

Unite response to Treasury Committee call for evidence on Economic Impact of Coronavirus

This submission is made by Unite, the UK's largest trade union with over one million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government and the not for profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

This submission follows our previous submission to the Committee in March¹. Many of the points we made then remain relevant and, indeed, urgent now.

Executive Summary

- Unite representatives see coming out of the crisis as **a chance to improve things and to do so significantly.**
- There is overwhelming support for a **'new economy, underpinned by secure employment and decent pay and conditions'**; **'putting workers and trade unions at the centre of a new economy,** both in the workplace and society'; and a **'more environmentally sustainable economy'**.
- There is also strong support for a **'stronger social security system'**, a **'programme of state investment, including through extending public ownership'**, and **'helping to pay for dealing with this crisis through fair and progressive taxation'**.
- Unite **welcomed the Job Retention Scheme and Self-Employment Income Support Scheme (SEISS). However, there are major and unexpected gaps.**
- Unite is calling for the **JRS to be extended on a sector basis.**
- **Support for self-employed workers must not be ended prematurely.**
- Unite supports a **Job Guarantee** which should provide a minimum six months job with accredited training, **paid at least the real living wage or the union negotiated rate for the job.**
- **Business support needs to include asset-based lending,** particularly to support developing UK strategic capability.
- **The government must commit to financial support for the duration of this crisis,** because it will hit sectors at different speeds.
- Unite supports the **Government taking an active equity stake** and using it as part of a strategy of recovery. There should be **conditions and social obligations attached to any public funding.**
- **In manufacturing the Government needs at the very least match the ambition of Germany, France and Spain.**
- **Government must understand how interconnected sectors are.**

¹ https://www.politicshome.com/ugc-1/1/4/0/unite_response_to_treasury_committee.pdf

- It is **vital that government intervention is part of a coherent strategy, coordinated with the trade unions.**
- **High quality infrastructure** has an important part to play in a sustainable recovery.
- **New nuclear power station build could be flagship infrastructure projects** for the post-pandemic economy.
- In respect of procurement, there should be a **clear requirement to a build local and buy UK strategy when supplying public projects**, as well as ambitious targets for UK jobs and content to support supply chains.
- Investment is not just about infrastructure. It must also include **public services, including health, local government and social care, childcare, and transport.**
- Unite strongly welcomed the publication of the **Transport Select Committee's** report into the effect of the Covid-19 pandemic on the **aviation sector.**
- Unite has also warned that without significant state support for the wider **aerospace sector**, thousands of UK jobs will be put at risk².
- **Public transport has a crucial role to play** in coming out of the pandemic.
- COVID-19 has a **disproportionately significant impact on Black and Asian Ethnic Minority people.**
- Unite has had to fight multiple **cases of discrimination against pregnant workers.**
- We are also aware of **discrimination against disabled workers.**
- **While, childcare is an issue for all workers**, not just women, it is women who are being particularly impacted.
- **School reopening has been chaotic and has only increased uncertainty for workers.**
- The Government needs **fund not only children's meals but also provide childcare and nurse.**
- Unite is calling for **parental leave for workers who cannot return to work.**
- **A mental health crisis** will be the hidden result of the coming recession.
- Unite is demanding that workplaces are only reopened following **union-recognised risk assessments** and is offering an army of **roving union Health and Safety reps** to assist this work.
- Unite also supports calls for **Equality Impact Assessments to be carried out.**
- **Unite supports the plan put forward by the TUC last month** to get Britain growing out of the crisis – and stop mass unemployment.³
- **A no deal or bad deal Brexit must be avoided** and the Government needs to set out the measures they are putting in place to avoid or mitigate the industrial impact.

² <https://unitetheunion.org/news-events/news/2020/june/pm-must-show-same-dedication-to-saving-aerospace-as-he-has-to-painting-official-plane/>

³ <https://www.tuc.org.uk/ABetterRecovery>

Coming out of COVID-19

Unite workplace representatives (reps) are at the forefront of dealing with the crisis at work across all sectors of the economy, and a recent **survey of nearly 1,400 Unite reps** gives valuable insights into how the crisis is being dealt with and what should happen next.⁴ Among its key findings were:

- Unite reps overwhelmingly see coming out of the crisis as **a chance to improve things and to do so significantly**. 85% said that ‘we cannot return to the way things were, but this crisis presents an opportunity to do things better’.
- Asked what should be in the Government’s strategy for after the crisis, there was overwhelming support for:
 - a **‘new economy, underpinned by secure employment and decent pay and conditions’**;
 - **‘putting workers and trade unions at the centre of a new economy**, both in the workplace and society’; and
 - a **‘more environmentally sustainable economy’**.
- There is also strong support for a **‘stronger social security system’**, a **‘programme of state investment, including through extending public ownership’**, and **‘helping to pay for dealing with this crisis through fair and progressive taxation’**.

Job Retention Scheme and Self-Employment Support Scheme

Unite **welcomed the Job Retention Scheme**, which has covered 8 million people. Unite also welcomed the **Self-Employment Income Support Scheme (SEISS)**. By the end of May construction workers alone had made 801,000 claims for SEISS.

However, there are major gaps: 3 million people are excluded from this support. These gaps also include workers who were due to start new jobs but can't get furloughed, and those who mix self-employment with part time work (e.g. in hospitality).

There are **also unexpected gaps**. For example, at Airbus 200 workers who took part in the Government’s ventilator challenge are now locked out of the JRS because they were making vital NHS equipment when the deadline passed.

Unite welcomed the extension of the JRS scheme, but we warned about employers facing a cash flow crisis. An example of **cash flow crisis** is Jaguar Land Rover announcing it has lost £500 million, resulting in 1,100 agency job losses.

⁴ https://unitetheunion.org/media/3063/unite_coming-out-of-c19_what-next_headline-report_final_may-2020.pdf

This will be acute in the **manufacturing supply chain**, pushing those already dealing with collapsing order books over the edge. Examples of recent losses include:

- In Northern Ireland Thompson Aero Seating 430 job losses.
- In the West Midlands, Sertec are axing 428 jobs across Coleshill, Hams Hall, Redditch, Tyserly, Witton and Aston.
- In Scotland Wyman Gordon is cutting 187 jobs

Unite has warned that this will be the **beginning of a job cut tsunami without a strategy coordinated with the trade unions**.

The Learning and Work Institute has **warned of four million unemployed, a higher rate than at any point since 1938**.

Unite has received notice of tens of thousands of redundancies over many firms. In the **automotive sector** there has already been notice of 6,000 job cuts. Similarly, **Airbus** had already announced a 30% across-the-board production cuts, and **Rolls-Royce** is planning to shed over 3,000 jobs in the UK.

There is the crisis within a crisis unfolding in Scotland's **oil and gas industry** where the lowest prices in 20 years could lead to the loss of 30,000 jobs.

A dramatic 9.9% fall in the **construction workforce** is anticipated by September.

In **hospitality**, which is braced for hundreds of thousands of cuts in hotel chains, restaurants and pubs, workers are opening calling the JRS scheme the 'redundancy waiting room.' Major hotel groups proposing redundancies include Marriott, IHG, Radisson, Millennium, Hyatt, all of which are global brands with sufficient reserves to tide them over till an upturn comes.

And there is the cruel opportunism of **British Airways**, using the health crisis as cover to fire and rehire 42,000 workers on worse terms and conditions.

Redundancies in aviation services, without further JRS support, are being announced, such as at least 4,556 at ground-handling company Swissport⁵ and Menzies Aviation workers at face at Edinburgh and Glasgow airports⁶.

Unite is calling for the **JRS to be extended on a sector basis** as part of, for example, the support package for aviation until the sector is able to operate again.

⁵ <https://unitetheunion.org/news-events/news/2020/june/devastating-news-as-4-556-jobs-to-go-at-largest-ground-handling-company-swissport/>

⁶ <https://unitetheunion.org/news-events/news/2020/june/300-menzies-aviation-workers-face-redundancy-at-edinburgh-and-glasgow-airports/>

We do not retain skills in this country and need to learn from others, such as the German 'Kurzarbeit' short-time working scheme, which was used to retain 500,000 manufacturing jobs during the financial crisis.

The short-time allowance fund pays workers up to 60% of their foregone net wages if production is temporarily cut. Such a scheme could save jobs in shipbuilding, aerospace, automotive and other sectors, while supporting upskilling for new 'green' jobs.

In the construction sector there is a forecast of 50% of apprentices facing early termination and joblessness. Those the industry manages to 'move on' will obviously take up places that otherwise would have gone to the next intake thus creating a lasting legacy of lost opportunities.

Unite is also the union for thousands of self-employed workers including taxi drivers, interpreters and British Sign Language Interpreters.

Support for self-employed workers must not be ended prematurely. Unite's taxi sector is calling for a sector specific extension for self-employed drivers as the industry will take longer to recover from the economic impact of the outbreak. This will benefit 85,000 UK taxi drivers.

Unite supports a **Job Guarantee** which should provide a minimum six months job with accredited training, **paid at least the real living wage or the union negotiated rate for the job.** This should be offered as wide as possible, prioritising workers under 25 who may have already been out of work for three months.

Support for business

Unite warns that there could be a cliff-edge in 12 months' time when business support loans need to be paid back. Unite argues that **business support needs to include asset-based lending, particularly to support developing UK strategic capability.**

In general, the **government must commit to financial support for the duration of this crisis, because it will hit sectors at different speeds.** Supply chain disruption and cash flow problems were immediate for manufacturing, while in hospitality the crisis will be prolonged until social distancing measures are no longer needed.

Unite supports the Government taking an **active equity stake** and using it as part of a strategy of recovery. There should be **conditions and social obligations attached to any public funding.** Unite proposes:

- Immediately **end dividend payments** for the duration of public funding/loans;
- Immediately agree a moratorium on **all redundancies or job cuts;**
- Actively seek to **re-shore the supply chain** or increase UK-made content;
- Demonstrate that **taxes are paid in the UK;**
- Meet agreed **pay and gender targets,** to union-recognised standards;

- Meet agreed **environmental aims, including emission reductions**, investment in 'green' technology' and the transition to sustainable jobs.

The **Treasury's COVID-19 Corporate Finance Facility refused Jaguar Land Rover (JLR) emergency funding** as they determined it was not 'investment grade' and therefore too risky. This means that JLR, the UK's largest carmaker, took £560 million of loans from Chinese banks⁷.

JLR has joint ventures in China and is currently reliant on exports to China as part of its recovery. Considering statements by the Prime Minister and other ministers regarding the UK's relationship with China, this decision is not consistent nor does it suggest the Treasury is prioritising the protection of jobs as the basis of state support.

Economic stimulus and investment

Unite has highlighted that coming out of the pandemic means we must repair, recover and rebuild, with manufacturing at the heart of a new, greener, transitioning economy."⁸

In manufacturing the Government needs at the very least match the ambition of Germany, France and Spain, who have invested billions in stimulus in just one sector alone.

- Germany: €130 billion
- Spain: €3.75 billion
- France: €8 billion

In automotive these have focused on **rebuilding demand, incentivising and supporting the just transition to electrification and alternative vehicles**. In the UK the government has only announced green licence plates.

Unite has produced a **blueprint for aviation industry** detailing how a government stake can be used to defend 230,000 jobs directly. **Government must understand how interconnected sectors are**, for example the crisis in civil aviation leads to downstream crises for the aerospace manufacturing, the supply chains and foundation metals industries.

From support for electric vehicles to jobs in Scottish offshore energy, many industries will need support and it is **vital that government intervention is part of a coherent strategy, coordinated with the trade unions**.

High quality infrastructure has an important part to play in a sustainable recovery.

For example, Unite has highlighted how a **new nuclear power station build, such as Sizewell C on the Suffolk coast, and in Moorside, Cumbria, could be flagship infrastructure projects for the**

⁷ <https://www.theguardian.com/business/2020/jun/05/jaguar-land-rover-borrows-560m-from-chinese-banks-to-secure-cashflow>

⁸ <https://labourlist.org/2020/06/uk-manufacturers-are-ready-to-lead-the-world-build-back-better/>

post-pandemic economy, combining a major boost to the economy and businesses with a recognition of the importance of tackling climate change.⁹

We have thrown our support behind the application by French energy giant EDF to the Planning Inspectorate for a development consent order (DCO) for **Sizewell C**, saying the go-ahead would be part of a balanced energy policy with the target of reducing carbon emissions.

The construction of the new nuclear power station could generate up to 25,000 jobs during construction and 1,000 apprenticeships. An estimated 2,500 businesses in the supply chain would also benefit. It would provide 900 operational jobs during the 60 years it is expected to be in service.

Opportunities for **strategic investment** also include:

- Using **£268 billion procurement budget** to support foundation industries;
- Using an **equity stake to power a just transition** in answer to the climate crisis. That means asset-based funding for energy efficient steel production;
- **Reshoring supply chains** - supply chain disruption was a major reason for manufacturing shutdowns.

In respect of procurement, there should be a **clear requirement to a build local and buy UK strategy when supplying public projects**, as well as ambitious targets for UK jobs and content to support supply chains.

Investment is not just about infrastructure. It must also include **public services, including health, local government and social care, and childcare**.

It must also include **transport**. Prior to the pandemic Unite set out why it is essential that government introduce a sustainable and integrated transport network to meet the needs of passengers, workers and the economy in the 21st century.¹⁰

The aviation sector has been particularly hard hit. Unite, as the principal aviation union, strongly welcomed the publication of the **Transport Select Committee's** report into the effect of the Covid-19 pandemic on the **aviation sector** and made a strong call to the government to "act now" to implement its recommendations "without further delay".

Unite first called for a support package for aviation in March as soon as the devastating impact of the pandemic on aviation became clear.¹¹

⁹ <https://unitetheunion.org/news-events/news/2020/may/25-000-jobs-to-build-new-suffolk-nuclear-power-station-a-boost-for-post-pandemic-economy-says-unite/>

¹⁰ <https://unitetheunion.org/news-events/news/2019/november/unite-launches-plans-for-radical-improvements-to-uk-transport-system/>

¹¹ <https://unitetheunion.org/news-events/news/2020/march/budget-government-must-step-in-to-protect-future-of-aviation-industry/>

A Treasury support package was first floated in mid-March yet three months on has yet to appear, prompting the Select Committee to raise serious concerns about the “*lack of detail and pace of action*” in the Department for Transport bringing forward a strategy to help the aviation sector particularly given the direct government role in stopping people flying and introducing quarantine measures as part of the response to the pandemic.

The report recommends that the government, working with the devolved administrations and the industry, “*publishes a strategy for the restart and recovery of the aviation sector as soon as possible*”, setting out how it will rapidly restore passenger air travel. The report’s findings are in line with those that Unite has promoted in its blueprint for the aviation sector.¹²

Unite has also warned that **without significant state support for the wider aerospace sector**, such as that provided by the US, French, German and Spanish governments, **thousands of UK jobs will be put at risk**¹³. The West Midlands faces the loss of several hundred highly skilled, well paid jobs as a result of Collins Aerospace announcing redundancies¹⁴.

Public transport has also been affected and has a crucial role to play in coming out of the pandemic.

Unite, which represents over 80,000 bus workers, welcomed the announcement that passengers on public transport be required to wear a face covering before boarding and throughout their journey.¹⁵

We have also called for the maximum capacity of buses to be reduced to protect drivers and passengers from becoming infected, a measure that has already been introduced in most of Yorkshire and London.

Bus drivers have been particularly at risk of dying from COVID-19, with 33 bus workers in London having died and drivers in other parts of the country also known to have died during the pandemic.

Inequalities and health

Unite recognises data which shows COVID-19 has a **disproportionately significant impact on Black and Asian Ethnic Minority people**. It is not coincidental that the most exposed sectors such as food, social care, hospitality, passenger transport, are also reliant on women, BAEM and young workers.

¹² https://unitetheunion.org/media/3082/9086_ukaviation_booklet_a4_final-4.pdf

¹³ <https://unitetheunion.org/news-events/news/2020/june/pm-must-show-same-dedication-to-saving-aerospace-as-he-has-to-painting-official-plane/>

¹⁴ <https://unitetheunion.org/news-events/news/2020/june/west-midlands-in-aerospace-jobs-blow-as-collins-aerospace-announces-premature-major-redundancies/>

¹⁵ <https://unitetheunion.org/news-events/news/2020/june/government-announcement-on-face-covering-for-public-transport-welcomed-by-unite/>

In the hospitality sector the union has had to fight multiple **cases of discrimination against pregnant workers**. Pregnant workers should not be furloughed. They have a legal right to be suspended for maternity reasons on full pay if “their health and safety is in danger”¹⁶.

We are also aware of **discrimination against disabled workers**. In the same industry a chef, who is partially sighted, was told under the threat of dismissal that she must return to work in a large hotel chain despite no health and safety provisions being made.

While, childcare is an issue for all workers, not just women, it is women who are being particularly impacted. **School reopening has been chaotic and has only increased uncertainty for workers**. Some schools are re-opening, but not on a full-time basis and without breakfast or afterschool clubs which working parents rely on.

The Government needs to learn the lessons from Marcus Rashford’s campaign, and **fund not only children’s meals but also provide childcare and nurse**.

Unite is calling for **parental leave for workers who cannot return to work**. The government must put protections in place so that workers with childcare are not the first shown the door if redundancies are announced

On top of childcare or providing adult care and worrying about their jobs, isolation for has been a major factor for this spike. **A mental health crisis will be the hidden result of the coming recession**. In a recent survey of Unite workplace representatives just under two thirds (65 per cent) said they had to deal with an increase in members’ mental health concerns.

Unite is demanding that workplaces are only reopened following **union-recognised risk assessments** and is offering an army of **roving union Health and Safety reps** to assist this work. So far, only the Scottish government has supported this call.

Unite also supports calls for Equality Impact Assessments to be carried out, as set out by the Women’s Budget Group: ‘Sex, disability, pregnancy and race are all protected characteristics under the Equality Act 2010 therefore these are examples of the need for the Government to undertake and publish meaningful equality impact assessments which take account of different groups socio-economic roles and risks.’

Unite also represents migrant domestic workers, and is very concerned to raise the severe difficulties and further exploitation due to COVID-19 being faced by these workers who are already extremely vulnerable to abuse. Action needed is set out in a letter from Kalayaan, the leading UK charity offering advice, advocacy and support services to migrant domestic workers, to the Minister for Immigration¹⁷.

¹⁶ See <https://www.gov.uk/medical-suspensions-from-work>

¹⁷ <http://www.kalayaan.org.uk/wp-content/uploads/2020/05/Letter-to-Government-17.04.2020.pdf>

A Better Recovery: investment for growth

Unite supports the **plan put forward by the TUC** last month to get Britain growing out of the crisis – and stop mass unemployment.¹⁸

We share the view that *“the pandemic alone did not cause this economic crisis. It was made worse by a decade of austerity and the government’s failure to strengthen the UK’s economy. Choosing the wrong approach to recovery now risks embedding low growth, long-term unemployment and all the social ills that go alongside”*.

An **investment for growth approach** means taking action on six key areas:

- **Decent work and a new way of doing business:** New business models based on fairer employment relationships. A fairer share for workers of the wealth they create, with a higher minimum wage and new collective bargaining rights.
- **Sustainable industry:** Economic stimulus for a just transition to net zero carbon. Rebuilding the UK’s industrial capacity with modern tech and training in new skills.
- **A real safety net:** Reforms to social security to provide help faster and prevent poverty. A job guarantee scheme¹⁹ so everyone can work and long-term unemployment does not take hold.
- **Rebuilding public services:** Bringing our public services back to full strength, with decent pay for those who looked after us in the crisis, and a new focus on good jobs and direct employment in social care.
- **Equality at work:** Specific actions to make sure women, disabled people and BME groups do not suffer disproportionately from the impact of the coronavirus recession.
- **Rebuilding internationalism:** New international rules must prioritise decent jobs and public services for all.

We concur that *“the evidence from the post-war recovery is that **this investment for growth recovery plan can pay for itself**. Millions of working families with higher disposable income create the economic demand needed for strong growth and healthy public finances. Stronger public services and an effective safety net will support people to start and grow businesses, and will better protect against a future pandemic”*.

We would also draw particular attention to the point that: *“As we work towards recovery, unions and employers should continue to work together at sectoral level to agree workforce pay and development strategies, especially in sectors characterised by low pay and poor working conditions. In addition, the **government must continue to engage unions and employers in***

¹⁸ <https://www.tuc.org.uk/ABetterRecovery>

¹⁹ <https://www.tuc.org.uk/research-analysis/reports/new-plan-jobs-why-we-need-new-jobs-guarantee>

developing sectoral recovery plans, and should establish formal sectoral panels with representation from unions and employers for this purpose”.

Avoiding a no deal or bad deal Brexit

The Government has now ruled out any extension to the transition period. **A no deal or bad deal Brexit must be avoided and the Government needs to set out the measures they are putting in place to avoid or mitigate the industrial impact.**

According to the OBR the cost of government intervention for Covid-19 has already cost £132.5 billion. Is the Government prepared to commit similar levels of emergency funding in the event of ‘No Deal’?

In manufacturing ‘No deal’ would wreck any prospect of recovery. Jaguar Land Rover has announced that it has lost £500 million, posting a £422 million loss and causing 1,100 agency job losses

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