Coronavirus and the Workers Emergency: Labour Market Realities 2020
The Centre for Labour and Social Studies (CLASS) is a leading left think tank working to ensure policy is on the side of everyday people. Originating in the trade union movement, CLASS has an authentic connection to working people and a unique insight into the challenges society faces. We combine grassroots voices with intellectually compelling analysis to show an alternative way forward. CLASS works with a coalition of academics, activists and politicians to inspire the left and cement a broad alliance of social forces to support reform, and equip our supporters with the tools to popularise a new agenda.

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Foreword

Frances O’Grady

“Decades from now, we will be telling our stories of the 2020 pandemic to younger generations.

I hope we will have a tale to tell of how it was a turning point in our history. It should be. Many of our stories will be about the working people who kept Britain running. Frontline workers who put their own health on the line to look after the rest of us. They cared for the sick and vulnerable, got us to work, kept our shelves stocked and our vital services running. But millions of these same workers have been undervalued, underpaid and denied secure employment.

The Centre for Labour and Social Studies (CLASS) third Labour Market Realities report reveals the scale of this injustice. Although the problems these workers face have existed for many years, the Covid-19 crisis has laid them bare for all to see. And it has intensified the injustice.

The report is all the more powerful for being more than just a review of the statistics. The CLASS workers’ confidence survey brings the voices of working people to the fore. They tell of how stressful life is on low wages and with insecure work. And life has become harder still in the Covid-19 crisis – especially for those on the frontline.”
While we are all yearning for a more normal life when lockdown can be ended, workers don’t want the old normal with its old problems. They want us to build back better. We must win a better future for all working people, with safe workplaces, fair pay, job security and dignity at work.

Unions have already stepped up to win emergency support for workers. A Job Retention Scheme that has kept furloughed workers paid and employed. And grants for many self-employed workers to keep them out of debt while they cannot work. But our work has only just begun. We now need to win a new deal for workers, along with restoration of the public services that working families depend on.

We could have been ready for this pandemic. We knew the danger. But in the decade before the crisis, a Conservative administration put their small state ideology before the wellbeing of British people. They failed in the first duty of any government – to keep the nation safe. We cannot go back to how things were before.

CLASS are right to call for wages increases, a ban on zero-hours contracts and a green industrial strategy at the heart or our national recovery plan. Unions must have a seat at the table too. We need a national council, with representation from government, unions and businesses, to plan the recovery together. And it is time at long last to give workers seats on company boards. It’s normal practice across Europe.

Trade unionists are practical people, and we want to get on with the job of building back better. Better pay for the millions without a living wage. Better security for the million workers on a zero-hours contract. Better industry, that allows workers a fair share of the gains from new technologies. And a better environment, with a just transition to zero-carbon economy.

Frances O’Grady
General Secretary of the Trades Union Congress
Executive Summary

The state of British workers 2020

The Covid-19 public health crisis has become a workers crisis. The lockdown has thrown UK workers into unprecedented turmoil – millions furloughed under emergency government schemes, others seeing their hours and income cut, agency workers and the self-employed falling through gaps in provision, and a huge surge in the numbers claiming Universal Credit. This was all unimaginable just two months ago.

The 2020 edition of Labour Market Realities brings together workers’ voices, trade union interviews and quantitative analysis to draw a comprehensive picture of the current situation, linking the current peril and inequality to longer-term trends. It finds that there are not just gaps in achieving social justice and ensuring decent work for everyone – but huge gaping cavities that are widening in the current crisis. We also map other major challenges the next decade will hold. The conclusion is clear: there can be no return to business as usual. We must now start building a greener, fairer and more resilient economy – a new normal.

Low-paid and part-time workers are in an extremely vulnerable position

All workers are being affected by the Covid-19 pandemic and lockdown, but its repercussions are not the same for everyone. Our 2020 workers’ survey

- Almost a quarter are just one pay cheque away from being unable to pay their mortgage or rent, and 60 per cent are less than three months away;
54 per cent of those at risk of defaulting on their rent or mortgage are worried about being made homeless;

Almost a third do not earn enough to keep up with the basic cost of living;

45 per cent of workers with a monthly shortfall are using their credit card to make ends meet, while 34 per cent are borrowing from family and friends;

Just under one in four have had trouble feeding their family.

Almost one in five are not confident they will still be employed in their current job in six months.

Breaking down these indicators of economic wellbeing by gender, age, and especially employment type and income, reveals huge disparities. The coronavirus is making life much harder for already vulnerable groups and those in more insecure forms of employment.

A double hit for the working class and frontline workers

While those on lower incomes are taking the biggest economic hit, they are also worst affected by the health impacts of the pandemic. Many key workers – cleaners, carers, delivery drivers, postal and transport workers – deemed “low skilled” by the state are now the ones on the frontline, keeping the wheels on society. This has come at a huge cost. Multiple official studies are finding that those on lower wages, those living in deprived areas and ethnic minorities are much more likely to die from Covid-19.

Take care sector workers: half are paid less than the Real Living Wage, and they are five times more likely to be on zero-hour contracts. They are now dying from Covid-19 at twice the rate of the general population. People are clapping for them now, but there are few workers who have been more badly treated in recent years.

As the government attempts to ease the lockdown, it is those who cannot work from home who have been asked to return to workplaces. This also has a strong inequality dimension: those on lower incomes are much less likely to be able to work from home. Our survey found that while almost half are now
working from home, but varies from under 40 per cent of those earning under £20,000 to over 60 per cent of those earning over £40,000.

Covid-19 is not the great leveller that many claimed it would be. In reality, it is exacerbating existing inequalities and creating new ones.

2010–2019: A decade of lost progress

The effects of Covid-19 on low-income workers are acute, but the problems in the labour market existed before the pandemic. Looking at trends across the past decade of Conservative governments, we find:

- Employment is increasingly no guarantee of a decent income: employment has reached record highs, but so too has in-work poverty and the number of zero-hour contracts.
- Progress on livelihoods has stalled: the median weekly wage has increased by only £2 a year in real terms.
- The market has got it wrong on wages: some of those who matter most to society are on the lowest wages.
- The labour market increasingly favours those with more formal qualifications: this is further polarising the labour market, with jobs increasing at the top and falling elsewhere. Non-graduates have fewer and fewer opportunities to make a decent living.
- Group-based inequalities have been further embedded into our labour market, with women and ethnic minorities much more likely to be in insecure employment.

We conclude that addressing labour market challenges requires deep, far-reaching policies that go way beyond the Covid-19 emergency measures.

Covid-19 has company

It might be comforting to think that the pandemic will be a one-off disruption, but this ignores reality. Huge challenges are already on the horizon, including a substantial hit to the economy. The climate crisis, automation and a new Brexit trade regime are the key worries of trade unions. But within each of
these challenges, there is an opportunity to do things differently and remake Britain for the better.

**Time for change**

The public want a new era for workers and the economy. Our polling shows considerable support for a pay rise across key public and private sector frontline workers and a desire for more state investment. Only one in five workers would support a policy that prioritises paying down any debt created by government intervention during the lockdown. Instead, there is an overwhelming demand for the government to tackle inequality: over two thirds of workers support taxing the wealthiest more (69 per cent) and increasing investment in public services (67 per cent). Over half support green investment, while just 4 per cent oppose it.

There is now both a demonstrable need for change and public support for it. The government must seize this opportunity.

**A change to honour the heroes**

The economy has been found out. Things will only get worse if there isn’t a firm plan. Undoing decades of damage while dealing with the economic impact of Covid-19 will mean being brave and bold, and putting aside tired, incorrect orthodoxies about government debt. Now is the time to spend and invest. These are ten policies that could start us on the road to recovery – from not just the present crisis but the multiple human and climate crises that urgently need to be tackled.

**Policy 1: Protect incomes and reform the welfare system going forward**

People are losing jobs and income, and we are far from the end of the economic crisis. The furlough scheme has been extended but mortgage holidays should likewise also be extended, there should be a fully funded freeze on council tax payments, and the welfare system should be made fit for the purpose of supporting people during these and all difficult financial times.
Policy 2: Set equality and green conditions when bailing out the private sector

Bailing out the private sector represents a unique opportunity for the state to start moving us towards a greener, more equal UK. Bailing out a company with public resources should come with a crystal-clear, legally binding set of terms and conditions to put an end to antisocial behaviours such as tax evasion and avoidance, polluting the planet, or exploiting workers, and with an equity stake in the company.

Policy 3: A bold green industrial strategy and green stimulus

The climate crisis needs urgent attention. Coordinated green investment can create good-quality jobs - simultaneously addressing inequality, lowering our carbon emissions and reviving the economy. We advocate a minimum £100 billion green stimulus programme funded directly by government borrowing, and a new National Investment Bank backed up by a network of Regional Development Banks to provide lending of £250 billion over ten years for enterprise, infrastructure and innovation, such as rapidly expanding renewable energy capacity, electrifying public transport systems and retrofitting energy-inefficient homes.

Policy 4: A new Youth Job Creation and Skills Programme

We need a direct job creation programme to avoid young people being “scarred” over the long term by an initial lull in employment opportunities. This should be linked to the broader strategic aims of the new green industrial strategy and stimulus.

Policy 5: Build public services fit for the 21st century

The government must restore funding for our public services to at least the levels of 2010 (in real terms), and go further in places. Now is the time for investments in much-needed social goods – most notably, a new National Care Service and a universal childcare system. This would mean greater control over care sector pay and rights – allowing the state to intervene and right the decades of underinvestment. We must reverse the privatisation and outsourcing of public services by local and central government, as well as remove internal competition to ensure collaborative, integrated and coordinated services.
Policy 6: A rise in public sector wages

A 5 per cent rise in public sector wages should be legislated for quickly. This would acknowledge the extraordinary contribution of key workers during the pandemic and address the lost decade in public sector wage rises. It would also serve to tackle the income crisis that will undermine any economic recovery.

Policy 7: A shift to a Real Living Wage and minimum income guarantee

While increases in the minimum and National Living Wage are welcome, we need a minimum income guarantee reflecting the true costs of living to combat high and growing levels of in-work poverty.

Policy 8: Restore the collective power and voice of workers

The draconian restrictions placed on unions by the Trade Union Act of 2016 must be repealed immediately. Sectoral collective bargaining must be expanded and encouraged, and pay should be included. The Act should promote economic democracy by introducing workers on boards across companies, and legislate for a new higher rate of sick pay available from the first day of falling ill.

Policy 9: A new Ministry for Employment Rights

Looking across government departments, there is a lack of genuine representation for the UK’s 32 million economically active. The government should establish a new department dedicated to radically revising labour law and correcting the wrongs of past decades – including the growth of zero-hour contracts. It should promote economic democracy by introducing workers on boards across companies, so that workers have a voice in the company decision-making.

Policy 10: A new Department for Women and Equalities

This should be a small and dynamic department that interacts with all other ministries ensuring all of our policies and laws are equality-impact-assessed to deliver a fairer society for women, disabled workers, disadvantaged ethnic minority groups and all under-represented groups. Inequality has proved deadly during the Covid-19 pandemic, we must vehemently commit to tackling this injustice going forward.
Introduction

We have entered the 2020s in the most dramatic way possible. The Covid-19 pandemic has killed tens of thousands of people in the UK and exposed the fragility of our public services, the economy and the workforce.

In the whirlwind of a public health crisis, over 1.5million people have joined the queue for universal credit; millions have seen their working life turned upside down overnight, either furloughed or dismissed, with many experiencing a sharp decline in their incomes. Millions more who are on the frontline, caring for the sick or keeping our supermarkets well stocked and ensuring our deliveries are made, face critical health and safety issues.

Despite unprecedented government intervention, institutions from retail chain stores to universities are at risk of going bust. No other single event has shone a brighter light on the issue of work in modern times – and the view is disconcerting.

This year’s Labour Market Realities report is published in the midst of the coronavirus crisis. In the past, these annual reports have found that workers are “on the brink”, stressed and insecure in their jobs. The Covid-19 pandemic has brought millions closer to the edge, and left others hanging on by a thread. The government’s furlough and loans scheme have in part only served to delay many falling over the edge. Meanwhile,
daily headlines inform us of airlines, manufacturers and restaurants that will not make it to the other side of this pandemic in one piece. We face a workers emergency. The choices we make now will define working life and this country for years to come.

This report is an opportunity to take stock of where we are, what got us here and what we ought to do next. We approach these questions, in Chapter 1, through the lens of the voices that matter most – the workers themselves whose paid and unpaid labour, whose ideas and ingenuity, and whose spending and consumption patterns make up the economy. We start from the basic premise that the public, and in particular workers, are key arbiters of the economy and that their experience can offer valuable insight into the challenges they face in the workplace and how to move forward. Our survey this year looks not only at pay and workplace stress, but also at the specific impacts of Covid-19 on working life, on worker confidence in the economy going forward and on what change workers want to see.

This month (May 2020) also marks a decade of Conservative governments at the helm, including the Conservative-LibDem coalition; a decade in which there have been major political events, and huge shifts in the focus and aims of economic and social policies. The 2020 labour market looks very different to the labour market a ten years earlier. In that time we have witnessed the slowest growth in median wages for over 200 years, and a surge in precarious contracts with an “uber-isation” of workplaces along with huge cuts to our public services through the austerity policy programme, most notably to the welfare system. Chapter 2 brings in extensive quantitative analysis to map and understand these trends, highlighting the extent to which resilience at both the societal and the individual level has been weakened through successive waves of privatisation, public spending cuts and a short-termist approach to policy.

The turn of the decade also begs the question of what lies ahead for the 2020s. While we live in a time of huge uncertainty, there are very clear
challenges already on the horizon, and closer – most notably the climate crisis. In chapter 3, interviews with trade union officials representing millions of workers across sectors from aviation to manufacturing provide insight into what the industry experts see coming ahead. They are a stark reminder that building an economy that works for workers in the 2020s requires thinking beyond the immediate response to Covid-19. We need a recovery plan that puts us on a new path towards an equitable society strong enough to withstand future shocks. While we were not ready for Covid-19, we can be ready to absorb the shocks for future major disruptions to our lives.

Listening to workers’ voices is intrinsically valuable, but it is also so much more than that. Not only are those engaged in the everyday economy best placed to shed light on the experience of contemporary work, but what they have to tell us is a reminder that the economy needs to be run in their interests. Our polling indicates that there may well be the first signs of a seismic shift in the public mood towards a society rooted in more progressive values and less individualism, with greater demands for state intervention and investment. The final chapter sets out what is required to put that into practice – taking into account what we have learnt from the past, what we can take from the present and what we know of the future.

Covid-19 has put society in an X-ray machine and revealed its brittle bones. Ministers can no longer hide from the everyday struggle of working life in Britain with soundbites about “record employment figures”. As this report makes clear, the labour market was not working for working people going into this crisis, and without substantial shifts in policy it will not work coming out of the immediate public health emergency, or if faced with other emergencies. Austerity must now be finally scrapped and replaced with commitments to reward those who have risked their lives to keep this country going and put all workers on a stronger, more secure footing going forward. Change is imperative.
Covid-19, workers and inequality

The Covid-19 pandemic has had far-reaching consequences for workers. However, while we have all felt some sort of impact, it is far from being the same for everyone. Ministers have claimed that the coronavirus does not discriminate, but already the death toll has demonstrated that ethnic minorities and those living in the most deprived areas are more at risk. While there are multiple reasons for this inequality, one aspect of the determinants of health is what type of work people are doing. Using the CLASS workers survey, in this chapter we map out the multiple ways that the pandemic and lockdown are affecting workers, and we look at which workers are losing out.

1.1 Times are hard for UK workers, but some have it harder

According to the most recent ONS (Office for National Statistics) data, more than one in four workers (27 per cent) have been furloughed under the Coronavirus Job Retention Scheme (CJRS). However, our survey of a representative sample of 2,000 workers shows the repercussions to be much wider. Over half say their hours have decreased (see Figure 1). This rate is higher for those who are part time (60 per cent) and self-employed (70 per cent) compared with those who are full time (44 per cent). The rate is also notably higher for workers on lower incomes, with a drop in hours seen by 63 per cent of those earning less than £20,000, 51 per cent of those earning...
£20–40,000 and 41 per cent of those earning over £40,000. Over half of those who have experienced this decrease have seen a decline of more than 10 hours. This is an unprecedented shift in working patterns in the space of just two months.

**Working hours have reduced for more than half, with those on the lowest incomes disproportionately affected**

Figure 1

Have your working hours been affected by the coronavirus lock down? (Percentages of respondents)

![Graph showing working hours affected by COVID-19](source)

When polled workers were asked if they are worried about their job because of the coronavirus, almost half responded that they ‘somewhat’ or ‘completely agreed’. Again, those who were self-employed and on lower incomes were most likely to agree (see Figure 2).
More than half are worried about their job because of the coronavirus pandemic, especially those on lower incomes

This pattern of who is most affected, in terms of working hours and insecurity, translates into who is most vulnerable. Over one in four workers are only one month away from not being able to pay their rent or mortgage if their income stops, and a total of 60 per cent are less than three months away. Women are in a more precarious situation, with over one in three just one month away from defaulting on their rent or mortgage, and only 18 per cent who have sufficient savings to last six months. Again, the rate was also higher for those on lower incomes, for those earning under £20,000, almost 40 per cent are just one month away from defaulting compared to 14 per cent than those on earning over £40,000.

The truth is that millions were already hanging on by their fingertips going into this crisis. In 2019 a poll by Shelter almost half of working renters were only one pay cheque away from losing their home. It is therefore no surprise that women, part time and self-employed workers, and those on lower incomes are adjusting spending behaviours. One in three workers state that they cannot make ends meet, with 44 per cent plugging the gap with a credit card. Strikingly, of those struggling financially, almost a third again would need as
much as £150 a month or more in order to balance the books. In total, 23 per cent are already concerned about how they will feed their families, with the figure rising to almost one in three for those on the lowest incomes. Hardship is intensifying.

1.2 Those on lower incomes face a double-edged sword – money or health

While our survey results show that those who are most likely to be losing work are female, part time and low paid, research by the Resolution Foundation simultaneously tells us that those on the frontline who are currently most in demand are disproportionately female, ethnic minority, part time and low paid.2

How can it be true that the same groups of people are losing work and most in demand at the same time? The answer is in the fact that the sectors most vulnerable to an economic downturn, including hospitality and non-food related retail, and those workers most needed to keep the country running, such as delivery drivers, care workers and supermarket cashiers, are all low paid.

Sectors already heavily affected have typical weekly pay of £320, compared with an average of £455 for the economy as a whole. These include retail (excluding food), hotels and restaurants, airlines, travel operators, cleaning, arts and entertainment, and personal services like hairdressing, comprising 5 million employees and 1.2 million self-employed people.3 Nearly 2 million of the lowest earners also lack entitlement to sick pay.4

A study from the Institute of Fiscal Studies (IFS) found that a third of all key workers earn less than £10 an hour (see Figure 3).5 This proportion rises to 71 per cent of the food sector and 58 per cent of employees in social care. Overall, the same study finds that the hourly wages of key workers is on average 9 per cent lower than similarly qualified non-key workers.

Those on the lowest incomes are either affected by the economic fallout or the health impacts of having to work on the frontline during a pandemic. There is no escaping the consequences of Covid-19 if you’re low paid.
A third of key workers are paid under £10 an hour

Figure 3

Key workers - what they earn

Source: Reproduced from IFS, calculated using Labour Force Survey (Q4 2018 to Q3 2019)

Those on lower incomes are also less likely to be able to work from home. As Figure 4 shows, our survey found that just under half (48 per cent) are now working from home because of Covid-19, but those on higher incomes (£40,000 and more) are 50 per cent more likely to be working from home than those on the lowest incomes (under £20,000).

Those on higher incomes are more likely to be working from home

Figure 4

Percentages of respondents working from home by income during the coronavirus crisis

Source: Survation poll for CLASS, 2020 (unweighted total 2,026)
This corroborates research by the Resolution Foundation which finds that fewer than one in ten of those in the bottom half of earners say they can work from home, making it much harder for them to protect their incomes in the face of social distancing measures.\textsuperscript{6}

1.3 Too many workers lack health and safety protection

Health and safety has featured prominently in public discussions about work and Covid-19. At the outset of the lockdown in March, CLASS spoke to ten different unions about the impacts of the coronavirus on their members.\textsuperscript{7} They were clear that workers in schools, factories and other workplaces had received very little official guidance on health and safety measures within the first weeks of the crisis.

Many of the trade union officials we interviewed, in sectors from education to social care, spoke about the ad hoc approach that had unfolded in the absence of clear communication and guidance from central government.

\begin{quote}
Our ambulance service workers lack personal protection equipment, things like overalls, masks, cleaning wipes, hand gels. Hand gels are a really important issue. They are out on the road, they don’t have access to hot running water and soap. You might have two crews but only enough kit for one. Ultimately these [are] frontline workers, who are then putting themselves in harm’s way.

\textit{GMB Official, 18th March}
\end{quote}

\begin{quote}
Royal Mail almost have not acknowledged the virus at all yet. They have stuck out a few rubber gloves and told us we aren’t allowed to let customers hold our scanners but that is as far as it has gone, but there is no strategy going ahead and it feels like it’s the unions having to come up with the strategy.

\textit{CWU Official, 17th March}
\end{quote}
Headteachers have said that they don’t have any money to buy any soap and there is an online chat between teachers that down the road there’s a Poundland that has hand sanitizer … it’s desperate, isn’t it?

NEU Official, 18th March

For ambulance drivers, different NHS trusts had different advice on health and safety; in food production, each company had developed its own policies on sick pay; in rail, different train operators had a different approach to pay depending on whether workers are having to self-isolate or unable to work due to childcare responsibilities. All these different messages have caused confusion and anxiety in the workforce.

In logistics, we heard of better practices that were put in place as a consequence of certain companies working closely with trade unions to get the necessary changes in place with staff cooperation and input.

Almost two months on from these conversations, health and safety measures are patchy and dangerously absent in some of the places they are most needed. Despite the public uproar, social care and medical staff do not have sufficient personal protective equipment (PPE), and until very recently social care workers were not being routinely tested for Covid-19, even when they thought they might have been exposed to it.

The lack of health and safety has put workers, and those they are looking after, at risk. The consequences have been felt in the most serious way possible, with a growing number of NHS and care workers contracting the virus and dying.
Carers have not been cared for

These care workers are people that do these jobs because they care. But they are the lowest paid, they are on the minimum wage, they are doing 12-hour shifts and they are being expected once again to prop up the social care system and there is no recognition for that. At the end of this we want to sit down and have a serious conversation about pay and conditions ... These are minimum-wage workers and once again they are the ones keeping everyone safe.

GMB Official

The multiple vectors of inequality amplified by the Covid-19 pandemic – pay, insecurity, safety – are especially apparent for care workers. Carers have gone from "low skilled" to "essential" workers and to receiving a public display of gratitude for their work in weekly clapping sessions. However, the truth is that few workers have been treated as badly as carers. The structure of their industry is one of exploitative low pay, in large part from a private sector that is carrying out a role which should be in public hands.

As Figure 5 shows, frontline care workers are predominantly women, ethnic minorities and single parents. Also, 10 per cent of care workers are on zero-hour contracts compared with 2 per cent of all workers, and 6 per cent are employed though an employment agency.  

Frontline care workers are predominantly women, ethnic minorities and single parents

<table>
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<tr>
<th>Percentage</th>
<th>Proportion of women, single parents and ethnic minorities within worker category: UK, 2017-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>83%</td>
<td>Frontline care workers</td>
</tr>
<tr>
<td>46%</td>
<td>All Workers</td>
</tr>
<tr>
<td>18%</td>
<td>Black, Asian and Minority Ethnic</td>
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<tr>
<td>12%</td>
<td>Single Parent</td>
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<td>13%</td>
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In this crisis, care homes have consistently argued they have not received sufficient attention, PPE and support from government. Figures from the ONS are beginning to reflect the abysmal damage wrought by the coronavirus pandemic on this underfunded and overlooked sector. In England and Wales, the number of people dying of Covid-19 in care homes more than quadrupled in the space of a week,\(^9\) and many feels this is an underestimation because of discrepancies in death certificates.

It is not just that carers are low paid now: the truth is they have not been treated with dignity for years. The most damning marker of this is the fact that of all sectors, healthcare has seen one of the biggest falls in wages in the last decade. We discuss this in more depth in the next chapter, but it is an indictment that while the government is calling health and care workers “essential” their hourly wages have been falling relative to every other industry sector. The ageing population means that social care is a growing sector in the UK. However, years of neglect and low pay have put it in the most dire situation during this crisis. Care workers need to be cared for.

1.5 **Workers are overworked, overqualified and insecure**

The UK is a nation of workaholics, often against their wishes and at the expense of their families and their health and wellbeing. Our survey found that one in four workers is working over 41 hours a week. As the Institute of Employment Rights’ 2016 manifesto\(^{10}\) rightly states, “British workers work more hours per week, more days per year, more years before they retire, after which they receive lower levels of pension than most of their European counterparts”.

The recent explosion of interest in proposals for a four-day week has at least partly stemmed from the recognition that many people in Britain are working to such an extent that they are endangering their health or becoming unproductive. Working less, and smarter, is vital to a more highly skilled, more productive, happier and healthier workforce, and a more equal society. The
Almost 20 per cent not confident they will have job in six months

Figure 6

If you wanted to stay in your current job, how confident are you that you could be in your current job?

(Percentages of respondents answering Somewhat or Very unconfident)

A third of all workers in our survey said they had qualifications higher than their role required. This suggests that huge potential is being wasted in the current labour market. It also shows a deeper problem of a skills mismatch
Those out of work face a welfare system that impoverishes people

There have been sweeping cuts totalling £37 billion and deep structural reform of the benefits system since 2010. While the government has claimed these cuts are the reason for an increase in employment in the past decade, the National Audit Office has thrown cold water on these claims, arguing that the evidence is not there to draw a causal relationship. Instead, the causal relationship that has been uncovered is between benefit cuts and increasing levels of poverty and destitution.

In our survey just under half of those claiming benefits said they were doing so at least in part due to the Covid-19 pandemic. According to official figures, since the lockdown an estimated 1.5 million have joined the ranks of those claiming Universal Credit. They will be able to claim £95 a week for the single standard allowance if over 25 years old, rather than £75 as was the case before the lockdown.

There is now also financial support to cover home rental payments up to 30 per cent of market rents and in line with other benefit entitlements. And there have been changes to how the benefit is administered, with the removal of the minimum income floor for the self-employed and fewer punitive measures for missing deadlines and meetings. This is a welcome uplift and change in administration. However, £95 is still not a sufficient amount to live on, and many more people will find themselves on the breadline in coming months.
Conclusion

This coronavirus crisis has not been a great leveller. Far from it, the heaviest impacts have fallen on the poorest, especially frontline and essential workers who are disproportionately working class, female and ethnic minority. The cover has been lifted off the economy and the wiring has been exposed as in need of urgent repair – low wages, a punitive welfare system and many workers living on the edge, just one pay cheque away from destitution. To begin to recover, we need to understand what the underlying problems are, and why resilience levels are so low.
There is an opportunity to identify what the basics of life are. We can’t leave those to the vagaries of the market, about whether or not they are ‘profitable’.

Unite official
Chapter 2

2010–20: A decade of lost progress?

Have the last ten years been good or bad for workers? Who has gained and who has lost? As established in Chapter 1, workers are experiencing the Covid-19 crisis in different ways, depending on the security of their employment contract, gender, income level, ethnicity and age. But what got us to a point where so many are vulnerable even when employed?

This chapter brings together new analysis by Landman Economics based on the Labour Force Survey (LFS) and Annual Survey of Hours and Earnings (ASHE) to highlight the key trends in the UK over the last decade. It then uses qualitative interviews with 20 trade union officials across ten different unions to scratch below the headline figures and provide a picture of the driving factors behind the trends.

The key policy decisions that underpin these trends are summarised in Figure 7, which provides a timeline of major relevant events and policies. Our findings show that if we are to emerge from the Covid-19 crisis with a more resilient and financially secure workforce, as well as to honour the work of frontline
2010-2020: A difficult decade for workers

- Conservative-LibDem coalition. George Osborne begins destructive austerity with 25% budget cuts (except health & DfID).
- Corporation Tax cut by 3%, with commitments for further cuts. Public sector pay freeze.
- Small companies tax rate cut to 20%.
- Fuel winter payments cut
- Additional 2% cut in Corporation Tax
- Osborne admits strategy isn’t dealing with budget deficit but continues with austerity.
- 250,000 march against cuts.

- Employment Tribunals and the Employment Appeal Tribunal Fees Order introduces fees.
- Medical assessments for disabled.
- Public sector pay freeze.
- Welfare ‘shake-up.’

- Minimum income of £18,600 to sponsor a spouse.
- Welfare Reform Act introduces PIP & Universal Credit.

- 1% public sector pay rise to continue for another 4 years.
- Corporation tax to be cut to 19%.

- 5-Year welfare cap set (£119bn)
- Biggest fall in wages since records began.
- Scottish independence referendum.
- Immigration Act requiring landlords to check immigration documents, and new ‘health surcharge.’

- General election with new majority Conservative government elected.
- Unions condemn failure to ban ‘exclusivity’ zero hours. Steep rise in such contracts.
- Tax Credits & UC limited to two children. Household benefit cap reduced.

- Education Act, resulting more power for Academy Trust and increase in tuition fees.
- Medical assessments for disabled.
- Public sector pay freeze.
- Welfare ‘shake-up.’

- Another £10 billion savings from public services required by 2016.
- Health & Social Care Act, most wide-ranging NHS reforms since it was founded in 1948, letting private sector more access.
- £9,000 tuition fees introduced.
2010-2020: A difficult decade for workers

- Shelter finds 250,000 homeless (a 30% rise).
- 800,000 on zero hours.
- Capital Gains tax cut from 28% to 20%.
- Further cut in Corporation Tax.
- Brexit referendum, David Cameron resigns, Theresa May takes over.
- Trade Union Act imposes various measures.
- Brexit triggers Article 50, marking 2 years to leave the EU.
- Snap general election, Labour gains.
- UK triggers Article 50, marking 2 years to leave the EU.
- Snap general election, Labour gains.
- Brexit extended to Jan 2019.
- Chris Grayling forced to bring East Coast mainline back into public control.
- Brexit referendum, David Cameron resigns, Theresa May takes over.
- Trade Union Act imposes various measures.
- Food bank demand rockets.
- 'Paradise Papers' reveal extent of tax avoidance.
- Grenfell Tower fire, 72 die.
- Richard Branson's Virgin Care sues the NHS.
- Supreme Court rules tribunal fees unlawful.
- UN Special Rapporteur slams extreme poverty.
- Carillion collapse costs £148bn.
- 8 out of 10 academies in financial woe.
- Windrush scandal.
- NHS spends £9.2bn on services delivered by the private sector.
- UN Special Rapporteur slams extreme poverty.
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- Theraisa May resigns after EU Withdrawal Agreement fails. Boris Johnson the new PM. Snap general election - Tory win.
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- Gov't pledge to plough ahead with Brexit timetable despite Covid-19.
- Deep recession looms.
- Brexit uncertainty hits economy with slowing in growth and business investment.
- Outsourcing surges by 53%. Bus firms paid shareholders £1.5bn since 2010.
- Rise in NLW of 4.9% (from £7.83 to £8.21)
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2.1 The patterns

Traditional indicators monitoring the health of the labour market include employment rates, economic activity and median wage growth. We add contract type to our analysis and break down these indicators by occupation and sector, as well as by equality groups. While each of these indicators are discussed in turn below, individually they only provide a small piece of the picture. Taken together, they show a major shift in the experience of working life – moving from more secure forms of employment to zero-hour contracts and low-paid self-employment – as well as a remaking of the labour market to the benefit of those with more formal qualifications.

(a) Employment and economic activity have increased

A key measure of success for any government is the employment or economic activity rate. The Conservatives have continuously boasted about record employment levels in recent years. As shown in Figure 8, working-age economic activity (measured here as the proportion of people aged 18–65 inclusive who were employees or self-employed in the LFS data) fell slightly from 71.3 per cent in 2010 to 71.2 per cent in 2011, before increasing continuously between 2011 and 2019.

![Increase in economic activity for adults aged 18–65](source: ASHE 2010-2019, ONS)
By 2019, 77.1 per cent of those aged 18–65 were in work – an increase of almost 6 percentage points since 2010. This increase was made up of a 4-percentage-point increase in the number of working-age people in employment, and a 1.7-percentage-point increase in the number of self-employed workers.

Meanwhile, the proportion of unemployed people in this age group fell by 2.8 percentage points (from 5.8 per cent in 2010 to 3 per cent in 2019) while the proportions of retired and other inactive people fell by around 1.5 percentage points each. The proportion of students was relatively stable over the period, at around 3.6 per cent of working-age adults.

By gender, economic activity increased faster for women than for men – the total increase in the employment rate for women was 6.7 percentage points, compared with 4.8 percentage points for men. Unemployment fell by a greater amount for men (3.7 percentage points) than for women (2 percentage points) but was still higher for men (3.3 per cent) than women (2.6 per cent) by 2019.

(b) There are more people on precarious contracts

The number of people on zero-hour contracts has risen from 200,000 to just under 1 million in the past decade. Figure 9 shows the proportion of precarious workers broken down by each characteristic.

- The proportion of employees on zero-hour contracts increased significantly, from 0.4 per cent in 2010 to 2.2 per cent in 2019.
- For the full sample, the proportions of temp agency, casual and seasonal workers are largely unchanged across the years 2011 to 2019.
- The proportion of workers on fixed-term contracts decreased over the years 2011–19.
Part-time workers are much more likely to be in non-permanent work than full-timers (8.6 per cent of part-timers compared with 3 per cent of full-timers in 2019). This is mainly due to a much higher incidence of casual workers in part-time positions than full-time positions, and more fixed-term contracts and seasonal work for part-timers than full-timers.

Part-time workers are also far more likely to be on zero-hour contracts than full-time workers: in 2019, over 6 per cent of part-time workers were on zero-hour contracts compared with only 1 per cent of full-time workers. Part-timers are also much more likely to have second jobs than full-timers (6.8 per cent of part-timers in 2019, compared with 2.4 per cent of full-timers) – see Figure 10.

This indicates that many of those in part-time work are not making enough to make ends meet, as discussed in Chapter 1.
Zero-hour contracts have increased

Figure 10

(c) Wage growth has stalled

In 2018 the TUC found that we were witnessing the longest pay squeeze for people on low or middle incomes since Napoleon marched across Europe. The chief economist of the Bank of England, Andy Haldane, dubbed the last ten years a “lost decade” for wage growth.

Our own analysis shows weak overall growth in weekly and hourly earnings (for example median hourly earnings grew only 0.4 per cent a year). Median weekly wages have gone up by the equivalent of under £2 per year in real terms.

Hourly wages for public sector workers have been static over the 2011–19 period while private sector wages have grown by 0.6 per cent per year (see Figure 11).
(d) Precarious contracts, low and falling wages tend to come in a package together

Figure 12 shows that in 2010, the mean weekly wage of those on non-permanent contracts was very close to the average for all workers. Today, on average, weekly earnings for those on non-permanent contracts are more than £110 lower than the average for all workers. Those on zero-hour contracts fare even worse, with a gap of over £200 compared with the average for all workers.

Full-time workers on zero-hour contracts experienced falls of over 3 per cent per year in weekly earnings, while for non-permanent workers the rate of decrease was 2.3 per cent per year. This compares with a fall of 0.2 per cent per year across the sample as a whole. Part-time precarious workers also experienced worse outcomes for weekly wages than the sample as a whole. In particular, non-permanent part-time weekly wages fell by an average of 2 per cent per year (see Figure 12).
Those on zero-hour and non-permanent contracts earn less

Figure 12

![Graph showing weekly earnings over time for zero-hour contracts, non-permanent employment, and all workers.](source: LFS 2010-2019, ONS)

(e) You are more likely be on a precarious contract if you are a woman, young or Black, Asian or minority ethnic (BAME)

By age group, 18–21-year-olds are the most likely group to be in non-permanent employment and the most likely group to be on zero-hour contracts. Only one in ten of these young people is estimated to be in full-time education, so the rest are spending their first years of work in precarious employment.

According to an ONS report which combined data from the latest Labour Force Survey and an ONS business survey, more than half (54.7 per cent) of those working on zero-hour contracts were women. Our own figures show that female lone parents are particularly likely to be on a zero-hour contract. These findings chime with figures presented in Chapter 1 that show a greater number of women than men feel insecure in their working life and live on the edge financially.

By ethnicity, black, mixed ethnicity, Pakistani, other Asian and other ethnicity workers are the most likely groups to be in non-permanent employment. Indian and Chinese workers also had relatively high rates of non-permanent
employment in 2011, but the proportions fell strongly between 2011 and 2019. Black, Pakistani and mixed ethnicity employees were the most likely to be on zero-hour contracts. Black and mixed ethnicity employees were the most likely to have second jobs. In general, the incidence of precarious employment was lower for white workers than for black, Asian and minority ethnic workers (see Figure 13).

**Black, mixed ethnicity, Pakistani and other Asian workers and those of other ethnicities are the most likely to be in non-permanent employment**

![Figure 13](image)

**Source:** LFS 2010-2019, ONS

(f) The biggest falls in wages were for mining and quarrying, education and health and social work

Analysis of wages by industry sector shows that the biggest increases in (weekly and hourly) wages were for accommodation and food service activities and electricity, gas etc. The biggest declines were for mining and quarrying, education, and human health and social work activities (see Figure 14). Accommodation and food services has had the biggest weekly earnings increase. This is a traditionally low-paid sector, so the uplift here can be explained by the increase in the minimum wage to a National Living Wage in 2016 (see Figure 7).
Wages have grown in accommodation and food service activities, but fallen in human health and social work activities

Figure 14

(g) In-work poverty is up

Despite the significant increase in the minimum wage through the introduction of a National Living Wage (not to be confused with the Real Living Wage, which is substantially higher), in-work poverty has ballooned in recent years. Data for 2013–17 show that the number of people living in poverty in working families has risen by over 1 million.\(^{21}\) The Joseph Rowntree Foundation conclude that the “rising proportion of workers being pulled into poverty is preventing record employment rates from helping those people escape poverty’s grip”.\(^{22}\)

(h) People get stuck in a cycle of low pay or no pay

Using the LFS question on economic activity 12 months prior to interview, we see that in 2019, 14.4 per cent of employees in the lowest quartile of weekly earnings were not in work 12 months previously, compared with 6.2 per cent of employees in the second quartile, 3.5 per cent of employees in the third quartile and 2 per cent of employees in the top quartile (see Figure 15). This can be taken as evidence of a pronounced cycle between non-work and low
pay for workers in the lowest quartile. These findings signalling a low-pay/no-pay cycle correspond with statistics from the Resolution Foundation which show that five in every six people in low-paid work fail to escape low pay over ten years.²¹

**Those on lowest incomes much more likely to have been unemployed 12 months ago**

**Figure 15**

![Graph showing percentage of employees by quartile from 2010 to 2019.](source: LFS 2010-2019, ONS)

(i) The shape of labour market is shifting

Overall, the sectors with the fastest employment growth (as a percentage of the whole workforce) between 2010 and 2019 were professional, scientific and technical services (increase of 1.3 percentage points) and information and communication (increase of 0.8 percentage points). The industries which shrunk the most as a percentage of total employment were wholesale and retail trade (down 1.3 percentage points) and manufacturing (down 0.7 percentage points) – see Figure 16.
The share of employment by industry sector is shifting

Figure 16

For men, there were also relatively large increases in the proportion of employment in accommodation and food services and in health and social work (0.4 percentage points in each case), and a relatively big fall of 0.8 percentage points in employment in construction. For women, there were relatively large increases in employment in accommodation and food services, public administration and defence, and other services (0.4–0.5 percentage points in each case). The share of female employment fell by 0.8 percentage points in education and by 0.4 in finance and insurance.

Overall, as Figure 17 shows, between 2011 and 2019 there was a shift in the structure of employment towards the highest-ranked occupational categories – categories 1 (managers, directors and senior officials), 2 (professional occupations) and 3 (associate professional and technical). There was a decline in the share of employment for categories 4 (administrative and secretarial), 5 (skilled trades), 7 (sales and customer service) and 9 (elementary occupations).
Professional occupations are growing

Figure 17

(j) Regional inequalities are pronounced and growing in the UK

Various studies in recent years have concluded that the UK is one of the most regionally unbalanced countries in the industrialised world.24,25 While the London region is recognised as the richest region in Europe, six of the ten poorest regions also lie within the UK.

This pattern has continued even over the last decade, with real growth in productivity (GDP per capita) being almost twice the UK average in London, and nearly 50 per cent of employment growth in the UK being in London and the wider South East.26 London also has the highest concentration of graduates, with over 50 per cent of the population being graduates, in contrast to 33% in the North East.27

(k) Overall, the labour share of income is down while the profit share is up

The labour share – the proportion of the national income paid to workers – has been falling globally since the 1980s. In the last decade the labour income has fallen slightly further in the UK, meaning that workers overall are getting a smaller share of the pie (see Figure 18).
The workers’ share of the pie has fallen further

Figure 18

Q1 (Jan to Mar) 1955 to Q4 (Oct to Dec) 2017, UK

Taken together, the trends show that:

- The labour market is not delivering secure and well-paid work for a large section of the population.
- The puzzle of higher employment but stalling wages can in part be explained by increasing numbers of non-permanent and zero-hour contracts and more precarity in the labour market.
- Inequalities between young and old, women and men, and white and ethnic minority groups are being produced and reinforced in the labour market.
- Discussion in policy circles of a “productivity crisis” has distracted from the fact that people on insecure and part-time contracts are more likely to be paid a lower wage in sectors like care where measuring productivity is problematic.
- The changing sectoral and occupational employment distribution shows a gain in highly paid occupations and sectors. Meanwhile, manufacturing employment has shrunk further and those at the lower-paid end are more concentrated in less secure jobs in food and hospitality. The labour market is increasingly favouring the highly educated. This is reinforcing and escalating many forms of inequality, including regional and racial.
2.2 The drivers

The trends summarised in the previous section did not happen by accident or coincidence – they are the outcome of policy decisions. Figure 7 is a timeline that records the key policy decisions and changes that took place between 2010 and 2019. To accompany this timeline we briefly outline the key drivers of labour market outcomes – as described by academic studies, trade union officials and labour law experts – in this section.

The declining power of workers

The weakening of existing collective bargaining has continued. Unions have got weaker as they have so many legal constraints on them. This is the major problem: because of the weakness of trade unions, you now have 7 million people on non-secure forms of employment and we are seeing the reality of what that means in the coronavirus crisis. People are just being laid off left, right and centre without pay, without any financial cushion or anything.

“Multiple studies, including those conducted by the OECD and the IMF, have noted that a key contributor to the rise of inequality has been deunionisation and the retraction of collective bargaining coverage for large parts of the working population. It is noticeable that the few OECD countries that have managed to contain economic inequality are those that continue to have a strong union presence. The OECD found that the shift towards more “flexible” labour markets – with reduced employment legislation and weakened collective bargaining – is the main driver of falling wages. In 2016 the Trade Union Act increased thresholds for strike action, further diminishing the power of trade unions in the UK (see timeline in Figure 7).

The market ideology of the “bottom line” and seeing workers just as a cost has had fewer and fewer countervailing forces, hence the fall in the labour share of income (see Figure 18). Zero-hour contracts are a symptom of employers’ increasing reluctance to pay the full value of labour, and their refusal to take wider responsibility for the longer-term welfare of workers and communities.
Privatisation, marketisation and outsourcing

Our other major campaign has been insourcing, but one of the issues there is the actual capacity to do so. A good example is that if you go back 20 years, councils all had their own architects for house building, [but] they’ve all been cut. They’ve cut a lot of skills and capacity from councils which they would need if they were to be more involved in social housing building. The outsourcing has also led to undermining terms and conditions and led to a race to the bottom.

Unite official

That universities have become really dependent on student numbers for their income which has to lead to a bums on seats approach, they want more and more students through the door, you can see the explosion of the unregulated, international post-graduate market because you can charge them even higher... the marketisation has made the sector raise its own revenue which has had a real serious and damaging consequence to education in this country. It’s also meant an explosion of precariously employed staff.

UCU official

Whether we spoke to those in the care sector, in emergency services or in universities, we were consistently told that their sectors were increasingly adopting a market mentality, focusing on profits and trying to drive down costs. Regardless of the sector, the results were almost always the same: an increasingly fragmented service; a lack of democratic control and input from the wider staff body; a reduction in workers’ rights, terms and conditions and pay; a growing differential in pay between management and other workers; and the shedding of staff with long-term service and hence a loss of deep knowledge of the service/sector.

The probation service has been a particularly high-profile case of privatisation gone wrong in recent years. The previous chief inspector of probation, Dame Glenys Stacy, used her annual report to condemn the part-privatisation of the probation service. Her report highlighted how privatisation had wrongly tried to reduce the complex social service to a series of contractually defined transactions. She concluded that running probation services commercially simply doesn’t work.
While some noted that in some areas councils have started to bring staff back in-house, having recognised the downsides of excessive outsourcing, the decade of austerity meant that these staff were now saddled with a bigger workload and greater pressure to perform.

**Austerity**

The fire and rescue service across the UK has faced ever-widening underfunding over the last decade. Since 2010 the central funding system has changed because Tory-led governments have cut central funding and expected local fire authorities to shoulder more of the costs. In England, official figures show that between 2013 and 2020, central funding was reduced by 31 per cent in cash terms alone.

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*FBU official*

The youth service has just basically been annihilated. I think an FOI [Freedom of Information request] that UNISON has done found that a thousand youth centres have closed in the last ten years.

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*Unite official*

It is difficult to exaggerate when it comes to the impact of the huge and far-reaching public spending cuts since 2010. The Institute for Fiscal Studies estimates that by the end of 2019, public service spending excluding health stood at just over 8 per cent of GDP, compared with just over 11 per cent in 2007/08. This is the scale of the austerity we have seen: day-to-day spending on public services, excluding health, is now three quarters of what it was in 2007. And while health spending has grown, it has failed to keep up with growing demands on the service.\(^3\) The repercussions have been immense and detrimental across public sector jobs, public services, communities and life expectancy. Over a million people a year are now using food banks. Homelessness has more than doubled. One in three children and around one in five pensioners have now dropped below the poverty line.\(^3\)

Estimates from the New Economics Foundation (NEF) – using numbers produced by the Office for Budget Responsibility (OBR) – confirm this.\(^3\) NEF finds that the cumulative effect of austerity has been to shrink the economy...
by £100 billion compared with what it would have been without the cuts: that is worth around £3,600 per family in 2019/20 alone.\textsuperscript{35}

In the world of work, austerity has resulted in huge numbers of job cuts as well as real-term decline to wages because of the government’s pay cap. Taking just the fire service, around 12,000 firefighter jobs have been cut across the UK – almost one in five (20 per cent) of the total number. The number of frontline firefighters has been cut from 60,000 to 48,000. On pay, the FBU and TUC estimate that, in real terms, firefighters have lost around 17 per cent over the last decade, equivalent to more than £4,000 a year.\textsuperscript{36} In addition, in 2015 the government imposed a pension scheme which meant that firefighters pay more, work longer and still get less than previously. The central government has also imposed working to 60 years old (except in Northern Ireland), despite the arduous nature of firefighting.

There have been similar stories across public services – NHS doctors, nurses, education – you name it, they have felt it.

\textit{Pay levels have decreased consistently over the last decade ... the government says you should only not get pay progression for reasons related to your teaching, but actually loads of our members have been told that there just isn’t the money to pay them.}

\textsuperscript{NEU official}

\textbf{Cuts to welfare}

The slashing of the budget for benefits deserves special mention and goes some way to explain the in-work poverty trend. According to estimates produced by the House of Commons Library, by 2021, £37 billion less will be spent on working-age social security than in 2010.\textsuperscript{37} This is not just for those out of work but also includes a cut of £4.6 billion to tax credits and £2.3 billion to housing benefit, which in are welfare streams that help to top up those on low wages.

Disabled people have drawn the shortest straw in the changes to welfare, and their plight is often erased from mainstream discussion. Personal independence payments (PIP) and employment and support allowance (ESA)
have shrunk by nearly £5 billion, or 10 per cent, since the start of the decade. This discrepancy in treatment is also evidence in the Covid-19 response – Universal Credit has been increased by £20 since the lockdown, but millions of disabled people on older out-of-work benefits such as ESA are not entitled to extra financial support.

**Inequality**

The clear gender and race differences in pay and security of contracts need some explaining. For women, the Fawcett Society point to differences in caring responsibilities, such as more women lacking high-level qualifications and outright discrimination.\(^{38}\) It is also worth noting the gendered nature of work and how this affects wages in sectors such as care. Traditionally, “women’s work” such as caring and cleaning has not been valued in the market. In this way, the pay of sectors such as care reflects wider prejudice and sexism in society.

The fact that black, Pakistani, Bangladeshi and other minority ethnic groups are consistently found to be on low wages and precarious contracts reflects a number of factors, including skills. However, it would be wrong to dismiss racism as one of the factors as studies continuously find evidence of deep-seated racial prejudice within the labour market.

British ethnic minority graduates are between 5 per cent and 15 per cent less likely to be employed than their white British peers six months after graduation.\(^{39}\) Those with a Muslim name have to send three times the number of CVs before getting an interview compared with their white counterparts with a similar CV.\(^{40}\)

**Technological change and globalisation**

Shifts in sectors and occupations can in part be explained by technological change and globalisation. Product innovation has resulted in new technologies in the workplace that favour more highly educated workers. In response, employers have increased demand for better-skilled workers who complement
the new technology. The result is that the wages and employment of the more skilled have increased relative to those of their less-skilled counterparts. This bias is further skewed by process innovations which have led to increased mechanisation, such as those on factory lines and in supermarkets, resulting directly in job losses.

The basic explanation for how globalisation is driving sectoral shifts in the labour market is that opening up economies to developing countries undermines the position of low-skilled workers in richer nations. On the other hand, skill-intensive sectors become more concentrated in higher-income countries where a greater proportion of the population is highly qualified. Fewer opportunities for those without many formal qualifications, alongside more opportunities for those with graduate skills, leads to falling wages and insecurity at the bottom of the labour market.

While both technological change and globalisation offer some insight into the trends we see, they shouldn’t be used as excuses. For instance, statistical analysis by the OECD found that higher imports from low-income countries caused wage dispersion only in countries with weaker employment protection legislation.\textsuperscript{41} On technology, economic inequality grew at a much faster rate in the 1980s than in the 1990s and 2000s, yet technological change has been ongoing.\textsuperscript{42}

Furthermore, as one senior trade unionist at Unite pointed out, the shrinking of

\textbf{2.3 The endpoint: A two-tier workforce and a labour market of haves and have-nots}

A two-tier workforce has been created in those public services where employees have been transferred from the public sector (local government, the NHS etc.) to the private sector (a profit-making company) and new employees get worse pay and conditions than those workers transferred from the public sector. This means there are effectively two classes of workers, working
together on the same contract, one of which gets less favourable pay and benefits than the other.

The example of universities, whereby some of the most qualified people in the country are increasingly being given short-term and precarious contracts is a reminder that this two-tier system is not just confined to sectors employing those with few formal qualifications. Precariousness is “trickling up” and becoming more common in all sorts of work environments.

A two-tier workforce can also be applied to the private sector, where similar discrepancies have appeared between those on permanent and non-permanent contracts. In both the public and the private sectors, trade union officials spoke to us about how these two groups are being pitted against one another to drive down overall terms and conditions. Only in places where unions have been able to organise both permanent and temporary members of staff have there been any successes in driving standards up and not down for the entire workforce.

Beyond this two-tier division within workplaces, we are seeing the intensification of the so-called hour-glass economy across the labour market – with a rise in highly paid jobs at the top, while middle-level jobs for non-graduates such as in manufacturing shrink and low-paying jobs such as in hospitality increase.

This is having profound consequences for UK workers, especially those without graduate degrees who are finding fewer and fewer opportunities to earn a decent living. Without either a programme of up-skilling or an industrial strategy that creates new jobs, this will result in a growing gap and polarisation between those at the top and those at the bottom of the labour market.
Conclusion

The FBU has long argued that cuts and deregulation have undermined resilience across the UK. The Grenfell Tower fire was a terrible example of how the policies of successive governments have impacted on a local community. Yet hundreds of buildings are still clad in inflammable materials. The Covid-19 crisis has exposed the lack of planning and preparation by ministers and chief fire officers.

*FBU official*

To generalise, I would say teachers do not feel valued in society, they don’t feel valued by the government … they feel extremely put upon, they think education isn’t properly funded, that the government hasn’t done enough to deal with problems within education. One member made a comment to me that ‘we are just expected to turn up and get on with it’. This reflects an underlying feeling that education isn’t at the top of anyone’s agenda when it comes to funding.

*NEU official*

The labour market has not been run in the interests of the majority of workers in the past decade. Wages and wellbeing have been sacrificed at the altar of ideological decisions to cut public spending and to further intensify a focus on profits. Long-term trends have intensified and new negative factors such as austerity have been added. Meanwhile, headline employment statistics have increasingly masked the realities of working life in the UK.

Bringing together the findings from Chapters 1 and 2, the scale of the challenge is becoming clearer. The current crisis is a wake-up call for change – a reminder that the workers and sectors previously disregarded, like social care, supermarket staff and delivery drivers, are essential to keeping society functioning. Instead of being dismissed as “low skilled”, these workers need to be valued and rewarded with secure and well-paid employment. We need a new deal for workers that puts workplace rights, wellbeing and safety above short-termist profiteering. If we really are to see a change commensurate to the problems we face, we are going to need to see not only bold action but a fundamental ideological shift in the way the economy is run.
Let us take back control of our critical infrastructure in this country, water, gas and electricity, and make the decisions in our national interests.

GMB official
The labour market has become a tough place for workers without higher qualifications, those on precarious working contracts, women, the young and ethnic minorities. Covid-19 and the lockdown have revealed and, in places, amplified precariousness for workers, especially in sectors such as retail (excluding food), hotels and restaurants, airlines, travel operators, cleaning, arts and entertainment, and personal services like hairdressing. Before we turn to considering how to address the challenges in the labour market at root, we use this chapter to look forward and map the new and emerging challenges. Taking the past, present and future into account will help to ensure our ideas for change are commensurate to the demands of the times and that they are future-proof. Five key events and trends were highlighted in interviews; each is discussed in turn below.

3.1 Another Great Recession

While Flybe was in financial trouble, the coronavirus pushed it over the edge. Firstly, people cancelling travel, borders closing, then governments decided to cancel flights across the board. Then every company - airlines, airports, all the supply chains jobs are under threat of immediate redundancy are being issued right left and centre and companies are on the absolute brink of going under... it is really devastating for the workers.

Unite official

Covid-19 has really exposed problems of marketisation because you have a sector which if the government doesn’t come in to underwrite it you are going to see universities in serious trouble because they can’t get the money they need from student fees because they don’t know how many international students they can get in September... And staff, they’re just getting exploited and let go because they’re on precarious contracts.

UCU official
Without doubt the biggest concern on the minds of trade unions is the hit of Covid-19 to jobs over the long term. None of those interviewed expect the economy to just bounce back without consequence. There are real fears of the collapse of industries such as in aviation – and these are already being proven well founded, with both British Airways and Virgin Atlantic announcing mass lay-offs despite the government furlough scheme. Others representing those in manufacturing discussed concerns about the breaking of global and local supply chains – with the folding of some companies in these chains making it harder for production to return to pre-Covid-19 levels, at least in the short to medium term.

Economists vary in their estimation of the economic impact. The government’s independent economics forecaster, the Office for Budget Responsibility, predicts that the economy could shrink by 35 per cent this spring and 13.5 per cent over 2020. Under this scenario, unemployment could soar by more than 2 million, or 10 per cent. This would be a hit bigger than that of the 2008 financial crisis. The Bank of England has warned that the economy will shrink by 14 per cent in 2020 and unemployment to double, with deepest recession for 300 years. However both forecasters believe there will be a significant and quick bounce back and a steep V-shape recovery later in 2020 and into 2021. Meanwhile, the IMF has predicted a drop in UK output of 6.5 per cent and a 3 per cent hit to the global economy, meaning broader ramifications for the trade of goods.

Our survey of workers found significant consensus with the experts: 77 per cent believe there will be a recession, with only 1 per cent firmly believing there won’t be. However, rather than a quick recovery, over two in three think this recession will last more than a year, with a similar number thinking it will be worse than the 2008 financial crisis (see Figure 19). These statistics are not just significant for the economic outlook. If the public have such little faith in the economy picking up quickly, they will adjust spending patterns – in particular bigger purchases such as housing. The collapse in house-buying and consumption – with UK retail suffering from a collapse in consumer spending unmatched since the financial crisis – makes complete sense given this context. Our economy is driven by consumption, this will make the recession longer and deeper.
Most people think the recession will be longer than a year and worse than the financial crash

Figure 19

<table>
<thead>
<tr>
<th>Duration</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-6 months</td>
<td>4%</td>
</tr>
<tr>
<td>6-12 months</td>
<td>23%</td>
</tr>
<tr>
<td>1-2 years</td>
<td>42%</td>
</tr>
<tr>
<td>2-4 years</td>
<td>21%</td>
</tr>
<tr>
<td>4+ years</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Survation poll for CLASS, 2020 (unweighted total 1,385). Base: Respondents believed that there would be a recession due to the effects of the coronavirus pandemic.

Research is already showing that the most vulnerable industries and workers during the Covid-19 crisis are exactly the same industries and workers that will take longer to bounce back from the lockdown. Restaurants and retail (except food) will still be on lockdown for some time, and the current business loans scheme is being deemed inappropriate and insufficient in business circles. The recession could bring a whole new round of inequality, elongating those in existence before the crisis. Overall, the quick economic bounce back that Chancellor Rishi Sunak has predicted is far from inevitable – especially for those on the lowest incomes.

3.2 Climate Change

Climate breakdown is already at our door. Rising temperatures, drought and wildfires are occurring more frequently, rainfall patterns are changing, glaciers are melting, and the sea level is rising. The pandemic has given us a snapshot of what awaits us if we don’t take bold action now. We would see
food shortages, a sudden loss of sectors and employment, millions more plunged into poverty, and many more people dying and displaced around the world. We have also witnessed localised communities mobilising to provide each other with support when the government has been slow to step up. We have seen the potential policies, such as the furlough scheme and raised income support, that could assist those most vulnerable through a just transition. The pandemic has also demonstrated that it is very much possible to reconfigure UK manufacturing – not just the infrastructure but the transferability of people’s skills – very quickly for social needs rather than just serving damaging profiteering.

“The climate is one of the biggest challenges we are facing and focused on – it’s got to be – but it cannot just be left to every individual area to pick it up. It needs proper coordination; it needs government and industry-wide discussion. This is something that everybody comes together to work on. We need these tripartite workings. We are having meetings now during this crisis and talking, and together making changes that are improving people’s lives and services and making sure that workers are treated properly in the process.”

Unite official

Climate ambition is one of the primary forces set to reshape UK industry. The most frequently cited concern from across the unions has been the lack of an industrial strategy led by the central government. Frustration and disappointment with a government which only reluctantly takes action in times of crisis is growing. Workers, scientists, unions and manufacturers are all in favour of a national industrial strategy to coordinate the transition to a green economy, but the government has yet to deliver. Like the pandemic response, addressing climate breakdown cannot be left to individuals, as the result is ad hoc and ineffective. We now know that this country has very little resilience to absorb any kind of major shock in terms of threats or preparedness for a virus or a climate emergency with implications for our homes, jobs, coastal regions etc.
If you are not going to have a long-term strategy of 30 or 40 years about what roads you need, what rail you need, what housing you need and how you are going to build them … We run from parliament to parliament, but if you look at Spain at the moment they are building more high-speed tracks than any other country outside of China because they are looking at what their economy is going to need 30 years from now both for housing, building, and for tourism. Where we are still looking at what we should have done 30 years ago since Thatcher.

ASLEF official

A great deal of frustration was expressed by trade unions about the lack of investment in public infrastructure in the public sector, from housing to railways and bus networks to training. It was also argued that government appears apathetic at best towards British manufacturing. Private companies are making investments now, deciding which plants will be producing green vehicles, but because of a lack of forward-thinking by the government British manufacturing is being undermined and there are real concerns it will shrink further. Union officials are witnessing missed opportunities for much-needed private investment in infrastructure that would enable us to build British green cars, British battery plants and British wind farms rather than relying on imports which are costly to jobs and the environment.

A national plan, such as a Green New Deal, is needed to deliver a just transition in practice and set a clear mandate for industrial planning, strengthening justice and rebuilding resilience in our communities jointly with a programme of rapid decarbonisation. The private sector requires incentives from government to motivate shareholders to stay committed and make longer-term investments. In this way, green investment from government would “crowd in” investment from the private sector.

Let’s do what we need to do to deliver across the whole of the UK. If we keep going for the cheaper option all the time and not doing the option that is required in the long term we will be forced into it from a very bad place.

Unite official
Interviewees argued that the fragmentation of the supply chain, the lack of coordinated industrial bodies, and the privatised or outsourced ownership of valuable resources means that we have very little power to enforce a just transition to a green economy. If water, gas and electricity were in public ownership, for instance, the government would have greater influence to drive forward green technology. Tackling the climate crisis will be slow and piecemeal unless we have a renationalisation of key assets.

We have an existential problem that even if we wanted to do something about climate change in terms of water supply, we don’t have a system set up to actually do that at the moment … the biggest lie the water companies have been able to sell to the public is that water is sparse in the UK, which is absolute nonsense, water is not sparse in the UK. We actually only use 2 per cent of the water that falls out the sky; we then actually waste 2.4 billion litres of water – treated water – [allowing it] to spill away through leaky pipes etc. We either need to build more reservoirs to capture that water, or we need to move water from areas in the UK where it is plentiful to areas that it is sparse … if we are not prepared to do that then we will have droughts and flooding.

GMB official

3.3 Brexit and trade deals

In the midst of a global health pandemic and the ensuing economic recession, it is easy to forget the other crossroads we face: Brexit. Our relationship with the rest of Europe and the rest of the world is at stake in the ongoing negotiations. While our attentions are elsewhere, we face a range of major policy decisions that will define our place in the world. These agreements will leave their mark on nearly every aspect of our economic, social and political existence. It will dictate the terms of employment and consumer and even basic human rights; on our households and living standards; on what, how or even if we continue to produce and consume; on the environment; on our higher education system. We are at a critical juncture, as our transitional arrangements expire at the end of the year and the deadline for seeking an extension is 30 June this year.

Perhaps the most sensitive area is the forthcoming immigration policy, as the lives and futures of many workers and families hang in the balance. The Covid-19 crisis has magnified migrant workers’ vital contribution to the UK’s
public services and our economy in a way that has been previously ignored and even demeaned. Before recent times, the government had published proposals for a points-based immigration system. The purpose of such a system is to clamp down on EU citizens seeking work in the UK and, in particular, to impose tight limits on low-paid foreign workers from overseas. However, vital sectors such as the National Health Service, home care, farming and food processing are only able to continue operating thanks in no small measure to low-paid EU and non-European workers of precisely the kind whose numbers Home Secretary Priti Patel’s proposals are intended to restrict. There are fears that these proposals, if implemented, would lead to a repetition of the Windrush scandal and an even more of a hostile environment for migrants in this country, not to mention a number of vital sectors that

I am very worried about the continuing impact with what happened with Windrush and what’s happening now in terms of Brexit and people’s status, and I am hoping that we are in a position where we can properly talk about these issues in the context of human rights and protections of people. I am still worried there is a legacy of that very divisive debate that makes it harder to address these issues.

Unite official

There is a great concern for the future trading relationship with Europe, along with any free trade agreements made beyond the continent. Brussels is open, given the extraordinary circumstances of the pandemic, to extending the deadline for agreement on a future relationship, however our government continues to insist that, deal or no deal, the Brexit transition period will end on 31 December. There is concern that the government has calculated that a hard Brexit – meaning leaving without a trade deal and breaking with EU regulations – can be more easily achieved in the context of the massive economic dislocation caused by Covid-19. There is a strong feeling that deregulation will be sneaked through via a new trade regime amongst trade unions who participated in interviews. The deregulation risk is in part driven by a potential trade deal with the United
To put it bluntly, capital is so mobile, manufacturers will only stay where they are if they can maximise their profits by staying here, and usually they can only do that in one of two ways: using the UK to sell to Europe, which is what they’ve built on for a long time, or it is sustaining a domestic market which isn’t that big, although a lot of that is imported anyway … they could make work even more precarious and increase productivity by putting the boot [in to] the workforce even more, which is already the trend – there is far more agency work, for example in manufacturing, than there ever used to be. Those people are just being hired and fired.

Unite official

Many manufacturing companies chose to invest in the UK, in large part, because of easy access to the European market. For a long time, the automotive industry massively benefited from foreign direct investment to create large manufacturing plants. However, Brexit has had a significant accelerating effect on manufacturing decline, because companies don’t know what the trade deal with the EU will look like.

No-deal Brexit is still possible, and they could tank the economy doing this … I think they are happy to let manufacturing go and that’s something we hear from the stewards a lot. Initially, it started with the Tories not knowing what they are doing, if they even knew the damage they are causing to automotive … but now they’ve cottoned on to that, they are happy to see it go … it’s an old Thatcher idea that we should focus more on financial services.

Union official
3.4 Automation and digitisation

There is a huge debate about the extent of job loss in the new age of automation. Headline studies predict anywhere between 10 per cent and half of all jobs could be lost in the UK, with many transformed as new technologies shift the skills demanded in the labour market. Even a loss of just 10 per cent of jobs will involve a major social transformation. Now, Covid-19 represents the perfect cover for companies to lay off staff on an unprecedented scale. We can expect physical shops and bank branches on high street to close in droves as everything move online. One study predicted that by 2035, three quarters of retail jobs, 86 per cent of restaurant jobs and 59 per cent of recreation jobs could potentially be automated. On the ground, among trade unions representing sectors from social care to food production to manufacturing to transport, there is unanimous concern regarding automation in the workplace.

The wave of technological advancements presents multiple challenges for industries, sectors and most importantly workers. But now, Covid-19 and the subsequent recession will likely accelerate the trend of automation. Four in ten companies surveyed globally admitted that they are now bringing forward plans for automation to ”pandemic-proof” their companies. There is grave concern among the unions over the lack of an industrial strategy to guide these developments and investments, and how exactly new technologies are introduced in the workplace. Technology has huge emancipatory and economic potential, but if introduced without workers in mind it can have a disastrous impact on jobs and livelihoods, as well as on the quality of services. There are concerns that workers’ voices will continue to be ignored and any gains will not be equally distributed to benefit all of society.

We welcome new technology, but right now it feels that all the returns are going to the top and not the workers. We’re arguing that new machines in distribution centres should mean we can work fewer hours without reduction in pay.

CWU official
The UK’s approach to automation has been ad hoc, it’s been patchy and inconsistent across the board – partly as a result of the fragmentation of companies, where sites will compete for investment whereas in another country the company will decide to invest across the board in a rolling programme. Also, the ultra-competitiveness of some industries and the constant pressure to maintain margins does militate against longer-term thinking which is needed to have a constant and uniform approach to automation.

GMB official

Public spending cuts since 2010, political uncertainty with Brexit and multiple changes in the role of Prime Minister have undermined our ability to progress over the longer term and our readiness to be ahead of the curve when it comes to automation, just as they have with the climate breakdown. We need to utilise the workforce and the trade unions, who have a special vested interest in and unique oversight of the longevity of their sectors, to balance out the short-term ultra-competitiveness of individual companies whose primary concern is profit. Unions and companies can introduce new technologies into the workplace collaboratively rather than through threats and pressure. Where “reskilling” for new or different jobs is required, we will need forward-thinking from the government to ensure that something similar to the furloughing scheme is available to support workers as they transition, and that we have an education system that is able to provide the right training.

In reality, there is not that much training of people to a higher skill level because actually most people are already quite skilled at technology. I don’t subscribe to the view that there is a huge amount of reskilling necessary, because almost everyone can use a smartphone. How they choose to pick up technology and how they choose to introduce themselves is the main key ... like grandparents: if you had said five years ago, they’d all be using Skype and smartphones, you’d have said no way. But in their own time and in their own way they have become quite familiar with quite advanced technologies. All the feedback we’ve had so far is that where the technology is introduced jointly and people are allowed to adapt into it rather than having it done to them, it works, and they adopt it. And that is common sense.

GMB official
If we completely cede control of automation and leave it to the whims of the free market, we will see not only a huge loss of jobs and a further concentration of wealth but also a further decline in services, and potential health and safety risks.\textsuperscript{55} The private sector, with its eyes on its margins, may steam ahead with replacing people with bots even when this puts lives in danger.

\textit{21st-century Britain is not a very nice place. People are carrying acid, drugs, knives, and lone working on trains is a real issue for me. I think we need to create jobs that ensure we have enough people on platforms and enough people on trains so that people feel safe and secure. Being out there alone on a 12-cart train at night worries me. I do believe that the public wants a railway that’s fully invested, that’s reasonably priced, and staffed appropriately so that people feel secure … what frightens me is that sexual attacks have increased by 80 per cent in the last 18 months. It does terrify me there are people at risk every day on our trains.}

\textit{TSSA official}

Automation is also compounding existing inequalities. The jobs most likely to be automated are lower-paid, meaning those most likely to lose their job also those least likely to be able to withstand job losses because of a lack of savings. Women, ethnic minorities and the regions already left behind stand to be further disadvantaged. We know from the closure of the coal mines that mass job losses and the rapid decline of towns will not only result in increased poverty and loss of local economic activity but also lead to long and painful impacts on families and communities.\textsuperscript{56}

We have already discussed how claims that the coronavirus doesn’t discriminate don’t stand up in light of its greater impact on ethnic minorities and those living in the most deprived areas. Automation and digital technologies are further exacerbating the same social cleavages that fuel such differential impacts, and they could be a source of further polarisation for years to come.
When I worked on a bread plant, just on the slicing end, there were 12 people per machine. Now you can get three or four machines running with just one or two people. The technology has changed, which has put lots of people out of work. It’s almost like going back to the industrial revolution again. We need a new deal for workers. We need to make sure people’s earnings are protected for the future and not just replaced by robots and we are left with no money and no work.

BFAWU official

The challenge of digitisation or automation is of organising and collective bargaining so that workers benefit and reviving the debate around working hours – either you have no hours because you are on a zero-hour contract or you are working excessive hours with no concept of overtime ... Unions must have a place around the table to ensure that the piece of pie for the workforce doesn’t reduce in favour of greater profitability and fewer workers on the same terms or worse terms.

GMB official

Conclusion

It is difficult to comprehend the scale of the challenge once you bring together the present Covid-19-related work and health challenges, pre-existing issues of low pay and precarity, and the growing challenges of a recession, climate breakdown, the potential for a more hostile trade regime for workers via a hard Brexit and ongoing automation. One thing is clear: tinkering, adding a sticking plaster here and there, is an approach that is not only short-sighted but will be woefully inadequate if we are to build an economy fit for the 21st century. Only bold change commensurate to the challenges set out in the previous three chapters will truly put this country and the people in it on a better and more sustainable path.
We now have 7 million people on non-secure forms of employment and we are seeing the reality of what that means in the coronavirus crisis. People are just being laid off left, right and centre without pay or anything.

Employment QC
Building a better Britain

The Covid-19 pandemic and lockdown mean that work has dramatically changed overnight, but it would be wrong to think the pandemic is the beginning of all our problems. Decades of neglecting workers’ welfare and stripping back their rights, low and stagnating wages, and increasingly insecure forms of employment have meant that many more workers have been left vulnerable than would have been the case had successive governments made different choices. The end result is a decade of stagnation for many workers, and regression for many others. Government soundbites about “record employment” have been divorced from the realities of work, the falling quality of available jobs and a geographically skewed distribution of well-paid work. Both at the individual level and the societal level, we have confronted the Covid-19 crisis in a worse position than we were in going into the financial crisis of 2008.

The government’s quick and unprecedented economic intervention in the wake of the forced lockdown demonstrates that they can be ambitious when they want to be. While the furlough and wage compensation schemes for those on PAYE and self-employed workers are not perfect, they highlight what is possible when you put workers’ welfare first. The government found its “magic money tree”. The NHS debt, totalling £13.4 billion, was wiped at the stroke of a pen, and the Bank of England agreed to print money to directly finance government spending as if it was a minor favour.\textsuperscript{57} At last, the Tory logic of austerity and economic constraints which paved the way for the decade of austerity and privatisation has been loosened. Going forward, we must not allow the state to make the same excuses to avoid doing what is necessary as we face deepening economic and climate crises. Escaping the culmination of
these crises will require a whole new approach to work, to public investment and to inequality.

In the midst of the global Covid-19 crisis – with over a quarter of a million dead and health workers, delivery drivers and supermarket cashiers risking their lives – the world is finally recognising that nothing less than a new normal is enough to right the wrongs and reward the extraordinary efforts made by everyday people.

In light of this dramatically changed context, this final part of the report sets out principles to guide policy change alongside ten headline policy changes that need to be implemented for a new era for workers. The policies focus on the recovery plan and the way forward rather than immediate lockdown issues. Although we argue for radical change away from the pre-pandemic status quo, these are nothing more than sensible policies that are also being advocated by institutions such as the OECD and the International Labour Organisation (ILO).

There is an opportunity here to identify what the basics of life are and we can’t leave those to the vagaries of the market, about whether or not they are ‘profitable’. Alongside our public services which are recognised as public services, there are a number of vital sectors which can’t just be left to the private market to determine, because people need them.

Unite official

4.1 Public support for change

The outpouring of thanks for key workers is translating into support for higher pay. Our polling shows that there is considerable support for a pay rise across key public and private sector frontline workers (see Figure 20). Approximately three in four workers support pay rises for NHS staff (78 per cent) and carers (75 per cent); roughly two thirds support rises for supermarket workers (70
per cent), delivery drivers and postal workers (65 per cent), and bus and train drivers (63 per cent). The public is clearly acknowledging that the workers who have kept society functioning and all of us safe deserve a pay rise.

**Figure 20: The public support a pay rise for key workers**

To what extent would you support or oppose a pay rise for each of the following professions?

<table>
<thead>
<tr>
<th>Profession</th>
<th>Strongly Support</th>
<th>Somewhat Support</th>
<th>Neither</th>
<th>Somewhat Oppose</th>
<th>Strongly Oppose</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHS Staff</td>
<td>35%</td>
<td>35%</td>
<td>21%</td>
<td>5%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Delivery Drivers</td>
<td>28%</td>
<td>37%</td>
<td>26%</td>
<td>6%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Supermarket Staff</td>
<td>26%</td>
<td>34%</td>
<td>26%</td>
<td>6%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Carers</td>
<td>29%</td>
<td>35%</td>
<td>21%</td>
<td>5%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Teachers</td>
<td>35%</td>
<td>35%</td>
<td>21%</td>
<td>5%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Bus/Train Drivers</td>
<td>29%</td>
<td>34%</td>
<td>26%</td>
<td>6%</td>
<td>3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Survation poll for CLASS, 2020 (unweighted total 2,026)

Support for ending austerity has been growing since 2016. However, our survey results signal a new mood among the electorate – a desire for more state investment and redirecting government attention onto people and planet. Only one in five workers would support policy prioritising paying down any debt created by government intervention during the lockdown (see Figure 21). Instead, there is overwhelming support for the government to tackle inequality – over two thirds (69 per cent) of workers support taxing the wealthiest in society more. A similar figure support increasing investment in public services (67 per cent), with only 6 per cent opposed. Other popular
There is little support for a new wave of public sector spending cuts

Which of the following statements comes closest to your view?

- In the aftermath of the pandemic the UK Government should prioritise repaying funds borrowed during the coronavirus pandemic, even if that means cuts to public services (22%)
- In the aftermath of the pandemic the UK Government should prioritise investment in public services to ensure full economic recovery, even if that means extra borrowing (65%)
- Don’t know (13%)

Source: Survation poll for CLASS, 2020 (unweighted total 2,026)

There is now both a demonstrable need for change and public support for it. The government can cease this opportunity if it wishes.

4.2 Principles for policy change

Given the need and desire for change, the real question is how, not if, we should implement new policies that reconstructs the economy to put people and the planet first. However, given the lack of progressive change in the aftermath of the financial crash – when even the Conservative Prime Minister, Boris Johnson, admits it was the banks that were bailed out and not the people\(^2\) - we cannot assume change will come in the appropriate form. To avoid making the same mistakes, we need to have some guiding principles for the type of change we need to see that speaks to the challenges and injustices we face, which we must put right. This should be seen as a checklist for the design and approval of any package of policies going forward. For instance, policies that might protect workers in the immediate future but make inequalities larger in the longer term cannot be allowed to proceed because they would go against a fundamental aim to reduce inequalities. We list a set of guiding principles below, which informed and shape the policies for a new era outlined in section 4.3.
1. All policies must speak to a new narrative that values workers as human beings

The way in which workers are treated and valued is reflected in the way they are talked about. For too long, someone’s worth has been assumed to derive from the value the market gives them – therefore if you are on low pay then it is because you are not very useful to society. However, the spotlight on key workers has disrupted this narrative. Now, the public and the government have realised that without the shelf-stackers, care workers and delivery drivers we wouldn’t be able to survive this pandemic.

The rhetorical shift at the government level from valuing people simply by their pay to recognising their contribution to society need not be short term. The term “unskilled” should be permanently deleted from political and policy lexicon. We must consider the value of work first and foremost by its social value, i.e. how much the job creates positive benefits for society.61

2. Policies must deliver real, and not just symbolic, change

While a change in rhetoric is a necessary change, alone it is insufficient. Take for example how the Health Secretary Matt Hancock’s announcement of carers being given a badge fell flat.62 This failure was partly because the badges would have to be bought by carers themselves, but also because such symbolic announcements are empty gestures if workers are not being paid sufficiently and their rights and safety protection continuously are undermined (see Section 4.3). Similar concerns have been raised about the weekly clapping sessions63 – once the clapping ends, healthcare workers cannot be forgotten.

3. Covid-19 emergency and recovery policies should build in longer-term progressive change

The policies implemented in the wake of Covid-19 have so far aimed to limit job and income loss and have been short-term in design. The general secretary of the OECD has spoken about the need for short-term emergency responses to align with the achievement of long-term economic, social and environmental objectives and international obligations (i.e. the Paris Agreement and the SDGs).64 The UK government needs to take note of such advice, and apply this thinking to its policy design.
4. **Put people and the planet first**

We cannot ignore that the reason why workers’ terms and conditions have been slashed and public services privatised is an ideological drive to adopt the profit motive across the whole economy. The results are evident – the planet is burning and work no longer provides a decent living for many millions of workers. It follows that in order to reverse these damaging trends, we must start prioritising people and the planet over profit.

5. **Protect workers over the longer-term**

While forecasts vary, there is very little doubt that we are already headed into a recession and that the economic blow will not simply dissipate when the lockdown is lifted (see Chapter 3). The Chancellor has extended the furlough scheme until October, but with changes in the contributions from businesses to top up wages. With mortgage holidays and other emergency measures due to come to an end, many more people could find themselves in financial strife. Policies should not result in cliff-edges for workers but provide security over the longer-term.

6. **Put workers’ and community voices at heart of decision-making and planning**

Top-down decision making, with everyday people having very little say in how their workplaces and neighbourhoods should change is both undemocratic and short-sighted. Grassroots knowledge can ensure more suitable policy design and build support for change within communities, with local assemblies and worker involvement in company decisions facilitating a shared sense of control and empowerment across society.

7. **Tackle poverty and inequality**

The last ten years of austerity is a lesson in what happens when you don’t consider poverty and inequality in policy. The state should not be designing policies that increase poverty, both in terms of incomes but also between groups. Tackling poverty and inequality is also not just a matter for social policy, but for economic policy too. For example, investments in job creation programmes must be weighted towards good jobs for non-graduates and
ensuring that jobs are distributed disproportionately to areas where decent jobs are scarce.

Truly tackling poverty and inequality also means we need to seek to tackle deep-seated prejudice in society. Rather than looking the other way, we must ask ourselves why some of the most valuable jobs, such as the care of our children or elderly loved ones, are the lowest paid. We must ask ourselves why those working in hospitality or retail are not entitled to secure and decent paid work. Is it a coincidence that these roles are also disproportionately performed by women, migrants and those from BAME groups? Real change will mean facing uncomfortable truths about who our economy is designed for.

8. Be future-proof and build resilience

Our future challenges are too immense for us to continue to take a short-term sticky plaster approach. We need to find a new way to navigate the deeply uncertain world that we live in. Rather than “bouncing back” from the Covid-19 crisis, we should be focusing on anticipating future challenges and enhancing our capacity to adapt to new threats. In any case, the climate crises will not wait for us to “right the ship” after the lockdown before we address environmental sustainability. Furthermore, if we don’t future-proof current policies we could be making the climate crisis worse and store up more problems for the future. We need a more logical approach that builds for the future.

9. Create more public assets

Far from being a negative, the government acquiring and growing assets where suitable can help strengthen a country’s economic outlook. It is now inevitable that the UK will have a sharp increase in its public debt, by building longer term physical and social infrastructure as well as bringing rail, water etc. back into public ownership they will have assets to offset debt. This is important, because these assets pay for themselves over the longer term and will generate future wealth.

10. Be international and globalist in design

We must enact best practice for workers here and work without partners to ensure best practice internationally. Our policies should not come at the expense of the poorest in other countries and must explicitly recognise our
historical role in the world as a former colonial power and early industrial polluter. We must ensure that we green our economy right across the supply chain and across boarders in order to support others in a just transition to an environmentally sustainable planet.

4.3 Ideas for change

Using the principles above we propose 10 bold policy changes. This list is not exhaustive but speaks to the deep-rooted existing challenges and damaging trends identified in this report, including low wages, insecurity, poverty, inequality and the growing skills mismatch.

**Policy 1: Protect incomes and reform the welfare system going forward**

The furlough scheme has been extended, but mortgage holidays are due to come to an end in the near future and there is still woeful provision for renters. Given the prospects of a deep recession, and clear signs that sectors such as hospitality and aviation are going to experience much longer-term impacts, it is not sensible to be bringing these measures to an end. They need to stay for as long as necessary and be flexible to the needs of different employment sectors and sections of society.

For those who do lose their jobs, there must be adequate welfare provision. As discussed in Chapter 2, the inadequacy of our benefit system has been a key driver of increasing poverty. Far from being a great leveller, Covid-19 has dramatically worsened the conditions of vulnerable groups. Given the threat of a prolonged recession and job losses, welfare support will be critical to lowering poverty and avoiding a new hit to those already left behind and marginalised in society.

Under pressure from the over 1.5million joining the queue for Universal Credit whose eyes were being opened to the paucity of the support available, the Chancellor Rishi Sunak announced an increase in the amount from £75 to £95 per week\(^7\); some support for rents and changes to the conditionality of face-to-face meetings. However, the Secretary of State for Work and Pensions Thérèse Coffey has signalled that the increase and changes to administration is only short term.\(^8\) The government should commit to the higher rate
permanently and keep the new regime which has limited the conditionality that imposed draconian sanctions in the past. We advocate the following:

- Universal Credit should be raised to the level of the Real Living Wage.
- The five-week wait, and the draconian sanction system must be scrapped.
- The bedroom tax and two-child limit must be scrapped, and the child element of Universal Credit raised.
- A form of disability living payments for people with certain disabilities and illness should be reinstated and means-testing should be ended.
- Rather than just 30 per cent, government must cover up to 100 per cent of people’s rents.

The TUC has further advocated a fully-funded freeze on council tax payments, as well as council tax debt repayments; the hardship fund for local authorities be significantly; and, the introduction of guaranteed paid parental leave for one primary carer for the duration of the school and nursery closures, with government reimbursement for employers. All such measures would go some way to help households through this crisis. As shown in CLASS’s survey, there are simply too many people living less than three months away from not being able pay their mortgage or rent for halfway measures.

**Policy 2: Setting equality and green conditions when bailing out the private sector**

Bailing out the private sector represents a unique opportunity for the state and a way to start moving to a greener and more equal UK. If a company is to be bailed out with public resources, this ought to come with a legally binding set of crystal-clear terms and conditions to put an end to antisocial behaviours such as tax evasion and avoidance, polluting the planet or exploiting workers, and an equity stake in the company.

For instance, Denmark and Poland have placed a ban on companies registered in tax havens receiving Covid-19 bailouts. The Tax Justice Network advocates further conditions, including whether the company is transparent about its most recent accounts and the beneficial and legal owners, as well as a commitment to employee protection and a block on shareholder extraction.
until all rescue loans have been paid back in full. Given how tax justice has stalled in recent years, with British jurisdictions avoiding the implementation of any new policy, this could be a timely way to kickstart a new wave of tax transparency and improved corporate behaviour. In any case, the notable public backlash against the likes of Richard Branson getting a bailout for Virgin Atlantic means that such a move by the British government would be popular among the public.

As well as tax, governments can seek to secure jobs while avoiding unconditional subsidies to polluting activities. For example, in France the government has set “ecological commitments” in its bailout of Air France, including a 50 per cent reduction in carbon emissions on domestic flights by 2024 and investment in more fuel-efficient planes. Alternatively, governments can take a long-term stake in struggling companies and demand bolder climate strategies as a shareholder.

Lastly, every bailed-out company must commit to maintaining all their employees for at least the next 12 months regardless of their contract type. The company must publish and take measures to close the ethnicity and gender pay gaps and pay all workers at least a real living wage and pension contributions to match. Furthermore, employees, consumers and pension scheme trustees, together with long-term committed shareholders, should be represented on the boards of large companies (see Policy 9).

**Policy 3: A bold green industrial strategy and green stimulus**

The Covid-19 crisis has already seen some backing for a sustainable recovery. G20 finance ministers committed to an “environmentally sustainable and inclusive recovery” and EU leaders backed “measures necessary to get back to a normal functioning of our societies and economies and to sustainable growth”. Coordinated green investment can create good-quality jobs, which simultaneously addresses inequality and brings down energy costs to people and the planet. This is not to mention that better air quality, water and sanitation, biodiversity, and waste management can reduce the vulnerability of communities to pandemics such as Covid-19 and at the same time strengthen resilience to other types of risk, including climate-related dangers.
We advocate the following policies:

- To reach carbon targets pending on the climate emergency each year only needs to increase to 2% of GDP in the short term, ramping up to 5% to deliver change at pace. We can start now with a minimum £100 billion green stimulus programme funded directly by government borrowing alongside a new National Investment Bank, backed up by a network of Regional Development Banks, to provide £250 billion of lending for enterprise, infrastructure and innovation over ten years, e.g. expanding renewable energy, electrifying our public transport systems and retrofitting our energy-inefficient homes.

- A continuation of an improved furlough scheme which provides workers with a minimum income guarantee as they need to reskill for greener jobs or while sectors come and go.

- Trade union and workers involvement to ensure every job created from green investment should be well paid, secure and unionised.

This issue is about not just what, but who. Any industrial plan must include a framework for a genuinely just transition to a greener economy. The industrial strategy and the management of greening the economy right the way through the supply chain must be led by workers and their collective voice represented by the unions. Tackling climate change is a national project which requires the effort of everyone, but this cannot be forced onto workers or communities, especially those whose lives may be significantly disrupted. We need to avoid a top-down approach, to take the discussion to the workplaces and have an open dialogue as to what a just transition looks like for those transitioning, who often have intimate knowledge of how their workplaces could be greened.

**Policy 4: A new Youth Job Creation and Skills Programme**

Young people aged 16 to 24 are twice as likely to work in shut-down sectors. Over a million under-25s enter the labour market for the first time each year. Direct job creation programmes can make a difference in recessions, especially for young workers whose employment prospects can be ‘scarred’ over the long term by an initial lull in employment opportunities. Programmes should be targeted at particular groups (like young unemployed people) and
Policy 5: Build public services fit for the 21st century

What we need from government going forward, is the missing big investment in communities and society so that we are never in a situation like this. We need that big investment so we do have the hospitals, we do have the skillset, we do have the infrastructure, we do have the key workers and we never ever find ourselves in a situation where the sixth richest nation in the world can’t protect its own people.

ASLEF official

Deep and damaging cuts, alongside the privatisation of services, have left critical public services in tatters. It is not just the NHS that has found it harder to deal with the Covid-19 virus than it would have a decade ago – so have schools, domestic violence services, transport workers, the social care sector etc.

There can no longer be any doubt that austerity has failed and needs to be reversed. Our public services, including local authorities, must receive restorative funding at least to the levels of 2010 (in real terms). This includes restoring staffing levels and adequate infrastructure and resources. The Conservatives have already conceded this point on the police, who are seeing numbers increased almost to 2010 levels. The government must now go further.

Now is the time for new investments in much-needed social goods: most notably, a new National Care Service and the introduction of a universal childcare system. Such a change would mean greater control over pay and rights within the care sector – righting the wrongs of decades of underinvestment and low pay as well as ensuring better planning at the local and national level going forward. Investment here would have another huge
benefit – helping us to tackle the persistent gender inequalities we see in society.

Restoring public services is not just about money. We must end and reverse the privatisation and outsourcing of public services by local and central government which are left competing against each other, making it harder to work collaboratively in times of national crisis. We must remove any internal competition and replace it with collaboration between services to provide integrated and coordinated services.

"Let us take back control of our critical infrastructure in this country, water, gas and electricity, and make the decisions in our national interests and to meet our international obligations. Why can’t we say, okay, we are going to build these wind turbines and build them in the UK with British workers, let’s get our young kids and give them the skills? The rhetoric unfortunately never matches up with the reality."

GMB official

Utilities and natural monopolies – i.e. water, gas, electricity, railways, and bus networks – the privatisation of which has resulted in higher prices and few societal returns should be brought back into public ownership. This would also mean we would be able to move towards zero carbon quicker.

**Policy 6: A rise in public sector wages**

We need to instigate a 5 per cent average rise in public sector wages, with a weighting to ensure those at the lower end of the income scale receive more. This ought to be legislated for quickly and would serve to both acknowledge the extraordinary contribution made by key workers during Covid-19 and address the lost decade in wage rises in the public sector. The public sector would return to being the positive standard-bearer for wages and workers’ rights. Consequently, there would likely be positive ripple effects for private sector workers as private firms seek to compete for workers. Such a policy would also serve to tackle the income crisis that would undermine any economic recovery.
Policy 7: A shift to a Real Living Wage and minimum wage guarantee

The government’s introduced a living wage which is totally inadequate ... and doesn’t apply to those under 25. Yes ... the tin of beans is the same price, the rent is the same, you don’t get allowances for being younger, yet the government makes a distinction.

BFAWU official

The introduction of the National Living Wage in 2016 has confused the lexicon of wage legislation. The current National Living Wage is simply a minimum wage for adults calculated on this basis of a target of reaching 66 per cent of median earnings by 2024. The Real Living Wage (RLW) is calculated in line with living costs, currently set at £9.30 across the UK and £10.75 in London. The RLW is significantly higher than both the minimum wage applied to those under 25 (currently £8.20) and the National Living Wage (£8.72). While increases in the minimum and National Living Wage are welcome, we need a minimum wage guarantee reflecting the true costs of living to combat high and growing levels of in-work poverty.

Policy 8: Restoring the collective power and voice of workers

The sense within the civil service is that our reaction to Covid-19 isn’t planned enough and we are step behind where we should be all the time, which means our workers are playing catch up all the time.

PCS official

There is a whole host of evidence that trade unions and sectoral collective bargaining are fundamental in suppressing wage inequality and are associated with a whole range of in-work benefits such as increased worker wellbeing, job progression and productivity. Trade union density, which stood at 23.2 per cent in 2017, is at a record low, and only around one quarter of workers are covered by a collective bargaining agreement.
Ultimately, any motion to “enhance” workers’ rights will be futile without the active involvement of trade unions and the proliferation of collective bargaining agreements. The draconian restrictions placed on unions by the Trade Union Act of 2016 must be repealed immediately.

Sectoral collective bargaining must be expanded and encouraged and pay should be included. This is the only way to distribute power into the hands of workers and give voice in the workplace.

**Policy 9: A new Ministry for Employment Rights**

Looking across government departments, there is a lack of genuine representation of the interest of the UK’s 34 million economically active workers. This is an indictment in itself, and in part explains the lack of focus on workers’ wellbeing over the last decade(s).

A new department should be established by the government, dedicated to the task of creating a radical revision of labour law and best practice in the UK and correcting the wrongs of past decades (see Chapter 2).

The first job of the new government ministry would be to promote and expand collective bargaining coverage and repeal the Trade Union Act 2016. Building on the new relationships forged in the wake of the Covid-19 crisis, the ministry should reintroduce specialised industrial bodies and roll out sectoral collective bargaining across occupations and sectors, bringing workers, government and employers together to negotiate a pathway forward.
This ministry would:

- Ensure the abolition of zero-hour contracts and strengthening the law so that those who work regular hours for more than 12 weeks will have a right to a regular contract which reflects those hours.

- End bogus self-employment and create of a single status of "worker" so that employers cannot use this loophole to evade workers’ rights.

- Roll out new initiatives to ensure company profits are shared directly with the workforce (like Greggs currently does).  

- Promote economic democracy by introducing workers on boards across companies, so that workers have a seat at the table and a representative in the decision-making of the company.

- Ensure minimum wages are being paid. The International Labour Organization suggests that countries should have one labour inspectorate for every 10,000 workers. The UK has about half this number; based on current figures, an employer in the UK can expect to receive a minimum wage inspection every 500 years.

- Measure job quality to shift away from a narrow focus on the quantity of jobs. The European Trade Union Institute has developed a Job Quality Index that, we believe, not only has better indices that reflect the quality of work but also will allow for comparisons to be made across countries.

- Develop methods to move to a better work–life balance. A new "UK Working Time Directive" is required to reduce the number of hours worked across the UK economy. Employees should be able to request future pay increases and bonuses, to be claimed through a reduction of working hours. Overtime should also be remunerated properly and at an elevated rate.

- Further develop and ensure safe working conditions in all workplaces. This issue has become especially important in light of the failures on PPE.

- Enshrine new laws governing access to and the rate of sick pay, which should always be paid from day one and needs to be set at a higher rate.

- Ensure any new trade deals do not undermine the rights of workers.
Policy 10: A new Department for Women and Equalities

As discussed in Chapters 1 and 2, women are consistently more likely to be in low-paid and insecure work. Progress for women and other marginalised groups has been slow, and therefore we suggest a new dedicated department for women and equalities. It ought to have a full-time Secretary of State who is responsible for ensuring all of our policies and laws are equality-impact-assessed to deliver a fairer society for women, disabled workers, disadvantaged ethnic minority groups and all under-represented groups. This should be a small and dynamic department that interacts with and has counterparts in all other ministries, as all under-represented groups face a plethora of challenges at work and in health, housing, education etc., and only a holistic approach will genuinely tackle inequality.

Conclusion

Historically, pandemics have forced humans to break with the past and imagine their world anew. This one is no different. It is a portal, a gateway between one world and the next.

Arundhati Roy

The case for transformational change could not be stronger. The policies that would deliver a greener and more equal Britain are not just possible, they are compelling. The steps the government has taken during the pandemic could be recorded in history as the first steps towards a better Britain, or they could just be seen as a blip before we return to a “business as usual” that leads to further exploitation of workers and of the planet’s resources. We stand at a crossroads. Which way we go next will be shaped by political will and ambition, or public pressure and insistence for change. The stakes could not be higher.
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## Appendix A - Trade Unions included in study

<table>
<thead>
<tr>
<th>Trade union</th>
<th>Industrial sectors covered</th>
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</thead>
<tbody>
<tr>
<td>Unite</td>
<td>All industrial sectors, public and private sector</td>
</tr>
<tr>
<td>GMB</td>
<td>All industrial sectors, public and private sector</td>
</tr>
<tr>
<td>National Education Union (NEU)</td>
<td>Primary and secondary education staff, mainly teachers</td>
</tr>
<tr>
<td>Public and Commercial Services Union (PCS)</td>
<td>Civil service staff</td>
</tr>
<tr>
<td>University and College Union (UCU)</td>
<td>Staff in further and higher education</td>
</tr>
<tr>
<td>Communication Workers Union (CWU)</td>
<td>People working for telephone, cable, digital subscriber line (DSL) and postal delivery companies</td>
</tr>
<tr>
<td>Fire Brigades Union (FBU)</td>
<td>Firefighters</td>
</tr>
<tr>
<td>Transport Salaried Staffs’ Association (TSSA)</td>
<td>Workers in the transport and travel industries</td>
</tr>
<tr>
<td>ASLEF</td>
<td>Train drivers</td>
</tr>
<tr>
<td>Bakers, Food and Allied Workers’ Union (BFAWU)</td>
<td>Workers in the food industry</td>
</tr>
</tbody>
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