Changing the world of work for good

TUC AUTUMN BUDGET STATEMENT

Undoing the damage

INTRODUCTION

The Autumn Budget comes just after the tenth anniversary of the Lehman Brothers crisis and the global recession. Over this decade workers have suffered the most severe wage squeeze in two centuries and the rise of new forms of insecurity at work. It's time for a change in approach.

Deliberate and coordinated action starting in 2008 meant the worst of the crisis was arrested. But after that point highly controversial macroeconomic policies were implemented which have left workers worse off. In the UK cuts of unprecedented duration have been made to public spending. Intended to repair the public finances and deliver a new economic model, they have not delivered. Cuts in government spending were not offset as predicted by increased private spending and have seriously weakened the economy. We have seen the poorest decade for growth in the post-war era.

Slower growth has hit working people hard. Workers are enduring the worst real wage crisis in two centuries and are on average £24 a week worse off than before the crash. Insecurity and low-quality, low-skill work are becoming more rather than less important to the UK economy. One in nine UK workers is now in insecure employment.

As a result, households are struggling to make ends meet and there is an unprecedented shortfall between spending and incomes. Last year the average household spent £900 more than it brought in. This has led to an increased reliance on unsecured borrowing, and evidence of growing hardship for those earning least. The governor of the bank of England now considers household borrowing the top risk for the UK financial sector.

Basic rights and protections have also been undermined. Most obviously, many public services are on verge of breakdown. Day-to-day government spending is down 15 per cent per head since 2010 and even 'protected' budgets like school and NHS spending have failed to keep up with demand and costs. Class sizes are rising and there are an extra 1.7 million people on NHS waiting lists. Less favoured departments like local government and justice have been cut to the bone.

And successive governments have acted to weaken the position of workers. Legislation has undermined labour market regulation and the ability of trade unions to organise and represent workers. The social security safety net is becoming increasingly frayed and plans to plough ahead with the introduction of Universal Credit will bring misery to many. The 'gig economy' has been allowed to flourish, and the government is yet to back up warm words on tackling insecure work with action.

And worse is likely to be to come. As the General Council of the TUC has set out, the Brexit that is being proposed poses threats to our manufacturing and service industries, to the funding and staffing of public services, to further and higher education, science and research institutions, health and social care provision, arts, media and heritage. Some of the impacts of Brexit are already affecting people's jobs and livelihoods but worse may be to come.

Over the past year we have made the case for a relationship with the EU that meets the TUC's three tests on workers' rights, jobs, and Northern Ireland:

- For workers' rights to be protected and enforceable now and into the future, Britain's final status deal with the EU must include a level playing field for workers' rights to stop unfair competition and ensure good employers are not undercut by the bad.
- A prosperous UK needs tariff-free, barrier-free, frictionless trade in goods and services with the rest of Europe. EU trade accounts for about half of all British exports; is vital to the employment of over three million workers either directly or indirectly; and provides good jobs with higher wages, training opportunities and skill levels than average.
- There must be no hard border between Ireland and Northern Ireland, or more restrictions on the border between Gibraltar and Spain

We are willing to consider any proposals that would meet those tests, including negotiating a new single market relationship, or working up from a bespoke trade deal. At present we should not rule out unrestricted access to the single market through continued membership outside the EU as this meets our tests.

But the situation we face while the deal is negotiated will be exacerbated if austerity is not reversed. While the government has celebrated balancing its current budget, the reality for working people is that five more years of cuts – at a minimum – are planned. If we do face a Brexit deal that doesn't meet our tests, the need for investment in the UK will be even greater.

Time to change

The first step to restoring the health of the country and bringing back disaffected communities is to revitalise the UK economy. The government needs to invest in an economy that can provide better, higher paid jobs and restore the public services that have been starved of resources over the last decade. And it must offer a new deal to workers to make sure that the gains of a growing economy are shared equally.

The TUC is urging to the government to act in these three areas by:

Investing in the economy

- Raising public investment to the OECD average of 3.5% of GDP, so that the UK has the infrastructure needed to attract business and create well-paid jobs
- Establishing a National Investment Bank, with a remit to target communities where good quality and well-paid jobs are most needed
- Ensuring that workers have a real say in how industrial change is managed, with a guaranteed seat on sector deals, and by setting up a new tri-partite future of work commission
- Investing in the training and skills of workers and young people by boosting funding for our college system and doing more to enable workers to access learning opportunities.

This should include an expanded National Retraining Scheme, a lifelong learning entitlement, and ring-fenced funding for a fair pay deal for college staff

- Seeking to address time poor workers by providing an entitlement to time to learn, especially for workers with low skills or in increasingly vulnerable occupations

Restoring public services

- Giving all public sector workers a fully funded proper pay rise, after years of pay cuts
- Providing real terms funding increases across the public sector that enable providers to meet on-going demand, deliver world class services and address the significant cuts to resources since 2010. In the medium term, UK spending on public services per capita should be in line with our competitors in Europe, like France, Germany

Implementing a new deal for workers

- Increasing the minimum wage to £10 as quickly as possible, to increase pay for low earners and boost economic demand
- Strengthening collective bargaining rights for workers and giving trade unions the right to access workplaces to tell people about the benefits of joining a trade union
- Modernising employment status rules so that all workers enjoy the same floor of rights as employees, and ending the 'Swedish derogation' that allows employers to pay agency workers less than directly employed workers for the same job
- Banning zero-hours contracts to give workers better access to guaranteed hours and ensure they are paid in full if work is cancelled at short notice
- Establishing a system of joint and several liability throughout supply chains for basic employment standards
- Ensuring the agencies tasked with enforcing employment rights have the resources they need and providing extra funding for the employment tribunal service, which is experiencing a major backlog in cases

This needs to start now. After 10 years of economic underperformance, falling wages and declining public services, it's time to change course.

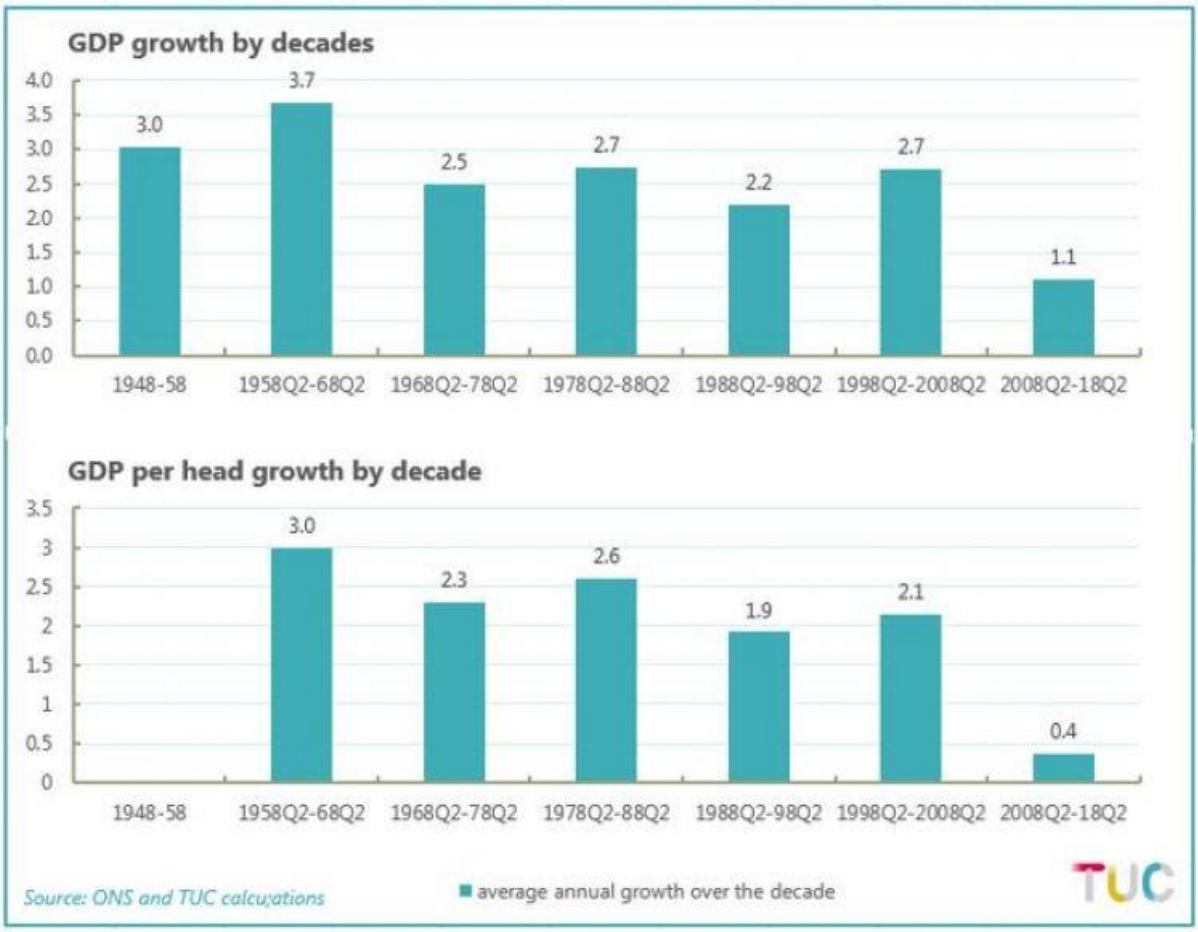
THE ECONOMY

Growth

The sluggish growth of the UK economy since the financial crisis is impossible to ignore. The decade since the start of the 2008 recession saw average annual growth of just 1.1 per cent a year. This is far lower than any of the previous six decades – in fact it's exactly half the rate of the next weakest decade (*see Figure 1*). Looked at on a rolling basis, the only 10-year period that comes close to matching the latest is decade leading up to 1983-84. This included both the OPEC recession of 1974/75 and the Thatcher recession of 1980.

Taking account of population growth, the story is even more catastrophic. GDP per head grew by an annual average of only 0.4% in the decade to Q2 2018. Even during the weakest decade before this, GDP per head expanded at five times this rate.

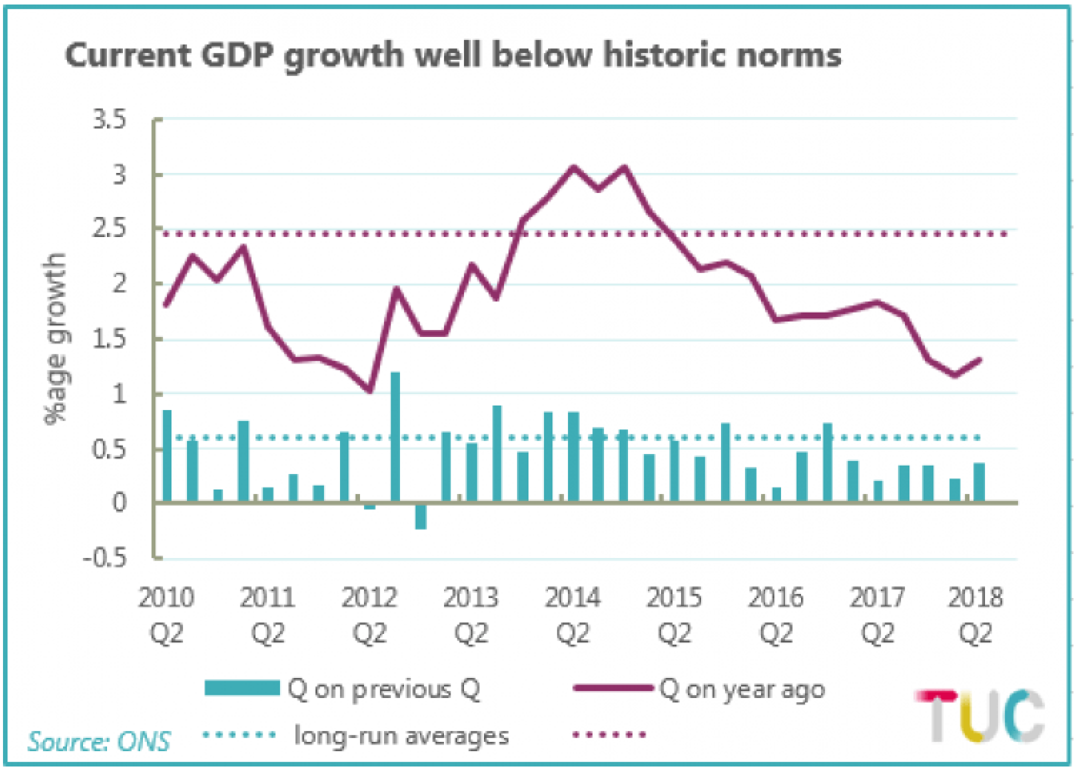
Figure 1



Looked at on an annual and quarterly basis, growth has been slowing over recent quarters. Even after a slight rebound in the latest quarter, the economy grew just 1.3 per cent over the last year – around half the long-run average since the 1950s.

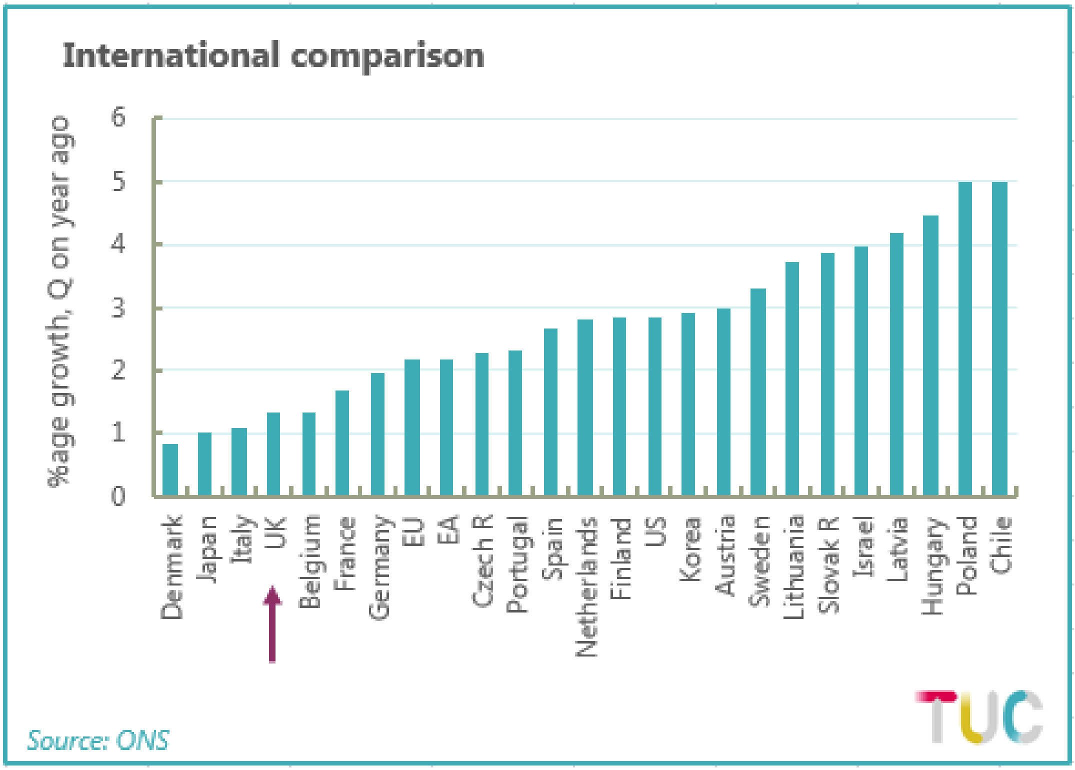
Figure 2 compares recent outcomes with those long-run averages for quarterly (0.6 per cent) and annual growth (2.5 per cent). The UK economy has managed just one quarter of above average growth in the last 10 quarters, while annual growth has been below-average since Q2 2015.

Figure 2



This marks the UK out as among the weakest of advanced economies for which Q2 data is available. Only Denmark, Japan and Italy grew more slowly over the previous 12 months (*see Figure 3*).

Figure 3



And while the UK economy benefitted from the global economic upswing that started in the middle of 2016, there are growing concerns about the durability of this growth. It has largely been sustained by an unprecedented period of extremely loose monetary policy, co-ordinated across advanced economies, which is now gradually coming to a close.

While the European Central Bank and Bank of Japan continue to hold rates at or below zero, the US Federal Reserve has raised rates six times since the end of 2017. The ECB has given guidance that rates are expected to remain at present levels at least through the summer of 2019, while rate-setters at the Fed have implied there will be two more 25 basis point increases in 2018, with a further three projected in 2019.

Banks have also begun, gradually, to unwind quantitative easing. The ECB and BoJ have slowed their bond buying programs, and the Fed has reduced its holdings by $150 billion this year. The result is that central bank bond holdings as a proportion of government debt in these economies has fallen from 32 per cent to 31 per cent over the last year.[1]

This withdrawing of central bank support for the global economy is a risk, particular given the high levels of debt around the world, and the exposure of the UK finance industry. The 2011 Eurozone recession caused by the ECB's premature rate rise, and the 'taper tantrum' of 2013 – when the prospect of the Fed slowing its stimulus program caused havoc in emerging markets – show the potential impact. Although central banks have learned from

[1] https://www.ft.com/content/34bf4d1e-a787-11e8-926a-7342fe5e173f

these experiences, emerging market economies – especially countries like Turkey and Argentina with high levels of foreign currency debt – are particularly vulnerable to tightening in the US.[2]

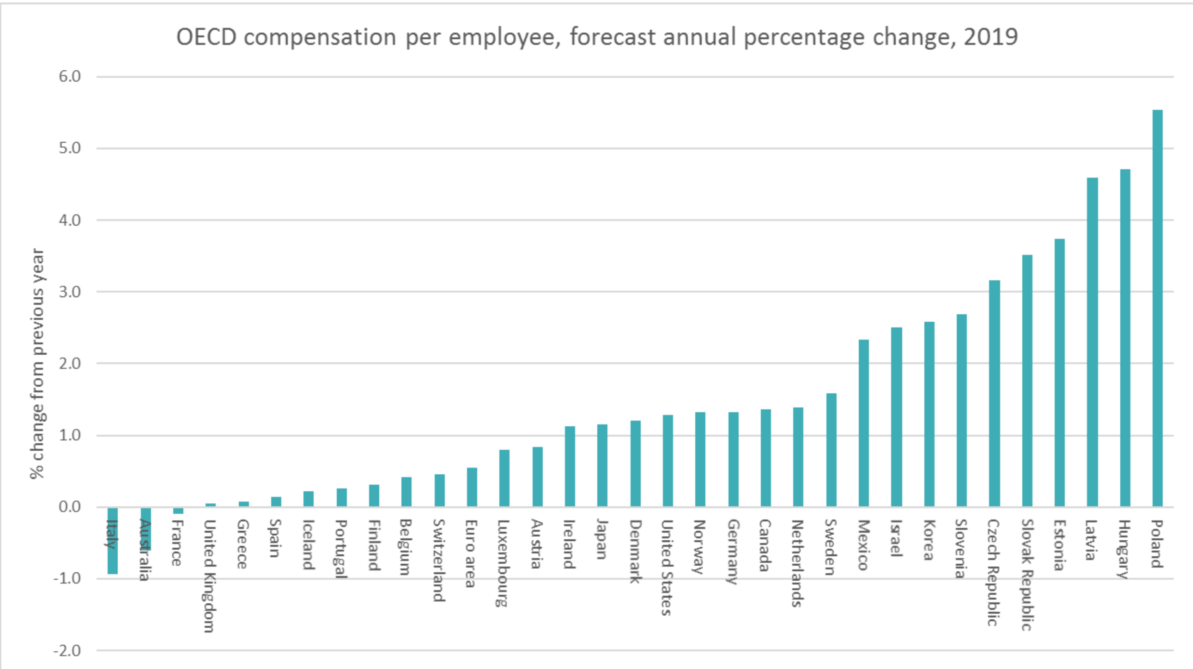
Jobs

The TUC wants to see decent jobs, pay and living standards right across the country. And while the UK is experiencing high levels of employment, the number of people in insecure work is concerning, pay growth is weak, and low pay is widespread.

Insecure work is now a daily reality for millions in the UK, and a worrying feature of the UK labour market. The most recent TUC analysis shows there are around 3.7 million UK workers in insecure forms of employment (agency, casual, seasonal, zero-hours contracts work and the low-paid self-employed). This is 11 per cent of the workforce. The rise in insecure work has affected all nations and regions across the UK, with workers often experiencing low pay, economic hardship and a lack of control over their working hours.

And rising employment numbers and falling unemployment numbers have not resulted in significant pay growth. TUC analysis of OECD forecasts shows that the UK will be among the worst performers for wage growth in 2018 and will be fourth from bottom in 2019 (see *Figure 4*).

Figure 4

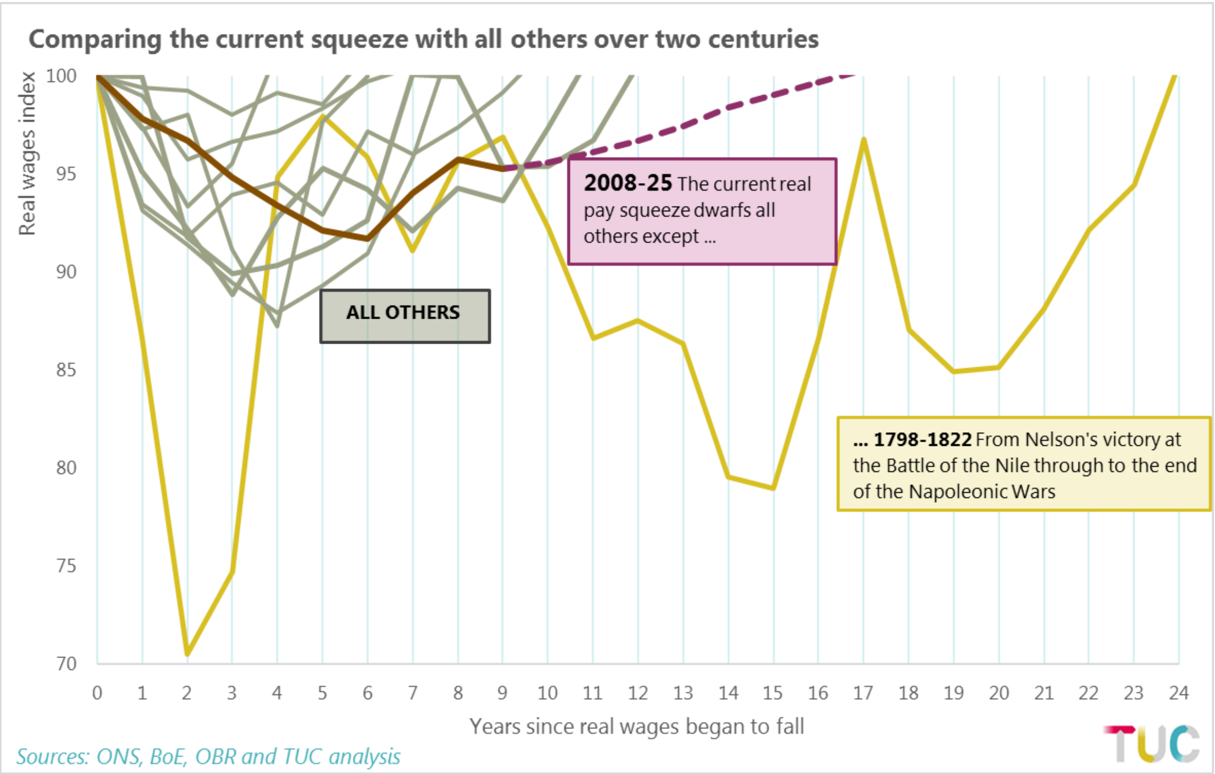


[2] http://documents.worldbank.org/curated/en/775321497019227117/Should-emerging-markets-worry-about-U-S-monetary-policy-announcements

TUC research shows UK workers are suffering the longest squeeze on real wages in modern history (*see Figure 5*). Our analysis compared the current wage squeeze with every major earnings crisis over the past two centuries. As a result of pay failing to keep pace with the cost of living, by 2025 the average worker will have lost out on around £18,500 in real earnings. A decade on from the financial crisis, real wages are worth £24 a week less than they were in 2008. And they are not forecast to reach pre-2008 levels until 2025 – 17 years after the crash. This is the longest period of depressed pay since the beginning of the nineteenth century.

Looking at the period since the current government took office, real average weekly earnings are only £1-per-week more now than in July 2016. Real wage growth has been negative for 11 of the last 25 months.

Figure 5



One result is an increase in in-work poverty, exacerbated by cuts to in-work benefits. Almost 5 million people (one in six employees) earn less than two-thirds of median earnings. Over half of those in poverty (55%) are now in working households and 67 per cent of children in poverty are from a working family. Research for the TUC found there has been a 50 per cent increase in the number of children in working households growing up in poverty.[3] These are not signs of a healthy labour market.

[3] https://www.tuc.org.uk/news/child-poverty-working-households-1-million-children-2010-says-tuc

Household spending and debt

When the current government took office, Theresa May promised to help those who were 'just about managing'. Referred to as 'JAMs', this included people from working families who were worried paying their mortgage, meeting the cost of living, and getting their kids to school.

Given the feeble wage growth discussed above, it's not surprising that 'JAMs' are actually significantly worse off than they were when May took office. TUC analysis shows that, on average, households have spent £1250 more than they earned in period since Theresa May became prime minister.[4] That's £34 billion in total. There has been a shortfall in every quarter since she took office. This financial strain is concentrated in the poorest fifth of households, where debt levels have soared. In comparison, those higher up are managing a little better on average, and top earners are having a field day.

Figures from the ONS show how bad the situation has become. On average, each UK household spent or invested around £900 more than they received in income in 2017, amounting to almost £25 billion. This was the first time that annual household outgoings surpassed household income since 1988. In 1988, that shortfall was much smaller (£0.3 billion in 1988 compared to £25 billion in 2017).[5]

With average earnings lower than pre-recession levels, and households spending more than they're bringing in, household debt is on the rise. On a rolling annual average, debt as a proportion household disposable income has risen by four percentage points since Theresa May's pledge to help the 'JAMs' (*see Figure 6*).[6]

The amount of money owed in short-term loans has surpassed its pre-crisis levels[7] and the household savings ratio was at a record low in early 2017 and remains low by historical standards.[8]

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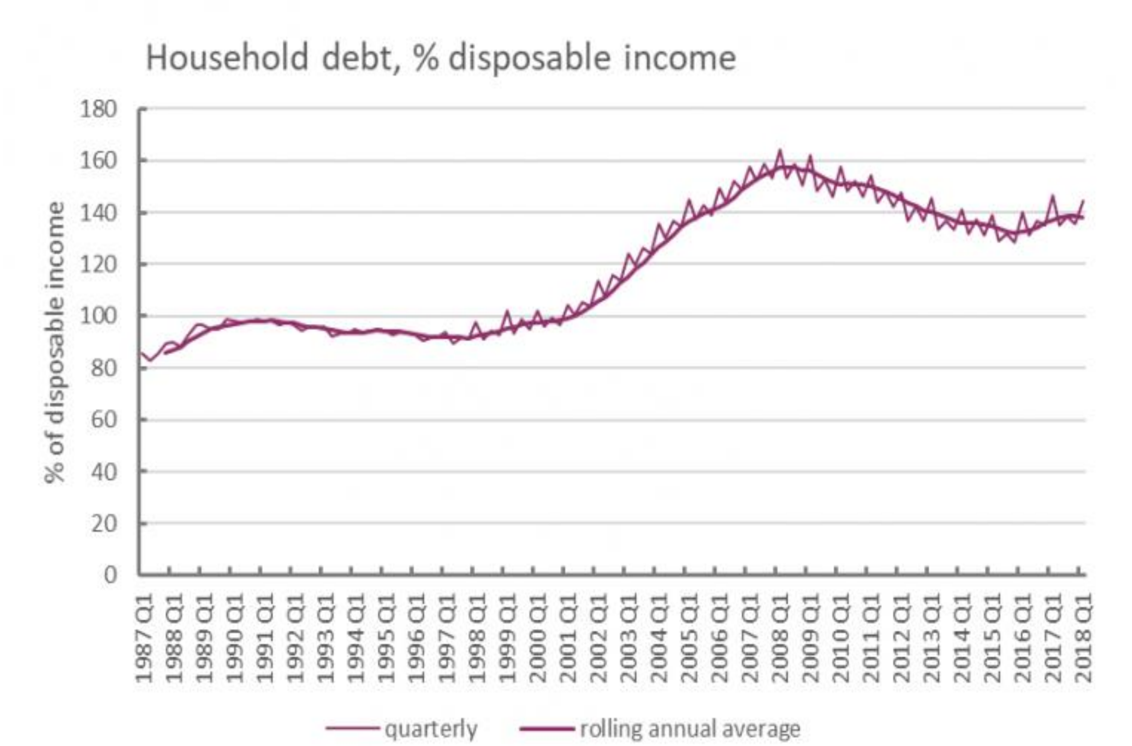
[4] https://www.tuc.org.uk/blogs/working-families-arent-just-about-managing-theyre-danger-going-under
[5]https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/makingendsmeetarehouseholdslivingbeyondtheirmeans/2018-07-26
[6] https://www.tuc.org.uk/blogs/working-families-arent-just-about-managing-theyre-danger-going-under
[7]"We're turning to-short term debt" https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/articles/makingendsmeetarehouseholdslivingbeyondtheirmeans/2018-07-26
[8] https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/nrjs

Figure 6



Debt levels among the poorest households are of greatest concern. The Centre for Responsible Credit and Jubilee Debt Campaign show consumer credit debt to income ratios for the poorest households rose by a staggering extent from around 55% to 110% from 2015 to 2017.[9]

The warnings on household debt are clear. ONS figures show that people are on the brink. One in eight (12 per cent) frequently run out of money at the end of each week or month, and 44 per cent of people would not be able to make ends meet for longer than three months if their main source of income disappeared. One in ten wouldn't be able to make ends meet for a week.[10]

On top of the personal misery caused by poverty and indebtedness, Bank of England governor Mark Carney has cited household debt as one of the four big risks to the UK's financial sector.[11]

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[9] https://www.responsible-credit.org.uk/wp-content/uploads/2018/03/JDC-Household-debt-web.pdf
[10]https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/articles/earlyindicatorestimatesfromthewealthandassetssurvey/attitudestowardssavingforretirementautomaticenrolmentintoworkplacepensionscreditcommitmentsanddebtburdenjuly2016todecember2017
[11] https://www.bbc.com/news/business-45491533

The failure to invest in skills

Alongside an increase in investment at the economy wide level, government needs to invest in people too. But workplace training and funding for adults has been persistently underfunded.

A recent report by the Institute for Fiscal Studies (IFS) has highlighted that further education and skills "has been a big loser from education spending changes over the last 25 years".[12] Its analysis shows that "spending and numbers in 19+ further education have both fallen significantly over time". For example, the total number of adult learners fell from 4 million in 2005 to about 2.2 million by 2016. Most of this decrease was driven by falls in the number of learners taking low-level qualifications (below GCSE). The IFS estimates that total funding for adult education and apprenticeships fell by 45% in real terms between 2009–10 and 2017–18. The analysis also finds that "16-18 education has been a big loser from education spending changes over the last 25 years".

Over the summer a major survey covering 87,000 respondents on training and skills trends, at work was published. According to the 2017 *Employer Skills Survey* (ESS) conducted by government, a third of UK employers admit that they have not trained any of their staff in the past year.[13]

The ESS also provides an estimate of the proportion of UK employees that did not receive any training over the past year. In the 2017 edition this was 38% and this was consistent with findings from the 2013 and 2015 surveys.

The ESS also concludes that the 2017 findings show that "there are indications that the quality and type of training may not being maintained". It found that:

- The average number of days of training per trainee over a 12-month period decreased from 6.8 days in 2015 to 6.4 days in 2017
- There was a decrease in the number of staff being trained to nationally recognised qualifications, falling from 20% of these being trained in 2015 to 18% of all those being trained in 2017.

An economy that delivers

Working people urgently need a change of course. That means stepping up the level of investment, an industrial strategy that creates good jobs in the communities that need them most, and a plan to deal with the disruption caused by technological change.

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[12] https://www.ifs.org.uk/publications/13306
[13] https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report

Some limited steps have been taken by the government towards a social partnership approach, and we welcome the involvement of the TUC in the National Retraining Partnership, and the recently established Made Smarter Commission. But there is far more to do to ensure that workers can play a role in shaping the future of work, and as yet the government's plan for delivering the ambitions set out in the industrial strategy remains extremely unclear.

The TUC believes that a plan to deliver better pay and jobs across the economy must involve investing in growth by:

- Raising public investment to at least the OECD average of 3.5% of GDP, so that the UK has the infrastructure needed to attract business and create well-paid jobs
- Establishing a National Investment Bank, with a remit to target communities where good quality and well-paid jobs are most needed
- Investing in the training and skills of workers and young people by boosting funding for our college system, including resources to enable the sector to improve access and value for money for learners by developing digital learning opportunities. A good starting point would be for government to take forward the recommendations of the current FE and skills campaign supported by college employers and unions, which is calling for an expanded National Retraining Scheme, a lifelong learning entitlement, and ring-fenced funding for a fair pay deal for college staff
- Motivating and enabling all workers to gain the skills for the economy of the future through the development of a universally accessible, high quality information, advice and guidance system that effectively links skills progression and sustainable careers
- Helping time poor workers by providing an entitlement to time to learn, especially for workers with low skills or in increasingly vulnerable occupations
- Ensuring that workers have a real say in how industrial change is managed, with a guaranteed seat on sector deals, and by setting up a new tri-partite future of work commission

Workers also need swift action to boost pay now. Government should:

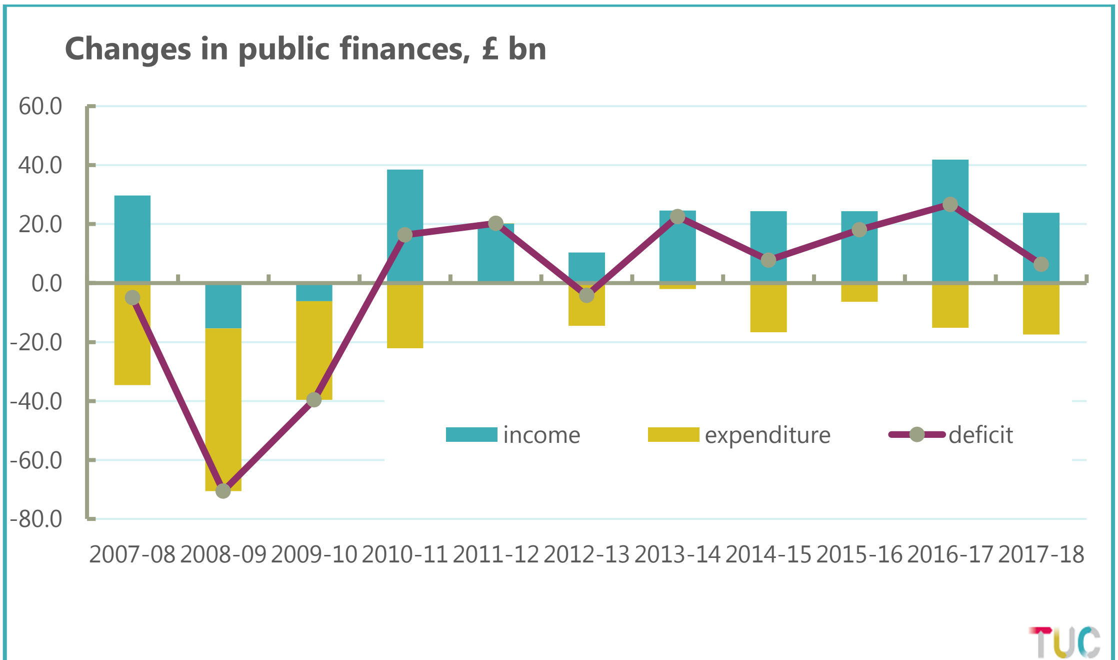
- Increase the minimum wage to £10 as quickly as possible
- Give all public sector workers a fully funded proper pay rise, after years of pay cuts
- Strengthen collective bargaining rights for workers, and give trade unions the right to access workplaces to tell people about the benefits of joining a trade union

The public finances

On top of the poor economic growth, struggling labour market and growing level of private debt discussed above, cuts carried out in the name of eliminating the deficit have also damaged the public finances.

In May 2010 George Osborne inherited recovering growth and improving public sector finances. Figure 7 shows how the annual change in the deficit is made up of changed government expenditures and revenues (in this accounting presentation, expenditure increases score as negative). So the worsening public finances during the global recession reflected a collapse in revenues rather than greatly increased expenditures. And, similarly, the improved finances in 2010-11 were caused by a significant revival in government revenues not a reduction in government expenditure.

Figure 7

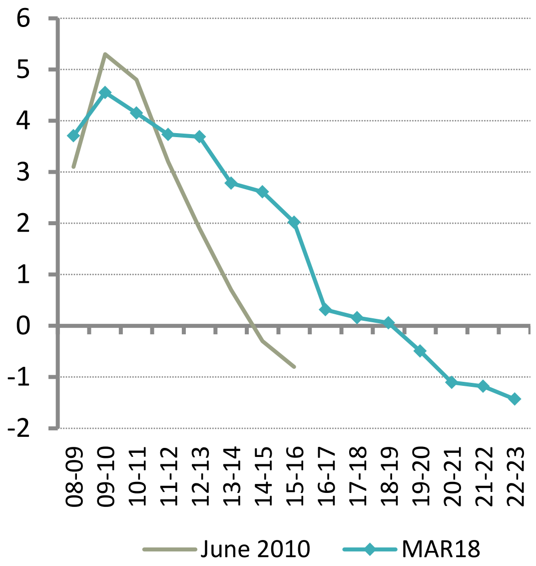


Source: ONS

Austerity policies disregarded the relation between increased spending and renewed economic growth on the one hand and improved government revenues and public finances on the other hand. Instead George Osborne's aim was to bring the public debt and deficit under control by cutting expenditure. Almost immediately the plan failed: improvements to the deficit reversed in 2012-13.

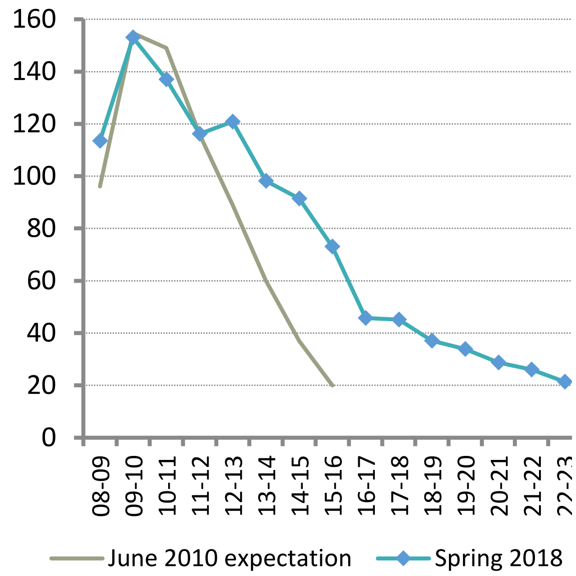
The government focussed on a deficit target based on the 'cyclically-adjusted current budget' (CACB). According to the OBR's original forecast in June 2010 the deficit would become a surplus in 2014-15 (though the target permitted one year's slippage to 2015-16). On the latest, spring 2018, forecast, the surplus was expected to materialise by 2019-20, although better-than-expected outcomes so far this year may mean this moves ahead to the current financial year. Even if this proves to be the case it has taken 10 years – twice as long as forecast – to reach balance.

Figure 7: Cyclically-adjusted current budget deficit, % GDP



Source: OBR

Figure 8: Public sector net borrowing, £ billion

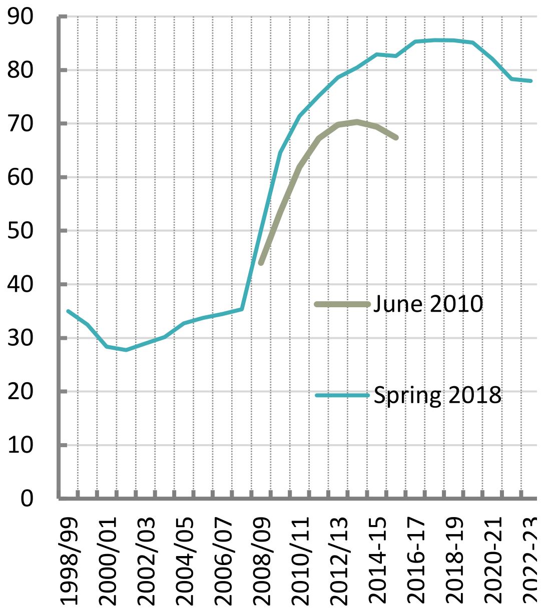


Source: OBR

On the broadest measure of the deficit in cash terms cumulative 'public sector net borrowing' was expected to be £450 billion over 2010-11 to 2014-15. Borrowing over 2010-11 to 2019-20 is now expected to be £770 billion. That's nearly three quarters more than expected, and there is more to come.

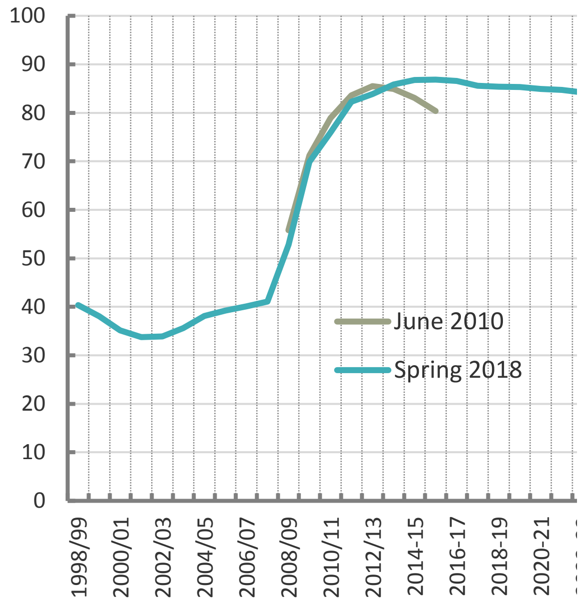
The extended timeframe and increased borrowing means debt has grown significantly more than forecast. Under the original plans, public debt was expected to peak at 70.3 per cent of GDP in 2013-14. It is now thought to have peaked in 2017-18. So, three years of rising debt became eight. The peak is now expected to be 85.6 per cent of GDP, not far short of the (now discredited) 90 per cent figure that the whole policy was set to avoid. Moreover, looking five years into the future, there is scarcely any material improvement forecast – especially on the European measure.

Figure 9: Public sector net debt, % GDP



Source: OBR

Figure 10: Treaty debt ratio, % GDP



Source: OBR

In cash terms the public debt is now around £500bn higher than it was expected to be in the original peak year: in June 2010 the cash figure for 2013-14 was forecast to hit £1,284bn while the cash figure for 2017-18 was £1,779bn.

So, while the government has finally met its target, the public finances are vastly further from repair than before the austerity policies began. Phillip Hammond was therefore obliged to create a new deficit target: to reduce cyclically adjusted net borrowing (including capital expenditure) to below 2% of GDP in 2020-21.

The new target has been celebrated as welcome flexibility in response to the further deterioration of the economy since the referendum. But the bottom line is that the target obliges austerity to continue when it should have been finished. And the implied spending cuts are still heavy, as NEF calculations for the TUC show (see below).

New targets make it no more likely that austerity policies will finally succeed in delivering the stronger economy and improved public finances than we were promised in May 2010. In the meantime the cost to workers in terms of pay and quality of work has been, and will continue to be, heavy.

PUBLIC SERVICES

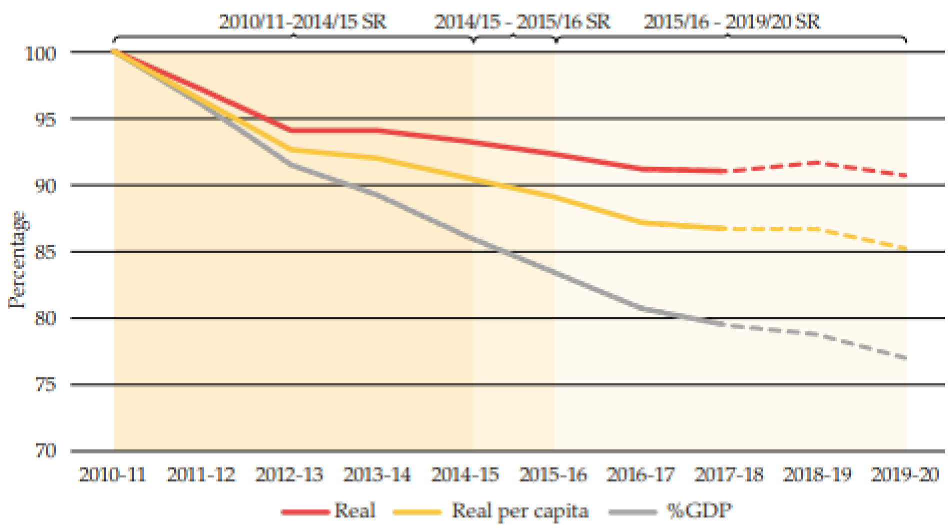
On top of this, the cuts required by austerity politics have had a terrible impact on the UK's public services. A snapshot of these services, from local government to our criminal justice system, shows a system stretched to breaking point with service users, particularly the most vulnerable, losing out. The Chancellor must use this Budget and spending review to undo the damage inflicted over the last ten years.

Government spending

Analysis by the New Economics Foundation shows that "day-to-day spending in 2019/20 compared with 2010/11 will be more than 9% lower after adjusting for inflation, almost 15% lower after accounting for population growth and 23% lower after adjusting for growth in GDP" as Figure 11 illustrates.[14]

Figure 11

Indices for resource DEL nominal, real and real per capita as well as relative to GDP, 2010/11=100, 2010/11 to 2016/17 (outturn) and 2017/18 to 2019/20 (plans)



Source: NEF analysis using Office for Budget Responsibility [OBR] (2018e). March 2018 Economic and fiscal outlook – supplementary fiscal tables: expenditure. http://obr.uk/efo/economic-fiscal-outlook-march-2018/

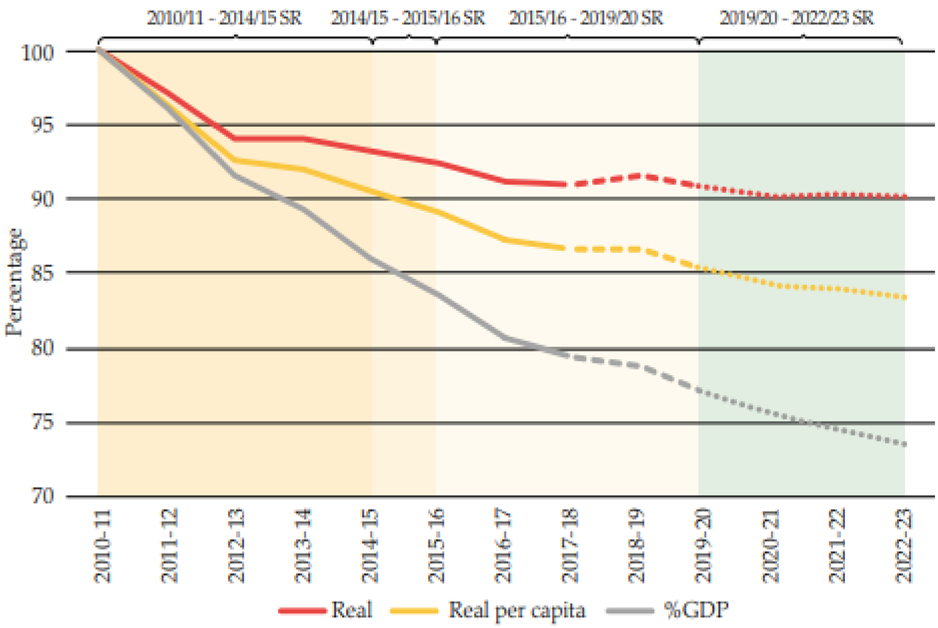
NB: Resource DEL (RDEL) is defined as public sector current expenditure (PSCE) in RDEL. Dashed lines show OBR projection.

[14] *Austerity by stealth?*, New Economics Foundation, September 2018

OBR forecasts[15] of Departmental Expenditure Limits (DELs) over the period of the forthcoming spending review suggest relatively flat real terms spending. This means a continuing fall in real terms spending per capita and as a proportion of GDP with spending considerably lower than 2010/11 as the figure below shows.[16]

Figure 13

Indices for resource DEL nominal, real and real per capita as well as relative to GDP, 2010/11=100, 2010/11 to 2016/17 (outturn), 2017/18 to 2019/20 (plans) and 2020/21 to 2022/23 (forecast)



Source: NEF analysis using Office for Budget Responsibility [OBR] (2018e). March 2018 Economic and fiscal outlook – supplementary fiscal tables: expenditure. http://obr.uk/efo/economic-fiscal-outlook-march-2018/

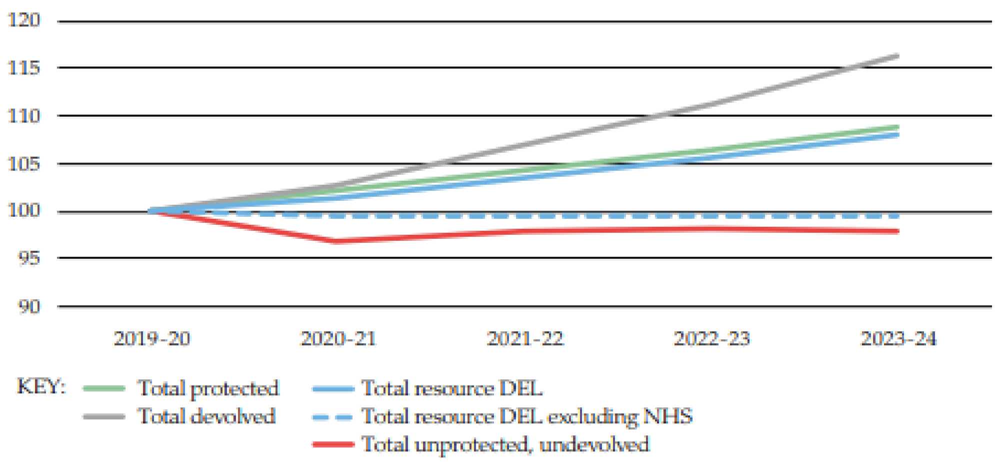
NB: Resource DEL (RDEL) is defined as public sector current expenditure (PSCE) in RDEL. Dashed lines show OBR projection. Dotted line shows NEF projection

The impact on 'unprotected' budgets, including prisons, local government and non-NHS spending within the Department of Health and Social Care (DHSC), will be particularly harsh. The figure below sets out NEF analysis that extends OBR forecasts to the end of the spending review period in 2023/24 and factors in additional spending on NHS announced in June 2018. This shows that unprotected budgets will experience further real terms cuts of over 2 per cent.[17]

[15] *Economic and Fiscal Outlook*, Office for Budget Responsibility, March 2018
[16] *Austerity by stealth?,* New Economics Foundation, September 2018
[17] *Austerity by stealth?,* New Economics Foundation, September 2018

Figure 14

Indices for resource DEL, selected disaggregates, 2019/20=100, 2019/20 to 2023/24



Source: See appendix A2

NB: Excludes depreciation, reserves and OBR allowance for underspend and so these figures are not directly comparable with the OBR's estimates for PSCE in RDEL used elsewhere in this report.

We should also bear in mind that even within those areas of 'protected' spend, cash increases are struggling to keep pace with rising demand and costs.

Under current spending plans, schools face real terms reductions of 4.6 per cent in the period 2015 to 2020, despite additional funding announced in July 2017.[18] And analysis from the Institute for Fiscal Studies and the Health Foundation[19] shows that the NHS funding announcement of June 2018 still falls short of meeting demand. They indicate that, just to maintain current standards, the DHSC requires annual average growth in resource budgets of 4.1 per cent over the spending review period or closer to 5 per cent if the NHS is to deliver the transformative change set out in the Five Year Forward View. This contrasts with annual average growth of around 3 per cent under NHS spending plans that were announced in June.

The impact of these spending decisions on the quality, safety, efficacy and capacity of our public services has been documented in previous TUC budget submissions. There is no doubt that spending cuts are having negative impact on a range of services.

[18] *Greening's funding pledge amounts to 'real-terms cut over four years,* TES, 18 July 2017
[19] Securing the future, IFS and Health Foundation, June 2018

Education

There are 66,000 more pupils in state schools in England this year compared to the previous year. Yet the latest workforce census shows us that in 2017, there were 5,300 fewer teachers, 2,800 fewer teaching assistants and 1,400 fewer support staff compared to the previous year.[20] Class sizes are increasing, with around 2 per cent more primary and secondary pupils in classes of over 30 today compared to 2010.[21]

Health

In health, services have deteriorated in recent years after an unprecedented decade of constrained spending. And a crisis in social car funding is putting even more strain on the health service. The latest Quarterly Monitoring Report from the Kings Fund states that "there is simply not enough capacity in hospitals to cope with rising demands for both emergency and planned care", with 4.2 million patients on waiting lists today compared with around 2.5 million in 2010.[22]

As well as increasing number on waiting lists, more people are having to wait longer - a situation set to get worse as "44 per cent of clinical commissioning group finance leads are considering extending waiting lists or reducing activity for certain elective specialities in 2018/19".[23] The Kings Fund put it bluntly "there will be a considerable human cost for patients who will have to wait longer, sometimes in pain, for the treatment they need".[24]

The situation for mental health patients is particularly concerning. According to the Royal College of Psychiatrists the total income that mental health trusts received in 2016/17 was £105m lower in real terms than 2011/12, with 62 per cent of trusts in England reporting lower income.[25]

This has led to a lack of available staff and beds and left mental health trusts struggling to deliver safe services. The number of mental health nurses has fallen by 13 per cent since 2009 and one in ten specialist mental health posts are vacant. Analysis of Care Quality Commission inspection reports for all 54 mental health trusts identified an increased risk to patient safety as a result of problems with staffing in more than half of trusts. This included an increased risk of suicide and self-harm on inpatient wards, delays in treatment, reduced access to care and bed closures.[26]

Local government

Local government has seen the greatest cuts, the National Audit Office reporting that central government funding for local authorities has effectively been cut in half since

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[20] *School workforce in England – November 2017*, Department for Education, June 2018
[21] *School pupils and their characteristics*, Department for Education, January 2018
[22] *Quarterly Monitoring Report*, The Kings Fund, June 2018
[23] Ibid
[24] ibid
[25] *Mental health trusts funding lower than 2011/12,* Royal College of Psychiatrists, 2017
[26] *Mental health funding gap widens further*, The Kings Fund, January 2018

2010/11.[27] In a survey of 21,000 local government employees, 83 per cent said that cuts had a negative impact on their ability to do their jobs. Almost as many (79 per cent) had little confidence in the future sustainability of services, 67 per cent said residents were not getting the support they need and 54 per cent said vulnerable residents are not safe and cared for.[28]

Plans to reverse the decades-long decline in the social housing are also inadequate. The steep drop in the number council houses from 5 million in 1981 to 1.6 million today, although partially offset by an increase in housing association provision, has contributed to a housing crisis in many parts of the UK. But local councils and housing associations have questioned the ambition of the government's latest plan to "fix our broken housing market", which leaves them without the funds or freedom to tackle the problem.[29]

Justice

Spending on prisons fell by 22 per cent from 2009/10 to 2016/17 and staffing levels remain 26 per cent below 2010 levels. The escalation in prison violence over this period is alarming. March 2017 saw a record high of 26,643 assaults in prisons, with a 124 per cent increase in attacks on staff and a 53 per cent increase in assaults on prisoner-on-prisoner assaults since 2009. 21 out of 29 prisons inspected last year were rated 'poor' or 'not sufficiently good' in relation to safety.

While not comprehensive, this snapshot of public services under strain suggests that we cannot continue along the same path. And yet NEF analysis suggests that the current trajectory of spending plans would mean prisons facing further cuts of £70m per year by 2023/24 compared to 2019/20 and public health facing cuts of up to £80m per year in the same period.[30]

Change of direction

A change of direction is not only necessary, it is manageable and affordable. We commissioned NEF to model alternative spending scenarios against OBR forecasts as a baseline, looking at the maintaining services in line with demand but also improving outcomes, e.g. through reversing cuts to school budgets, expanding free domiciliary care provision and increasing DH spend in line with IFS and Health Foundation estimates.

In their report, NEF concluded that "we estimate that our illustrative scenario for keeping up with demand pressures in health, social care and schools services would cost an extra £14.6 billion (or 4% of overall resource DEL) per year by 2023/24 compared to our projection of current government plans. Our illustrative scenario for improving service outcomes beyond this would cost a total of £31.8 billion (10% of resource DEL) in 2023/24."

While significant, these increased spending plans could be met comfortably given the right fiscal choices – even while remaining within current government fiscal rules. As well as necessary for the sake of our public services and manageable and affordable within

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[27] *Financial sustainability of local authorities*, National Audit Office, March 2018
[28] *Councils at breaking point*, Unison, June 2018
[29] https://www.ft.com/content/c9ecd578-9fd0-11e8-85da-eeb7a9ce36e4
[30] *Austerity by stealth?,* New Economics Foundation, September 2018

government fiscal rules, this would also have positive impact on growth given demand deficiency within the wider economy, an issue we explore elsewhere in this report.

Pay

While pay has been suppressed across the economy in the decade since Lehman's collapsed, public sector workers have faced particularly severe pressure on their wages. The table below demonstrates the real terms loss of earnings for an indicative range of public service workers.

Table 1: Real terms public sector earnings growth 2008 – 2018, CPI & RPI

	Pay 2008	Pay 2018	Real Pay loss CPI (£)	Real Pay loss RPI (£)
Band 5 Nurse	£26,123	£29,608	£3,047.79	£4,758.40
Competent Firefighter	£27,851	£29,934	£4,881.92	£6,705.69
Refuse collector NJC spine point 20	£18,217	£19,819	£2,953.67	£4,146.57
Teacher MPS band 6 (outside London)	£30,148	£35,008	£2,679.35	£4,653.53
Average public sector pay	£22,724	£27,343	£1,064	£2,552

Source: ONS, OBR and TUC calculations

The combination of job losses and real terms pay cuts is having a significant impact on the morale of the workforce and the ability to recruit and retain staff, as demonstrated by the findings of this year's School Teachers Review Body.[31] The Public Accounts Committee has noted that the percentage of qualified teachers leaving the profession for reasons other than retirement rose by more than a third between 2011 and 2016.[32] Recent statistics from

[31] School Teachers Review Body, 18th Report, 2018
[32] https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/460/46006.htm#_idTextAnchor004

Unison found that 44 per cent of public sector support workers reported doing unpaid overtime most weeks; 68 per cent said the service they deliver to the public was suffering and 30 per cent were considering leaving.[33]

In September 2017, the Chief Secretary of the Treasury announced that the pay cap would be lifted.[34] This followed a general election in which public sector pay was acknowledged by both government and opposition candidates to be a crucial issue on the doorstep. That the government has abandoned the rhetoric of the pay cap is welcome. However, the pay settlements that followed this announcement indicate this rhetoric has not been matched by action.

In July, ministers announced new pay settlements across the public sector that were more generous than any that has been offered since the Coalition government took power in 2010. These included a 3.5 per cent increase for some teachers, 2.9 per cent for the armed forces, and a 2 per cent consolidated rise for prison and police officers.[35]

The awards however remain well below what would be required for provide a sufficient and equitable pay settlement for the public sector. For instance, the award offered to police and prison officers would still constitute a real terms pay cut for both groups.

It is also worrying that the Treasury is still issuing public sector pay awards by diktat, again calling into question the independence and efficacy of the Pay Review Bodies.

The Department for Education rejected the recommendation of a 3.5 per cent increased for all school staff in order to address significant recruitment and retention problems. School leaders and teachers on the senior scale were also excluded from the 3.5 per cent offer, instead receiving 1.7 per cent and 2 per cent respectively, well below the OBR's projected rate of 3.7 per cent RPI inflation (2.7 per cent CPI).[36]

The Treasury's pay bargaining guidance has restricted departmental pay awards to between 1 and 1.5 per cent, effectively retaining a pay cap for civil servants. Industrial relations in the civil service are deteriorating as a result, with large numbers of PCS members voting to reject pay offers - 94 per cent of workers balloted in the Ministry of Justice voted against.[37]

There are a number of principles to which the government should adhere, in order to provide a sustainable and fair settlement for the public sector. The first is that public sector is a team and should be treated as such. Punitive pay awards have been applied across the public sector as a whole, and they should be lifted from it as a whole; that includes civil servants, head teachers and prison officers.

The second is that any pay agreement should be fully funded. It is no longer credible to claim that savings can be found through increased efficiency, so unless additional funds are provided pay rises will result in damaging cuts to essential services, many of which are already at breaking point. It is notable that the Department for Education has committed to

[33] *We can't go on like this*, Unison, September 2018
[34] Public sector pay cap to be lifted, BBC News, 12 September 2017
[35] https://www.gov.uk/government/news/around-one-million-public-sector-workers-to-get-pay-rise
[36] http://obr.uk/efo/economic-fiscal-outlook-march-2018/
[37] https://www.civilserviceworld.com/articles/news/pcs-becomes-third-whitehall-union-reject-moj-pay-deal

fund pay rises above the 1 per cent basic minimum, however even that minimum represents an additional burden of £250 million from stretched school budgets.

Finally, pay rises should take account of the decade of lost earnings suffered by the public sector workforce. The Treasury must ensure funded pay rises above inflation in order to support the living standards of public service workers, make up for lost earnings and help address the crisis in morale, recruitment and retention that is impacting on public services across the board.

A NEW DEAL FOR WORKING PEOPLE

Over the last decade workers have also borne the cost of labour market deregulation. Key employment rights have been weakened and the ability of unions to organise and represent working people has been undermined. Enforcement agencies remain under-resourced, making it harder for many to claim their workplace rights.

Where there have been encouraging signs, progress is slow or has stalled. The recommendations in the Taylor review offered a chance to take steps in the right direction, but is now in danger of being left to gather dust. Increases in the minimum wage are welcome, but do not cover workers and under 25, and fall short of what's needed.

And for many low paid and unemployed people the introduction of Universal Credit has been catastrophic.

Labour market deregulation

Workers have suffered from two rounds of legislation designed to curb employment rights over the last five years. In 2013, the UK government:

- Abolished the Agricultural Wages Board, which was responsible for setting pay and conditions for generally low paid agricultural workers.
- Halved the period of consultation with recognised trade unions in cases of mass redundancy from 90 days to 45 days, thereby reducing the ability for union reps to avoid job losses.
- Imposed fees for employment tribunals (ETs) which severely restricted the ability of workers to enforce their civil employment rights. As a result, there was a dramatic 67% fall in the number of ET cases– with women, low paid workers and migrant workers particularly disadvantaged. In 2017, the UK Supreme Court struck the fees scheme down because it violated workers' fundamental rights to access justice and to an effective remedy for breach of their civil rights.
- Reduced compensation in unfair dismissal cases with compensatory awards being capped at the annual salary of the employee concerned, which means part-time workers and those employed in low paid, insecure work are often not properly compensated for loss of future earnings or loss of pension entitlements.

Then in 2016, the government introduced the Trade Union Act which restricted unions' rights to freedom of association, including the right to strike; the ability of public sector unions to organise and represent public sector workers; and unions' ability to organise campaigns on public policy issues. These measures have significantly restricted the ability of working people to organise collectively.

This barrage of deregulation is likely to have contributed to the poor wage growth described above, particularly for low earners. The IMF now recognises that labour market deregulations mean workers get a smaller share of the wealth they create.[38] Weakening trade unions has the same effect,[39] while research also shows that wage inequality is lower where unions are stronger.[40]

Minimum wage

Increasing the National Minimum Wage (NMW) would have significant positive economic effects. This submission has already outlined the problems of a UK economy that is characterised by high personal indebtedness'41, low disposable income and weak demand.[42] We want to move to higher pay model, which would stimulate demand, investment and productivity. Clearly increasing the NMW cannot deliver these outcomes on its own, but it has an important part to play.

The government should continue to increase the NMW and plan to take the main rate beyond the existing target of 60% of median earners. As outlined above, the minimum wage should reach £10 an hour as quickly as possible. In addition, 21-24-year olds should be included in the highest rate (the 'National Living Wage'), the gap between rates should be narrowed, and the apprentice rate should be increased match to the youth rate.

Increasing the minimum wage can be expected to generate a modest but welcome boost in spending. Research shows that minimum wage workers have a very high propensity to spend any increases, and that most of the spending is likely to take place in their local area.

But a higher NMW will only help working people and the broader economy if the law is properly enforced. Important steps have been taken to improve the enforcement regime,

Successive governments have greatly increased the budgets for disseminating and enforcing the NMW. However, the Low Pay Commission still reports that more than 300,000 workers are not paid the legal minimum. It is clear that more must be done.

A key lesson from the NMW is that increasing the funding for proactive enforcement has had a substantial positive impact. Successive governments have substantially increased the budget for enforcement, with the result that arrears recovered for underpaid workers has increased from around £3.5 million in 2014/15 to £15.6 million in 2017/2018.

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[38] https://www.imf.org/en/Publications/WP/Issues/2018/08/16/Employment-Protection-Deregulation-and-Labor-Shares-in-Advanced-Economies-46074
[39] https://ideas.repec.org/p/gpe/wpaper/19373.html
[40] https://economics.mit.edu/files/6950
[41] Personal debt stands at 1.6 trillion. "Money Statistics" August 2018, The Money Charity, August 2018 https://themoneycharity.org.uk/money-statistics/
[42] HMT round-up of forecast for the UK economy suggests that disposable income will grow by 1.2% in 2018, whilst demand will grow by 1.1% (median forecasts). Both figures are expected to be just 0.3% higher in 2019, reaching 1.5% and 1.4% respectively. HMT round up of independent forecasts for the UK economy, August 2018:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733826/PU797_Forecast_for_the_UK_Economy_August_2018_covers.pdf

However, The Low Pay Commission predicts that the coverage of the NMW rate for over 25s will almost double by 2020, from 6.4% of the age group in 2017 to 12.2%.

Further increases un the budget for advertising and enforcement are warranted because the rising minimum wage rates will cover many more people and create a greater incentive for more employers to cheat their workers. Recent history shows that investment in pro-active enforcement is money well spent.

Enforcement

The NMW is not the only area where many workers can struggle to enforce their rights. At least 2 million workers do not receive legal minimum paid holiday entitlements, missing out on £1.6bn in paid holiday each year. Existing enforcement mechanisms are clearly failing many workers. The government needs to act urgently, by:

- Promoting collective bargaining as the primary vehicle for raising workplace standards and ensuring compliance with labour standards. Trade unions can play a vital role negotiating improved workplace conditions and making sure that these standards are enforced;
- Boosting the effectiveness of state-led enforcement activity, by making sure that agencies are sufficiently resourced. Particularly the Employment Agencies Standard Inspectorate which has around 14 staff and an annual budget of just £750,000 to regulate nearly 23,000 recruitment agencies.
- Reinstating the power for employment tribunals to make recommendations where employers are found to have breached employment standards. The power to make recommendations should not be limited to claims brought under the Equality Act 2010 but should apply to all statutory employment rights.
- Extension of the existing Gangmasters Labour Abuse Authority (GLAA) licensing scheme. The TUC would like to see the licensing model currently used by the GLAA in the shellfish-gathering, agriculture and horticulture sectors, extended further across the labour market. Licensing requires organisations operating in a particular sector to prove that they can comply with minimum employment standards. This involves providing evidence of compliance with core labour standards through initial and ongoing inspections.
- Establishing a system of joint and several liability throughout supply chains for basic employment standards. Parts of UK employment law already provide for joint and several liability arrangements. The TUC is calling for this approach to be extended, so that organisations who use strategies to transfer their obligations to other parties, can still be found liable for any breaches of the core employment rights of the people who do work for them.
- There is also a need for a substantial increase in resources for the employment tribunal service. In July 2017, UNISON secured a landmark legal victory, with the Supreme Court deciding that the employment tribunal fees system was unlawful as they limited access to justice and meant that working people no longer had access to effective remedies where employers breached the law. Since this decision, the number of cases submitted

to an ET has risen by over 60 per cent. However, the employment tribunal system has not been provided with sufficient additional resources to respond to the increased workload. This is leading to a major backlog in cases. The delays inevitably cause problems for employers, workers and unions and can have a detrimental impact on employment relations. The Ministry of Justice needs urgently to identify additional resources to ensure that working people and employers can secure swift resolution of workplace disputes.

Taylor Review

The Taylor Review into modern employment practices gave an opportunity to address these enforcement issues, alongside other difficulties faced by those in insecure work. The TUC has been clear that the recommendations made by Matthew Taylor are insufficient to end insecurity and exploitation at work.[43]

In our responses to the Taylor Review consultations,[44] we argued that the need for change is pressing. Nearly four million people in the UK are now in insecure work,[45] which often means low pay, economic hardship and a lack of control over their working lives. People need sweeping changes to end the imbalance of power at work.

- We are still waiting for the government to bring forward legislation to implement the Taylor recommendations, and it's important that the review isn't quietly shelved. Alongside the steps to improve enforcement identified above, there are three areas the government should prioritise:
- Scrapping the 'Swedish derogation' which lets employers pay agency workers less than directly employed staff who are doing the exact same job. Companies use this loophole to hire agency workers on a long-term basis to save costs and undercut the pay and conditions of permanent staff. Some agency workers are paid £4 less per hour,[46] and also lose out on holidays and overtime rates. Agency workers aren't second-class citizens – they deserve the rate for the job.
- Modernising employment status rules so that all workers enjoy the same floor of rights as employees. This includes support for working parents, trade union rights and protection from unfair dismissal. Employers shouldn't be able to dodge their employment responsibilities by falsely labelling someone as self-employed. The burden of proof in employment cases should be reversed so workers are presumed to have rights unless their employer shows they are genuinely self-employed.
- Banning zero-hours contracts. Knowing how many hours they will work and how much they'll get paid for it is vital for any worker. Yet zero-hours workers are offered shifts at the last minute or turn up for work to find their shift is cancelled.47 This makes it

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[43] https://www.tuc.org.uk/blogs/taylor-review-isn%E2%80%99t-%E2%80%98game-changer%E2%80%99-gig-economy-workers-need
[44] https://www.tuc.org.uk/research-analysis/reports/tucs-response-taylor-review-consultations
[45] https://www.tuc.org.uk/news/1-9-workers-are-insecure-jobs-says-tuc
[46] https://www.tuc.org.uk/research-analysis/reports/ending-undercutters-charter
[47] https://www.tuc.org.uk/news/two-thirds-zero-hours-workers-want-jobs-guaranteed-hours-tuc-polling-reveals

impossible to plan childcare, and many workers struggle to cover household bills as well. Zero-hours contracts should be banned with workers having better access to guaranteed hours. And if work is cancelled at short notice, workers should always be paid in full.

Universal credit

Universal Credit (UC) in its current design is not ready to be rolled out to 3 million recipients in January, based and on the experience of its implementation so far. It is fair to say that the roll out of UC has been shambolic. Warning after warning about the new system has been ignored. It's vital that government stops the so-called 'managed migration' process which threatens to leave many more people in hardship.

The problems with UC are well documented; difficulties in registering a UC claim online, excessive payment delays, housing arrears, financial hardship and increased use of foodbanks. And it is not just the delivery of UC; there are serious issues embedded within the new system. This includes the rigidity of the monthly assessment periods, which works against some claimants, financial cuts to UC which have made it less generous than the previous system, questions on the notion of 'making work pay', and the lack of detail on how in-work conditionality will work in practice.

The National Audit Office (NAO) has made it clear that the department must not extend the UC programme before business-as-usual operations can deal with higher claimant volumes, and that it must learn from the experiences of claimants and third parties, as well as the insights it has gained from the rollout so far.[48]

The design of UC also discriminates against the self-employed when it comes to in work benefits. Universal credit cuts will affect the self-employed, with the introduction of 'Minimum Income Floor' (MIF) for the self-employed. This requires them to earn the equivalent of 35 hours a week at the national minimum wage before qualifying for any in-work support. This £1bn saving for the Government is in effect coming out of the pockets of the low paid self-employed.

The Office for Budget Responsibility in its recent welfare trends report estimates that the MIF in 2022-23 will overwrite the actual income for around two thirds of self-employed UC claimants. And on average, those affected are assumed to lose around £3,000 relative to what they would receive if the MIF were not in place.[49]

Many more families will be trapped in working poverty unless the design and delivery of UC is not rethought. The government should also use this Budget to reduce the continual financial pressure working people are under. It should reverse the cuts to the UC work allowance in full, reverse the unfair 'two-child' policy, remove the first child premium, and reverse the current working age benefits freeze. The Resolution Foundation estimates UC will be around £3 billion a year less generous than the current tax credit system and will lead to an average loss of £625 a year for working families.[50]

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48 https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf
49 http://obr.uk/wtr/welfare-trends-report-january-2018/
50 https://www.resolutionfoundation.org/app/uploads/2017/10/Universal-Credit.pdf

Pensions

Pensions are deferred pay, and those who face insecurity and low pay in their working life, are more likely to face inadequate pensions in retirement.

The introduction of automatic enrolment has led to a welcome increase in the overall number of people enrolled into a workplace pension. But the TUC remains deeply concerned about the inadequate contributions being made to workplace pensions to secure savers a decent standard of living in old age.

Pensions tax relief plays an important role in encouraging pension saving. It sends a strong signal that society wants people to put money aside for their old age, and works practically to top up those savings.

The TUC believes that improvements could be made to the current system and more support provided to lower and middle earners.

But there should not be a shift away from the important principle of providing upfront relief or a reduction in the overall support given to savers.

We would like to see urgent action taken to bring those low earners who miss out on tax relief simply due to the structure of the pension scheme their employer has enrolled them into.

Members of pension schemes who don't pay income tax, typically those earning less than £11,850 each year, are entitled to basic rate tax relief (20%) on pension contributions up to £2,880 a year.

However, this tax relief is not available for schemes that operate a net pay arrangement. This makes saving 25% more expensive for an affected low-paid saver in a net pay scheme.

Figures from HM Revenue & Customs indicate that in 2015/16 1.22 million people were affected by this issue – that includes those automatically enrolled as well as workers already in occupational schemes.

Somebody earning £11,850, paying auto enrolment minimum contributions, is missing out on up to £34.91 in the current tax year. By 2020/21, when the nil rate tax band is expected to have risen to £12,500, affected savers could miss out on more than £60 per year.

Given that HMRC is looking at solutions to resolve an issue which has arisen in RAS schemes as a result of devolved taxation, this would be an ideal moment to resolve the unfairness suffered by low paid workers in net pay schemes.

SUMMARY OF RECOMMENDATIONS

The evidence that the economy is failing growing numbers of working people is overwhelming. Ten years after the financial crisis it's time to move away from the politics of austerity that have made UK works poorer, weakened our public finances, and undermined our public services.

It's time for the government to act, by:

Investing in the economy

- Raising public investment to at least the OECD average of 3.5% of GDP, so that the UK has the infrastructure needed to attract business and create well-paid jobs
- Establishing a National Investment Bank, with a remit to target communities where good quality and well-paid jobs are most needed
- Investing in the training and skills of workers and young people by boosting funding for our college system, including resources to enable the sector to improve access and value for money for learners by developing digital learning opportunities. A good starting point would be for government to take forward the recommendations of the current FE and skills campaign supported by college employers and unions, which is calling for an expanded National Retraining Scheme, a lifelong learning entitlement, and ring-fenced funding for a fair pay deal for college staff
- Motivate and enable all workers to gain the skills for the future economy through the development of a universally accessible, high quality information, advice and guidance system that effectively links skills progression and sustainable careers
- Government should seek to address time poor workers by providing an entitlement to time to learn, especially for workers with low skills or in increasingly vulnerable occupations
- Ensuring that workers have a real say in how industrial change is managed, with a guaranteed seat on sector deals, and by setting up a new tri-partite future of work commission
- Strengthening collective bargaining rights for workers, and give trade unions the right to access workplaces to tell people about the benefits of joining a trade union

Restoring public services

- Giving all public sector workers a fully funded proper pay rise, after years of pay cuts
- Providing real terms funding increases across the public sector that enable providers to meet on-going demand, deliver world class services and address the significant cuts to resources since 2010. In the medium term, UK spending on public services per capita should be in line with our competitors in Europe, like France, Germany

Implementing a new deal for workers

- Increasing the minimum wage to £10 as quickly as possible, to increase pay for low earners and boost economic demand
- Strengthening collective bargaining rights for workers and giving trade unions the right to access workplaces to tell people about the benefits of joining a trade union.
- Modernising employment status rules so that all workers enjoy the same floor of rights as employees and ending the 'Swedish derogation' that allows employers to pay agency workers less than directly employed workers for the same job.
- Banning zero-hours contracts to give workers better access to guaranteed hours and ensure they are paid in full if work is cancelled at short notice
- Establishing a system of joint and several liability throughout supply chains for basic employment standards
- Ensuring the agencies tasked with enforcing employment rights have the resources they need and providing extra funding for the employment tribunal service, which is experiencing a major backlog
- Stopping the proposed managed migration to universal credit scheduled for January. The numerous problems identified with the design and implementation means it is not fit for purpose.
- Ensure that all low paid pension savers can benefit from tax relief.