

## **Comprehensive Spending Review Submission: Community Union**

*Community Union is a general trade union that has a rapidly changing membership. We represent workers from across the economy including:*

- *Justice and Custodial*
- *Education*
- *Finance and Professional*
- *Steel*
- *Motor Trade*
- *Betting*
- *Social Care*
- *Third Sector*
- *Manufacturing*
- *Logistics*
- *Self-employed*
- *Footwear*

*It is vital for all the industries Community represents members in, their jobs, as well as for all workers across the UK, that spending is directed towards inclusive growth after the pandemic.*

*Community continues to work with employers and organisations to protect members' health, their jobs and incomes, and our industries.*

### ***Strengthening the UK's economic recovery from coronavirus***

#### **A replacement for the job retention scheme from October**

1. The government should extend financial support to workers across the country beyond October. With restrictions to control the virus across the country increasing, sectors and industries are still struggling, and intervention is needed to prevent mass unemployment.
2. Germany's short time working scheme, extended until December 2021 provides flexibility for reduced hours as market conditions require, and would be a suitable basis upon which to build a scheme to take over when the job retention scheme ends.
3. The government should ensure that workers in receipt of support work at least a proportion of their normal working time, thus creating assurance that viable businesses are retaining their skilled workforce.
4. We echo the call from the TUC that those who are placed under local lockdowns should automatically benefit from this scheme.
5. Avoiding mass unemployment will be critical if the recovery is to be swift once coronavirus is under control.

#### **A new package for the self-employed**

1. Self employed workers play a critical role in our economy. These workers require similar support as restrictions begin to tighten.
2. Additional support should be provided to all self-employed workers, especially those workers who missed out on support under the SEISS.
3. Measures could include funds for grants, managed by local authorities, or an extension to the SEISS, this time including every self-employed worker.
4. For those who pay themselves through dividends, grants could be made and clawed back in the case of bad claims.

#### **Stimulate key sectors including foundational industries**

1. To ensure that economic recovery and renewal following the Coronavirus is successful, the government must ensure that it supports all the different types of workers in the economy-

employees, workers and the self-employed. The government will need to stimulate demand across a range of sectors, particularly in foundational industries.

2. The government should prioritise a green recovery. It should look to create new jobs in sectors that will help us to stall climate change and should be ambitious with its investment in Research and Development and the creation of new jobs and industries.
3. The government should consider how it can best support manual workers, including those working in manufacturing, steel and other foundational industries.
4. The government should be concerned about the emerging gap between a class of white collar workers who can easily work remotely and have not been damaged by the pandemic, and those who are continuing to travel to workplaces, adapting to social distancing and public transport – notably of our members who had been able to work from home, only 11% had seen a fall in income, contrasted with 22% of those who have continued to work in their current workplaces. This suggests that manual workers, as well as those whose jobs require significant contact with service users or clients have been particularly badly hit by the dampening of demand due to Coronavirus.
5. The government should prioritise strategic foundational industries such as steel and other manufacturing sectors.
6. The pandemic shows the dangers of relying on fragile international supply chains. The government should therefore focus on foundational and manufacturing industries within the UK to ensure resilience.
7. Foundational industries have played a significant role in places and regions across the UK. These industries have the potential to become significant drivers of growth and jobs and are on the path to becoming environmentally friendly. In addition, there will be severe knock-on effects if these industries are not supported: as well as direct job losses, we expect to see thousands of jobs losses in supply chains.
8. This is also an opportunity to use the investment to transform these industries to allow them to contribute to the government's targets on environmental sustainability.

#### **Support industries with long downstream implications, and those with the largest falls in turnover**

1. The government should provide ongoing additional support for certain sectors of the economy in its budget, for example through the provision of additional loans.
2. The criteria and principles that should be used to determine which sectors are prioritised should include the extent to which the sector has been affected by the Coronavirus crisis, the quality of the jobs available in the sector and the extent to which the sector or industry contributes more widely to the economy through jobs further down the supply chain.
3. The government can learn from best practice, internationally, for example in the Netherlands where a scheme targets companies experiencing the largest drops in turnover. This scheme is easy to administer and prioritises those companies which need the most help.
4. This could allow targeted support to continue for industries and sectors whose recovery from coronavirus will be slower.

#### ***Levelling up through investment in infrastructure and innovation***

##### **Government infrastructure projects**

1. The government has a key role to play in stimulating demand and ensuring that UK producers benefit from opportunities afforded by major developments.

2. The government should use its procurement power to ensure that it sources from UK industry. For example, UK steel should be used in major infrastructure projects, including the HS2 project.

### **Local expertise and R&D**

1. R&D spending is particularly significant at promoting growth and the government is well placed to create innovation. The government should consider allocating funding for specific challenges that invite entrepreneurial responses. It should also allow regions or local areas to specialise in an industry, and offer local authorities grants to support the development of entrepreneurial hubs.

### **Support for the green steel Industry**

1. Investment in Britain's steel industry is key. Steel is a strategic foundation industry that supports other vital sectors in the UK.
2. The government should recognise that UK steel firms face far higher business rates and energy prices than their competitors in Europe. Brexit related uncertainties, US tariffs and a trend towards protectionism have affected Britain's steel industry.
3. In addition, the steel industry faced a fall in demand during the pandemic of approximately 45%. However steep producers have had to maintain production in the face of falling revenues.
4. However, beneath these difficulties, Britain has a strong steel industry which can support a green recovery to this crisis.
5. A tonne of Chinese Steel has fifty times the carbon cost of tonne of steel sourced from the UK due to manufacturing methods and emissions due to transport. In contrast UK steel captures its emissions and invests in technology to protect the long-term security of our planet. Importing carbon intensive steel instead of UK steel will not reduce overall emissions but will simply offshore them.
6. It should be acknowledged that Britain must retain both its primary steel-making capacity and its secondary steelmaking capacity (making steel from both raw and recycled materials)- currently blast furnace steel is the only way to make certain steels used in automotive industries and food packaging. Demand for steel is due to increase- and Britain should lead the world in developing and improving low carbon steelmaking.
7. The UK also has capabilities in electrical steel, through the Orb steelworks, mothballed in late 2019, which can be used to manufacture electric cars which are vital to the decarbonisation of the economy. The electric steel that orb could make for electric motors represents a small part of the powertrain industry, but as part of a wider green industrial strategy, the capacity it had could have incentivised others to invest in essential parts of the process such as stamping and laminating, and thus led to the industry building powertrains for electric vehicles in the UK- contributing an estimated £1bn to the UK economy over 10 years.
8. Investing in the steel industry will also support manufacturing communities in regions where steel jobs are of much higher quality than lower paid service jobs.
9. If the government is committed to levelling up, then it must continue to support the steel sector. For every 1000 tonnes of steel produced each year, 10 jobs are created or protected. This translated to 32,600 high skilled and high paying jobs in places like Wales Yorkshire and Humberside, and 41,000 more in the supply chain.
10. The government should also ensure that all major infrastructure projects, such as HS2, and government procurement use UK steel, signing up to the Steel Charter. It should also make

the legislative and regulatory changes to ensure a level playing field for UK to steel to compete. This includes greater weighting given to environmental factors in procurement tendering. It should also include ensuring that trade arrangements are fair, for instance through a carbon tariff on imported environmentally poorly produced steel.

11. The government should bring forward the funding for transition to green steel- through the IETF and Clean Steel fund.
12. The government must commit to investing in hydrogen technologies which can green not only our steel industry but our entire economy, and fully explore the potential of carbon capture and storage.
13. Low carbon UK steel can help to underpin wider supply chains as part of a green industrial strategy. The UK has the opportunity to become the world leader in low-carbon steel production.
14. UK steel has produced a document which can be accessed [here](#) which sets out recommendations for supporting the steel industry, many of which Community endorse.

### **A car scrappage scheme that benefits the steel industry**

1. We recommend that the government uses a car scrappage scheme to form a wider strategy which will support green steel. The car scrappage scheme should encourage consumers to purchase electric and hybrid cars. It will also support the steel industry.
2. A previous car scrappage scheme in the UK ended in 2010 and was designed to encourage motorists to buy a new more environmentally friendly vehicle in return for scrapping an older car. In January 2011 a separate Plug in Car grant came into force, providing £5000 towards the cost of electric cars.
3. France is currently pioneering a scheme which includes increased subsidies for buyers of electric and hybrid cars, as well as research into hydrogen powered and self-driving cars.
4. There is scope to ensure that a new scheme would take account of downstream benefits.
5. The Orb steelworks in Newport has the potential to produce the non-oriented electrical steels needed in the motors of electric vehicles. This site was mothballed in 2019.
6. A new car scheme should involve the re-opening of this steelworks.
7. It should also align with the ambition of Liberty steel to ensure that 70% of scrap steel is used domestically.
8. Community believes that using a car scrappage scheme to support the UK steel industry is a compelling and realistic green industrial policy.

### **Use the Industrial Strategy Council in conjunction with Sector Councils to generate growth**

1. The Industrial Strategy Council is a powerful vehicle for delivering growth but should be strengthened and transformed to focus on genuine social partnership. The crisis has shown how the benefits of a tripartite approach of government, businesses and trade unions working together. The government should evaluate the benefits of social partnership in the UK and explore how such a partnership could enable the UK to successfully rebuild our economy and bring businesses and the workforce together. By expanding and refocusing its remit the Council could explore developing social partnership in the UK more widely as part of rebuilding our economy.
2. Furthermore, by approaching and engaging workers as agents of change, as part of a wider social partnership, the Council can ensure workers play a vital part in shaping our response to rebuilding, and in achieving good and green jobs for the future.
3. A lack of public awareness or engagement is one of the existing flaws of the Council. Therefore, by refocusing its work and remit on investing in people, the workforce and

focusing on good quality, well-paid work, it would be able to better engage the public and be a national lead on rethinking how we value our workers and our economy. Through its range of expertise and insight, the Council could lead a consultation with workers on ensuring they feel prepared for the various challenges ahead across the world of work.

4. The government should use Industrial Strategy Council in conjunction with sectoral panels. Such panels should include representatives of trade unions, the government and businesses. These panels would be best placed to shape the way forward for each sector and design support packages to each one needs. They could identify areas for R&D investment, and for infrastructure that would support the sector. These could be initially formed from the sector councils that have been promoted in recent years but expanded in scope and breadth.

### **Increased devolution and funding**

1. The government should use new and existing partnerships to ensure that innovation and productivity increases are generated. This involves increasing devolution at a local level and ensuring that local areas have the power to determine the changes that are required.
2. Local authorities should receive sufficient funding to be able to invest in local growth, identifying training needs and opportunities for investment.
3. Non-metropolitan areas without major cities should be offered devolution, as historically autonomy has been restricted to city areas, depriving more rural areas of the ability to drive the change that is needed in their areas.
4. Employment support should be devolved strengthening the ability of regional and local government to adapt to local conditions.
5. Local and regional administrations will not be able to support the change needed in their areas without control of three key areas: transport, housing and innovation- these should be devolved where demand to do so exists.
6. Local Enterprise Partnerships should be retained, but should be strengthened, and the government should ensure that they are accountable to local leaders. Their membership should include local education and skills providers, worker representation, and local businesses and community organisations. They should continue to be responsible for economic development in a region, focussing infrastructure, housing and R&D spending where it is most needed.
7. The ability of cities and towns to manage their labour markets and economies could be increased through the creation of pan-regional layers of administration whose role would be to link and co-ordinate neighbouring economies.
8. The Plan for Towns needs to be expanded, and each disadvantaged town should receive full fibre broadband to support businesses and homeworking. Each town should have its own industrial strategy to ensure that there is local control over jobs, and the development of local assets.

### ***Supporting recovery from coronavirus through investment in jobs and skills***

#### **Support for the self-employed**

1. The government should consider the critical role of the self-employed and ensure that small business owners across the country are treated fairly in the budget. 84% of our self-employed members told us they had experienced a fall in income due to the pandemic. This compared to 28% of employees. The government should offer support not just to large businesses, but to small business owners.

2. A package of measures will be needed to support small businesses and sole traders, whose owners are likely to be self-employed people- in the wake of the pandemic.
3. In the short term, to assist in managing the effects of coronavirus, a new package is needed for all self-employed people, as we outline above, especially those who missed out in the initial rounds of the SEISS.
4. Longer term, the government should take measures to reward the entrepreneurship of the self-employed.
5. The tax and benefits systems should be aligned, following the advice of the 2018 Taylor Review to ensure that those who pay into the system are supported when they need it.
6. Statutory sick pay, (at an increased rate), should be extended to the self-employed, and such people should also have access to a benefit package that includes shared parental leave, adoption pay, and paternity pay. This would ensure there is a safety net for those taking a risk to set up the small businesses the UK is built on.
7. The government should set up a self-employed task force to determine what the best ways that small businesses and sole traders can be supported.
8. The government should consider Kickstarter loans, for those who wish to start small businesses; repayable once a certain profit threshold is met. The government should recognise that many of the would-be self-employed do not have the capital to begin businesses. These loans should not affect entitlement to social security. This would enable workers to invest in their businesses.
9. With increasing numbers likely to leave traditional employment, many will turn to self-employment. Such policies would particularly benefit disabled workers, many of whom are not able to start working because of the loss in payments associated with working the number of hours required to start a business.
10. Grants should also be explored, particularly for those self-employed in sectors where work remains uncertain in the long term.

### **Childcare and early years provision**

1. Childcare is crucial to the UK economy. Without the provision of childcare many workers across the UK may struggle to return to work. Falls in household incomes are likely to limit the ability of parents to pay for childcare.
2. Lower income households are more likely to be affected by this, due to inability to pay for childcare, and less ability to travel to access childcare.
3. More than 14,000 childcare providers have been lost since 2015, and the crisis has only exacerbated the reduction in providers.
4. By investing in high quality early years provision, the government will ensure that parents continue to work and invest in the economy.
5. In addition, support for the sector will benefit the estimated 360,000 workers who work in the sector.

### **Homeworking and office working**

1. There is an increasing trend among white collar workers for homeworking. Despite offices re-opening there is likely to be a decreased need for office real estate, and reduction in travel to office locations.
2. The government should see these trends as having both positive and negative implications. It will be positive in terms of increased productivity and reduced commute time, but also acknowledging that there is likely to be a knock-on effect to those providing services to knowledge economy workers.

3. The move toward homeworking is also likely to have implications for trade unions access to workers. Alongside trade union innovation, and development of new ways to reach these workers, we believe that regulations for access and recognition should be revised considering these trends to give digital access to knowledge economy workers.
4. The government should ensure that future city and town centre planning takes account of the changing ways that office space is used.

### **Adult skills**

1. Many local economies are stuck with both weak demand and weak supply in skills. Many places have been unable to break-out from an equilibrium of low skills, low productivity and low pay since the deindustrialisation of the 1980s. Skills are the new currency and ensuring that organisations have access to the skills they need, when they need them, will be critical if we are to successfully revive post-Covid Britain.
2. The government must reverse decades of cuts to adult education. It is significant that the fall in adult education has corresponded so closely to the fall in funding. Adult skills are essential to ensure that lower skilled workers can adapt to the changing economy.
3. In investing in education, the government should ensure that those workers with the lowest levels of skills are prioritised, rather than offering firms opportunities to subsidise the training already being provided to highly paid and skilled workers.
4. The government should look to provide funding for those in full time or part time training. For example, if a worker is working part time and training for another part, they should receive an allowance to top up their income for the time they are training. This would allow the economically vulnerable, who are broadly most in need of training to afford to do so.
5. Developing an effective lifelong learning system for all is essential to address employers' changing skills needs and individuals' longer working lives. Information campaigns, employer and union learning representatives, and managers can all play a role in communicating the benefits and necessity of lifelong learning to employees. Furthermore, provision needs to be more flexible.

### **Skills gaps**

1. By 2030, around 7 million additional workers could be under-skilled for their job, representing about 20 per cent of the current workforce. With 80 per cent of the projected 2030 workforce already working today, workplace skills, particularly management, critical thinking, and digital skills, are likely to experience severe shortages if action is not taken now.
2. Long-term opportunities will require businesses to plan strategically for the skills they need to succeed in the future and provide opportunities and skills-based training. Employers and businesses need vital support from government if they are to assist in efforts of re-training and upskilling workers and young people.
3. Employer investment in training in the UK is low relative to many international competitors. Reasons for low investment include uncertainty over securing a return, poor access to suitable training, and a lack of flexibility in provision. While there are examples of low skills and low productivity firms in all sectors and areas, a prevalence of such firms in some local areas and sectors contributes to a lack of demand for training. This could have negative consequences for regional equality and social mobility, as those with the lowest skills are participating in training the least.
4. The government must encourage and increase employer investment in training, set out an overarching vision for skills policy, and champion a partnership approach to skills

development. Making better use of data and better engaging local and sectoral, employer and trade unions in the skills system could result in programmes and policies that better meet local economic development needs and national objectives.

### **Support to train for the unemployed**

1. The government should also ensure that workers that are unemployed are able to train and work at the same time, rather than the current “work first” attitude within the DWP. The department is ill equipped to deal with anticipated volumes of unemployment. By allowing workers to engage in training their longer-term employability will increase as there may not be jobs available for the newly unemployed without first re- or up-skilling.
2. The government should consider revision to the new kickstart programme to extend eligibility to those over 24 years old and ensuring that all placements come with substantial training. It should also consider offering jobseekers a full-time apprenticeship.
3. Control of Jobcentres should be devolved. Local control of employment support would allow local authorities to broker placements for such programmes and ensure there are enough roles in the local area, extending the scheme to public or third sector roles where there is a lack of availability.

### **Strengthen the safety net**

1. The government can ensure that businesses consumers and communities are protected by increasing the safety net available. We are particularly concerned about freelancers and those in the gig economy who are likely to experience the sharp end of coming financial shocks.
2. The government should ensure that Universal Credit and other social security entitlements are set at an appropriate level. Communities are vulnerable, and the supply of employment is lower than the demand for it. Those who are at the sharp end should be adequately protected by the social security system.
3. The level of statutory sick pay should be increased to the national living wage. The rate is currently £95.85 per week. This means the income replacement level is only 20%. This low level of sickness benefit will force individuals to work when in ill health- risking an increased spread of Coronavirus.

### **Support for the third sector**

1. The government must maintain support for the charitable sector. The sector is facing increased demand due to COVID-19. The sector welcomes the £750million made available for charities, and the additional £150 million from the dormant assets scheme. However, much of this funding will have been used simply to cope with increased demand caused by the crisis.
2. The sector will also continue to face increased demand and whose ability to operate and fundraise will remain decreased due to the crisis. This will continue well beyond the initial crisis. This will allow the charitable sector to help to mitigate some of the challenges that people are facing. Local government funding should be increased to allow Local Authorities to adequately fund services.

### **Mental health**

1. The government should prioritise mental health in its spending approach. 53% of Community members said that COVID-19 has had a negative impact on their mental health.



Mental health is not a fringe issue, but a vital workplace consideration that affects productivity, demand and confidence- and the effects that COVID-19 has had on mental health will continue for years to come.

2. The government should recognise that the pandemic has exacerbated mental health difficulties and created a mental health crisis. Mind research shows that more than 1 in 5 adults with no previous experience of poor mental health have reported that their mental health is poor or very poor.
3. 25% of those who try to access NHS mental health support are unable to get support. Access to mental health support should be drastically widened, increasing the supply of freely available counselling and other mental health treatments.
4. The government should also recognise the extent to which the recession and economic difficulties, as well as the emotional challenges of lockdown and the loss of loved ones have affected mental health.
5. Furthermore, the money and mental health commissions has published a report showing that annual median income for people with common mental health conditions is £8,400 less than the rest of the population, and people in this group are also less likely to be employed. This means people with mental health problems are more exposed to financial hardship, particularly in the economic crisis in the wake of the pandemic.
6. Therefore, the government should ensure that the benefits system provides a safety net, rather than a further cause of distress. It should also continue to provide support to the third sector.
7. The government should ensure that mental health is accessible to the most vulnerable group, include BAME (Black, Asian and ethnic minority) workers. This includes ensuring that mental health services, as well as the wider healthcare sector, are culturally competent.

### **Key workers**

1. The government should recognise the key lesson from the pandemic that as a nation we are reliant on key workers, specifically those involved in the food supply chains and health and care workers. This should be an opportunity to challenge whether the financial reward for such roles is sufficient to the value to our society.
2. Because of this, although the government should ensure that the national minimum wage rises as planned and explore pay rises in the longer term to ensure that low paid essential workers are rewarded for their contribution to the economy and society.

Evidence submitted by Anna Mowbray [amowbray@community-tu.org](mailto:amowbray@community-tu.org) and Kate Dearden [kdearden@community-tu.org](mailto:kdearden@community-tu.org).