

**A better recovery
for the South East**

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. These jobs will become vulnerable as the Job Retention Scheme ends in October. 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-running decline of our industrial base, which has contributed to inequalities between and within regions, 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, funding settlements 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. 8 per cent of the South East's employment is in at-risk occupations, rising to 21 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 partners in the South East of England can do within existing structures.

As well as calling on the chancellor to provide support for the South East as part of a national recovery plan, this report sets out a recovery plan for the region that local authorities and LEPs in alliance with regional partners can start putting into action right away.

¹ TUC analysis of Labour Force Survey Q1 2020

2. An economic snapshot of the South East of England

For clarity we define the South East using the former Government Office for the South East boundaries comprising Kent, East and West Sussex, Hampshire, the Isle of Wight, Oxfordshire, Berkshire, Buckinghamshire and Surrey. The Government Office for the South East was abolished in 2011. This was also the geography of the former South East of England Regional Development Agency, SEEDA, which was abolished in 2012.

There are no combined authorities or elected mayors in the South East. There are 74 local authorities, unitary, district and county councils, and seven local enterprise partnerships within the region.

The government's statistical report of trade union trends,² covering 2019, found that there were 711,000 trade union members in the South East of England, an increase of 20,000 on the previous year. Many other workers in the South East 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.

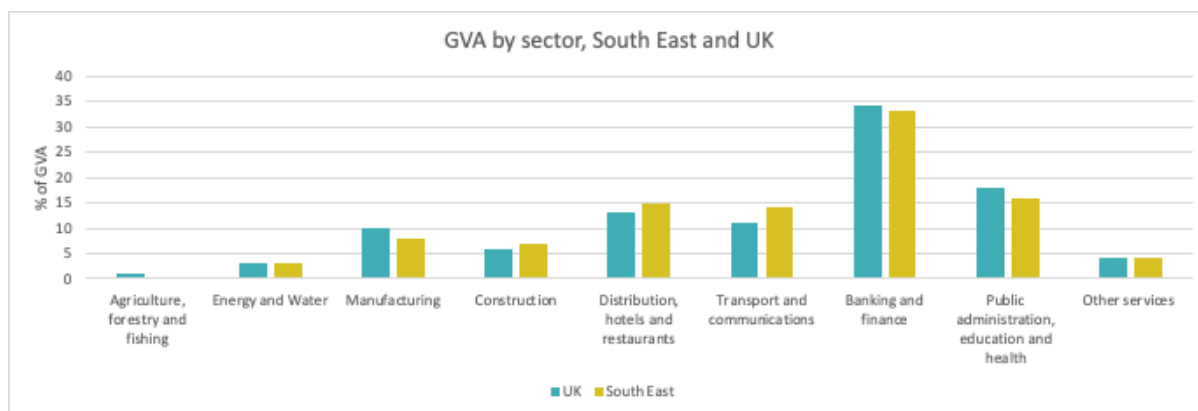
Total membership of unions in the UK in 2019 was 6,440,000, a net increase of 91,000 on the year before. This was the third consecutive year of net growth in trade union membership.

12 per cent of all trade unionists in the UK work in the South East of England.

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 the South East were higher than for the rest of the UK, at 1.8 per cent compared to 1.3 per cent.³ However, since 2015, the South East has experienced six quarters where there was no or negative growth.

Economic activity in the South East is slightly more concentrated in construction and in distribution, hotels and restaurants than in the rest of the UK.



Source: ONS 2019

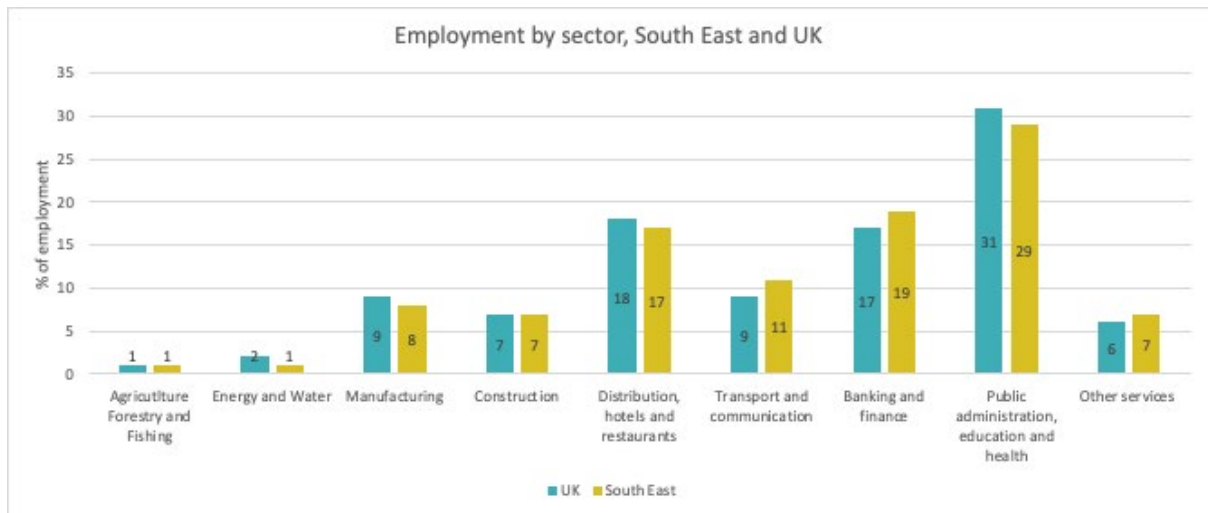
² Department for Business, Energy and Industrial Strategy, 2019. [Trade union membership](#).

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

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 79.5 per cent of the working age population were employed in the South East, higher than the UK average of 76.4 per cent, with an unemployment rate of 3 per cent (compared to 3.9 per cent across the UK).⁴

People in the South East are slightly 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

Across the UK, one in nine people are in insecure work. In the South East 10.3 per cent of people are in insecure work, according to TUC analysis.⁵ 142,000 people or 3 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 the South East is above the UK average, at £498 a week compared to £479.⁸

Union membership in the South East 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

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

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

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 785,640 key workers across the South East of whom 39 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 the South East TUC analysis estimates that around 1,387,400 workers, or 30 per cent of those in employment¹², are reliant on government schemes to support incomes during the pandemic, with many facing an uncertain future.

	Claimed SEISS	JRS	Total JRS and SEISS	% of in employment on a scheme
South East	352,000	1,035,400	1,387,400	30
Bracknell Forest UA	4,600	15,000	19,600	30
Brighton and Hove UA	13,800	33,300	47,100	29
Buckinghamshire UA	21,300	63,000	84,300	31
Isle of Wight UA	6,100	15,400	21,500	36
Medway UA	11,900	30,700	42,600	30
Milton Keynes UA	8,300	33,900	42,200	31
Portsmouth UA	8,400	22,800	31,200	30
Reading UA	5,300	19,800	25,100	28
Slough UA	6,700	20,100	26,800	36

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

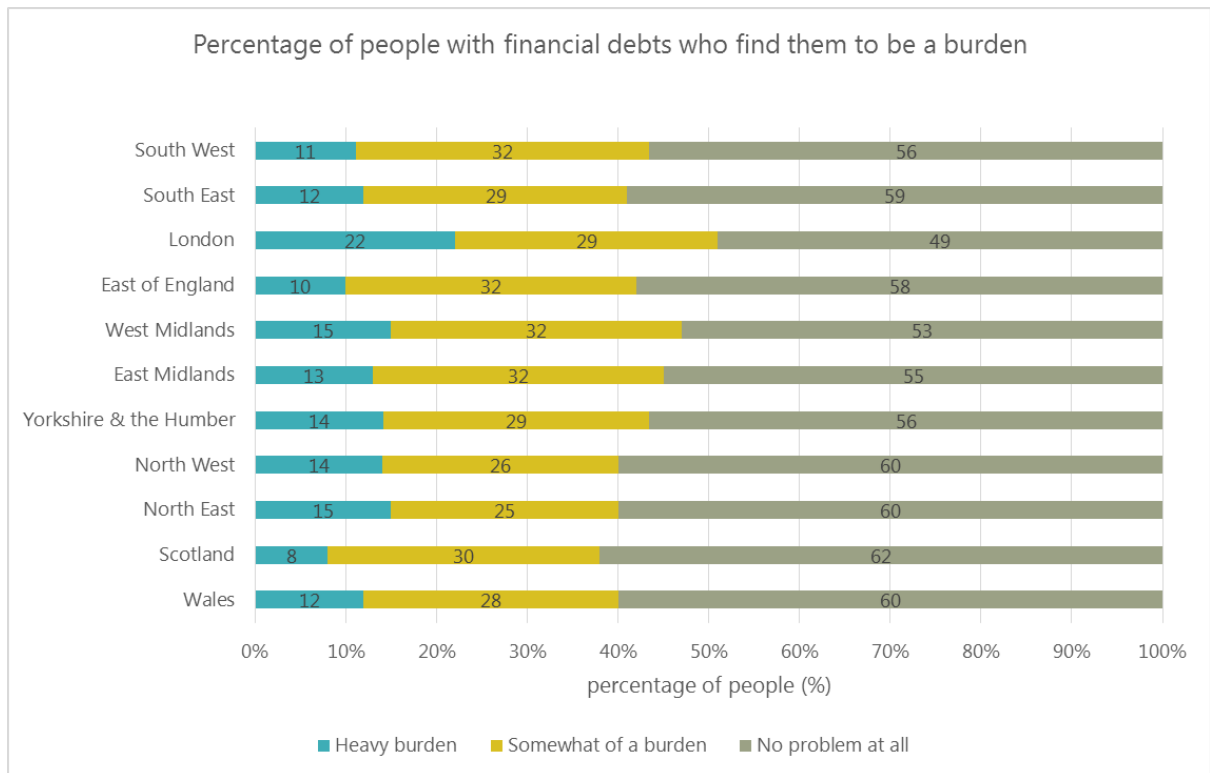
¹¹ Ibid

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>

Southampton UA	8,800	25,800	34,600	26
West Berkshire UA	5,500	17,900	23,400	27
Windsor and Maidenhead UA	5,000	17,500	22,500	29
Wokingham UA	5,400	17,200	22,600	27
East Sussex County	26,200	58,900	85,100	32
Eastbourne	4,100	11,500	15,600	34
Hastings	4,700	9,700	14,400	29
Lewes	5,000	10,600	15,600	33
Rother	4,400	9,300	13,700	29
Wealden	8,100	17,700	25,800	35
Hampshire County	48,800	152,600	201,400	29
Basingstoke and Deane	5,600	19,900	25,500	26
East Hampshire	5,300	13,500	18,800	31
Eastleigh	4,600	15,600	20,200	31
Fareham	3,800	12,700	16,500	28
Gosport	2,600	8,500	11,100	27
Hart	3,200	10,700	13,900	28
Havant	5,400	13,700	19,100	33
New Forest	6,800	20,100	26,900	31
Rushmoor	3,500	12,500	16,000	29
Test Valley	4,200	13,600	17,800	29
Winchester	3,900	11,700	15,600	28
Kent County	63,300	170,700	234,000	31
Ashford	5,300	15,300	20,600	31
Canterbury	5,900	15,900	21,800	29
Dartford	4,600	13,400	18,000	28
Dover	4,400	11,700	16,100	31
Gravesham	4,600	12,500	17,100	31
Maidstone	7,200	19,700	26,900	50
Sevenoaks	4,700	12,900	17,600	20
Folkestone and Hythe	4,400	11,200	15,600	27

Swale	6,000	16,000	22,000	34
Thanet	6,400	14,900	21,300	35
Tonbridge and Malling	5,100	14,700	19,800	28
Tunbridge Wells	4,800	12,400	17,200	30
Oxfordshire County	23,100	80,100	103,200	28
Cherwell	5,400	21,200	26,600	33
Oxford	3,600	16,000	19,600	23
South Oxfordshire	5,400	15,400	20,800	27
Vale of White Horse	4,500	13,900	18,400	29
West Oxfordshire	4,300	13,600	17,900	30
Surrey County	43,900	133,000	176,900	28
Elmbridge	4,700	14,200	18,900	30
Epsom and Ewell	3,100	8,600	11,700	29
Guildford	4,800	15,400	20,200	23
Mole Valley	3,600	9,400	13,000	29
Reigate and Banstead	5,600	16,500	22,100	28
Runnymede	3,000	10,500	13,500	28
Spelthorne	3,800	13,200	17,000	31
Surrey Heath	3,200	10,600	13,800	31
Tandridge	3,500	9,700	13,200	30
Waverley	4,600	13,000	17,600	29
Woking	3,900	11,800	15,700	27
West Sussex County	35,100	107,800	142,900	33
Adur	3,100	7,400	10,500	30
Arun	6,700	19,000	25,700	37
Chichester	5,300	13,800	19,100	31
Crawley	4,100	20,000	24,100	41
Horsham	5,600	17,400	23,000	32
Mid Sussex	5,700	18,000	23,700	29
Worthing	4,500	12,200	16,700	29

With many people in the South East 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 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. Local authorities and LEPs in alliance with regional partners in the South East can have a crucial role to play in shaping how infrastructure is delivered to maximise good job creation.

Local authorities and LEPs in the South East should:

- work with other regional and local partners to articulate the need for greater government investment in infrastructure in the South East and define what the region's priorities are
- 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 ongoing process such that it provides a feedback loop from communities and the workforce to the relevant delivery partners, and to local authorities and LEPs
- 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

When the media writes and talks about infrastructure it often refers to new roads, road widening, new bridges, new rail lines, electrification of rail, nuclear power stations and airport expansion. Big long-term projects can be important and can be value for money. But infrastructure investment can be on a smaller more granular scale and more immediate. Bus services are crucial to millions of workers, providing them with a potentially increased access to the labour market, especially young workers, those living remote from centres of commerce and those on low incomes.

Buses are used for nearly 60 per cent of public transport journeys in England. But:¹³

- Passenger journeys in England outside London declined by 3.2 percent in the year to March 2018, continuing the decline since 2008/09.
- In England outside London bus mileage has declined by 12.9 per cent since 2004/05, and it declined by 4.2 per cent in the year ending March 2018.
- This has been driven by a decrease of 49 per cent in local authority supported mileage, in particular in non-metropolitan areas. Supported mileage reached its highest

¹³ Department for Transport, 2019. [Annual bus statistics: England 2017/18](#)

proportion in 2009/10 at 24.2 per cent but has decreased 12.7 per cent of total mileage in 2017/18.

- Out of 88 clusters of local authorities in England outside London, 70 had a decrease in bus use per head from 2009/10 to 2017/18.

The viability of bus services has been greatly impacted by coronavirus, the lockdown and social distancing. Some interim relief funding has been provided by the government. But a long term plan, investment, strategic working between the combined authority and local authorities to organise a renaissance of bus services would be a stimulus to the South East of England's economy and greatly widen access to labour market opportunities, especially for the young, those on low incomes and those who are geographically marginalised.

3.2 Leveraging public procurement to support local economies

Public sector organisations, such as local authorities, the NHS and government departments have massive spending power. To give an indication, total public sector spending in [the South east in 2018/19 was £109bn.¹⁴ This spending can be used as a powerful economic lever to stimulate and restructure the region's economy.

Local authorities and LEPs 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 the South East.

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

3.3 A regional industrial strategy for the South East

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 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 but does so in a way that tackles these long-running structural problems simultaneously.

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

¹⁴ ONS, 2019. [Country and regional public sector finance expenditure](#), Table 4

- 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

Regional level industrial strategies will be key to levelling up and delivering change on the ground. There are enormous strengths and opportunities in the South East, including:

- world-class manufacturing in sectors such as motor manufacture, space, aerospace and aviation, secure printing, pharmaceuticals and a strong marine sector: it is the region of the UK with the highest gross manufacturing output and the highest GVA per worker
- excellent international transport links and port facilities
- world-class research and development facilities and renown universities, that have a good track record of collaboration with businesses
- a high skills base
- excellent assets in the tourism and hospitality sector.

Political leaders in the South East can work more strategically and collaboratively to protect, nurture and build upon such assets.

To build on these opportunities and develop strong local recovery strategies, local authorities should:

- develop new sectoral boards, bringing local authorities and LEPs into alliance with regional partners including employers' organisations, unions and other regional stakeholders to support productivity improvements and better jobs across key 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 expanding the South East's role in low-carbon technologies, for example, research and development for wind and solar technology, effective waste recycling, local energy generation, insulation of new homes, modern building techniques including off-site manufacture with a low carbon impact, retrofitting existing buildings, electric vehicle technologies and carbon reduction in the aviation sector. The South East should develop a regional industrial strategy that aims for 50 per cent of energy to come from renewables by 2030 and should map the potential for new technologies, areas of growth and

coordinate support for workers and investment around a long term plan for a just transition to a low-carbon economy.

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

3.4 Housing

The government acknowledged in its white paper [Fixing our broken housing market](#) that the housing market was broken and that successive governments' housing and homes policy had failed for decades.

ONS research found¹⁵ that there were 77 local authorities in which housing became less affordable over the last five years, and 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 calculated after housing costs are paid.

Research¹⁶ has identified a need for 340,000 new homes each year to 2031, of which 145,000 "must be affordable homes". Shelter's Housing Commission¹⁷ recommended a radical renewal of social housing, with a 20-year programme to deliver 3.1 million more social homes. These would be housing association and council homes that are genuinely affordable and available at low cost.

There is an acute housing shortage in the South East, particularly of social homes, and a crisis of affordability.

The South East has the opportunity to make the building of new social homes a central plank of infrastructure investment and of a 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

¹⁵ ONS, 2019. [Housing affordability in England and Wales: 2018](#)

¹⁶ Crisis, 2018. [Housing supply requirements across Great Britain: for low-income households and homeless people](#)

¹⁷ Shelter, 2019. [Building for our future: a vision for social housing.](#)

- 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.

There are major obstacles to a 'regional social homes building programme' on this scale in the South East. 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 lack of access to housing. The government has quite correctly been willing to take on very significant debt to deal with the present health crisis. Building social homes is an investment. Ultimately money is not an obstacle, political will is. Second, the 1961 Land Compensation Act needs to be amended to make development land for the provision of social homes much more affordable. Third, local authorities in the South East must be committed to such a programme and need to cooperate across boundaries to deliver it.

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 country going during the crisis. Yet many workers in such occupations are 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 the South East 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
- ensuring all workers are 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 that would bring 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.

Some leaders in the South East are already doing things to improve job quality locally. For example, in 2009 Oxford City Council introduced an Oxford Living Wage set at 95 per cent of the GLA's London Living Wage, in recognition of the high cost of living in Oxford. For 2019-20 the Oxford Living Wage rate is £10.02 an hour and the rate increased to £10.21 an hour in April 2020. Hastings Borough Council has been very active supporting the uptake of apprenticeships by local people and businesses.

The South East's 'better recovery' strategy should build on this kind of progressive interventions.

4.1 Promoting great jobs through public procurement

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

To maximise the potential of procurement to drive up job quality across the South East, local authority and LEPs 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 learning from 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 the 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 policies on work/life balance, better pensions, and are less likely to leave their job. Unions are 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, local authorities and LEPs in the South East 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; local authorities and LEPs in the South East should work with LEPs to jointly promote this as a core objective of the recovery strategy

- build on the experience of London, 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 other economies that have strong social dialogue and effective regional economic policy, such as Germany, Belgium, and the Nordic nations.

Under the first Mayor of London, the Greater London Authority 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 the 2012 Games project. 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, urging all workers to join one. This provides good practice that can be transferred.

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 a careers guidance service in England that all workers can access.

Regional and local responsibility for skills provision means that local authorities and LEPs in the South East have an opportunity to drive change in skills provision in the region. 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 are also [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
 - producing 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 local authorities and LEPs in the South East 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 the area 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 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 the South East 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 the South East

There are extreme spatial inequalities in the South East of England. That those spatial inequalities endure and are even getting worse in some areas is a deep failure of current economic and social policy and indicates a failure of central government to fully engage with those at a regional and local level who understand what solutions will be most effective locally. Some of the coastal perimeter has experienced de-industrialisation, such as Sheerness. So has Chatham and Gillingham. In some, a loss of traditional tourism has weakened the economy, such as in Thanet. In the 2019 indices of deprivation, Hastings ranked as the 13th most deprived local council area out of 317 areas in England.¹⁸ In 2018 it ranked 20th, so its position is worsening. Parts of Baird ward and Tressell ward in North East Hastings are in the most deprived one per cent in the country, closely followed by parts of Castle ward, Central St Leonards ward and Hollington ward. The factor that contributed most to the increase in deprivation that has occurred in Hastings since 2015 were 'barriers to services' and 'increasing housing costs' (lack of low-cost social housing).

But even in what are seemingly the most affluent parts of the South East, 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 in every part of the South East.

Acute spatial economic inequality is an economic, social and political failure. It should be a priority for the local authorities and the LEPs to actively address the spatial inequalities in the South East. 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.

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

¹⁸ Ministry of Housing, Communities and Local Government, 2019. The English [Indices of Deprivation 2019](#)

also increase jobs, get more money into consumer's pockets and add to demand in 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 immediate impact of the coronavirus pandemic – many local authorities are documenting the deficit in funding support that they have received to date, which will inevitably denude future services that they provide, 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 the South East 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 the South East' 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 in all parts of the region. It should also include investment in social infrastructure, such as childcare, as the essential backbone to a strong economy and a source of quality employment in its own right.

But new money and accelerated schemes that are still allied to old thinking will not work. We now have new economic and social goals, we have new challenges 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 Germany and the Nordic countries, which 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 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 the 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 cannot be to merely attempt to resurrect the economy in the South East that we had before the pandemic. There are new and strong dynamics in play, such as the increase in remote working. There are crucial goals, such as meeting 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 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 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.

© Trades Union Congress, June 2020

Congress House, Great Russell Street, London WC1B 3LS

020 7636 4030 www.tuc.org.uk

For more copies call 020 7467 1294 or email publications@tuc.org.uk

Please ask if you need an accessible format