



A better recovery for London

1. Introduction

Urgent action is needed to rebuild our economy after coronavirus.

The lockdown of the economy has already caused a sharp rise in numbers claiming universal credit, of both in-work and of unemployment benefits. While the official unemployment rate has so far held steady, over a quarter of all workers have been furloughed. Many of these jobs are vulnerable as phased changes to the Job Retention Scheme are introduced. As the temporary support measures are wound down, a major economic stimulus will be needed if we are to avoid mass unemployment.

The scale of action needed is also an opportunity to address long-running problems in the UK economy, including the long-run decline of our industrial base, which has contributed to regional inequalities and the growth of insecure and low paid jobs, while stepping up action to decarbonise our economy and better preparing our public services to deal with future challenges.

The [TUC has set out](#) the measures needed nationally to rebuild our economy:

- **Decent work and a new way of doing business**, including a £10 an hour minimum wage, a ban on zero-hours contracts, boosting collective bargaining, and giving workers a voice at the heart of government by establishing a National Recovery Council.
- **Building a sustainable industrial base and a green economy**, including establishing a recovery programme to deliver over a million new jobs, an ambitious job guarantee scheme to decarbonise the economy, funding a right to retrain, requirements for government investment programmes to rebuild UK manufacturing supply chains, and ensuring every government investment project comes with a plan for decent jobs.
- **Equality at work**, including a day-one right to flexible working for all, greater protections for pregnant women and new mums, better resourcing of Access to Work, and compliance with the public sector equality duty.
- **Rebuilding public services**, including a fair pay rise for all public sector workers, sustainable funding and a proper workforce strategy for social care, a funding settlement for the NHS, local government, education and other public services, and an end to outsourcing.
- **A real safety net**, including reforming universal credit so it better supports working people, removing benefits conditionality, increasing the rate of statutory sick pay and maintaining the state pension triple lock.

We want to see regional and devolved nation 'recovery panels', mirroring a National Recovery Council for the UK, bringing together unions, employers, Jobcentre Plus, relevant civic partners and local and regional governments, to feed into the planning and delivery of recovery strategies at regional, local and devolved nation level.

These regional and devolved nation structures are essential because there are wide variations across the country in terms of both the nature and scale of the challenges faced and the institutional arrangements and capacities for addressing these challenges. In these

circumstances, a one size fits all solution will not work. Instead, we need to turn headline objectives into tailored strategies for each region and sub-region.

Furthermore, different parts of the country and the different parts of regions will not be equally hit by the recession. The economy is already highly imbalanced between regions and within regions. The uneven impact of lockdown on different sectors, combined with regional and sub-regional imbalances means there is a danger of compounding spatial inequalities. 10 per cent of London's employment is in at-risk occupations, rising to 18 per cent for workers age 25 and under.¹

We hope to see action on these measures in the chancellor's summer fiscal event, but there is much that London can do within existing structures.

As well as calling on the chancellor to provide support for London as part of a national recovery plan, this report sets out concepts and themes for a recovery plan for London that the Mayor of London, London boroughs and the Local Economic Action Partnership (LEAP) can start putting into action right away.

¹ TUC analysis of Labour Force Survey Q1 2020

2. Snapshot of the economy in London

For clarity we define London as the geographical area of the 32 London boroughs and the City Corporation of London, geography that is shared by the Greater London Authority, and which directly elects a Mayor of London. This phase of devolution to London began in July 2000.

The Government Office for London was abolished in 2010. The London Development Agency, LDA, was abolished in 2012.

There is one Local Enterprise Partnership for London, the Local Economic Action Partnership (LEAP). TUC LESE has a representative on the LEAP Board.

The government's statistical report of trade union trends,² covering 2019, found that there were 661,000 trade union members working in London. Many other workers in London work in workplaces, or enterprises, in which trade unions are recognised for negotiating purposes, or that have trained health and safety reps, or other workplace reps.

Total membership of unions in the UK in 2019 was found to be 6,440,000, a net increase of 91,000 on the year before. This was the third consecutive year of net growth in trade union membership.

More than 10 per cent of all trade unionists in the UK work in London.

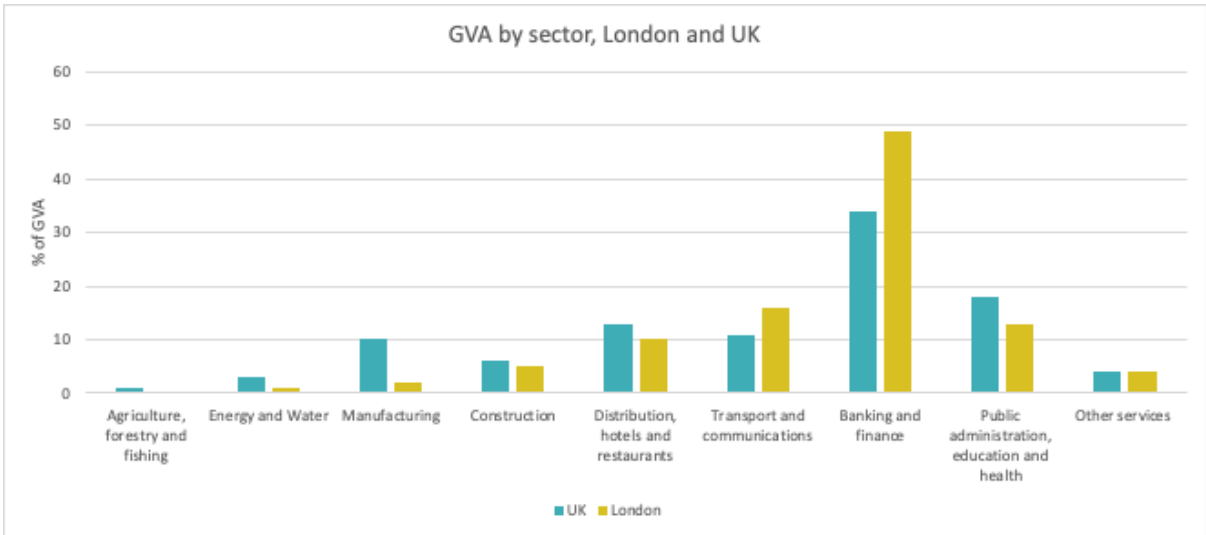
2.1 The regional economy

The latest full year of regional growth data we have, for 2018, shows that the growth value added (GVA) figures for London were significantly higher than the rest of the UK, at 2.1 per cent compared to 1.3 per cent.³

London has a significantly higher concentration of economic activity in banking and finance than the rest of the country.

² Department for Business, Energy and Industrial Strategy, 2019. [Trade union membership](#).

³ ONS, December 2019. [Regional gross value added \(balanced\) per head and income components](#)

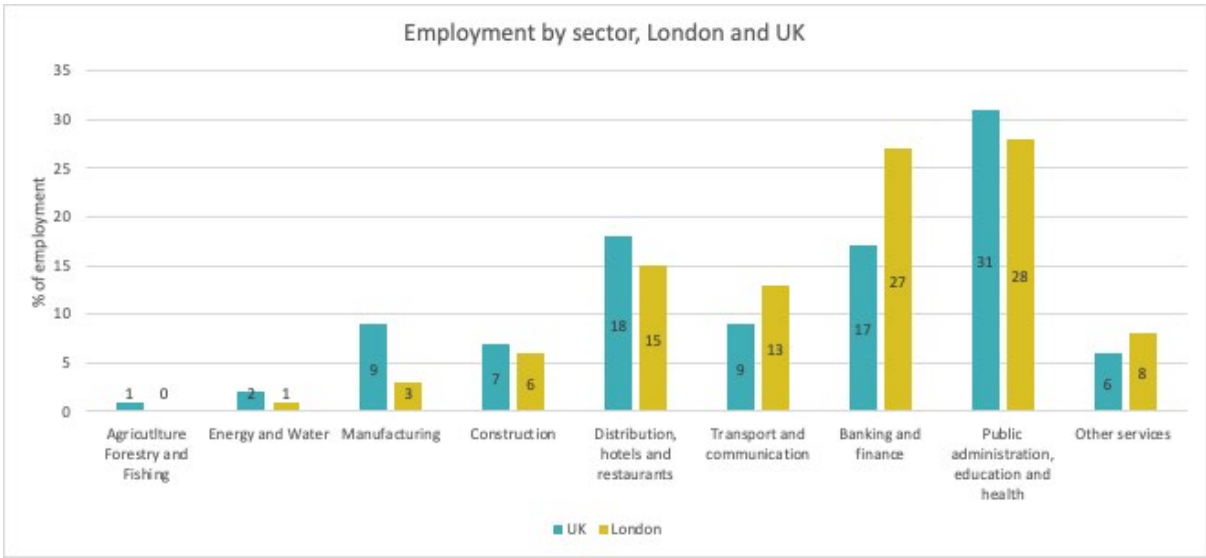


Source: ONS 2019

2.2 Where do people work and what is their job quality like?

The latest statistics, covering the period February–April 2020, before the economic impacts of the coronavirus pandemic had been fully felt, show that 76.4 per cent of the working age population were employed in London, equal to the UK average of 76.4 per cent, with an unemployment rate of 4.6 per cent (compared to 3.9 per cent across the UK).⁴

People in London are significantly more likely to be employed in banking and finance than in the rest of the UK.



Source: TUC analysis of Labour Force Survey, Q4 2019

⁴ ONS, June 2020. [Labour market in the regions of the UK: June 2020](#)

Across the UK, one in nine people are in insecure work. In London 11.5 per cent of people are in insecure work, according to TUC analysis.⁵ 136,000 people or 2.9 per cent of those in employment were on a zero-hours contract.⁶ National figures show that insecure work has a disproportionate impact on those already facing structural discrimination in the labour market, including women and BME groups.⁷

Median gross weekly pay in London is considerably above the UK average, at £634 a week compared to £479.⁸

Union membership in London is lower than the rest of the UK, at 18 per cent compared to 23 per cent of employees.⁹

2.3 The impact of the pandemic

2.3.1 Key workers

The pandemic has highlighted the vital role that key workers play, and the poor pay and conditions that too many still face. Nationally, women are almost twice as likely as men to be employed in a key worker occupation (45 per cent, compared to 26 per cent). Black and minority ethnic (BME) employees are also more likely than white employees to be key workers, with 40 per cent of BME employees being a key worker, compared to 35 per cent of white key workers.¹⁰

The structural discrimination faced by these groups helps explain their low pay and the undervaluing of these key roles. There are 804,020 key workers across the London, of who 29 per cent are paid less than £10 an hour.¹¹

2.3.2 Workers relying on the Job Retention Scheme and Self-employment Income Support Scheme

Across London TUC analysis estimates that around 1.5 million workers, or 32 per cent of those in employment,¹² are reliant on government schemes to support incomes during the pandemic, with many facing an uncertain future.

⁵ TUC, 2019. [Insecure work: why the PM must put decent work at the top of his to-do list](#)

⁶ ONS, February 2020. [EMP17: People in employment on a zero hours contracts](#)

⁷ TUC, June 2020. [Rebuilding after recession: a plan for jobs](#)

⁸ ONS, 2019. [Earnings and hours worked, UK region by industry by two-digit SIC: ASHE Table 5](#)

⁹ BEIS, 2020. [Trade Union Statistics](#), table 4.1

¹⁰ TUC, 2020. [A £10 minimum wage would benefit millions of key workers](#)

¹¹ Ibid

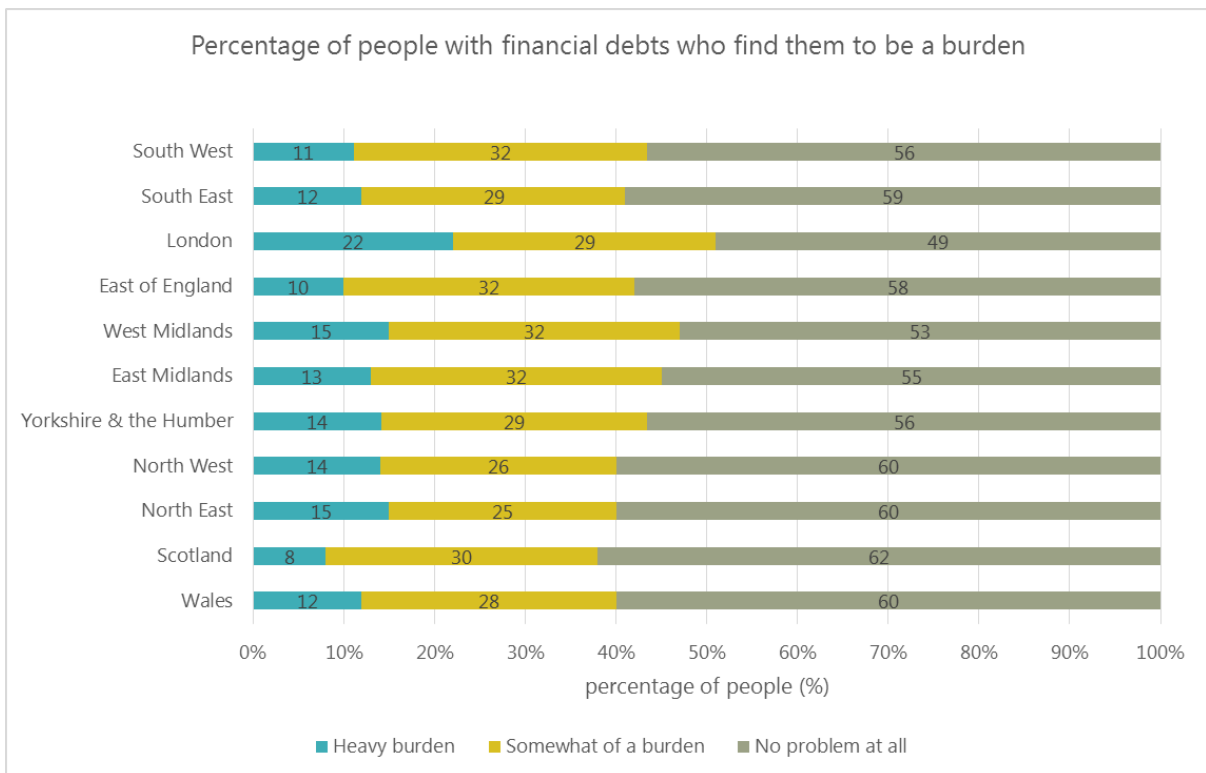
¹² This is based on statistics published by HMRC. The figure is the number of employments using the job retention scheme (JRS) plus the number of people using Self-Employment Income Support as a percentage of those in employment in the local authority. Across the UK, there are 1 million JRS employments where the location is 'unknown'. This means that the local authority JRS stats (and therefore the overall figure) may be an underestimate. HMRC stats available at: <https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics>

	Claimed SEISS	JRS	Total JRS and SEISS	% of in employment on a scheme
London	433,000	1,074,900	1,507,900	32
Inner London	145,000	420,200	565,200	28
Camden	7,200	20,700	27,900	21
	300		300	3
Hackney	11,400	34,000	45,400	30
Hammersmith and Fulham	6,200	22,400	28,600	29
Haringey	17,200	42,100	59,300	38
Islington	7,900	22,800	30,700	22
Kensington and Chelsea	3,800	12,000	15,800	22
Lambeth	12,800	42,300	55,100	28
Lewisham	14,400	36,200	50,600	29
Newham	25,600	53,200	78,800	43
Southwark	11,100	39,200	50,300	27
Tower Hamlets	9,900	37,300	47,200	28
Wandsworth	11,800	36,200	48,000	24
Westminster and City of London*	5,400	21,800	27,200	21
Outer London	288,200	654,600	942,800	35
Barking and Dagenham	15,300	25,600	40,900	42
Barnet	22,500	48,500	71,000	35
Bexley	10,500	26,600	37,100	30
Brent	22,600	49,900	72,500	44
Bromley	13,800	34,400	48,200	28
Croydon	17,500	44,600	62,100	31
Ealing	19,300	49,600	68,900	42
Enfield	16,700	42,000	58,700	39
Greenwich	13,100	31,400	44,500	29
Harrow	19,700	30,300	50,000	44
Havering	13,800	28,900	42,700	34

Hillingdon	12,600	39,500	52,100	35
Hounslow	13,600	42,500	56,100	41
Kingston upon Thames	6,800	19,300	26,100	27
Merton	11,800	25,300	37,100	32
Redbridge	20,300	35,900	56,200	38
Richmond upon Thames	6,600	18,500	25,100	23
Sutton	10,000	23,000	33,000	31
Waltham Forest	21,700	38,800	60,500	42

(*NB Westminster and City of London have been combined in the job retention scheme statistics produced by government.)

With many people in London already facing significant levels of debt, they cannot afford the hit to their incomes that unemployment would involve.



Source: ONS Wealth and Assets Survey 2016-18, table 7.9-7.11

3. Investing in jobs

With economists warning that unemployment is expected to reach levels unseen in decades, protecting and creating jobs must be one of the biggest priorities for the recovery. Unemployment – especially long-term unemployment – can do huge damage, both to individuals, and to the economy. While unemployment negatively impacts on individuals at any age, the long-term impacts of unemployment can particularly “scar” young people’s prospects and earning potential more profoundly than those experiencing unemployment later on in life. It is therefore vital this group do not face another catastrophic hit to their employment prospects.

The most effective way that government can protect workers and the economy from the worst impacts of a recession of this magnitude and type is through a major economic intervention and counter-cyclical investment to stimulate the economy, with a job creation scheme at its heart. 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. The incoming government chose to ignore this lesson in 2010, with devastating results. This time must be different. This time we need a ‘better recovery’.

Nationally, the TUC is calling on government to fund a nationwide job guarantee scheme, to mitigate against the worst effects of the pandemic on unemployment. The scheme should be ambitious, encouraging the creation of sustainable jobs in every part of the country, addressing the threats of unemployment, labour market inequalities and the climate crisis in an integrated way.

These jobs should:

- be a minimum six-month job with accredited training, paid at least at the real living wage, or the union negotiated rate for the job, whichever is greater
- be offered to as many people as possible who suffering unemployment of six months or more, and prioritising young workers under 25 who have been unemployed for three months or more
- be additional, so workers in existing jobs are not displaced
- provide a community, public benefit and/or help to decarbonise the economy, ensuring new jobs contribute to building a fairer, more sustainable economy
- meet local labour market needs
- promote and protect equality.

The scheme should be funded by national government, but delivered at regional, devolved nation and local level, through the relevant recovery panels, ensuring a strong voice in decision-making between local authority leaders, trade unions, businesses, Jobcentre Plus and relevant civic partners.

However, regions and sub-regions do not have to sit back and wait for government to act. There are things that they can be getting on with at the local, sub-regional and regional level.

3.1 Delivering good jobs through infrastructure investment

At his [Spring budget](#), the Chancellor pledged £640bn of infrastructure investment in the next five years and we will be hoping to see further details and commitments unveiled this summer.

But investment alone won't guarantee that good jobs are accessible to the people who need them. The Mayor of London, London boroughs and the LEAP have a crucial role to play in shaping how infrastructure is delivered to maximise good job creation.

The Mayor of London, London boroughs and the LEAP should:

- work with other regional and local partners to articulate the need for greater government investment in infrastructure in London and define which are the highest priority projects
- work with community and workforce representatives to ensure that infrastructure and regeneration is delivered in a way that meets genuine need and enhances employment opportunities, skills uplift and wellbeing in those communities – the optimal task is not merely to identify the infrastructure upgrade, but to shape the way it is delivered to maximise long-term economic, social, community and environmental benefits: dialogue must be an on-going process such that it provides a feedback loop from communities and the workforce to the relevant delivery partners, and to the Mayor, local authorities and the LEAP
- work with trade unions to ensure that every investment programme comes with a London Olympic and Paralympics 2012-style commitment to generate decent jobs embedded within it. All infrastructure projects, including house building, should include framework agreements that maximise employment and training opportunities for local people and deliver great jobs, employment standards and positive industrial relations.

There has been a high degree of scrutiny and sometimes criticism of the cost of recent infrastructure investment in London in the last 20 years, which includes the construction of the Jubilee Line extension, the ongoing upgrade of the Tube working towards step-free access, the construction of Crossrail 1 and the commencement of works on HS2. TUC LESE has frequently highlighted concerns that these investments have not been organised in a way to maximise the wider long-term benefits in terms of apprenticeships, skills uplift, maximising local employment opportunities and effective use of procurement to drive the achievement of equalities outcomes, innovation and long-term competitiveness of industry.

Now more than ever there is a strong case for substantially increased infrastructure investment in every region of England. If projects are viable, value for money and contribute to long-term carbon reduction then they should be actively considered as part of counter-cyclical investment in a time of recession.

Therefore, TUC LESE believes that it is critical that all phases of Crossrail 1 and the upgrade of the Tube including the completion of step-free access projects are completed on schedule, that the work in London on HS2 continues, and that projects such as the Bakerloo extension and Crossrail 2 are accelerated.

However, all schemes, those in progress and those in development, should be thoroughly reviewed and where necessary adjusted to maximise good employment, skills, equalities and environmental outcomes.

Media coverage of infrastructure projects often focuses on big long-term projects. But infrastructure investment can often be on a smaller more granular scale and with more immediate outcomes.

Bus services are crucial to millions of workers, providing them with potentially increased access to the labour market, especially young workers, those living remote from centres of commerce and those on low incomes. This is particularly true in outer London, where it is buses that provide access to employment opportunities in commercial areas.

But in London bus use decreased by 1.2 per cent in 2018/19¹³ and this was a continuation of a downward trend since the peak in 2013/14. This is the fifth consecutive year in which passenger journeys in London have fallen. And the number of miles travelled by buses in London was down by 1.9 percent. Investment in the size of the network in London should be a priority.

London is at the very beginning of a cycling and walking revolution. If done well it will have immensely positive impacts, reducing congestion, lowering carbon emissions, will generate positive health and wellbeing outcomes and can improve some journey times. The pandemic and the need for social distancing has vastly augmented both the demand and the need for safe cycling and walking. This should be a focus for immediate infrastructure investment in London's built environment.

At present London is the only major city in Western Europe not to receive a grant from central government towards the operational costs of its public transport network. A £700m central funding package was scrapped under a deal negotiated by Boris Johnson during his time as Mayor of London. Direct central government funding for operations ceased in 2018.

Transport for London (TfL) has calculated it will lose to lose £4bn due to the pandemic and said it needed £3.2bn to balance a proposed emergency TfL budget for 2021, having lost 90 per cent of its overall income during the lock-down when it kept services running to enable essential workers to get to work. On 14 May the UK government awarded a £1.6bn emergency funding grant to keep Tube and bus services running until the 17 October.¹⁴

The London economy and workers in London need TfL to receive a one-off grant to fully fund the cost of the response by TfL to the pandemic, they also need central government to restore a level of central funding for operational costs and they need an acceleration of infrastructure investments in London.

Not only would this be a counter-cyclical investment in a time of recession, but it would be a stimulus to the UK economy and greatly widen access to labour market opportunities, especially for the young, those on low incomes and those who are geographically marginalised in London, and beyond.

¹³ Department for Transport, 2019. [Annual bus statistics: England 2018/19](#)

¹⁴ Infrastructure intelligence, May 2019. [London Mayor describes TfL's £1.6bn bailout as "sticking plaster"](#).

To illustrate this, a bridge on the Thames between Tower Bridge and Dartford would reduce congestion, release economic potential and increase access to job opportunities in London, the South East and the East of England. The primary purpose of the bridge should be the further integration of London's public transport system.

3.2 Leveraging public procurement to support local economies

Public sector organisations, such as Mayor of London, London boroughs, TfL, the NHS and the police service and government departments have immense spending power. Total public sector spending in London in 2018/19 was £123bn.¹⁵ This spending can be used as a powerful economic lever to stimulate and restructure the region's economy.

The Mayor of London, London boroughs and the LEAP should:

- work with anchor institutions in the region to coordinate strategic procurement spending in support of the local economy, aiming to make the creation of great jobs and the promotion of high quality employment standards central to spending by public bodies and anchor institutions in London

These objectives should be a key measurable outcome and condition of the financial support co-ordinated by the Mayor, local authorities and LEAP through City Deals, the Local Growth Fund and the forthcoming Shared Prosperity Fund.

3.3 A regional industrial strategy for London

The economic shock caused by Covid-19 has come on top of the longer running industrial challenges that the UK faces. These include the erosion of the UK's manufacturing base, the structural changes needed to meet the Government's target of net-zero carbon emissions by 2050 (and the more ambitious 2030 target in London), and inequalities between and within regions.

While the pandemic has added to these challenges, it also presents a unique opportunity to shape a recovery that not only gets us out of recession more rapidly, but does so in a way that tackles these long-running structural problems.

Nationally, the TUC is calling for a recovery that:

- charts a path towards a net-zero economy that delivers a just transition for workers across the economy
- rebuilds the UK's industrial capacity that will be necessary to deliver this transition, including by investing in the skills of the workforce
- uses this programme to tackle the inequalities between regions and within regions that are the legacy of the failed de-industrialisation policies of the past, and factors such as the marginalisation of coastal communities.

¹⁵ ONS, 2019. [Country and regional public sector finance expenditure](#), Table 4

London has a draft local industrial strategy, an economic development strategy, a skills strategy, a London plan which has a 40-year horizon for planning and development, a transport strategy, a strategy for equality, diversity and inclusion and many other strategic documents. As a recognised regional partner, TUC LESE is part of consultation processes on the development of these strategies.

Regional level industrial strategies will be key to levelling up and delivering change on the ground. There are enormous strengths and opportunities in London, including strong finance, business services, tech and creative sectors, many world-class universities and very strong research and development in both the private and public sector, and a dynamic cultural and tourism offer for both domestic and international visitors. But equally, the deep failure of the London economy to deliver for all its residents is demonstrated by our relatively high rate of unemployment, low rate of economic participation and ever-increasing rate of in-work poverty (after housing costs).

Political leaders in London can build on the opportunities, but they must address the inclusion and quality jobs for all challenge forcefully, and in a way embeds an economic and social development strategy based in truly inclusive growth.

To build on these opportunities and develop strong local recovery strategies, the Mayor of London, London boroughs and the LEAP should:

- develop new sectoral boards, bringing employers organisations, unions and regional partners together to support productivity improvements and better jobs across key sectors and industries

These sectoral boards would provide strategic guidance for each sector, looking at and planning for:

- opportunities for growth
- resilience of the sector and the key employers within it
- local labour supply
- development of robust supply chains in the local economy, education and training that enables local people to access the skills required for key sectors
- provision of workforce development and training, pay and conditions and career progression.

There is clear potential to support the development of more high-skill, high-productivity jobs by building upon London's progress so far in meeting the climate crisis and the development of low-carbon technologies.

Because of the challenges London faces, its global links, its capacity for innovation and its open economy, London was an 'early responder' to the challenges and opportunities of meeting the climate crisis. In 2014 London's green economy was already valued at £28bn, with 9,000 green businesses employing 160,000 people – a sector that was growing at a rate of 6 per cent per year.

As a mega city, the challenges that confronts London in meeting the climate crisis are acute. Population has been increasing by 100,000 people a year, limited space, the need to retrofit

buildings, and the growing challenge of replacing boilers that use natural gas, dealing with congestion and air pollution, and effective management of waste and water shortage.

London mayor Sadiq Khan has promised a Green New Deal for London as part of a pledge to make the UK capital carbon neutral by 2030. Steps already in place include the introduction of an ultra-low emissions zone in central London, which is due to expand to the north and south circulars in 2021 and the renewal of London's fleet of buses, action to enable the installation of more solar panels in the capital, the provision of more green spaces and the planting of more trees. More needs to be done on supporting the development of green manufacturing, increasing recycling of London's waste, retrofitting of buildings, and on the generation of energy locally.

If London can achieve a successful transition to a low-carbon, resource efficient and circular economy, then the benefits will accrue to the rest of the country as well. The significant size of London's own market, its financial and business services, its world class research and development sector, the manifest support from its residents and the commitment of the Mayor of London, are strengths and assets.

More funding, including from central government, and more devolved powers will be needed achieve the sustainability transformation and just transition to meet the target of carbon neutrality by 2030.

In the light of the pandemic London should review its local industrial strategy checking for delivery against the objective that 50 per cent of energy will come from renewables by 2030 and should map the potential for new technologies to support job creation and just transition.

London's industrial strategy must also include an approach to driving up productivity, pay and conditions in those sectors of the London economy that play a key role in the economy, and employ large numbers of people, but are often characterised by low pay and poor employment standards, including social care, retail and hospitality. The TUC believes that sectoral approaches will be essential here, with new bodies that bring business, unions and the Mayor, London boroughs and other local political leaders together to forge joint working on improving pay, security, training, progression and productivity.

3.4 Housing

London has the opportunity to make the building of new social homes a central plank of infrastructure investment and of a regional industrial strategy.

For the past 30 years London's housing supply has failed to match household growth. Consequently, London's residents currently experience the highest levels of overcrowding and pay the highest levels of rent in the UK. London remains afflicted by a high level of homelessness, people living in temporary accommodation and street sleeping. London is short of at least 300,000 homes to meet its existing housing need.

The target for new homes is 65,000 a year, but even before the pandemic only around 40,000 were being built.

The Mayor of London's target for genuinely affordable low-cost homes is 17,000, but this is still too limited a goal to meet the real needs of the capital.

Almost a fifth of all homes are being built in just three London boroughs: Tower Hamlets, Newham and Greenwich. All London boroughs need to be committed to resolving London's homes crisis.

The average house price for the first quarter of 2020 in inner London was £588,700 – over 17 times the median salary for an employee in London. To rent a one-bed flat in London, they would, on average, spend almost half of their income on rent.¹⁶

The government acknowledged in its white paper [Fixing our broken housing market](#) that the housing market was broken and that successive government's housing and homes policy have failed. This is more evident in London than in any other region or nation in the UK.

ONS research found¹⁷ that there were 77 local authorities in which housing became less affordable over the last five years, most were in London, the South East and the East of England. There were no local authorities in which affordability improved.

The impact of poor housing upon health, education and employment outcomes is well-documented. So is the link between increasing housing costs and household poverty.

The high cost of housing is detrimental to London's economic growth, with the CBI citing housing as London's second biggest weakness contributing to fewer businesses wishing to expand in the capital.

Research¹⁸ has identified a need for 340,000 new homes each year to 2031 of which 145,000 "must be affordable homes". Shelter's Housing Commission¹⁹ recommended a radical renewal of social housing, with a 20-year programme to deliver 3.1 million more social homes, these being housing association and council homes that are genuinely affordable and available at low cost.

London has the opportunity to make the building of new social homes a central plank of its recovery programme through infrastructure investment and of an ambitious regional industrial strategy. In addition to providing new homes the programme could:

- provide quality employment opportunities, including for women, BME and disabled workers in construction
- provide a skills uplift and skills escalator
- provide many high-quality apprenticeship opportunities
- contribute significantly to the improvement of the renewal of housing stock and to net-carbon goals
- provide a solid platform for innovation in house building technology, such as modular housing, and for off-site manufacture.

¹⁶ TUC analysis of ONS 2019 data: private rental market statistics, UK House Price Index, and 2020 ASHE data

¹⁷ ONS, 2019. [Housing affordability in England and Wales: 2018](#)

¹⁸ Crisis, 2018. [Housing supply requirements across Great Britain: for low-income households and homeless people](#)

¹⁹ Shelter, 2019. [Building for our future: a vision for social housing.](#)

There are major obstacles to a 'regional social homes building programme' on this scale in London. The first is cost, but the government needs to factor in the costs it and local authorities incur that are caused by poor housing quality and a lack of access to housing, and the negative impact this has on economic growth and business location in London. The government has quite correctly been willing to take on very significant debt to deal with the present health crisis and the building social homes must be viewed as investment. The Second obstacle is the availability and affordability of development land for the provision of homes. The third is securing the commitment of all local authorities in London to such a programme and to working with the Greater London Authority (GLA) to ensure a strategic approach

4. Decent work and a new way of doing business

The coronavirus has highlighted just how much we rely on key workers. It was shop workers, cleaners, security guards, refuse collectors, postal delivery workers and bus drivers, care workers and staff at local authorities, alongside the NHS and staff in schools, who kept our city and our country going during the crisis. Yet many workers in such occupations are often among the worst paid and least secure.

Our aspiration for recovery from the crisis cannot merely be creating new jobs to replace those that have been lost. It must also be about improving the quality of jobs that already exist in London and creating new quality jobs, so that all jobs are good jobs, with decent pay, more security and a strong voice for workers, and that discrimination and disadvantage at work are eliminated.

Nationally, the TUC is calling for:

- the national minimum wage to be lifted to £10 an hour
- a ban on zero-hours contracts and bogus self-employment
- all workers to be automatically put into an occupational pension scheme with sufficient contributions for a decent standard of living in retirement
- proposals to boost collective bargaining, including ensuring good access to workplaces for unions to meet staff and to organise effectively
- new business models to deliver workforce voice in corporate governance and reform of corporate purpose
- giving workers a voice at the heart of government through a National Recovery Council bringing together workers and employers, mirrored at regional and sectoral level
- government support for business, taking the form of equity stakes, and being conditional on business putting in place fair pay and employment plans.

Leaders in London are already doing things to improve job quality locally. London Boroughs like Southwark and Hackney have developed active procurement codes. The Mayor of London promotes the London living wage and applies it through the GLA family, he has introduced a Good Work Standard that he urges all employers to follow and he has made the GLA an exemplar for pay gap reporting for gender, BME and disability. He advocates collective bargaining and urges all workers to join a union. Many London boroughs support and apply the London living wage and have progressive apprenticeship programmes. Several London boroughs publicly support the work of unions in the workplace and urge all workers to join a union. Presently Islington is working with the TUC to develop joint campaign materials. London boroughs have approached TUC LESE asking us to join fairness commissions and recovery panels. Several London boroughs have signed the TUC's Great Jobs charter.

London's recovery strategy should build on these positive interventions.

4.1 Promoting great jobs through public procurement

Just as public procurement can be a valuable lever for creating jobs in the London, so it can also be used to drive up job quality.

To maximise the potential of procurement to drive up job quality across London, the Mayor of London, London boroughs and the LEAP should:

- work with commissioners and decision makers across the public sector - including the health service and local government - to promote, implement and monitor a more dynamic approach to social value procurement in support of great jobs and inclusive growth, including the wider public sector learning from the best practice from devolved governments in London, Wales and Scotland

This will involve the use of procurement codes, pre-procurement eligibility checks and protocols, voluntary agreements and charters, including employment charters, to promote high quality service delivery, decent employment standards and to protect against exploitation of any outsourced workforce and standards in the supply chain.

4.2 Worker voice

The crisis has shown value of working with unions to deliver rapid change on the ground. From expanding NHS capacity to the development of safe working practices across the economy and adapting to changes in workload and output, engagement with workers and the trade unions has been essential to the response to the crisis.

Worker voice must be embedded in any recovery plan, through the promotion of collective bargaining at a workplace level, sectoral agreements and using a social dialogue model to ensure effective communication and joint working between government, unions and employers.

Collective bargaining delivers at a workplace level. [Workers in unionised workplaces](#) have better pay, more training, better work-life balance policies, better pensions, and are less likely to leave their job, it is the foundation for better safety, health and welfare outcomes and better equality outcomes too. Workplaces in which unions are recognised have a higher rate of productivity on average than workplaces in which unions are not involved in the organisation of work.

And research shows that collective bargaining also delivers for workers across the wider economy too - particularly when workers can bargain with employers to set standards across a whole industry or sector. The OECD has [published evidence](#) showing that collective bargaining helps tackle inequality, boost business productivity, and help groups who are discriminated against in the labour market to get and keep jobs. The OECD also found that collective bargaining is at the heart of how governments can deliver better work.

To embed this kind of good practice and increase workers' voice in the long term, the Mayor of London, London boroughs and the LEAP should:

- set a headline aim to increase employee, worker and trade union engagement, explaining the benefits that this can bring for productivity, and use commissioning, procurement and the allocation of specific funding streams to require evidence of effective workforce engagement from employers

- build employee, worker and trade union engagement by promoting the value of social dialogue through collective bargaining and workforce voice in strategic decision-making: one way of doing this is to establish extended information and consultation mechanisms with recognised trade unions, building on the existing 'Information and Consultation of Employees Regulations 2005; the Mayor of London, London boroughs and the LEAP should work to jointly promote this as a core objective of the recovery strategy
- build on our experience in London, and good practice in Greater Manchester, Liverpool City Region and other areas, in developing structures and mechanisms for engaging trade unions and other stakeholders in the heart of regional decision making and economic strategy, learning from successful social dialogue in Germany and the Nordic economies.

Under the first Mayor of London, the GLA introduced and promoted the London Living Wage, the first to do so in the UK. It designed a procurement code that supported its London living wage and that promoted dialogue with trade unions. The Mayor of London, as one of the three UK Olympic partners, alongside the UK government and the British Olympic Association, advocated the TUC's role and the emphasis on economic, social, health and equality outcomes in London 2012. This led to the recognition of the value of the Principles of Cooperation proposed by the TUC, that was signed by the key partners. The present Mayor of London has launched a 'good work standard', publishes an annual analysis of the gender and BME pay gaps at the GLA each year, and publicly advocates collective bargaining and the positive role of unions, and urging all workers to join a union.

4.3 Skills

Good quality skills provision is essential to improve the quality of jobs and enable people to access them.

On a national level, the TUC is calling for:

- a job guarantee scheme that includes a flexible training element and the option for starting an apprenticeship
- a new right to retrain for everybody, backed up by funding and personal lifelong learning accounts, 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
- an "education and training guarantee" for all school leavers and other young people aged 25 and under who wish to take this up. This guarantee would include an apprenticeship, a place at college or university, and other education and training options. The apprenticeship levy should be flexed to support this where appropriate.
- a fully funded entitlement for all adults to achieve a Level 3 qualification level
- increased financial support for adult Further Education and Higher Education students through maintenance grants and bursaries
- investment in the Further Education estate and workforce

- a new right to paid time off for education and training for workers
- a new entitlement to a mid-life skills or career review, and the development of an all-age careers guidance service in England.

Regional and local responsibility for skills provision means that Mayor of London, London Boroughs and the LEAP have an opportunity to drive change in skills provision in London. Pre-pandemic the Mayor in London, along with the four local authority partnership groups had been developing policy and practice establishing a considerable amount of good practice, including making access to training free for those earning less than the London living wage. In addition to this work, they should:

- use procurement, advocacy and soft powers to ensure that the recovery strategy has a core aim of driving up employer engagement in training, with a view to increasing:
 - the number of employers providing workplace training
 - engagement with unions on the learning and skills agenda, including the use of workplace learning agreements negotiated with relevant trade unions
 - the number of employees provided with time off to train
- ensure local skills strategies are aligned with infrastructure and investment decisions
- secure employment and training opportunities for local communities through intelligent procurement and framework agreements such as those used for the London Olympics and HS2, including making sure that apprenticeships and other training opportunities are established across supply chains.
- sign the TUC Apprenticeship Charter and work with LEPs to engage employers to ensure every apprenticeship has purpose, is paid fairly, with high-quality learning and training elements, has access to trade unions, and is aligned to valuable permanent job opportunities.

4.4 Equality at work

The impact of Covid-19 has had a clear disproportionate impact on certain groups. People from BME communities have been hit more severely by the virus than other groups, in part because they are [more likely to work in frontline jobs](#) that expose them to the virus. There is also clear evidence and documented [reports](#) that the economic impact of the virus has so far been worse for women, with paid hours of work falling more for women than men and more women dropping out of the workforce, something likely to be related to women bearing a greater share of caring responsibilities.

Immediate steps must be taken to address the adverse impact on people with protected characteristics and to tackle discrimination and disadvantage in the longer term. This is crucial to making sure that inequalities are not increased and entrenched by the coming economic downturn.

Nationally, the TUC is calling for the government to:

- develop a cross-departmental action plan in government, with clear targets and a timetable for delivery, setting out steps to tackle the entrenched disadvantage and discrimination faced by BME people, with regular updates given to parliament
- strengthen the role of the Race Disparity Unit to properly equip it to support delivery of the action plan
- review and where necessary redraft the Gender Equality Roadmap and include a clear timetable for delivery
- engage with disabled people's organisations and disabled people to ensure that the voice and experience of disabled people are central to the following:
 - reviewing the Access to Work grants and ensuring better resourcing and process
 - understanding the implications of the increase in home working for disabled workers, and responding, building access to quality employment opportunities
 - taking the necessary steps to close the disability employment gap and the disability pay gap
 - produce a strategy and timetable to address the systemic inequality that disabled people experience in the labour market
- ensure compliance with the public sector equality duty throughout its response to Covid-19.

At the regional and sub-regional level Mayor of London, London boroughs and the LEAP should use their procurement and leadership powers and policy levers such as employment charters and the public sector equality duty to enact the following recommendations and encourage employers to adopt them:

- There should be programmes to increase the availability and affordability of childcare.
- There should be programmes to support and promote positive flexible working, to enable those with care responsibilities or chronic health problems (that do not qualify as a registered disability), to access quality work and career advancement.
- Employers with 50 employees or more should be encouraged to report on their gender, disability and BME pay gaps, and to develop an action plan to reduce them; employers with 250 or more employees, who are legally required to report their gender pay gap figures, should be encouraged to develop time bound and target driven action plans informed by detailed monitoring.
- All employers in London should be encouraged to carry out regular pay audits for a better understanding of how to address the root causes of pay inequalities in their organisation.
- There should be adequate funding for specialist domestic violence services and centres where government cuts have significantly reduced provision and access in the area.
- The partial devolution of some skills funding should be used to ensure apprenticeships and routes into jobs and training are designed and delivered in a way

that is truly accessible to the most underrepresented groups (e.g. women, BME workers, disabled workers).

- There should be dialogue and joint work with unions on equality goals, action plans, standards and outcomes, engaging with trade union's equality committees, officers and equality reps. We must build in mechanisms that ensure wider consultation of stakeholders who bring in underrepresented group such as women, BME people, disabled people and LGBT+ people in London to ensure diversity of views and accountability, so local policy isn't decided behind closed doors and outcomes are visible.
- Employers must be encouraged to promote and adopt a zero-tolerance approach to sexual harassment and other forms of discrimination, including developing clear disciplinary procedures, in partnership with trade unions.
- The role of trade union equality reps in the workplace must be supported and promoted.
- Employers should ensure their equality policies are inclusive of lesbian, gay, bisexual and trans (LGBT) workers.
- Employers should consult with their disabled staff and their trade unions on the best way to remove barriers and address the disability employment and pay gaps. Employers should also consult and work closely with recognised trade unions.
- Employers should be helped to better understand their Equality Act obligations, and to put in place reasonable adjustments for disabled workers. This should include adopting the [TUC's model Reasonable Adjustments Disability Passport](#) to ensure their disabled workers adjustments are maintained through times of change.

5. Eliminate spatial inequalities in London

Affluence and a thriving economic base are not universal in London, quite the opposite. London contains vast spatial inequalities and areas with significant levels of deprivation.

There are several emerging trends from the 2019 indices of deprivation in London,²⁰ compared to 2015. In terms of concentration of really deprived areas within a local authority, London boroughs have become relatively less deprived in comparison to other parts of the country. However, a third were still within the top 30 per cent most deprived across England, making London as a whole comparatively more deprived than England as a whole.

London compared relatively well on measures of education and employment, reflecting the high level of qualifications of its inhabitants. However, the fact that income deprivation is comparatively high reflects an imbalance between wage levels and the cost of living in London, particularly for the most vulnerable, families with children, and the older population. Measures of income do not fully take into account the high rental and housing costs in London and are therefore likely to underestimate levels of monetary deprivation in London.

It is unsurprising that London boroughs are among the most deprived within the access to housing and the living environment measures in the index, reflecting some of the broader issues inherent in highly built up urbanised areas and the housing crisis in London, in particular. The barriers to services domain may understate London's deprivation as it uses geographic distance to services rather than availability of services, for example to GPs, to dentists or school places availability.

Even in what are seemingly the most affluent parts of London there is clear evidence of economic and social failure, illustrated by statistics for the number of workers earning less than £10 per hour, the number in insecure unemployment with no guarantee of work, the number of children living in poverty after housing costs, and the proportion of the working population who do not have Level 2 literacy and numeracy skills.

Acute spatial economic inequality is an economic, social and political failure. In the light of emerging evidence of the disproportionate impact of the pandemic it should be an even greater priority for the Mayor of London, local authorities and the LEP to actively address the spatial inequalities in the London. The creation of good jobs with security, good terms and conditions of employment and a high level of training at work are central to delivering this objective.

²⁰ Ministry of Housing, Communities and Local Government, 2019. The English [Indices of Deprivation 2019](#)

6. Rebuilding world class public services

Effective, efficient and well-run public services must be at the heart of a strong economy and they are the backbone of our society and of every community. The TUC believes that publicly owned, publicly delivered, publicly accountable and publicly controlled is the most effective and efficient model in the vast majority of instances, and this should be the default mode. Adequate funding of public services is essential, as is stable funding.

In 'normal' times public services educate us, look after our sick, vulnerable and elderly, keep our streets clean and safe and enable us to travel affordably and safely. Our public services were even more important during the pandemic, with public sector workers making huge sacrifices on the frontline in the fight against the virus. The wider economic recovery will also crucially depend on the quality and capacity of public services, from public transport to schools and nurseries, being properly funded and able to operate safely.

Yet public services went into this pandemic weakened by twelve years of cuts, pay freezes, pay awards less than the rate of inflation and unfunded pay awards, which had created major staff shortages and capacity issues in key areas including health, social care and local government. Investment in public services is not only needed to address these issues, it will also increase jobs, get more money into consumer's pockets and add demand to the economy.

After months of [publicly celebrating](#) public sector workers, the government should reward their professionalism and sacrifices with a fair pay rise and by awarding increased funding to the services in which they work, to begin to repair the damage caused by austerity, and to build public service capacity, quality and resilience in the future. Nationally, the TUC is calling for:

- government to reward public sector workers for the huge sacrifices they have made with fair pay rises that restore what they have lost through years of pay freezes, below inflation pay rises and unfunded pay awards.
- new funding settlements for the NHS, local government, education and across public services to address the chronic under-funding of our public services, with funding for councils in deprived areas a priority.
- government to honour its 'Whatever it costs' commitment that it made to local authorities in relation to dealing with the impact of the coronavirus pandemic. The 32 London Borough's umbrella body, 'London Councils' gave [evidence](#) to Parliament that the London boroughs expect the cost of the pandemic to them in this financial year to be £1.8bn, but to date they have received just £518m of emergency funding. Any deficit will inevitably denude future services that they provide in the future if this is not remedied.
- a new settlement for social care that establishes integration and genuine parity of esteem with the NHS, includes proper funding and a care sector workforce strategy that supports standards, productivity and workforce development and is able to enforce sector-wide standards for service users and sector wide good employment standards for workers

- an end to the outsourcing of public services and for outsourced services to be brought back in-house as soon as possible, with public sector ownership and delivery being the presumption
- all providers of public services to be subject to the Freedom of Information Act and be required to make full details of contracts, supply chains and company information public, to ensure that public procurement practices deliver greater accountability and transparency in our public services
- the creation of a clearing house of all significant contracts across the public sector to enable evaluation of their performance and development of good practice. This could be a public services commission, an enhanced National Audit Office, or a new regulator.

While issues such as pay and funding will require action by national government, regional and local authorities can take important steps to improve the resilience and quality of public services by:

- adopting a policy of all service provision being publicly managed 'in-house' by default in all public sector organisations, only outsourcing where there is a proven strong public interest for doing so
- reviewing existing contracts with a view to renegotiating and/or terminating such contracts where this is demonstrably in the public interest
- basing all procurement and commissioning decisions on a public interest test, with clear, measurable "make or buy" criteria to ensure the delivery mechanism chosen best promotes:
 - a public service ethos
 - accountability to service users and elected representatives
 - value for money including social value and equality outcomes
 - quality service standards
 - long-term sustainability of the service
 - high-quality employment conditions, pay, pensions and employee voice
 - integration of services.

Where there is a public interest case for going to the market, a social value procurement strategy should be put in place across all public sector bodies in London and voluntary agreements and charters, promoted by trade unions and others, used to promote high quality service delivery and decent employment standards.

7. Conclusion

A 'better recovery in London' will involve an accelerated commitment to shovel-ready projects like transport schemes and a massively increased regional house building programme to provide low cost homes, including council and socially owned homes, for those who need them. It should include a commitment to improve access to high quality

broadband for all Londoners. It should also include investment in social infrastructure, such as childcare and social, as both the essential backbone to a strong economy and a source of quality employment in their own right.

But new money and accelerated schemes still allied to old thinking will not work. The need to make a reality of the commitment to inclusive growth in London as our economy seeks to recover from the pandemic could not be more obvious. We have new challenges, alongside those we were already facing and we all need a new way of thinking. We need a new way of working and we should learn from other economies such as those in Germany and the Nordic countries that have a long and successful experience of regional economic and social development based on partnership working.

This is an unprecedented economic crisis written over the top of an economy that was already broken as was exemplified by indicators such as inequalities between regions and within regions, the level of in-work poverty in every region, of poor quality employment and job insecurity in every region, of unaffordable housing and homeless, and slow transition to zero carbon goals.

But the challenges and opportunities in every nation, region and sub-region of the UK are different. A 'one-sized' or centralised strategy will not work. And the objective must not be to merely attempt to resurrect the economy in London that we had before the pandemic. There are new and strong dynamics in play, such as the increase in remote working and people looking for services closer to their homes. There are crucial goals, such as dealing with the climate crisis, that can be integrated into a 'better recovery' response. And there are goals that did not feature highly enough in the list of priorities for regional economic development in the past, but that have rightly been elevated by our experience of the pandemic, such as building a high-quality and well-funded social care system based on good employment practices, high skills and fair pay.

An effective short-term and long-term regional and sub-regional response needs a renaissance in local government aligned with the necessary funding to act in a transformative way. It needs a revisit of the incomplete devolution settlement in England. It needs a deep and rapid assessment of what architecture is necessary to manage a successful economic and social recovery in our sub-regions and regions. And it needs genuine partnership working and impactful social dialogue with trade unions and employers at the table, with a meaningful voice.

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