

class

Centre for Labour
and Social Studies

ELECTION 2015:

What's at stake for work, pay and unions?



Produced in
association with

THE
INSTITUTE
OF
EMPLOYMENT
RIGHTS

Election 2015: What's at stake?

The General Election in May 2015 looks set to be one of the most unpredictable elections in decades. Against a backdrop of uncertainty, Class have produced a series of election guides to equip you with all you need to know about what's at stake for working people at the General Election. Other guides cover the NHS; housing; tax; the economy; and the welfare state. You can download them free and order hard copies from our website www.classonline.org.uk.

Contributors

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Design by Kate Copsey: www.copseydesigns.squarespace.com

FOREWORD

**In 2015 we need a fresh start,
where trade unions, secure work
and good pay are centre stage.**

Frances O'Grady, TUC General Secretary



2014 was another miserable year for living standards in the UK. Despite the falls in inflation, most people's pay packets still had to stretch further than the year before. The average full-time wage in 2014 was worth £50 a week less than it was in 2010. At the current rate it will take at least the whole of the next parliament for wages even to return to their pre-crash value.

The government has argued that low inflation rates and economic growth will make life easier for families. But falling oil prices indicate a weakening global economy in 2015. The IMF is already warning that the economic downsides will outweigh the immediate benefits of low inflation.

The need for a stronger, sustained recovery in living standards makes the role of trade unions as important as ever. But we know the Conservative manifesto will propose new attacks on unions and the democratic rights of their members. They will seek to make legal strikes so difficult that the right to strike will effectively be ended. This would weaken the union hand in every negotiation, further depressing wages across the economy.

The poor performance on full-time, well-paid jobs across most of the current parliament is why the Coalition has failed to reduce the deficit. They forget that a low-wage economy undermines the tax take. It has left the public purse short of billions, and the Chancellor has had to borrow more to keep families with zero-hour contracts and sub-living wage pay out of poverty. It has meant borrowing for failure, instead of borrowing to invest.

In the next parliament, George Osborne proposes to make new deep and rapid cuts after the election. This would include scrapping a million public sector jobs and a continuation of public sector pay freezes. And it would mean a fresh attack on the social security safety net that workers pay into, opening up new cracks for people to fall through and pushing up demand on food banks even higher.

These cuts risk killing off the recovery and severely damaging our social fabric. We need a stable living standards revival for millions of working people, not growth that just benefits the very rich.

In 2015 we need a fresh start, where trade unions, secure work and good pay are centre stage. It is a chance to reject a broken economic system that has made a privileged few very rich, but has brought an avalanche of social problems. And according to both the IMF and OECD, it has restricted economic growth.

We need an economy that invests in decent, well-paid jobs that make the most of people's skills and abilities. This means increasing pay for those at the bottom with a higher minimum wage and spreading the living wage.

Employers are beginning to recognise that a low wage economy is holding back growth. It is time to turn their words into action because businesses need customers with money in their pockets. Even David Cameron has agreed that Britain needs a pay rise. If he sincerely believes this, he should strengthen workers' hands in collective bargaining, not weaken unions, which provide the best possible opportunity of fair pay settlements.

The fresh start needed also means better pay for those in the middle, and a real drive to create secure, skilled jobs on decent pay. You cannot build a strong economy and improve a nation's living standards on the shaky foundation of zero-hours contracts, involuntary part-time work and low-paid self-employment. We need active industrial policies that help create good jobs and provide investment in the infrastructure needed to underpin success.

We already know enough about the manifestos to tell that this year's election will be a contest where no-one can say the parties are all the same. A huge choice has opened up in British politics between radical cuts and pay freezes versus investment for the future, decent jobs and improved living standards.

2015 must be the year when we ensure the recovery, share its proceeds fairly and start to undo the damage done to our public services and welfare state by the crash and its aftermath. Strong unions, fair pay settlements and decent jobs with full employment rights are at the heart of how we achieve this.

A handwritten signature in black ink that reads "Frances O'Grady". The signature is written in a cursive, flowing style with a horizontal line underneath the name.

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WORK, PAY AND RIGHTS TODAY

Despite small signs of economic recovery in 2014, living standards have suffered a major decline and remain well below 2010 levels. The roots of Britain's cost of living crisis lie in the fact that work no longer pays for millions of people across the country.

Increases to the cost of living

The price of essential goods and services such as housing, food and bills has increased significantly over recent years, yet wages and social security have fallen behind. The cost of living has not only increased, but has increased faster for those on lower incomes¹.

The increasing cost of living has become a 'crisis' because average incomes are not increasing at the same rate as prices – wages have grown slowly or for some have completely frozen.

This means that real incomes are falling and people are worse off. Since the financial crash in 2008 real household disposable income per capita - the most comprehensive measure of living standards - flat-lined and then nosedived. Although it has started to creep up again recently, since the Coalition came to power in 2010 the cumulative loss to our real pay packets by the end of 2013 was about 8 percentage points³.

BETWEEN 2009-2014²:

AVERAGE PRICES ROSE

20%



FOOD ROSE

30%



FUEL ROSE

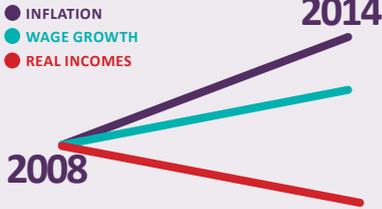
60%



Shrinking pay packets

Since 2010, average household incomes have plummeted. The average weekly pay was 11.1% lower in 2014 than in 2008 (measured against CPI inflation), putting it back to the same level it was in 2000⁴.

BETWEEN 2008 - 2014:



Inflation exceeded wage growth every year between 2008 and 2014⁵.

As part of the Coalition's austerity drive, public sector pay has been subject to very tight limits which equal only a 3% increase over the last parliament⁶. When compared to inflation of around 20% (measured by RPI), this means public sector real wages have fallen by 17% in the last 5 years⁷.

Low-pay economy

Almost 60% of new jobs created since the Coalition came to power have been in low-paid sectors of the economy⁸. The UK economy currently has the second largest proportion of low-skilled jobs out of all the OECD countries⁹. 1-in-5 employees (around 4.9 million people) earn less than the Living Wage¹⁰ and it is estimated that at least 320,000 workers have been trapped in minimum wage jobs for 5 years

When other changes to terms and conditions are taken into account, such as increased pension contributions at a time when the cost of living has been rocketing, the fall in take-home pay could be even higher.

or more - mostly female workers in cleaning, hospitality and retail¹¹.

Minimum wage employers are often state-subsidised and it is estimated that this will cost us all £20 billion over the next decade in lost tax revenues and

LOW-PAY ECONOMY:



% OF WOMEN AND MEN WORKING IN THE PUBLIC SECTOR:



40%



15%

Women have been disproportionately affected by the cuts to public sector jobs and the public sector pay freeze.

CURRENT HOURLY NATIONAL MINIMUM WAGE RATES:



£6.50
Adult rate (21+)



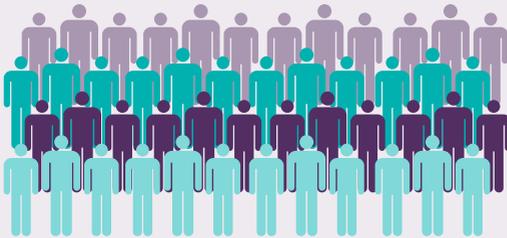
£3.79
16 to 17-year-olds



£5.13
18 to 20-year-olds



£2.73
Apprentice rate



2.6M WORKERS

in Britain are paid no more than 50p above the minimum wage¹².

in-work benefits¹³. In 2011, in order for a worker to survive on the National Minimum Wage (NMW), his or her hourly wage would have had to be topped up by state benefits to the equivalent of a £4 an hour pay rise¹⁴. The cost to the public purse of workers paid less than the Living Wage is £3.23 billion in social security spending and lower tax receipts¹⁵.

In January 2015 the Department for Business, Innovation and Skills released the names of 37 employers – including retail giant H&M and service station Welcome Break – who have been paying their staff less than the legal minimum¹⁶. Despite the NMW not being enough for most people to actually live on, it is estimated that between 250,000 and 300,000 people are still not even paid the minimum



OVER 3 MILLION PART-TIME WORKERS

want more hours but can't get them²¹.

wage rate¹⁷. The actual figure could be much higher as in the homecare sector alone 220,000 workers are paid less than the NMW¹⁸.

Growing underemployment and job insecurity

Although unemployment figures have fallen, new and emerging types of underemployment and insecure work are on the increase under this government. A proliferation of part-time work, zero-hours contracts, self-employed workers and agency jobs expose the reality of working life in Britain. This form of precarious work not only damages families but it also hurts the UK economy, lowering

Between 2009 and 2013, the proportion of workers stuck in part-time employment because they could not find full-time work rose by 16% for men and 6.4% for women¹⁹. The average loss of wages as a result of this forced switch to part-time work is around £357 per week²⁰.

AVERAGE WEEKLY EARNINGS²³:



£479
permanent
workers

£188
zero-hours
contracts

income tax revenues and keeping the deficit higher.

As well as those who are in part-time positions, there are at least 1.4 million workers on zero-hours contracts and potentially 1.3 million more not included in official figures²².



WOMEN ARE £32 WORSE OFF PER WEEK

than men on zero-hours contracts

Zero-hours contracts cause insecurity for workers, who do not know from one week to the next how much money they will earn. This makes it difficult to plan caring responsibilities, find other work, pay bills, register for in-work benefits and get a mortgage or even a bank account²⁴. Those on



40% OF NEW JOBS SINCE 2010 ARE SELF-EMPLOYED²⁷

Self-employed workers can be sacked without warning, get no holiday or sick pay and less benefit rights.

zero-hours contracts are 5 times more likely to miss out on statutory sick pay because of their lower take home pay²⁵. They are much more likely to be underemployed, to be looking for another job and to be without union membership than staff on conventional contracts. Almost 3 in 10 of all those on zero-hours contracts (29%) are looking to work more hours – either in their current job or by taking on new employment. This compares to just 1 in 10 (11%) of those with fixed-hours of work²⁶.

Over 40% of new jobs created since 2010 have been self-employed²⁸ – but the recent increase may not indicate the upsurge in entrepreneurial spirit that the Government claim. Phoney self-employment is on the rise as major companies try to avoid costs and responsibilities²⁹. Often employees are classed as self-employed when in fact they work for a single employer thereby undermining their basic employment rights and allowing some companies to avoid paying National Insurance³⁰. Because they are classified as self-employed they can be sacked without warning, do not receive holiday or sick pay, have reduced benefit entitlements and may be denied access to employment tribunals. The number

913,138 people received food from Trussell Trust food banks in 2013-14 compared to 346,992 the previous year. Low income was the second-biggest reason for referral to a food bank after benefit sanctions³⁴.

of women in self-employment is rising much faster than the number of men, and perhaps it is unsurprising then that the average income of self-employed people has fallen by 22% since the financial crisis in 2008³¹.

Slashing back the welfare state

On top of rising living costs, insecure work and low pay, Coalition cuts to public services and social security have slashed the safety net. In September 2014, the Government set out proposals to cut £3 billion a year from in-work benefits. This move hits the poorest hardest, with working families with children losing £490 a year in tax credits and child benefit payments³².



£300 LOSS

Coalition cuts to in-work benefits will see an average loss of £300 a year per household³³.



INDIVIDUAL EMPLOYMENT TRIBUNAL CASES FELL BY 77%

between October 2013 and December 2014 – but there has been no significant change in the ratio of employers winning⁴¹.

Today's picture of working Britain is that of people struggling to make ends meet, working extra hours, taking on second and third jobs and increasingly relying on food banks.

Attacks on rights at work

Further hardship has been caused by deteriorating conditions in the workplace as hard-won rights at work have been dismantled. Cuts to consultation periods for collective redundancy mean that it is now even easier to sack staff³⁵. In March 2011, the Government announced a severe cutback to the number of workplace visits by health inspectors, and because legal aid is no longer available for personal injury claims, workplaces will become more dangerous³⁶.

A change in employment legislation means that anyone who started working after 6 April 2012 will have to work for their employer for at least 2 years before they can meet the qualifying period for unfair dismissal³⁷ - depriving millions of workers of any legal protection in the workplace. Changes to employment tribunals brought in by the Coalition have restricted access to workplace justice³⁸ by putting a hefty price tag on it³⁹. Tribunal fees of up to £250 just to register a case have been introduced with the aim of preventing employees from seeking compensation from

employers. Before cases even get to hearing there is an additional fee of £950 with witnesses' expenses no longer paid and appeals now cost up to £1,600⁴⁰.

Fees for tribunal applicants have caused the number of individual cases brought against employers to fall by 77% between October 2013 and December 2014 relative to the previous year⁴². But there has been no significant change in the ratio of employers winning cases versus employees winning cases when comparing pre- and post-fee periods⁴³.

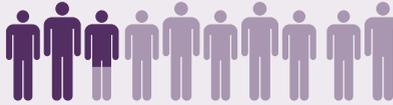
If the fees were truly discouraging weak cases then employees' success rates should be greater; instead, it seems that claims generally have been discouraged.

Rights like equal pay for equal work are also under attack. The Coalition has used the latest ONS statistics to claim that the gender pay gap has fallen, but in reality this is due to a sharp drop in men's pay, rather than any levelling out. The pay gap has still only dropped by 0.6%, now standing at 9.4% for full-time workers – one of the highest among advanced economies⁴⁴.

TRADE UNION MEMBERSHIP⁴⁸:



1970s
58%

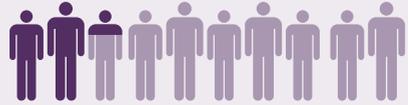


2012
26%

COLLECTIVE BARGAINING COVERAGE:



1970s
82%



2012
23%

Trade unions and collective rights under threat

The challenges facing workers in Britain highlight how vital strong trade unions are in the fight to tackle low pay and job insecurity. If patterns of growing inequality are to be turned around, union rights and collective bargaining must be strengthened.

The coverage of collective bargaining – the mechanism by which workers and their unions negotiate pay and conditions with employers – now stands at below 25% in the UK, down from 82% in 1979⁴⁵. This decline has been shaped by anti-trade union laws which inhibit trade union recruitment, activity, and collective bargaining. The most recent of which is the Lobbying Act⁴⁶ and a new threat is on the horizon in the shape of the EU-USA Free Trade Agreement – TTIP⁴⁷.

Rather than protect and extend the rights of unions, the Coalition

have restricted and reduced their ability to represent their members. The political nature of attacks on trade unions have been well documented, from the victimisation of trade unionists by employers to government attempts to restrict facility time for union representatives and end internationally accepted

The waiving of employment rights in exchange for shares; the removal of the ‘check-off’ system for collecting union subscriptions, which has been in place for decades as an internationally recognised trade union right; and the squeeze on trade union facility time despite evidence that it improves workplace performance and efficiency, have all been driven by the desire to take further power away from working people.

INCOME GAP TODAY⁵⁷:



check-off systems for collecting union fees through salary payment⁴⁹. Scandals such as the blacklisting of construction workers were concealed and many of those pushed out of the industry for protecting the rights and safety of their colleagues have been left destitute and yet to receive compensation⁵⁰.

Dangerous and growing inequality

Growing inequality in wealth and power is the beast behind all of the issues raised here and there is a strong link between higher levels of inequality and a weakened trade union movement⁵¹. The gap between the rich and the rest has now grown to alarming levels. By

2016 it is expected that the combined wealth of the richest 1% will be larger than the combined wealth of the rest of the 99% of people in the world⁵². Clearly falling real incomes and declining living standards are not affecting everyone.

The gap between the rich and the rest is seriously damaging for the economy. Inequality has been found to hold back economic growth – in fact the UK economy would be 20% larger had the wealth gap not widened over the last 30 years⁵³.

The UK is now the fifth most unequal of the leading 27 economies in the OECD as those at the top have amassed even greater wealth⁵⁵.

SHARE OF NATIONAL INCOME GOING TO THE TOP 1%⁵⁴:

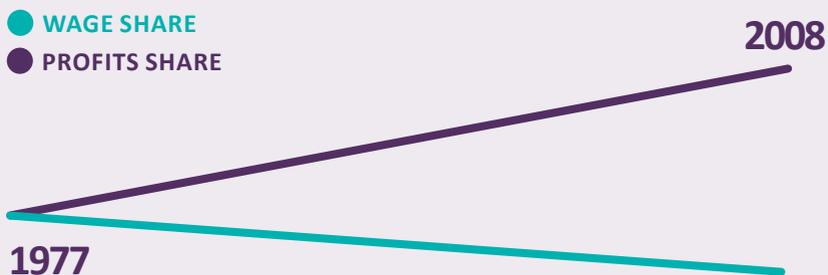


As the number of people living on less than a Living Wage continues to rise, the share of national income going to the top 1% of the income distribution has more than doubled since 1979⁵⁶.

Since the 1980s there has been a clear pattern of increasing inequality in income. An important explanation of what has been happening can be found by looking at the share of wages (the 'wage share') compared to profits in national income (GDP)⁵⁸.

For over 30 years there has been a substantial shift from wages to profits in the UK economy which mirrors the decline in trade union strength and the power of working people to influence their pay and conditions⁵⁹. The share of wages in the national income pie will continue to contract and a bigger proportion will continue to go to profits unless there is a significant change in policy. This can only happen if policies are enacted to raise real wages alongside productivity⁶⁰.

NATIONAL INCOME SPLIT BETWEEN WAGES AND PROFITS⁶¹:



ONS data shows that between 1977 and 2008 the wage share fell from 59% of national income to 53%, while the profits share increased from 25% to 29%.

ACTION THAT CAN RAISE WAGES AND PROTECT RIGHTS AT WORK

Almost all economic decisions made by government and business have the potential to affect people's cost of living⁶².

The scale of the cost of living crisis and the long-term growth in inequality can sometimes seem insurmountable, but government has the power to enact a range of immediate policies which will have a huge impact upon the lives of working people.

The growth of inequality and the shift of economic power and wealth towards the 1% have been directly paralleled by the decline of trade union membership and collective bargaining. If the cost of living crisis is to be tackled, the economic recovery must be led by a rise in wages and not an increase in private profit or greater personal debt. Wages and hours must grow and secure work must become more widespread. Trade unions are the crucial vehicle through which growing inequality can be challenged.

Immediate actions to improve conditions at work and improve living standards

Achieving a recovery led by wage growth requires policies that put employee voices centre stage. Policies that directly address declining living standards must strengthen the power of workers, their trade unions and collective bargaining because without trade union representation employees are unable to secure their legal rights.

1. Raise the National Minimum Wage to the level of the Living Wage

The first step in improving living standards for working people is to boost income. For those on the lowest wages an immediate increase in the NMW would have a massive impact



JUST A £1.50 INCREASE

in the NMW would benefit around **4.6m** working people who would gain on average **£813** each a year⁶⁵.

and would give unions a higher floor from which to bargain up from. But this would also benefit the public purse - if everyone was paid a Living Wage or above the Treasury would gain an additional £3.6 billion a year⁶³. The level of the NMW could be increased in stages towards the goal of the Living Wage. Increasing the NMW incrementally would have a bigger impact proportionally for those on low-incomes. In some sectors the Living Wage could be introduced immediately. NHS Wales has already become a Living Wage employer, which means that about 2,400 of the lowest paid employees will receive an increase in their basic salary of up to £470⁶⁴.

2. End regressive wage policies

Millions of public sector workers are losing annual pay increases as part of the Coalition's austerity drive to keep public sector pay rises frozen at 1%. This regressive wage policy must end.

Evidence shows that every 1% increase in public sector pay would generate between £710 million and £820 million for the Government in increased income tax; National Insurance contributions and expenditure tax receipts; and reduced benefit and tax credit expenditure⁶⁶. Government should collectively bargain with unions in the public sector and require all companies in the procurement chain to do so.

3. Enforce existing labour laws

Cuts to public sector enforcement services such as HMRC⁶⁷ and the HSE⁶⁹ have meant that even where laws protecting workers exist, public bodies are too under-resourced to enforce them. Properly enforced regulatory bodies could clamp down on false self-employment, enforce the rights of vulnerable workers such as temporary and agency staff, and ensure employees were at the very



1%

Increase in public sector pay would inject between **£470** and **£880** million of extra value into the economy and could create up to **18,000** full-time jobs⁶⁷.



7/10

Potentially successful cases that could have gone before tribunals are not going ahead because employees are deterred by costs⁷¹.

least being paid the NMW. If existing employment rights are to be upheld, action against employers who break the law must be taken. Tribunal fees for employees seeking workplace justice should be abolished⁷⁰.

4. End the abuse of zero-hours contracts

Secure employment with guaranteed regular hours is not a luxury. Proposals to ban so-called exclusivity clauses in zero-hours contracts are a red herring - there are many options for reforming employment contracts based on practices already widely used in Europe⁷². To combat insecure work, employers should be compelled to issue employees with a written contract that guarantees their usual working hours on an ongoing basis.

Unions won a substantial victory in November 2014 when legal rights were upheld and employers are now required to provide holiday pay in line with what employees actually work, as opposed to their contracted hours. This ruling deals a significant blow to the strength of zero-hours contracts, but robust legislation should be introduced so that they can be abolished completely, and employees can receive proper benefits such as sick pay and pension contributions⁷³.

In cases where jobs require irregular hours, workers should be paid an allowance on top of their normal pay to reward the flexibility they offer their employers.

5. Extend rights at work and improve labour laws

All employees must be given the same basic entitlements at work such as redundancy pay and the right to return to work after maternity or paternity leave⁷⁴. There should not be tiered workforces, in which some workers have access to better benefits and rights than others, depending on contracts or whether workers are employed by agencies. The economy must work for all working people in Britain, wherever they come from and the only way to ensure this is to have strong labour standards that protect even the most vulnerable worker from the threat of their pay and conditions being undermined⁷⁵. Ending the Swedish derogation would be a first step towards this but more must be done to improve labour laws. Government must implement a clear programme which will assert the

central importance of worker rights and entitlements. Rights and bodies that have been undermined and removed since the Coalition came to power in 2010, such as the agricultural wages board, should be reinstated and extended.

6. End working for free

'Workfare' requires jobseekers to do a month's full time unpaid work or face sanctions to benefits⁷⁶.

The Coalition has said that workfare helps jobseekers find work, but their own research shows it has "no impact upon the likelihood of being employed"⁷⁷. There is strong evidence that workfare placements are beginning to replace paid work and because low-wage workers are forced to compete with no-wage workers for employment this has the potential to further drive down wages⁷⁸. To improve pay and working conditions for all workers, workfare must come to an end.

Unpaid internships are mostly based in London and favour those who can afford to work and live for free. Unpaid

internships are in fact illegal - every intern who has taken their employer to court for back pay has won⁸⁰. But the onus should not be on the employee to ensure their basic right to be paid is met. The government must crack down on unpaid internships by taking action against employers, and ensure workers are aware of their rights.

7. Introduce and enforce pay ratios

Introducing a maximum pay ratio between the highest and lowest paid members of staff, with penalties for aggressive avoidance, would be an important first step in tackling inequality. It would send a strong message about proportionality and the value of the entire workforce in contributing to the success of an organisation⁸¹.

Class commissioned a poll in October 2014 which found that almost 2 in 3 people support a pay ratio of 65:1, which – while generous – is still much smaller than the current average pay ratio of 143:1⁸².

INTERNSHIPS



**IN 2014
22,000**

Interns were estimated to be working for nothing⁷⁹.

Rebalancing the economy in favour of working people

1. Strengthen the bargaining power of labour

There is no way to cherry pick the policies above without recognising that trade union rights are fundamental to all of them. Without collective bargaining, workers have no voice in the conditions of their working lives and are compelled to simply accept the pay and conditions an employer sets⁸³. Evidence shows that powerful unions and good collective bargaining agreements are associated with reduced wage inequality; a smaller gender pay gap; better pensions, sick leave, holiday time and health and safety measures; lower staff turnover; the retention of skills; better staff training; and increased productivity⁸⁴.

Collective bargaining structures don't just happen - the infrastructure needs to be built and there will be a need for the state to invest in regulation and enforcement of agreed terms and conditions⁸⁶.

It is no coincidence that more equal societies with strong economies such as Germany, Sweden, Norway and

Denmark have extensive sectoral collective bargaining coverage underpinned by strong trade union rights. The government should actively encourage unions and employers to engage in sectoral bargaining, which establishes standard terms and conditions across an entire industry⁸⁵.

2. Strengthen the power of trade unions

Despite the overwhelming evidence that strong trade unions benefit not only working people, but wider society, employers and the economy, trade union rights have been attacked, weakened and undermined. Almost every improvement in workplace conditions – equal pay laws, stronger health and safety legislation, statutory redundancy pay, the NMW and better rights for agency workers – came about following pressure from trade unions⁸⁷. Statistically, union members earn more and get seven days more paid holiday than non-union members⁸⁸.

Restrictions on trade union freedom have played a large part in permitting growing inequality. If inequality is to be challenged and if living standards are to rise, collective bargaining arrangements must be rebuilt. To ensure collective



**UNION ENGAGEMENT ADDED
£3.4 - £10.2 BILLION
a year to the UK economy⁸⁹.**

bargaining, the government must start by committing to: changing the law so unions can have access to workplaces to organise the workforce; improving statutory recognition procedures; and reintroducing the right to deduct union subscriptions from salaries where members agree. Employees must be allowed access to information about trade unions, so they can easily join one if they choose to do so⁹⁰. As is the case in many other European countries, fair, democratic and speedy strike laws to permit the exercise of the right to strike must be enshrined in legislation⁹¹.

3. Closing the gender pay gap

Unions have been at the forefront of campaigning for equal pay, and it is important that union representatives are able to take into account pay disparities when negotiating with employers.

The gender pay gap can be closed much faster if government take proactive measures to address the barriers to equal pay, such as occupational segregation, lack of flexible working for workers with caring responsibilities, and discrimination within pay and grading systems⁹². To counter the gender pay gap, mandatory pay audits should be introduced so employees and employers are aware of the levels of pay and the reasons behind them and

flexible working arrangements must be strengthened.

4. Increasing employee representation in companies and in government

In the private sector, expanding the share of the economy made up of mutual, cooperative and employee owned companies would begin to tackle growing inequality and the concentration of wealth at the top. More democratic companies tend to have much smaller pay ratios among their staff. There is already precedent for this in Sweden, where collective bargaining works hand in hand with worker representation on the board, as well as arrangements for workplace participation and has helped companies increase productivity, improve relations between management and staff, and improve relations with trade unions⁹⁴.

But employee representation should not just stop at the workplace. The interests of employees should be protected through the reintroduction of a Ministry of Labour and the participation of trade unions on economic development boards. A Ministry of Labour would give working people a voice in government to counteract the voice of powerful corporate interests and would have a core responsibility to promote collective bargaining⁹⁵.

GENDER PAY GAP



60
YEARS

Amount of time it will take to close the gender pay gap if trends continue at their current rates⁹³.

WHAT THE PARTIES ARE SAYING

The scale of the fall in living standards and the unprecedented growth in inequality over the last Parliament has been immense. It is clear drastic action needs to be taken to turn these problems around. So what are the political parties saying about work, pay and trade unions, and what exactly is at stake at the 2015 General Election?

LABOUR PARTY POLICY PLEDGES⁹⁶:



Raise the National Minimum Wage to £8 per hour by 2020.



Introduce Make Work Pay contracts, with a tax rebate for employers that sign up to become Living Wage employers in the first year of the next Parliament. Learn from local government models where firms seeking public sector contracts are required to pay the Living Wage.



Help working parents with 25 hours of free childcare for three- and four-year-olds.



Abolish exploitative zero-hours contracts, with rules introduced to give new rights to employees on zero-hours contracts. This will include the right for employees who have consistently worked regular hours to receive a fixed-hours contract automatically.



Freeze energy bills for 2 years and cut income tax through a lower 10p starting tax rate.



Abolish the current system of Employment Tribunals, including the current fees structure, and create a new, reformed structure.



Stop employees from being required to work exclusively for one firm if they are on a zero-hours contract and ensure that zero-hours workers who have their shifts cancelled at short notice will receive compensation from their employer.



Introduce new legislation requiring companies with more than 250 employees to publish the average pay of men and women at each pay grade.



Require companies to publish the ratio of the pay of their top earner compared to the average employee and the pay packages of the 10 highest paid employees outside the boardroom.



Ban recruitment agencies that only hire foreign workers to tackle the abuse of migrant labour and undercutting of wages.



Put an employee representative on remuneration committees, ensuring the views of ordinary staff are heard when decisions to award top pay packages are made.



A mansion tax on property assets for homes worth £2 million or more.

CONSERVATIVE PARTY POLICY PLEDGES⁹⁷:



Scrap the Human Rights Act 1988 and limit the legal status of European Court of Human Rights judgments which will further undermine the protection of basic civil liberties⁹⁸.



Limit the use of zero-hours contracts in specific circumstances but support zero-hours contracts and insecure agency work as vital part of the free market.



Possible withdrawal from the EU in 2017, and all the associated rights related to EU membership – from maternity/paternity pay, to health and safety legislation.



Introduce policies that will attack the rights of trade unionists and working people including⁹⁹:



Reduce the amount of tax businesses and employers pay, including corporation tax, without announcing measures to ensure any benefits are passed on to workers through increased pay and work benefits.



A minimum 40% of eligible voter support threshold for strikes in essential services including transport, fire services and schools (they have already proposed a minimum 50% turnout in strike ballots).



A freeze on fuel duty but no action to tackle similar costs such as childcare, energy bills, food and other spiralling living costs.



A 3-month time limit after a ballot for action to take place, new restrictions on picketing and an end to the ban on using agency staff .



Cap benefits and reduce support for working families such as Working Tax Credits rather than raise wages and pay.



Axing funding for Union Learn, which promotes basic skills training for union and non-union members in workplaces where unions have negotiated learning agreements with employers.



An arbitrary cap on immigration instead of tackling the exploitation of the current system by employers and big businesses.



Reduce important health and safety legislation in the workplace as part of the removal of ‘red tape’ for small businesses, putting workers at risk.

WHAT ARE THE OTHER PARTIES SAYING ON WORK, PAY AND TRADE UNIONS?:

LIBERAL DEMOCRATS

The Liberal Democrats¹⁰⁰ have not given much detail on how they plan to tackle low pay, poor working conditions and the cost of living crisis but they have announced a planned rise in the tax-free Personal Allowance rate and a slight increase in free childcare provision.

THE GREEN PARTY

The Green Party states it aims to “end the oppressive and exploitative nature of economic relations and develop a society of equality and economic justice”¹⁰². This covers stronger rights at work, support for collective bargaining, and greater workplace democracy. The Greens¹⁰¹ have pledged the introduction of a Living Wage and a Wealth Tax on the richest 1% (a tax on the assets of UK individuals with assets of more than £3m) and have set out some policies that would support trade unions and their members including requiring employers to recognise unions in their workforce and making discrimination against union members illegal.

THE SCOTTISH NATIONAL PARTY

The SNP have announced plans for action on youth unemployment and 125,000 modern apprenticeships but have yet to announce many

pledges specific to the General Election¹⁰³. Pre-referendum pledges to ensure the minimum wage rises at least in line with inflation; create a Fair Work Commission, comprising representatives of business, trade unions, and wider society, to advise Government on the minimum wage; to promote the living wage; and to reverse Coalition changes by restoring the 90-day consultation period for collective redundancies and abolish the ‘shares for rights’ scheme, may be part of their General Election offer. Other pre-referendum pledges included a commitment to working in partnership with unions and for the promotion of collective bargaining¹⁰⁴.

UKIP

UKIP intend to scrap the Human Rights Act, get rid of the entitlement to paid holiday and sick pay and end the right to maternity pay¹⁰⁵. They have also made it very clear that they intend to restrict, prevent and reduce the trade union movement’s ability to represent the interests of its members by restricting the legal right to strike and giving companies and employers more powers.

Many of UKIP’s announced proposed policies would have a devastating impact on the lives of almost every working person in the UK.

WHAT'S AT STAKE AT THE GENERAL ELECTION?

The labour movement is entering a crucial period, facing an unprecedented targeted attack from political parties like the Conservatives and UKIP, at a time when trade union members and millions of other working people are facing further assaults on their pay and already precarious standards of living.

The severe austerity policies since 2010 have not only been about shrinking the state and slashing welfare spending but have also been part of a political agenda for eroding the power of organised labour. This has been experienced harshly in the public sector with pay freezes and attacks on the abilities of trade unions to operate effectively in the workplace. But efforts to cap wages, dismantle employment rights and reduce the bargaining power of workers have extended to the private sector as well.

If we thought the last 5 years have been tough for working people – the next five could be dire. The Conservatives and UKIP have pledged restrictions on trade union rights that are so extreme they would be the most draconian in western democracy, effectively making legal strikes impossible. Such a shift

in the balance of power will further undermine the pay and conditions of every worker, exacerbating the growing gulf between wages and the cost of living and increasing inequality.

The outcome of the General Election in May is crucial. If the cost of living crisis is to be tackled; if workers are going to be able to pay the rent, childcare, food and utility bills; real wages and hours of work must be increased. If long-term trends of widening inequality are going to be turned around and if we are to develop a sustainable economy that works for everyone we must have a more equal distribution of wealth.

Trade unions in the workplace are best placed for making this happen. But trade unions cannot improve the lives of their members' one Employment Tribunal claim at a time. Government must strengthen trade unions rights and promote collective bargaining if we are to really tackle the problems outlined in this guide and not just put a sticking plaster over a badly fractured economic system.

A real recovery should mean rising living standards, decent jobs and decent pay. This is what's at stake at the General Election.

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www.ier.org.uk  [@ieruk](https://twitter.com/ieruk)



128 Theobalds Road, London, WC1X 8TN

Email: info@classonline.org.uk

Phone: 020 7611 2569

Website: www.classonline.org.uk

The views, policy proposals and comments in this guide do not represent the collective views of Class or IER but have been considered a worthy contribution to the election debate.

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