

Embedding Fair Work Principles into Recovery STUC Paper

There can be no doubt that there are tough times ahead for the Scottish economy. Unemployment is already rising and sectors of the economy including aviation, hospitality, tourism, parts of manufacturing and oil and gas are all likely to see high numbers of job losses.

There are also growing problems within both Further and Higher education with financial pressures likely to be severe. This creates a range of impacts for the wider skills system and both colleges and universities have a key role to play in supporting economic recovery. Coupled with this there is a growing crisis for young workers, particularly those in apprenticeships. Early indications suggest that employers are unlikely to provide apprenticeships at anywhere near the same level and apprentices are increasingly reporting uncertainty about the future of their placements.

Early figures for the Scottish economy suggest that GDP dropped by 2.5% in the first three months of 2020 and 18.9% in April. Scotland's unemployment rate has also now risen to 4.6%. Modelling for the Scottish economy suggests that unemployment might rise to 14% by the beginning of 2021. Despite this negative picture the situation could be worse still if a second wave of the virus requires another lockdown or the impact of the crisis is more prolonged than the initial modelling predicts.

In the face of such economic challenges it is important not to lose sight of the importance of Fair Work and the need to prioritise a wellbeing economy. Prioritising Fair Work will protect job quality and the incomes of the lowest paid.

The Scottish Government must also focus on stimulus to kick start the economy in the coming period. There can be no return to the politics of austerity and our public services cannot survive further cuts. The Scottish Government should work with the UK Government to develop a stimulus package that aligns with Scotland's ambitions on greening the economy. Recent research from the STUC suggests that a two year emergency £13 billion infrastructure stimulus could create almost 150,000 jobs while also transforming the economy and providing the investment in broadband, energy, transport and house building that Scotland needs to reach its low carbon ambitions. A specific jobs guarantee for young workers could also form a part of this package, providing a degree of protection for those most at risk in this crisis.

Going forward we must also see recognition for the role that key workers are playing within the crisis. These workers have gone above and beyond to keep the economy functioning and deserve recognition of this in their pay packet. The STUC is therefore calling for all key workers to receive an additional £2 per hour.

Changes to the nature of Work

The way we work in the short term will have to change with social distancing and strict hygiene measures playing a part in our COVID-19 response for the foreseeable future. This creates challenges for many workplaces not least schools where a mixture of online and face to face learning will have to take place. This creates significant knock-on impacts for working parents who will need ongoing support to balance work and care. While provision for key workers will be maintained through the hub system, further consideration will be required around support for other workers particularly single parents and workers who cannot work from home.

The success of the Test and Protect strategy depends on workers feeling able to take sick leave to self-isolate. In too many workplaces access to sick pay is limited with many relying on statutory sick pay resulting in a significant drop in income, while the lowest paid who fall below the lower earnings limit are completely without support. This places workers in an impossible situation of defending their livelihoods or complying with essential public health guidance. Maintaining the incomes of workers when they self-isolate will be an essential plank of the health protection strategy. First and foremost it is the responsibility of the employer to protect their workers' incomes but for self-employed workers and other low paid and insecure workers the government may need to offer support to ensure the success of the Test and Protect scheme. Ongoing support for shielding or vulnerable workers will also be essential, the maintenance of the job retention scheme or other forms of income support may be essential to protect these workers.

Working from home will also continue to be a feature of our labour market and we must get to grips with the mental health and wellbeing challenges that come with this form of working, including the tendency to expand working hours. However, this crisis also presents an opportunity to expand access to homeworking and increase flexible working models across society – particularly for lower paid workers who are often carved out of such schemes.

The STUC welcomes the ongoing work to refresh the Fair Work statement setting clear expectations around Fair Work for employers in the coming period. It is important to continue to ensure that the principles of this statement are implemented, particularly in the public sector. The STUC is aware of many examples of the erosion of Fair Work during the crisis by public sector employers, including the removal of facilities time in the Fire and Rescue Service and the questioning of the legitimacy of a union survey in the college sector looking at the impact of digital inequality on students. The Fair Work approach has a vital role to play going forward but it is essential that it delivers genuine and meaningful support for workers across the economy.

Fair Work and Collective Bargaining

The Scottish Government working with the STUC has already recognised the value of extending collective bargaining coverage and we identified the sectors of construction, early learning and childcare, adult social care and hospitality as the key starting points.

The COVID crisis has underlined the long-term systemic problems in social care such as fragmentation, privatisation, lack of funding, poverty pay and the undervaluing of care work. Many of these issues were already well understood, for example the poor record of the sector on Fair Work issues was highlighted by the Fair Work Convention's report in February 2019. This report resulted in the Fair Work in Care Implementation Group which has been working to improve outcomes in the sector. This crisis highlights the need to take this work forward at pace. The Scottish Government should work to create a national social care service underpinned by sectoral bargaining.

Early learning and childcare is delivered using a similar mixed model of delivery as social care. The STUC continues to be concerned that this approach will replicate the failings within the social care sector, with fragmented delivery and a profit motive placed ahead the needs of children. Given the essential role that early learning and childcare plays in closing the poverty related attainment gap, it is essential that this service is seen as a core public service. The trade union movement continues to believe that the public delivery of early learning and childcare is the best way to deliver Fair Work outcomes and high-quality education for children.

Construction is a sector which has a history of poor relationships between unions and employers where blacklisting casts a long shadow.

The preparation of sectorial guidance for this sector was challenging, but the inclusion within the guidance of encouragement for union health and safety reps to inspect sites has led to positive change. While it is still early days it is positive to see employers across the sector now engaging constructively with unions. There is an opportunity to push further and build a lasting foundation for the promotion of Fair Work in construction. The creation of a sectorial forum to offer both unions and employers an opportunity for dialogue in a more systematic way would help to deal with some of the entrenched issues in this sector.

For hospitality there is also an opportunity to create a sectoral forum. This is a sector that will be badly impacted by the COVID-19 crisis and is likely to require a significant level of support from government. Employers should be encouraged to come to the table with unions to discuss areas of shared concern, to find creative solutions for the sector and ultimately to agree minimum terms and conditions for workers going forward.

In this respect the focus could also be broadened to encapsulate wider sectors, particularly those in need of significant public support and where insecure working practices are common. The creative sector, for example, could also benefit from the creation of a sectoral forum to deal with the crisis and build improved working practice. Ultimately the ambition should be to have sectoral forums in every sector of the economy.

Embedding Fair Work in Public Support

Over the coming months it will be essential for the Scottish Government and the UK government to provide ongoing financial support for a range of businesses. This financial support should be targeted and align with wider Scottish Government priorities around greening the economy and Fair Work. The STUC believes that a stimulus package that supports the transition to the low carbon economy and which builds in support to young workers is critical.

As a part of this there is a need to develop an industrial strategy that prioritises public ownership. Including localism and local contracting clauses within procurement will also be essential to support and rebuild the Scottish economy and create more resilient supply chains. It is also likely Scottish Government will need to invest directly in businesses to ensure their long term viability and the STUC believes Government

should prioritise key strategic assets within the economy, particularly those that support Scotland's wider low carbon ambitions.

Despite the challenges ahead there is an opportunity to make a step change in embedding Fair Work across the economy. In the beginning of the crisis it may have been appropriate to provide emergency funds quickly with little criteria attached. As we move into the recovery Fair Work conditionality is once again essential and public money should only be provided to employers that recognise trade unions in their workplace and apply union negotiated rates of pay. This will allow the Scottish Government to be confident that it is only investing in safe workplaces, while also signalling that the creation of Fair Work and high-quality employment is front and centre of the Scottish Government's recovery plans.

The foundation of Fair Work remains workers, employers and government working together collectively. It is essential that every opportunity is taken to build these types of structures. It is also essential that the union voice is given equal weight to that of the employer side and where this approach is successfully embedded positive outcomes can be achieved.

Actions

The Scottish Government should:

- Work with the UK Government to develop an economic stimulus package focused on the transition to the low carbon economy and Fair Work outcomes. This package should include a jobs guarantee for young workers.
- Provide and promote a £2 an hour pay rise for key workers.
- Work with the STUC to create and promote a refreshed Fair Work Statement.
- Put in place access to childcare for single parents and workers who cannot work from home.
- Provide specific financial support to unemployed and precarious workers to allow them to self-isolate in line with the Test and Protect strategy.
- Ensure shielded workers continue to have access to the job retention scheme or other appropriate income support.

- Commit to the creation of a National Social Care Service and public delivery of Early Learning and Childcare both underpinned by sectoral bargaining agreements.
- Set up sectoral forums in construction, and hospitality, along with other sectors that are facing significant turmoil including the creative sector.
- Ensure Fair Work conditionality and public funding should only apply to employers that recognise trade unions in their workplace and apply union negotiated rates of pay.
- Ensure that Government support packages or bailouts are prioritised for employers that align with the Government's sustainability and Fair Work objectives.
- Develop an industrial strategy with public ownership at its heart.

Appendix A : Rebuild Recover Renew – STUC Vision for Recovery

The coronavirus crisis has laid bare the unfairness at the heart of our economy. Even before the crisis poverty and inequality were rising and austerity weakened our public services, our communities, and our wellbeing. Precarious work and bogus self-employment are growing features of our labour market and, as the crisis exposed, many companies now rely on flawed and exploitative business models.

The need for change is widely recognised. Ending austerity and addressing the growth of in-work poverty are priorities for governments across the UK and debate in Scotland is already focused on Fair Work and the creation of a wellbeing economy, departing from narrow concepts of growth. The need to address climate change and move to a more localised and greener economy remains the greatest challenge facing our generation and securing a just transition should be at the heart of our recovery strategy.

Fair Work

Scotland must become a Fair Work Nation where security, opportunity, fulfilment, respect and effective voice are a reality for every worker in every workplace. To secure Fair Work the Scottish and UK Governments must work together to:

- Raise the national minimum wage to £10 an hour
- End precarious work in all its forms, including through zero-hours contracts, umbrella contracts and bogus self-employment.
- Make all employment rights legally enforceable from day one.
- Only provide government funds – through procurement, contracting and commissioning – to employers that recognise trade unions in their workplace and apply union negotiated rates of pay.
- Place effective voice at the heart of corporate governance and encourage sustainable and ethical business models.
- Expand collective bargaining coverage and create sectoral agreements in childcare, social care, hospitality and tourism.
- Create sectoral forums across all sectors of the economy.
- Devolve employment law and give right of access to trade unions to all workplaces.
- Rebuild enforcement agencies like the Health and Safety Executive, increasing their budgets and bringing back regular workplace inspections.

Equality

It is essential to value and support everyone who lives in Scotland, eradicating discrimination and inequality in all its forms. The Scottish and UK Governments must work together to:

- Eradicate the disability employment and pay gap and the race and gender pay gaps.
- Ensure a day one right to flexible working for all workers.
- Ensure 10% of all apprenticeships go to disabled workers.
- Resolve all outstanding equal pay claims across the public sector in Scotland.
- Create a zero-tolerance approach to racism, sexism, homophobia, transphobia and other forms of discrimination and harassment in the workplace.
- Devolve equality law.

A Real Safety Net

Everyone needs a strong safety net and our social security system should protect against poverty rather than create it. We urgently need an economy where everyone is protected and supported throughout their lives. The Scottish and UK Governments must work together to:

- End universal credit, while protecting the incomes of those already receiving the benefit.
- End all benefit caps including the two-child limit on child benefit.
- End benefit sanctions.
- Replace Work Capability Assessment with medical assessments run by the NHS.
- End DWP's target based culture and the outsourcing of contracts to the private sector and provide a person-centred approach to social security provision.
- Raise the weekly level of statutory sick pay to £320 a week and removing the lower earnings limit.
- Enshrine in law a right to access healthy, affordable and nutritious food and properly fund public services to do this.

Rebuilding public services and renewing public ownership

As we emerge from the crisis, government must not only ensure we recover from the pandemic, and reward those workers who cared for us, but also undo the damage of a decade of austerity. It is also time to recognise the role that public ownership can play in rebuilding and

renewing our economy and all public services should be in public hands. The Scottish and UK Governments must work together to:

- Deliver a pay rise for all key workers.
- End outsourcing across public services.
- Properly fund public services including health, education, emergency services and central and local government recognising their essential role supporting a wellbeing economy.
- Commit to public delivery of social care and early years education.
- Provide funding to local authorities to set-up municipally owned bus companies.
- Renationalise our railways.

A Just Transition

Planning for net zero carbon and a just transition for workers across the economy is essential and supports the rebuilding of our industrial capacity. Scotland has extensive natural resources but at the same time, the collapse in the price of oil threatens the livelihoods of thousands of workers in the North Sea and associated supply chains. We risk losing thousands of highly productive workers whose skills are crucial to transitioning to a low-carbon economy. The Scottish and UK Governments should work together to:

- Fund emergency infrastructure stimulus to support Scotland's economic recovery.
- Introduce a comprehensive housing programme to improve the energy efficiency of homes to tackle fuel poverty and climate change.
- Set up a national construction and infrastructure company to drive forward change and support high quality employment.
- Develop a clear strategy for infrastructure procurement increasing the requirement for local content in government contracts, shortening supply chains and providing manufacturing jobs in Scotland.
- Ensure all large-scale projects require adherence to collective agreements and develop a strong dispute resolution process to protect workers' rights and improve health and safety.

Rebuilding Industrial Democracy and Empowering Communities

Strong communities are central to delivering social justice. Everyone should have a say in how their community is run and local services are delivered, through effective local democracy and well-resourced local government. We must also reinvigorate industrial democracy and ensure

workers can shape their workplace. The Scottish and UK Governments must work together to:

- Lead a national conversation on communities – including with trade unions, civil society, business and local government – to renew the democratic settlement at a local level and build stronger communities.
- Expand the use of community wealth building (rooted in a commitment to public ownership) and genuine participative budgeting, giving weight to local priorities and space for locally rooted solutions.
- Create a Scotland wide Highstreet Taskforce to regenerate towns, protect jobs and improve shared community space.
- In the medium term seek to shift the focus of the Job Retention Scheme from employers to workers, guaranteeing workers their previous salary while they seek new employment opportunities, upskill and retrain.
- Support workers to get new jobs, with a jobs guarantee scheme and a funded right to retrain.
- Support Scottish Union Learning to expand its remit to provide training for unemployed workers.
- Support the introduction of a 4-day week while protecting living standards.