages from government: Employers will be breaking the law if they unfairly select women for redundancy because of caring responsibilities

Protect those who cannot work through an extension of the Job Retention Scheme

As we set out above, even in businesses that are up and running, there are likely to be some workers who cannot safely work outside the home, including those who are shielding, caring for someone shielding, some who are in vulnerable groups and those whose caring responsibilities mean they cannot work outside the home.

Without action, this risks particularly affecting women and disabled workers, further exacerbating labour market inequality.

- A form of furlough scheme enabling their jobs to be protected should remain in place beyond October.

Additional steps may be required to ensure that disabled workers can work safely as social distancing measures remain in place.

- Government should fund a one-off boost to the Access to Work scheme to ensure more disabled workers are enabled to work safely at home.

Ensure that employment support measures progress equality

TUC research shows that young women are the group most likely to work in a sector at risk of job loss. And the concentration of Black workers, women and disabled people in low paid

and insecure jobs means they likely to face a heightened risk of unemployment. Measures to support people into work must be designed to promote equality. This means:

- Ensuring that jobs offered through the Jobs Guarantee can be offered part time, and signpost employers to Access to Work support where needed.
- Regular (at least quarterly) monitoring of outcomes across all employment support and training programmes to ensure that they are meeting the needs of those with protected characteristics and that they have fair and proportionate access to support.

5. Summary of recommendations

Bring forward investment to create jobs

- Bring forward at least £85bn of infrastructure investment with the potential to create 1.24 million jobs
- Establish a new Just Transition Commission to oversee the transition to net-zero in a way that protects and creates jobs
- Use procurement to support UK jobs
- Set out an Olympics-style agreement on every new infrastructure project, working with trade unions and local authorities to show how it will create decent jobs.
- Rebuild the public sector workforce, including in social care and local government, to create jobs and repair vital services
- Invest in a public sector pay rise to restore years of pay freezes and help boost demand.

Design sectoral and business support packages to promote better jobs

- Bring together sectoral recovery panels of trade unions, government and business to set out sectoral route maps that look ahead to the likely scenario for each sector in three months, six months, a year and three years' time and design packages of support
- Provide government support in the form of equity stakes of up to 30 per cent of a business, rather than loans
- Use government influence to support better business models, requiring companies that receive support to:
 - Set out a fair pay plan
 - Pay corporation tax in the UK
 - Promote decent jobs
 - Foster a long-term approach to decision-making focused on creating a fair and sustainable model of business success
- Extend a more limited furlough scheme beyond October for businesses that can demonstrate continued viability.

Support those who lose their jobs to find work as fast as possible

- Invest across the public sector to create jobs

- Introduce a funded Jobs Guarantee, with priority for young people
- Introduce a new right to retrain for everybody, backed up by funding and personal lifelong learning accounts.
- Offer an education and training guarantee for all school leavers and other young people aged 25 and under who wish to take up this option.
- Invest in rapid redundancy support for everyone at risk of losing their job, with companies required to notify regional recovery panels when they are consulting on redundancies.
- Protect incomes by re-booting social security:
 - raise the basic level of universal credit and legacy benefits to £260 per week
 - end the five-week wait for first payment of universal credit
 - remove the savings rules in universal credit to allow more people to access it
 - significantly increase child benefit payments and remove the two-child limit within universal credit and working tax credit
 - ensure no-one loses out on any increases in social security by removing the arbitrary benefit cap
 - introduce a wider package of support for households including a fully funded council tax freeze, an increase in the hardship fund and more support for renters
 - scrap the no-recourse-to-public-funds rules that deny working families access to social security.

Ensure that support measures promote equality

- Continue with government plans to:
 - Make flexible working the default
 - Strengthen protections around sexual harassment at work
 - Review the impact of gender pay gap reporting regulations
 - Introduce ethnicity pay gap reporting measure
 - Address the disability employment and pay gaps
 - Set up a pregnancy and maternity taskforce
 - Reforming the Gender Recognition Act to ensure that trans people do not have to endure a lengthy, humiliating, and expensive process to change their gender, while maintaining the Equality Act 2010 as it stands.

- Improve carers leave
 - Strengthen redundancy protections for new mothers
- Step up plans to tackle discrimination against BME workers by
- Setting out a funded action plan on race inequality, with clear targets and a timetable for delivery, setting out the steps that they will take to tackle the entrenched disadvantage and discrimination faced by BME people.
- Strengthening the role of the Race Disparity Unit.
- Tackling the insecure work that has a disproportionate impact on BME people, starting with banning zero hours contracts.
- Give an urgent cash injection to the childcare sector to prevent progress on gender equality going backwards
- Give all workers, regardless of their employment status, a day one right to 10 days paid parental leave –helping parents deal with localised lockdowns.
- Extend the furlough scheme beyond October for those who cannot work outside the home due to caring responsibilities or the need to shield.
- Fund a one-off boost to the Access to Work programme to enable more disabled people to work safely at home.
- Build equality into the design of employment support programmes, including tailored support and regular monitoring of outcomes to ensure fair and proportionate access.