

Unite response to call for additional evidence from the Treasury Committee

December 2020

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.

Introduction

1. In March 2020 Unite submitted evidence to the Treasury Committee as the Government unveiled its first financial package of support as the Covid-19 pandemic began to claim lives. Unite underlined in that submission our members were afraid and anxious for their futures; for their health and that of their loved ones, and for their jobs. Unite welcomed the government's statement that it would do 'whatever it takes' to get us through the pandemic. Unite stated at that point that,

"there will be a continuing and evolving need to put in place a comprehensive package of financial measures that enable people to follow government advice and protects households financially, limits the damage to our economy and therefore minimises damaging repercussions for our fragile economy in what is already an extremely worrying situation for people and businesses and equips our public services to meet the crisis when they are already overstretched. These are likely to have to take different forms of direct and indirect payments and transfers."

2. Nine months later we have a clearer indication of the health, well-being and economic costs of the pandemic. Britain has the fifth highest number of deaths in the world and has the worst economic performance of the G7 nations. The OECD and other international bodies – and the modelling assumptions of our own OBR – are clear that there is no 'trade-off' between health

and the economy. Our poor economic performance is linked to how we have failed to contain the virus. Both will continue to have human costs for months and potentially years to come.

3. There remains time for the Government to take the urgent action that can avert the worst of these costs – action that can still save lives, prevent mass unemployment and halt and reverse the spiralling levels of poverty and inequality that are deepening in this country.

Protecting and creating jobs

4. As Unite highlighted in March, as a country our starting position at the outset of this pandemic was one of fragility. We highlighted that in finding the appropriate solutions and policy interventions there would need to be a proper acknowledgement of this fragility, our consequent inability to withstand shocks and the low financial resilience of households.
5. Unite pointed out that even prior to the impact of Coronavirus, GDP in the last quarter of 2019 was flat (0%, October to December 2019) and last year overall was one of the slowest rates of growth since the financial crash in 2008. Under this headline figure, manufacturing was already in recession having had three consecutive quarters of contraction and worryingly service industries recorded a growth rate of just 0.1%, the weakest since mid-2016¹.
6. It is important to translate these headline growth figures for the country into the economic situation faced by households and local communities before the Coronavirus outbreak, in what we know is a deeply unequal country. There were 8 million people living in poverty despite being part of a working household, with 70 per cent of children living in poverty in households where at least one adult works, and child poverty stands at 4.1 million². Unite also cited evidence from the TUC, Resolution Foundation and others of the lack of wage recovery after the financial crash, the low rate of household savings and high number of insolvencies that put together gave us a picture of a country where very many more households were closer to the financial edge now than when we experienced the impact of the financial crash and the foundations of our economy are even more fragile now compared to then. Unite argued that this made the case for an ongoing and significant stimulus package for the economy as a whole, for specific industries that are coming under particular pressures and crucially for interventions to support households themselves.
7. In November 2020 the OBR forecast a rise in unemployment in 2021 to 7.5% (2.5 million people) and forecast that it would not fall back to pre-pandemic levels within 4 years. This is the OBR's 'central forecast'; one of the key assumptions associated with lowering unemployment is if 'Test and Trace' were working more effectively – and therefore helping to

¹ ONS, GDP first quarterly estimate: October to December 2019, release, 11th February 2020

² TUC, 28th March 2019, blog: Our Broken Economy has Locked Millions of Workers into Poverty. It can be accessed online at: <https://www.tuc.org.uk/blogs/our-broken-economy-has-locked-millions-workers-poverty-heres-how-fix-it>

contain the virus and reducing the economic costs. Unite, who represent Biomedical Scientists, have previously highlighted how NHS laboratories are being side-lined despite their high rate of effectiveness in favour of privatised labs. The OBR also acknowledged that it had assumed a 2 per cent 'hit' to the economy of Brexit – but this assumption is freighted with uncertainty. We simply don't know yet what a deal, if any, will look like and its impact.

8. To protect and create jobs Unite is calling for **comprehensive packages of sector support, job creation by bringing forward investment and guaranteeing the money will go to supporting and creating decent, secure jobs around our country and for urgent extra resources for our public services to equip them for winter and the future.**

Comprehensive packages of sector support

9. Unite called for comprehensive packages of sector support in March 2020 to go alongside the Coronavirus Job Retention Scheme (CJRS) to protect jobs and industries. Unite highlighted that many sectors will be the engine of growth in the future, but need support in the immediate short and medium term; sectors such as aviation and public transport, manufacturing industries such as automotive and aerospace, foundation industries such as steel and sectors hit by the specific nature of the pandemic such as retail and hospitality. The aviation package of support that Unite highlighted in its March 2020 evidence and had been promised by Government in that month has yet to materialise.
10. Manufacturing industries have been experiencing a triple hit of (1) the uncertainty and closures at points due to the pandemic, (2) the uncertainty that continues now to surround a Brexit deal and Britain's trading relationship with the European Union and (3) with the need to transition industries into being sustainable sectors as part of addressing our climate breakdown. As in paragraph 5, manufacturing was already in recession before the pandemic. Just since 2017 the Government has cancelled the Swansea Bay Tidal Lagoon, there has been the hostile acquisition of GKN by Melrose which the Government failed to prevent, the closure of Brush Electrical Machines at Loughborough, Cummins in Stamford and Tata's Orb operations – the UK's only electrical steel manufacturer.
11. Currently Unite are campaigning to keep Rolls-Royce at Barnoldswick open. As a workplace it directly sustains 1,000 families and up to four times as many in the supply chain and supporting industries. All together £1.1 billion is contributed to regional GDP. The Honda plant closure at Swindon had reverberations far and wide outside of the town; as Unite analysis demonstrated at the time, the closure was felt in Milford Haven, Bristol, South Wales and the North East. Whether the Government supports or fails to support our manufacturing industries will therefore directly impact on the scale of the unemployment we experience as a country and how strong the foundations of our economic recovery, the quality of jobs we create and our resilience in the future.

12. Unite has been demanding that the Government work with the TUC and trade unions for months to develop sector specific support. This is still urgently required. The failure to act by Government to support sectors such as aviation and transport, industries across manufacturing, steel and retail and hospitality will have multiple damaging impacts. The failure to act is helping to drive the increase in unemployment and will leave our economy even more unbalanced sectorally than we already are. One of the aspects of our recession being deeper than neighbouring countries is the much higher proportion of our economy that comes from the service industries, industries that have been significantly impacted by the pandemic. The pandemic has demonstrated in real time the benefits of having a more sectorally diverse economy. Yet failure by the Government to intervene to support sectors – including not putting in place sufficient support for hospitality – is putting sectors and industries at risk, making ‘building back better’ much more difficult.
13. In respect of hospitality, Unite has called for a number of measures to be taken to protect workers, jobs and businesses. These measures include a sector specific job retention scheme, routine tests for hospitality staff, a hospitality commission that brings together government, employers and unions and conditions attached to the job retention scheme that mean the improvement in the pay, terms and conditions of hospitality staff.
14. The extension of the CJRS in November was a very last minute reprieve for some jobs – it came too late for others. The ONS figures released on 15th December show a sharp rise in redundancies. Unite is calling on the Government to plan ahead now for the future of the CJRS and to continue supporting jobs in this way alongside packages of sector support. This is particularly needed where industries have seasonal revenues (for example, such as tourism, aviation and hospitality), as businesses will have lost to a large extent a summer and a winter and will continue to need support. This must sit alongside greater regional support for businesses, especially in tier 2 and tier 3 and any future national restrictions.

Job creation by bringing forward investment and guaranteeing the money will go to supporting and creating decent, secure jobs around our country

15. Job creation remains a gaping hole in the Government’s plans. The Government must use every lever at its disposal to protect and create jobs with every penny of an on-going and significant support package and Government spend going towards the goal of protecting and creating decent jobs. The government should not only bring forward and increase the scale of investment to upgrade our infrastructure, including communications, housing, public transport and energy, to make our economy green and sustainable but also guarantee this money goes to maintaining and creating jobs around the UK through an active industrial strategy and public procurement policy.
16. This includes ensuring the public procurement budget and public investment is proactively used to maintain and to create decent jobs in this country. There must be obligations placed

on the receipt of public funds to ensure that companies receiving such contracts, public investment and spend do not use insecure working practices, that they recognise trade unions, provide quality apprenticeships, have equality targets and best practice to diversify the future workforce, have high environmental and sustainability, and pay their taxes in this country.

17. All of these obligations would ensure that the investment, procurement, sectoral support and public service spend all goes towards the protection and creation of decent jobs in our communities. Unite has highlighted in our 'Manufacturing Matters – Recover and Rebuild'³ plan and in work on specific economic sectors that require support the practical ways in which this could happen
18. The Government should use its purchasing power to support industries and jobs and create an upgraded, sustainable future. It could, for example, commit funds from the transport spend to purchasing 4,000 new, greener buses to come from British manufacturers with the obligation that such spend must maintain and create jobs in this country. The government and/or local councils could then lease these to bus operators in localities across the country.
19. The past few months has shown the need to urgently upgrade our broadband infrastructure. This could and should be done using cables manufactured in Britain, again with jobs maintained and created here in Britain. Retrofitting homes and the building of wind turbines is also an opportunity to pump capital spend into our supply chain providing vital support for SME manufacturers in this country and sustain jobs in communities. The TUC has also set out, for example, in 'Rebuilding after Recession: a plan for jobs'⁴ how Government action could ensure the creation of 1.24 million jobs in this country by 2022.
20. Yet, the Government have become less ambitious, for example, in their plans to upgrade to our communications infrastructure that was set out in their National Infrastructure Plan in November 2020. The Government's election pledge a year ago was to connect the UK to gigabit-speed broadband by 2025. Figures show that £1.2 billion of the already announced £5 billion fund to expand full-fibre networks into rural areas would be spent by 2025 but only £100 million in subsidy would be spent in the 2021-2022 period. This is a further area where Unite believe the Government – as well as acting with greater urgency – putting in place obligations to ensure that public monies is spent supporting and creating decent jobs by ensuring the supply chain is UK based would have hugely positive multiplier effects.
21. Housing in particular is an area where there has long been a need for urgent action to ensure that everyone has access to quality, affordable housing. Inaction in addressing our housing crisis has multiple social and economic costs that will continue to worsen; while measures taken to fix our broken housing market can create a huge, nationwide economic boost, deliver

³ Unite, Manufacturing Matters – Fighting for the Future of UK Manufacturing, <https://unitetheunion.org/campaigns/fighting-for-the-future-of-uk-manufacturing/>

⁴ TUC, Rebuilding after Recession: a plan for Jobs, 24th June 2020, <https://www.tuc.org.uk/research-analysis/reports/rebuilding-after-recession-plan-jobs>

better lives and be a major contributor to us reducing our carbon emissions as a country. Unite support a mass investment and construction programme of council homes, with construction workers and apprentices directly employed and benefitting from industry collective agreements. The Unite construction charter means that construction firms planning to work on GLA building projects will now need to meet the standards laid down in the charter. The charter commits to working with Unite in order to achieve the highest standards in respect of direct employment status, health and safety, standards of work, apprenticeship training and the implementation of nationally agreed terms and conditions of employment. Support for the aviation industry should include upgrading to newer, cleaner planes that would support aerospace manufacturing jobs – as well as being one element in the urgent need to support aviation jobs.

22. Crucially, all of the above projects would also improve people’s lives and put us on a clearer path to a sustainable economy.

Urgent extra resources for our public services to equip them for winter and the future

23. Our health, local government and social care and education members are all clear that our public services desperately need extra resources and are under great strain after a decade of cuts. Research from the TUC has shown that investing the resources public services need would create 600,000 jobs.

24. Yet, in the November CSR the plans the Government put forward had £10 billion less in planned non-Coronavirus public spending next year (rising to £13 billion in 2024-5) than in March and we are seeing public service job losses now, which could be prevented through Government provision of resources. Local government in particular after a decade of deep cuts is now expected to bear the extra costs that the pandemic has inflicted, and cope with the falling revenue that will come in as businesses locally struggle on the high street. Housing and social care as local government responsibilities have been underfunded for years. The Government actions in the CSR by passing responsibility to local councils to increase taxes on communities at a time when households are struggling is a failure to act the Government must be held account for. Urgent extra resources from central Government to local government must come forward.

25. Through providing improved funding packages for public transport that is facing collapsing revenues Government should not only tie-in obligations to maintain rural and other socially important public transport routes to this funding, but also retaining affordable fares and include a pay increase for drivers and transport workers as key workers.

The need for secure and safe jobs and incomes and action on equality

26. There remains a need – and Unite would argue the pandemic has made it even more necessary -to tackle our one-sided ‘flexible’ labour market. Insecure and precarious work accelerated

after the financial crash and 2010. Insecure and precarious work has also significantly contributed to the lack of productivity growth in our country and is what has meant millions of households are ill-equipped to deal with economic shocks. Rather than learn from these mistakes, Unite are already seeing the Government and employers repeat them – risking a further surge in the growth and spread of insecure and precarious work that will damage our country for decades to come. As part of ensuring the jobs are created provide decent and secure work and incomes the measures highlighted above in paragraphs 15-25 should be accompanied by strengthening people’s individual and collective rights at work.

27. To make jobs and incomes more secure Unite is calling for the below measures;

- **An end to ‘fire and rehire’.** Unite has seen increasing numbers of employers using Section 188 notices to terminate the employment of workers, effectively blackmailing them into re-signing contracts on worse pay, terms and conditions. This causes untold distress at an already anxious and fearful time. Cutting pay, terms and conditions at this time can place workers’ homes at risk, pushing families who are just holding on into damaging debt and poverty. This has economic and social repercussions – we need to be keeping as many people out of poverty as possible and protecting their incomes. In addition, increasing people’s fear of unemployment and making their work increasingly insecure also increases the likelihood that they will be too fearful to self-isolate for the required period and instead continue going to work– raising the threat of virus transmission. Unite believe the practice of ‘fire and rehire’ must be outlawed urgently to prevent it from spreading across our economy.
- **An expansion of the rights of trade union Health and Safety representatives so they can be ‘roving’ representatives and proper funding of enforcement bodies.** This would enable Health and Safety representatives to visit workplaces other than their own and be part of the stronger assessment and enforcement regime that is urgently needed to ensure that where people have to work those workplaces are safe. Enforcement bodies such as HMRC, GLAA and the HSE require uplifts in their funding to ensure workplaces are safe and that rights are being respected.

28. Unite are seeing the emergence of employment contracts that include ‘lay-off’ clauses that include an employer’s right to lay workers off for a prolonged period unpaid. These contracts often also include exclusivity clauses. This is an appalling practice. Employers should not be able to restrict the work and earnings of people in this way – at the very least such exclusivity clauses should also be prohibited as they are for zero hours contracts.

29. Crucially there is a much more fundamental point about the need to address insecure and precarious work that requires action- action that should be taken urgently by this government. This includes giving workers the right to a regular hours contract, workers having compensation for cancelled shifts, ending the use of umbrella companies, making employees

the default status of all workers unless there is proof of genuine self-employment as well as measures such as sectoral collective bargaining.

30. As well as the deep wealth divide, Unite believe the Covid-19 crisis has, and will continue to, expose how inadequate the rights and protections workers in this country have – with women, BAEM, disabled and LGBT+ workers the most likely to endure this. Unite are clear that people’s ability to raise issues at work and to assert their rights at work is inextricably linked to their security at work. The TUC report ‘Living on the Edge’ from January 2018 looked at the rise of workplace insecurity, with 3.2 million workers being classified as insecure at that point, and concentrated on the retail, logistics and delivery and the higher education sectors. As well as finding that casual workers were more likely to be young and Black and Asian Ethnic Minority workers it found that these working practices led to poorer mental health as workers found themselves under strain and struggling with the financial insecurity and inability to plan your life that such work brings⁵. As raised in the Unite submission in March 2020 Unite produced an ‘Equality Checklist’ for workplace representatives to protect members from discrimination and protect the gains that we have made in equality for all.

Protecting incomes

31. Analysis by the Resolution Foundation in January 2020 found that “Despite a decade of low interest rates, the burden of debt remains substantially higher for those households at the bottom of the income distribution”⁶. This has been driven by the sluggish recovery in wages and incomes since the financial crash – with pre-crash levels in wages only being reached in February 2020. It has also left households with low levels of savings; 60% of low to middle income households report having no savings at all. Households and families are ill-equipped for an economic downturn. There is an urgent need for action to prevent large numbers of households falling into financial disaster. The Trussell Trust estimate six emergency food parcels each minute will be given out this winter⁷. The Government itself directly has the power through multiple levers to help the incomes of millions of workers to help them weather the economic storm - and through maintaining and increasing the disposable income of workers would show they are not only valued but would have a positive multiplier impact.

Increase Statutory Sick Pay (SSP) to £320 a week – a living wage – and available to all workers so people can afford to self-isolate.

32. The current £96 a week is a fifth of average weekly earnings and the 2 million workers who earn less than £120 a week are not even entitled to that. In our evidence in March 2020 Unite highlighted the urgent need to improve statutory sick pay and to make it available to all,

⁵ TUC, January 2018 – Living on the Edge. Please see <https://www.tuc.org.uk/research-analysis/reports/living-edge-0>

⁶ Resolution Foundation, January 2020, An Outstanding Balance. It can be accessed online at <https://www.resolutionfoundation.org/publications/an-outstanding-balance/>

⁷ Trussell Trust, 14th September 2020 <https://www.trusselltrust.org/2020/09/14/new-report-reveals-how-coronavirus-has-affected-food-bank-use/>

arguing that the risk of keeping it so low was that people would be unable to self-isolate. Unite argued that *not* making these improvements would make it harder to contain the virus, with lives lost and greater economic damage done as a result. Nine months on Unite has sadly been proven correct. The Government must urgently take action on this matter. It is still set to take several months for the roll-out of the vaccine and there remains a question mark over the length of time any vaccine will be effective for. Measures that contain the virus will therefore remain necessary for several months at least. Improving Statutory Sick Pay and making it available for all – alongside addressing the failures in ‘test and trace’ by putting our public services in charge – remains vital.

Reward public service workers with a pay increase

33. The policy announced by the Government amounts to a cut in real terms for millions of public service workers, even the lowest paid, after a decade of real cuts. It is an insult to millions of public service workers who cared for our loved ones during this crisis. Work by the New Economics Foundation has found that ensuring all public sector workers are paid a real Living Wage and increasing public sector pay by 2%, for instance, would boost GDP by between £1.1 and £2.1 billion, with an increased tax take of between £370 million and £700 million. Ensuring all public sector workers are paid a real Living Wage and increasing public sector pay by 5% would deliver a boost to GDP of between £2.4 billion and £4.6 billion, with an increased tax take of between £800 million and £1.54 billion⁸.

No cutting of Universal Credit in April 2021

34. There are 5 million self-employed people have been pushed towards the benefit system as they do not qualify for SSP. The increase of benefit levels to being equivalent to SSP was welcome as a step forward, however this is still a large drop in income for households to current SSP levels and now equivalent benefit levels. In March 2020 Unite stated that there should urgently be a further increase in benefit levels, both ESA and UC standard allowance, alongside an increase to SSP, and related child and housing elements as well as other adjustments within the benefit system that can act to increase income received from benefits. That remains the case as we see poverty growing. Yet the government are not only refusing to make the necessary uplifts in SSP, UC and other benefits they failed to confirm in the November CSR that they would not be cutting Universal Credit in April. Cutting UC back £20 a week amounts to taking away £1000 a year from millions of low income households.

35. Additionally, at this time of households being under severe strain the Government must finally act to remove the other serious problems in Universal Credit. This includes ending the two-child limit and the five week wait for Universal Credit, ending the Bedroom Tax, Benefit Cap and the single payment per household. Additionally, while the removal of the minimum

⁸ TUC, Unions urge Chancellor to give all public sector workers a pay rise, November 2020 <https://www.tuc.org.uk/news/unions-urge-chancellor-give-all-public-sector-workers-pay-rise>

income floor for self-employed people to Universal Credit is welcome step in the right direction there should also be a removal of the means testing and savings threshold to ensure people qualify.

Additional measures to protect people's incomes

36. **Unite believe that as well as the above the Government must fix furlough so that no one is paid less than minimum wage.** It is unacceptable there are hundreds of thousands of the lowest paid receiving only 80% of the minimum wage.
37. **Unite believe the Government must raise the minimum wage to £10 an hour.** Raising the statutory minimum for wages to £10 per hour for all – rather than £8.91 from April for those aged 23 years and over - would greatly assist in the fight against in-work poverty.

Submitted by Unite the Union, December 2020

Len McCluskey
General Secretary, Unite the Union

For more information about this submission or any questions, please contact;

Siân Errington
Political Officer, Unite the Union
sian.errington@unitetheunion.org
07967352164