

Business, Energy and Industrial Strategy Committee

Oral evidence: The impact of coronavirus on businesses and workers, HC 219

Thursday 18 June 2020

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Members present: Darren Jones (Chair); Alan Brown; Richard Fuller; Ms Nusrat Ghani; Paul Howell; Mark Jenkinson; Ruth Jones; Charlotte Nichols; Mark Pawsey; Alexander Stafford.

Questions 244 - 275

Witnesses

I: Steve Turner, Assistant General Secretary, Unite; Gary Smith, Secretary, GMB Scotland; Mike Clancy, General Secretary of Prospect; Christine Payne, General Secretary, Equity; Tony Dale, Head of Research, USDAW.



Examination of witnesses

Witnesses: Steve Turner, Gary Smith, Mike Clancy, Christine Payne and Tony Dale.

Q244 **Chair:** Welcome to the sixth evidence session of the Business, Energy and Industrial Strategy Committee inquiry on the impact of Covid on workers and businesses. I am delighted today to have a panel of representatives from across the trade union movement to answer our questions about the impact on workers across different parts of the economy. Before we get into questions, I will ask each of our panellists to give us a short introduction and then we will get going.

Steve Turner: Morning, Chair. I am Steve Turner. I am assistant general secretary of Unite the Union. I have a specific responsibility for manufacturing, but our union covers all sectors of the economy, of course.

Gary Smith: Good morning, Chair. I am Gary Smith, Scottish secretary, GMB trade union. Our union literally covers every sector of the economy in Scotland.

Mike Clancy: I am Mike Clancy. I am general secretary of the Prospect trade union. We represent members across the public and private sectors, but predominantly in the private sector, and we have a great deal of freelance members.

Christine Payne: Good morning. My name is Christine Payne. I am general secretary of Equity, the trade union that has 48,000 members, 5,000 student members and covers work in all the creative industries across the UK, including actors, stage managers, directors, designers, variety entertainers, circus performers and so on.

Tony Dale: Good morning. My name is Tony Dale. I am the head of research at USDAW. USDAW is the Union of Shop, Distributive and Allied Workers. We have just over 400,000 members working mainly in retail, food distribution and food manufacturing.

Q245 **Chair:** Let us get going with the questions. As always in these sessions, please do not feel the need to all answer if you do not want to, and please try not to repeat messages that other colleagues have made if you agree with them; just say you agree with them, so that we can try to stick to time as best as possible.

I want to come, initially, to our colleagues from Equity and Prospect because there has been a great deal of debate around support for self-employed workers and freelance workers, especially self-employed workers who maybe pay themselves in part or wholly through dividends through their service companies. I just wanted to hear from both of you about their particular problems during this initial phase of support and what you think the Government ought to put in place to support these workers in the future.



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Christine Payne: The main problem that faced our members was that they were, literally overnight, out of work. The film, television and live performance industries, which include variety, gigging and live performers, just closed overnight. Members were about to go onstage and they were told that the show was closing. The impact was immediate.

One of the real problems facing our members is that they have a mixed economy in terms of freelance and PAYE earnings. Many of them are new to the industry so there was a great combination of financial difficulties that members were facing. A lot of our members went to universal credit straightaway. The job retention scheme, when it was first launched, was not relevant to the majority of our members. When the self-employed scheme was launched, with huge relief and expectations, it very quickly became clear that a lot of genuinely freelance members that we represent just fell through the net. They fell through the gap because of that mixed economy of earnings. Either they did not have sufficient freelance earnings to meet the threshold or they had too much freelance earnings through limited companies and fell through that threshold, or they had more PAYE earnings and so they were discounted in both the JRS and the self-employed scheme. It was really a double-whammy from both directions.

Our big ask is that the self-employed and the job retention schemes must be extended. They must be extended. I am going to give evidence later on that will show that the creative industries are facing a huge and real crisis now. One thing that the workers need, who you need in that industry to pick up when the crisis is over, is extension of those schemes until at least March or April next year. We need to extend the schemes.

Q246 **Chair:** Understood. You are asking for a sectoral extension for the creative industries and presumably asking for support for those who did not get support in the initial programme. You are asking for an extension of the existing one, but saying that we need to make some tweaks so we are not missing out those workers as well.

Christine Payne: Absolutely, yes. Thank you very much.

Q247 **Chair:** Mike Clancy, from Prospect, do you have anything further to add to those submissions?

Mike Clancy: Yes. Our membership, in terms of freelance and self-employed, is also, like Christine's, primarily in the creative sector, but we also have wider experience of this in heritage, education and children's services, as well as a few other parts of the economy. It is important to emphasise that self-employed and freelance people were lauded as part of our agile labour market prior to the Covid events. There are varying estimates, but between 1.5 million and 3 million have been left without any support in the last three months; there has been a complete absence of the support that has gone to other people, which is obviously very welcome, through JRS and SEISS, where they have



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qualified. The Committee should also focus on the fact that, as well as pointing out the problem, trade unions like my own have offered solutions. We were having what we hoped were productive conversations with Treasury officials and the Government more generally. Certainly, there was relatively positive mood music, but that all closed down a few weeks ago. The Chancellor made his announcement at one of the 5 pm conferences.

This is quite a baffling attitude now to these gaps. We felt that, whilst the state mandates closure, individuals should be supported through a universality of support. Like Christine, I would like to add some further evidence on that later.

I do not want to get too technical, but in terms of the dividend issue, we gave detailed proposals in relation to using dividend certificates, wrap-around information to give credibility to the claims, to minimise the potential for fraud and we put a whole range of solutions in. Some of these things are quite simple to sort. There are some people just simply stranded by the fact that payroll was run at the end of March for them and they were not, therefore, in a position to be furloughed in relation to the two dates of 28 February and 19 March, which were key to access.

I return to my original point. This is quite baffling. This has now been a choice. It is not that the Government cannot solve this. It may be difficult and it may need some work, but it is capable of being resolved. Anywhere between 1.5 million and 3 million people would therefore be protected like the rest of the citizenship has been in this difficult time.

Q248 Chair: Presumably, Mr Clancy, if up to 3 million self-employed workers are actively not being supported by the Government, there is a risk that, through necessity, they will end up leaving their professions or their specialisms and having to go and find other work, which will have longer-term consequences for the economy.

Mike Clancy: We have already conducted a survey, particularly of our creative members, and we know that around about 11% or 12% of them in that survey, at that point, were saying they were looking for alternative employment.

Let us not also forget the disparate impact here upon BAME, women and younger people, who are already disproportionately underrepresented in some of these areas and are going to face additional adversity, probably, as a result of trying to find work in this next period.

Once people move away from these industries, they will not come back to them. There is a more fundamental point. It touches upon what I said earlier about the nature of our labour market, which I am sure we will explore further in this conversation. People have been encouraged to be self-employed, to be freelance and to be available to allow production in different ways to be flexed up and down. At the very point when, therefore, they needed support, they did not get it. I know, from talking



to people, seeing it on our social media channels and talking to people in one's personal life, it is clear that they are reconsidering what they do for the future. The labour market's flexibility will be impacted as people walk away from self-employment and freelance working per se because of this experience. It is really important that this is addressed. Despite the Chancellor, and maybe the Treasury, now wanting us to move on, we should still be knocking on this door.

Q249 Chair: Tony Dale, from an USDAW perspective, presumably most retail workers are in contracted employment, albeit sometimes zero-hours and precarious employment. Have there been particular gaps in the furlough scheme that have affected your members? What is it that you are asking for in the next phase?

Tony Dale: The major problem with the furlough scheme is for some of the category of workers who are unable to attend work who are not necessarily covered by it. For instance, we have a significant number of members who have childcare responsibilities and who are unable to access and use grandparents for childcare and, therefore, are having difficulty attending work. As a result of that, in some situations, especially in non-essential retail, which had only recently reopened, they have been furloughed and are now being expected to return to work.

The furlough scheme has worked and has been an important support, but the important thing about it is that it is the employer's decision, at the end of the day, about who gets furloughed. Sometimes, we need to take a step back and look at what the situation of the worker is, because somebody may need to be furloughed because the business is not operating as normal, but also there are a significant number of other people who need to be furloughed because they are unable to attend work, such as if they have an underlying health condition. The biggest group we have seen is workers who have childcare responsibilities who, while the schools are closed and childcare arrangements are restricted because of social distancing, are having difficulty attending work in the current situation.

Q250 Chair: It is seemingly obvious, but, for as long as the school return is delayed or a problem, that is going to have an impact on your members, so thank you for raising that.

Steve Turner, from the perspective of Unite and its members, I will ask the same question. Are there particular gaps in the furlough scheme that are causing problems for your members, and what is it that you are asking for next?

Steve Turner: I would concur with the comments that have been made previously. I do not want to repeat any of that for the purposes of time. We very much welcomed and were involved from the earlier stages on the introduction of both the JRS and the self-employed scheme, of course. We concur with the comments made about their failings. The



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self-employed scheme, for instance, will finish two months now before the employees' JRS scheme. That is causing particular problems.

Like others have already mentioned, we will be looking for sectoral arrangements, particularly in those sectors where a return to normal, whatever that normal might look like post-Covid, is not going to be a straightforward process. Whether that is in hospitality, tourism, aviation or some of our core manufacturing areas, like automotive and aerospace, we are going to be seeking some particular measures for longer-term support. That could indeed include a phase 2 or 3, at that point, of the job retention scheme.

There are also some employees that are caught outside of the scope of the JRS as well. These are new starters that started work after 28 February but were not paid, as Mike mentioned, perhaps until the end of the month. At that point, they were then registered on the HMRC scheme and were not registered before 19 March and were therefore excluded. That just seems a completely unintended consequence of some of the measures that were introduced by the Treasury. There are also those new starters that were caught, again, in employment outside of 28 February but before 19 March, and therefore could not be furloughed either.

Now, ironically, there is a new group of employees caught outside of the JRS. This is those that have worked all the way through. We should recognise that millions of workers have worked all the way through this pandemic. Certainly hundreds of thousands of our members have. In manufacturing in particular, we have had people redeployed to produce for the national need for personal protective equipment and in the ventilator challenge, for instance. They have been working to conclude ongoing contracts that are now coming to an end.

We had the preposterous position earlier this month of us having to stop manufacturing ventilators for our National Health Service and for those that needed it overseas in order to put people on three weeks' furlough from 10 June, so that they could continue to be furloughed from 1 July when people started coming back to work on short-time working flexible arrangements. That must be an unintended consequence. We have tried to resolve that with the Treasury, but, of course, with no success up until this point. We are seeking some flexibilities in that provision for extending furlough beyond 1 July to those that were not previously furloughed, even if just for one day, certainly for those doing Government contracts and their bit for the nation.

The other group that are excluded are those that find themselves on short-time sick. We welcome the changes to statutory sick pay, for instance. We pushed very hard for them to be paid from day one. Those people who are in self-isolation are excluded because short periods of sickness are excluded from that. There are also 2 million workers that are



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not paid enough to qualify for statutory sick pay. Their pay is so low they do not meet the national insurance threshold.

There is then the general point about statutory sick pay: at £95 a week it is just not going to sustain people who are then asked to do their civic duty and do the right thing, particularly in this period where we are moving into test, track and isolate, and that could happen on numerous occasions to the same group of people in some instances. We are expecting them to do that not on furlough but on statutory sick pay at £95 a week. That is a complete disincentive. Of course, some of those that are excluded from it, in any event, because they are so lowly paid, are some of the most vulnerable workers in society. They are the people in those areas where they are more likely to contract or come into contact with people who have Covid, and indeed come from specific groups within our economy, so the young, women and the BAME community. We know that all of those communities have already had disproportionate impact as a consequence of this.

Q251 Chair: It is certainly useful to think about flexibility of furlough, which I think other countries have been adopting, the impact for workers who cannot necessarily work from home or socially distance if there is a test, track and isolate local lockdown in the workplace and how we support those members.

Gary Smith from GMB, I wonder if you could speak a little from the Scottish perspective as well. Are there any particular Scotland gaps that have come through? Could you touch on the energy and renewable sector jobs, which I know is important to the Scottish economy as well?

Gary Smith: There is a general point we need to make about the state of the Scottish economy. Scotland's economy was in a perilous state before we were hit by Covid. The Fraser of Allander Institute is our foremost economic institute. It produced some great stuff on the Scottish economy for those who are interested in it. The problems in the economy are being exacerbated by the decline of oil and gas. I do not think that anybody should believe for a moment that the North Sea oil and gas sector is going to bounce back in the way it has in the past. That is going to pose us a huge challenge. Scotland's economy had too much low-paid, low-skilled, insecure employment going into Covid and now we have a developing jobs emergency.

You have talked about renewables specifically. The renewables sector represents the great betrayal of workers in Scotland and across the UK. We were promised a green jobs revolution. We were promised there would be a just transition from oil and gas and other traditional sources, but the truth is that our renewables industry and our green jobs of the future have invariably been exported abroad.

I listened to a Government Minister this week talking about the most recent offshore wind project—the Seagreen project—and he said it is going to kick-start Scotland's green recovery. Let me put this simply:



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there are 114 major structures that are part of that project that support turbines; 110 of those structures will be built in the United Arab Emirates, Dubai and Denmark. The green jobs revolution is happening anywhere but Scotland and the UK.

The NnG wind farm project, overseen by EDF, is a few miles off the coast of Fife, in Scotland. You can see where the project is going to happen from Fife. The big structures for that project are going to be produced in Indonesia and China and shipped halfway around the world to be plonked off the coast of Scotland. Meanwhile, on the same Fife coastline, we have yards that are lying empty. Fabrication yards on the Isle of Lewis, which desperately needs work, and working-class communities in Fife are lying empty, while we export our green jobs of the future abroad.

In fact, I would go so far as to say that the only expertise that the UK has in the renewables sector is about how we export our jobs. We cannot hope to export jobs and import an economic recovery, and the issue of renewables and energy desperately needs to be addressed for workers in Scotland, and indeed across the whole of the UK.

Chair: That is an interesting point when we think about future fiscal stimulus and what that means for British manufacturing and British jobs in the UK.

Q252 **Mark Pawsey:** I wanted to ask about the problems faced by particular groups of workers. We know that BAME workers, people who are disabled, many of the young workers who are particularly adversely affected through their disproportionate numbers in the hospitality industry and women workers have been affected. Mike, you drew our attention to that in your remarks earlier, so I wondered, perhaps, if we could start with you and ask you about any particular problems facing those groups. We are also quite interested to hear what discussions you have had with employers, how employers have responded to those particular groups and what discussions there have been with Government about supporting those groups as well.

Mike Clancy: We need to categorise it between employers and engagers, because there are different dynamics. In terms of engagers, the self-employed and freelancers, I have shared some of our survey evidence. We are doing further surveying now of our BAME membership and we are in the early stages of analysing that; I am happy to share it with the Committee when we have done the further work. What is coming out is clear. Our members in the creative industry, particularly freelance and self-employed, are very concerned about not only the safety aspects of a return to work, but also the risk that, if they are seen to be at a greater risk, that might impact their economic opportunities in this transition phase.

Mark Pawsey: Mr Clancy, I am quite keen to ask you about the particular groups who are adversely affected and how those groups are identified and given additional support rather than the broader issues



right now.

Mike Clancy: Do you mean in terms of BAME?

Mark Pawsey: Which groups of workers are most adversely affected and perhaps you might share with us some of the reasons why and what is being done to support those groups, if anything is being done?

Mike Clancy: BAME workers in the freelance area where they are engaged are particularly concerned, from the evidence that we are gathering, about whether they will be employed and the disproportionate impact on them, not only in terms of return to work and safety, but also in relation to their economic outlook.

We have also done a survey of our members in terms of PPE, in particular gender impacts. This is not new. We have been saying this for some time in relation to the design and the suitability of PPE. Those are the issues.

Where we are recognised unions and engaged with employers, we are having adequate and sometimes good conversation about the return to work in terms of safety and the broader issues in relation to equality impact assessments. Our concern is where there is not a recognised trade union to have those conversations with or in the space where people are being engaged.

Q253 **Mark Pawsey:** Christine, may I ask you about the particular groups who are most adversely affected and what, if anything, is being done to support them?

Christine Payne: I will give you a couple of statistics that might be helpful to look at in terms of what the industry looked like before Covid. Before Covid, about 8% of lead roles in television were played by actors from a BAME community, so that is pretty low in itself. In terms of theatre funding, 1% went to women's theatres, 1.5% to deaf and disabled companies and just under 2% to BAME theatre companies. That is from research undertaken by the Sphinx Theatre.

Mark Pawsey: Christine, my question is about how particular groups have been adversely affected and what, if anything, has been done to support them.

Christine Payne: What I am trying to demonstrate is that the work opportunities were bad before Covid. They are going to be much worse after Covid, in particular, because of the risk assessments that we have already discussed, but, also, in terms of the ability for those vulnerable groups to remain in the workforce. Again, it comes back to financial support to keep those workers in those groups, whether they are BAME, disabled, women, working class or young people, in the workforce so that they can be picked up when this crisis has ended.

Equally, we need to stimulate the work opportunities in terms of production itself so that there are opportunities to work for them if they stay in the industry. One of the key areas for this is around insurance and



the discussions that particularly the television industry has been having around insurance and mainly in relation to potential age discrimination. A lot of our members are over 70 and are still very actively working. Insurance needs to give confidence to engagers that, if they are engaging people from these vulnerable groups, particularly BAME, they do the proper risk assessments and will not deter those groups from being offered work in the future. What we are doing is lobbying as best we can to build into the guidance that the industries are looking at those sorts of tests and protections.

Q254 **Mark Pawsey:** Steve, you were indicating that you wanted to speak. Christine had reminded of us one other group that I did not refer to, which is older workers. What is your assessment of the workers who have been most adversely affected and the support that they are being given?

Steve Turner: It is all of those that you identified yourself. It is not a surprise that disproportionate impact has been found to be applicable for our black, Asian and minority ethnic community, although that was very difficult to drag the statistics from Government. Of course, in other areas, such as young people, women and disabled figures those figures are not there. We can only draw conclusions from our evidence that we pick up on the ground.

It is no coincidence that these workers are employed, in the main, in these most exposed sectors as well, whether that is the food industry, health and social care, hospitality, passenger transport or the platform economy. In all of these sectors, you will find disproportionate numbers of workers from the BAME community, young people and women—not so much disabled workers, although of course you find disabled workers across the economy. In some of these sectors, it is not just about the impact now. These are the very sectors that are going to find it very difficult to return to whatever normal may look like. Therefore, the disproportionate impact on growing unemployment levels across the economy are going to fall disproportionately on these sectors and therefore these groups of workers as well.

We have worked very closely with employers where we are recognised. We have a very mixed group, of course, from the very bad to the very good, and the overwhelming majority in the middle that want to do the right thing and work very closely with us to make sure that they do that.

We have had walk-outs in the food industry where failure to provide personal protective equipment has disproportionately impacted on migrant workers, where employers feel that they can simply do as they please and employ on whatever business model they choose as well. We saw that yesterday just in 2 Sisters in the midlands, where there is a cluster of Covid-19. We have seen walk-outs in Northern Ireland, at Moy Park, and in other food processing factories, where thousands of workers have taken it upon themselves to protect themselves and therefore leave their place of work until actions are taken.



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We have seen pregnant workers told to self-isolate on statutory sick pay and not being afforded the protections that they have under existing legislation, irrespective of Covid. Of course, we have seen disabled workers expected to go back to work without proper risk assessments identifying the challenges that they, in particular, face as a consequence of a return to work.

We have produced a whole range of guidance that I am very happy to forward on after this evidence session, dealing with the impact on BAME communities, women, young people and disabled workers as well. We have done specific guidance for our safety reps on risk assessment and how to take into account particular issues affecting those particular groups of working, including the provision of PPE, where it has to be suitable and adequate PPE. One mask does not fit all. Face sizes are different. Most PPE is designed for men by men and, therefore, is not necessarily appropriate for women or others with disabilities that make it more difficult to wear. Therefore, taking that into account is incredibly important and all that is within our guidance, so I will share that with the Committee.

Q255 Mark Pawsey: Thank you. I am sure we will be interested to see that. Tony, you spoke about the employer having the decision about who goes on furlough. Have good employers been consulting their workforce about who should be furloughed? We took evidence last time about how it would be helpful to have part-time furloughs to keep more people in the workplace. That was not the scheme because it was brought in quickly, but have businesses and employers consulted with their workforce in the decisions about who should go onto furlough?

Tony Dale: On that point, there are a range of responses from employers. Some of the better employers have sat down and identified with the union and with the workforce as to who should be furloughed and when they should be furloughed. Other employers have actually been putting pregnant women, for instance, on statutory sick pay when they should have a right to full pay under the maternity suspension rules. Some employers, partly because this is a new situation but partly because they have not really been putting the effort in, have made quick responses and have actually come to the wrong decisions that quite often fall below the legal minimum. The glaring group that has been worst treated compared to their statutory rates are probably pregnant women. A lot of employers have been furloughing pregnant women on 80% of earnings, sending pregnant women home on statutory sick pay or even just turning around and saying, "The lockdown is over; you have to come back to work", without doing the proper risk assessments, when many of those pregnant women should be on full take-home pay under maternity suspension rules, which already exist.

On the other hand, there have been employers that we sat down with where we have talked about the furlough scheme and tried to identify who should be furloughed and when they should be furloughed and so



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on. The situation is now changing, especially for those working in retail. Up to last week, non-essential retail was by and large closed and everybody was effectively furloughed. Now the doors have been opened in the shops in the high streets, and a lot of those businesses are saying, "Right, everybody needs to come back to work", without doing the proper risk assessments and assessing whether it is possible for all those workers to return.

Mark Pawsey: That is really helpful, thank you.

Chair: I am conscious that, if we have answers from every witness to every question, we will not get through the questions, so forgive me for asking my colleagues to direct their questions to individual people. I will do my best to make sure everyone gets to come in.

Q256 **Paul Howell:** I would like to pick up on something that Mike Clancy raised earlier and just ask a couple of the other witnesses about the same subject. He talked about the engagement with Government starting very well and then dissipating in terms of where it is at. Could I ask Christine, Steve and Tony to comment on that? Gary, I also have a separate question for yourself. As an MP, I have two councils to deal with and you have two Governments to deal with. I just wondered how you were faring with it in terms of any problems across the two Governments. I will come to you after the others.

Christine Payne: The contact with Government and Government officials has been slow but it has become better. We have always had good contact with Department officials and civil servants but actually speaking to the Ministers involved has been a lot slower. I have to say that most of our good access has been through the TUC. The TUC has given those of us on the executive committee access to the Chancellor, DCMS and others, which has been invaluable.

There are two aspects: there is the guidance in returning safely to work, and then there are the political asks in terms of the job retention scheme and the Self-Employment Income Support Scheme. The task groups that have been set up through DCMS, which is where the real nitty-gritty conversations about the guidance in terms of returning back to work take place, have been a lot slower. We are now represented in most of the relevant return-to-work-guidance working groups. There is one working group in particular that covers television that we have not been as involved in as we would have liked but, in terms of the live performance, we have been very involved. That working group is taking a realistic approach to our sector and recognising that returning to work is going to be much slower than it will be for other sectors.

Yes, engagement has been very good and, of course, we were very pleased to be invited to give evidence to you today. This is a really important opportunity and we are very glad of that.

Paul Howell: We are very glad to have you here, Christine. It is very important.



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Steve Turner: A bit like Christine, we have very good long-standing relationships with civil servants across all Departments, and that engagement continues and has been very helpful. In some Departments it has been easier than others, to be fair. The Treasury has been very open and responsive, it has to be said that—credit where credit is due—where we have raised particular questions about the JRS and other schemes, including business support measures, and we have had very quick responses and we have seen changes introduced on the back of our interventions that have been very helpful to workers in real trouble and to businesses in genuine difficulty as well. That has been very responsive.

In BEIS, it has been a bit difficult to get past Ministers to Secretary-of-State level but we do have dialogue with the Secretary of State. We have had real difficulty with the education unions one. They will tell you about the difficulties they have had with the Department for Education in terms of, for instance, trying to sit around the table and deal with the school closures and the reopening of schools and further education establishments, et cetera.

The big problem is on moving forward. A lot of these have been talking shops, very broad discussion groups, so 30 or 40 people in a conference call, which makes it impossible to have a genuine discussion about the needs of particular industries. Specific discussions around sectors and individual company difficulties, including some very big household names, have been more difficult to secure than the generic discussion that I think some Secretaries of State are more comfortable having, if I am being honest with you.

There has been no trade union involvement at all with the industrial groups in BEIS, even though we know that they have happened. In manufacturing, I have very good personal relationships with the industry federations and the vast majority of employers and big corporations in that sector, and they tell me what is going on but I hear nothing from the Secretary of State or the Department. That is a big shame, it is a loss and it is unnecessary, and of course it is something that should be put right.

The big issue is about how we move forward and what sort of economy we need as we come through this, and that is really about a planning and strategy group. As you will be aware, we put forward proposals with the TUC for a national council for recovery on the basis of bringing together—as we did in earlier post-war periods from the 1960s to the 1980s with the Neddy establishment—on a tripartite basis, industry, unions and Government on a cross-party basis to seriously think, in the national interest, what our economy looks like, how we diversify and how we deal with the issues that Gary mentioned about greening the economy. What sort of economy are we going to have as we come out of this?

That is desperately lacking and we have had no response at all to our request that this council be established with this overarching strategic



view on how we recover and rebuild from Covid and, in particular, in the run-in to the end of the year and the trade difficulties that will come from our relationship with the European Union as we move forward.

Tony Dale: I will not repeat what has already been said. The pattern is very much that, at the start, we found that there was good dialogue going on with people seeming to listen and then, as the crisis has gone on, that listening has lessened. For example, USDAW worked with the British Retail Consortium on advice for non-essential retail, on reopening, what needed to be done, risk assessments and so on, and the Government listened and they adopted that and, by and large, that is the guidance that is out there, which non-food retail is expected to comply with.

On the other hand, we have recently been asking Government to sit down and talk about what a retail recovery plan would look like. How do we save the high street? Can the high street be saved and how do we do that? We need a proper dialogue between the Government, the employers and the workforce on that. We have not had that dialogue with all three parties in the same room but a week ago we get the Government's response, which is to announce, without even talking to us, that they are considering changing the Sunday trading hours. They are considering lifting the restrictions on shopping from six hours on a Sunday. For our members, for the shopworkers who have been on the frontline throughout this crisis, that has been a real slap in the face. We and society have been saying that they are key workers who need support and recognition. What is the response from Government? The response from Government is, "You should work longer and harder hours on a Sunday".

Q257 **Paul Howell:** Can I just interrupt you there? Right at the start of this, where there was a real intensity, particularly in the food sectors, the shopworkers were the ones right on the frontline in terms of shops not having everything from toilet rolls to whatever, and there were various reports of aggression towards staff and things like that, which was obviously incredibly disturbing. Have you seen that calm down as the availability of supply has settled down and as the supply chains have come back together?

Tony Dale: We have seen it going up and down, to be honest. We should make it clear that the vast majority of shoppers have been respecting shopworkers and have been following the rules. If you go in any supermarket, you see people complying with social distancing. However, there is a small minority who have, unbelievably, turned on shopworkers and given them abuse for implementing what we have all agreed as social distancing rules. During the crisis, we did see abuse double. In a survey that we did of about 7,000 shopworkers, there were accounts of about 200 shopworkers being abused, and this has gone up because shopworkers are expected to implement social distancing rules.



The problem we now have is that, as the lockdown is loosened, shoppers are taking a more relaxed view to social distancing, believing it is not necessary. People start thinking that the two-metre rule was last month's thing whereas today they should be able to shop more freely. People are less patient about queuing. There are reports showing an increase and return of some of the abuse. It started badly and it got better but the fear I have now is that it has started to get worse again.

Q258 Paul Howell: I sincerely hope you are wrong but I share your concerns. Gary, can I move to you in terms of the "border issue", if that is the best way to describe it?

Gary Smith: GMB Scotland will not be on the Christmas card list for the First Minister or the Scottish Government. We have been very challenging as we go through this, and that is our role. However, I have to say that the quality of engagement from the Scottish Government has been good and the commitment to working with the trade unions is unquestionable. We have disagreements but we have worked well together.

In terms of looking at the challenges around the economy cross-border, let me start by talking about the whisky industry. Whisky is worth something like £5.5 billion in terms of gross value added to our economy. It accounts for over a fifth of UK food and drink exports. It accounts for 10,000 jobs in Scotland, many of them in rural communities that desperately need jobs. Whisky has been hit by the paralysis of the hospitality sector around Covid. It has been hammered by the Trump tariffs. We had a 25% increase on tariffs put on whisky by Trump in October, which has led to a 30% decline in whisky exports to America. That is for the Scotch Whisky Association, not the GMB.

Q259 Paul Howell: Gary, can we keep to the subject? I know we will talk about sectors later, if we can get to it, but I was specifically asking about your relations with the two Governments. You have covered that by saying that the Scottish Government were in a good place. We will do sectors later where we will come to that.

I want to come back to you, Mike, in terms of your workers and the specialist technicians you have working for HSE, in particular. Do they have the resource they need? Do you feel pressures there? What are you hearing from these people who are obviously at the frontline of the verification that things are okay in terms of work environments?

Mike Clancy: It would be good if we had the HSE that the Prime Minister imagined we had when he said that, as part of the national reassurance strategy, HSE would be able to do spot checks. HSE has continued its work through this period but that is against the backdrop of a 50% real-terms cut in HSE funding over a decade. That has meant that HSE management, in its different forms at different times, has had to undergo regulatory gymnastics in order to still have sufficient proactivity and to have a credible regulatory inspection regime. It will not surprise Committee members, but it may surprise others, that we have more MPs



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than we have inspectors in terms of the HSE complement. You have to ask very careful questions about this because there are specialist inspectors, warrant-holding inspectors, and so on.

Safety for workers and safety for consumers are now key to successful commerce. We hope that some of the question marks that have been placed against the value of regulation to good commerce are removed as a result of the experiences of the crisis and that the funding of the HSE is addressed accordingly. There was £14 million heralded as some additional funding but, again, the devil is in the detail. The £14 million will go not on what many people might see as the incarnation of the HSE, which is an inspector coming into your premises or checking an event and verifying it is safe, but rather it may go on more light-touch call-centre-based intervention. Let us not forget that it takes three years or so to train an HSE inspector given the gravity of the responsibilities they carry.

The answer is that our members in the HSE are already stretched and have been stretched for more than a decade but nobody has been listening before now. Let us hope that one silver lining of this particular crisis is a better focus on regulation and safety, which, as I say, are key to consumer confidence.

Q260 Paul Howell: With a background in industry, I understand where you are coming from. I have one final question, Gary, about members commuting and getting across the border, for people who work on one side of the border and commute to the other. Do you hear any soundings on that?

Gary Smith: I do not anticipate it being a big problem. It is not something that we have encountered. In terms of advice and guidance from the Scottish Government and the way we have worked together with the Scottish Government, workers coming to Scotland for work are going to find that standards and the application of those standards will be higher in Scotland. We have, for instance, a principle about using roving trade union safety representatives, so safety representatives from one workplace in Scotland can visit a non-union workplace in order to challenge employers and work with employees on raising standards of health and safety. We have good, detailed advice. I do not think it will be a problem and, from what I have seen, I think standards will be better. The advice and guidance certainly is.

Paul Howell: The message is that it is clear to employees what they do if they are crossing the border and you see that as being okay. Good; I am pleased to hear that.

Q261 Ms Ghani: I want to pull out some of the evidence you have given on risk assessments, especially for those from the BAME community, for disabled people and for women. There are concerns that we need to have changes in place in case there is a second wave of Covid but, having gone through some of the data, it tells me that the changes that are required should have been picked up already regardless of Covid. People have been anxious about speaking out and they feel that they will be



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treated differently by their staff or may be the first to be fired. Could you provide us with some more information about that?

Steve Turner: We have worked very hard on the Government's safe-return working parties to try to get that guidance that went out to employers to be the best it could possibly be. Picking up on Gary's point, we made recommendations during the course of those discussions that our 100,000-plus, highly trained, very competent safety representatives should be freed up to assist employers where they do not have the resources, the safety departments or trade-union-organised reps to help them put in place safe systems of work. That fell on deaf ears, as did our request that industry benchmarking would be circulated to industry as well so that they could learn best practice from others. We are trying to do that ourselves for our industry federations and others.

There are particular issues that have affected particular communities and we understand that. Where we are organised, we work with the employers to address them. Over 30 bus drivers, for instance, died on London buses alone and many more across the public transport network. We have taken specific measures, not just with Transport for London but with the bus operators as well, to put in place engineering measures to protect workers. That is the first point of call that we have always said must be taken. If you cannot eliminate the risk, you need to engineer-control it. Specific measures have been put into place to ensure that, as best as we can, we are engineering away the risks associated with a return to work. For different groups of workers, that may mean different things.

The last point, of course, is trying to deal with the risk by issuing personal protective equipment. Where you can issue or you have to issue, because you have no alternative PPE, it must be suitable and it must be adequate to deal with the risks that you are confronted with. We have had some difficulties around that with the provision of PPE more than anything else. We have a crisis in PPE, hence our call earlier in the year for manufacturers to come together to manufacture it here in the UK. We had a complete reliance on the supply, not just for the health and social care sector but across industry, from China and the Far East and elsewhere. We have lost our supply chain resilience around some of these core items and we need to get that back and we need to think about how we retain that in the future as a consequence of the lessons learned from Covid.

Where we have organisations, we have worked very well. The big issue is where the trade union movement is not very well organised. We have to be honest about that. In small and medium enterprises—the SME sector—and in some whole sectors of the economy, we are not as well organised as we ought to be and therefore employers are pretty much free to do as they please with very precarious groups of workers and very vulnerable, anxious and fearful workers in the current circumstances. That is where you really want the Government to step in.



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Gary Smith: I have a quick and important point. BAME workers and women workers are often locked into some of the lowest paid, highest risk jobs. We have hundreds of thousands of social care workers in the UK and eight out of 10 of them are women. Any of those women in the private sector were invariably on statutory sick pay going into this crisis. We have changed that with some of the big employers because of the campaigns of the trade unions have worked, but care workers were terrified to go off sick because they could not afford to feed their families because they would be left on SSP.

Today's papers in Scotland are full of coverage about the fact that care workers are twice as likely to die as frontline NHS workers. This has been a scandal about PPE and about our care homes but it has also been a scandal about how we treat our communities in the UK and how we have treated women.

Christine Payne: As you would expect, there is as much nervousness amongst our members in terms of returning to work as there is amongst engagers and employers about how they get their productions back on. The biggest problem is social distancing and how that is impacting on live performers and film and television.

Going back to the point of the question about BAME and deaf and disabled performers, the key to ensuring that their concerns and their needs are really thought about and reflected is within the guidance that we are discussing through DCMS and with the engagers and representatives of the workers like ourselves. It is the guidance that holds the key to having that open discussion and putting in practical measures on risk assessments and safety.

Within our industry, you will not be surprised that there are issues that we also need to take into account that have arisen from the campaigns such as Me Too, in terms of sexual harassment, discrimination and the need to have the confidence to speak out and be heard. As much as we have worked with the industry across harassment and sexual discrimination to build confidence amongst workers that they can speak out and that they will be listened to, the same can be given to BAME and disabled workers and other groups who, if feeling nervous upon returning to work, can have the confidence to speak out and be heard. The guidance is really an important place for doing that, and any engager, in the light of Me Too and Black Lives Matter, would be naive to think that those two particular issues are not absolutely relevant in returning to work, in terms of safety, work opportunity and being heard when genuine concerns are being raised.

Tony Dale: In terms of the risk to black workers, there has been a lot of discussion about the higher death rate among black workers. We need to make sure that at the centre of that discussion there is a recognition that black workers are less likely to be working from home, more likely to be in a frontline public-facing role, whether that it is on the checkout or



working as security guards, more likely to be on temporary or insecure contracts or working as agency workers, and more likely to be in low-paid jobs. There needs to be a proper examination about the disproportionate impact on certain communities but we also need to realise that there are socioeconomic factors at play here and that structural inequalities in society are being made worse as a result of the crisis.

I have one final point on risk assessments. One thing that would improve employers' compliance with risk assessments is if action was taken to ensure that employers put risk assessments online and published them and were actually properly compelled to speak to their workforce about those risk assessments, whether that is risk assessments for the whole workforce or for particular groups within that workforce. There is not bad Government advice but what we need is compliance, and some of the worst employers are not publishing their risk assessments and what they are doing to support particular sections of the workforce.

Q262 Alan Brown: Tony, our Committee, unsurprisingly, has heard from a number of organisations that represent the retail sector who have said that the retail sector faces real problems. Can you just explain what your members are saying? What future do you see for the high street and retail going forward? If the UK Government were providing a stimulus package in the next few weeks, what would your ask be in that package and how do you protect skills in the sector? In particular, how do you look after young people, because the retail sector relies on young people as well?

Tony Dale: That is the big question. Some sections of retail are surviving okay in the crisis, be that in food retail or online retail, but we are going to have to ask ourselves what we want to see in the high street. The high street is going to struggle to recover and we need to look at what sort of strategy and what sort of recovery plan we will have in place.

There was some discussion earlier about the job retention scheme. We need to think about whether certain sectors, which are going to start back more slowly and that will not return to business as usual as quickly because of the social distancing rules, such as retail and hospitality, should get more support under the job retention scheme. Should they have to start making the same employer contribution when it is going to be quite a significant amount of time before the high street returns to what it was?

A number of measures are already in place to support the retail sector, such as the business rates holiday, which will be an important support. There are other more temporary measures, such as blocks on landlords taking action on unpaid rents and a VAT deferral, but those two items are deferrals; those bills will still need to be paid. We need to look at whether those are turned into longer-term support because, if they are just deferred shortly, retail businesses will go to the wall when those bills come in. We are already seeing well-known retail businesses going out of business so we need significant help.



The stimulus package that is needed needs to be targeted. Some of retail and some of hospitality will return quite quickly and are successful businesses, and other parts of retail were in deep trouble before the crisis started anyway. There is a middle section that needs a little bit of Government help and stimulus, on the basis that they have long-term plans whereby they be successful businesses and that they genuinely need the money. That is the sort of targeted stimulus package that is needed if we want to save the high street. There is a choice to be made here. Do we want to see the high street go to the wall or do we save it? It is an important feature of our cities. There are 3 million jobs in retail and we need to have a stimulus package to save that sector.

Q263 **Alan Brown:** Do you feel you have enough engagement with the Government on that? Obviously, for a while, the focus has been on the here and now in dealing with the crisis but now we need to look ahead. Is there sufficient engagement?

Tony Dale: We have a good relationship with the British Retail Consortium, which is the employers' federation. That is very positive and we are doing quite a bit of joint work together. We have a dialogue going through the Retail Sector Council. However, you just feel that there are discussions going on that do not involve the workforce or the trade unions. The clearest point on that is this idea that changing the opening hours on a Sunday will save the retail sector. First, it is not going to save the retail sector; secondly, it is a slap in the face for shop workers; and, thirdly, the idea comes out leaked to the press and then we will see what the response is. There needs to be more of a serious tripartite approach with employers, trade unions and Government sitting down and talking about what the retail recovery plan looks like. Improvements are needed.

Q264 **Alan Brown:** Christine, social distancing measures will have a massive impact on the capacity in any venues. What kind of impact is that going to have on members in terms of retaining skills and protecting the sector? What would your ask be of Government in terms of a stimulus package for opportunities post Covid?

Christine Payne: Can I answer that, Alan, by perhaps looking at some statistics that just came out from the Creative Industries Federation yesterday? In answering that question, they show the realities of the industry that we are actually dealing with. The creative industries contribute £112 billion to the UK economy. That is a fairly known figure but the Creative Industries Federation statistics show that around 400,000 jobs are likely to be lost as a result of Covid. That will be a loss of £74 billion in 2020 in revenue. In terms of the UK economy, that is going to be a loss of £29 billion. In terms of live performance, where our member work as well as film and television, the statistics show that 57% of those 400,000 jobs are likely to be lost from live performance and the performing arts. That is likely to be a loss of £11.6 billion to the live performance industries.



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Those are pretty stark statistics, so returning to work is absolutely essential. There are two drivers to that. The first is reviewing the support that will need to be given to those industries in order to keep those workplaces open. Once theatres and studios close, they are very unlikely to come back because, as you know, the economy of theatre is very much based around commercial and subsidised theatre, so there is a huge reliance. We need a stimulus to keep not just the subsidised sector going but also commercial theatre, in particular the West End commercial tours. That can be helped by extending the tax relief benefits from 25% to 50% for film and television, and perhaps increasing it more for live performance.

As I have said earlier, we can keep the workforce available to work by extending the job retention and the self-employed schemes as well as potentially looking at what needs to be done to make sure that the economy remains buoyant and that the industries are able to continue to contribute whilst they return to work. That is very difficult, because in terms of the health and safety risk to live performers, as I am sure you know, the two-metre rule just makes it economically unviable for all live performers and most film and television. We think "Coronation Street" is likely to be coming back, which is great for those of us that love "Coronation Street", but it is not great for the industry as a whole and certainly not a real return to work for our members.

We need to look at the two-metre rule and the health and safety guidance. There are some countries that, in the creative industries, are allowing less but their R rate is very different from ours. Ours is still very high. It is about balancing the contagion rate with the two-metre rule and looking at when that can be relaxed. The honest truth is that, until the two-metre distance is relaxed, the creative industries will not be able to return to work and the statistics that the Creative Industries Federation have given are likely to be a reality at the end of the year.

Q265 Alan Brown: These figures are stark, as you said. We could talk more about that but I need to move on to the other witnesses. Can I move to Mike and Steve? It is the same type of question. Each one of your unions covers a wide range of sectors. Can you outline which ones have been most badly hit in terms of job losses and the impact on skillsets? Again, what would you expect to see from the Government in terms of economic stimulus and possible opportunities post-Covid to reshape the economy and take advantage of that?

Mike Clancy: I echo all the comments that Christine has made. The statistics there are very clear in relation to the creative industries. As a particular subset of that, the issue for theatres is now. When the changes in the JRS happen from August, even though they are only moderate in August, that will stimulate job losses, which are already building. This is not posturing; it is a genuine reaction from employers who do not have the cash to fund even moderate changes in the JRS. One issue is the immediate ongoing support not just in terms of institutional funding, as



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Christine has pointed out, but also the immediate income support so that people can be kept in the sector and do not have to go elsewhere because they have simply been made redundant once furlough starts to unwind.

We said to the DCMS Secretary of State only a week ago that this needs to be sorted within three to four weeks because the industry needs the signals that it will be able to survive, and there are a whole range of people saying that. This is not posturing; it is an absolute crisis that needs to be addressed now.

Our basic point is that, where the state mandates closure—necessarily because of the medical crisis—or where the restrictions are such that it is effectively closure, the state has an obligation to continue with the support. I appreciate that will have to be targeted.

I will cite two other areas from our membership. One is the area analogous to theatres and so on, which is our heritage membership. Hopefully, some museums, galleries, archaeology venues, the National Trust and so on will start to see a return in July but there will be depressed visitor numbers, facilities will not be open and therefore there is an ongoing need to support them; otherwise, job losses will follow. We are already engaged in redundancy consultations in some of those areas.

A big area for us is obviously aviation, as it will be for Steve and for Gary. We represent in airlines and primarily airports and air traffic management. These are highly technical jobs, key to infrastructure, and many people are now furloughed. What we are seeing, particularly in air traffic management, is the deferral, currently, of capital investment programmes. This is just the wrong time to do that. Capital investment programmes are vital now to improve the infrastructure, to green the performance of the industry and to be there as the industry recovers. These are, as I say, highly skilled jobs and it is not easy to deploy these people to other parts of the economy because their skills are very specialist, particularly in air traffic systems engineering and air traffic management, and vital to the recovery.

Steve Turner: I concur with what has been said. Some of the first industries to suffer acute consequences from the lockdown, such as hospitality, tourism and aviation, will be some of the most difficult to recover from this and they are going to need long-term support, whether that is an extension of the Job Retention Scheme, specific company support measures or sectoral measures as well. There is no way that the recovery will be as quick in those areas as perhaps it will be elsewhere.

Social distancing has already been mentioned. The WHO talk about one metre. I have family in Holland where they are talking about 1.4 metres. You tend to ask 100 scientists and you get 1,000 answers. I am not sure what the correct position is on this—I am not a scientist—but, until social distancing is addressed, it is incredibly difficult to see how viable businesses in the hospitality and tourism sectors will re-open.



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I really am fearful about a tsunami of job losses as we start to introduce changes to the job retention scheme and employer contributions, albeit only employer national insurance and pension contributions in that first instance from 1 August, but that rolls on. I can see employers, who do not see, from the end of the scheme in October, a real chance of getting back to viable operations, cutting their cloth early to meet their needs and therefore we are going to see a tsunami, if we are not careful, of job losses as we run into the summer.

In manufacturing, in particular, we have the knock-on impact in aerospace from aviation. The grounding of aircraft is affecting the aerospace substructure and engine manufacturing, et cetera, across the entirety of our economy. The problems in Rolls-Royce that we know about are directly linked to the downturn in aircraft manufacturing, the collapse in sales and the grounding of aircraft. Much of the work done on repair, maintenance and overall operations is done on flying hours. There are no aircraft in the air and therefore that is grounded and there are real cashflow problems and we do not know when aviation, tourism and business travel is going to return. The immediate to medium term does not look good in the aerospace sector.

It is similar in automotive. This was not a public health issue for closure. They could have continued but of course demand collapsed. That is the reality of it. Nobody was out buying automotive vehicles. We have the transition from combustion engines to electric vehicles and we have all of the infrastructure issues that go with that and we have a whole programme of actions that we have asked the Government to take into account via sector agreements, covering aerospace, aviation and automotive as well as some other broader sectors.

If you are going to support the aviation sector, it is not just about airlines, and there can be no veto by an individual airline or a particular group here on a package that is not just about airlines. It is about the airports and regional connectivity, and it is also about BAME, young and women communities as well that are employed in these sectors. It is about a pull-through into manufacturing. We have put forward proposals for an aircraft replacement scheme to ground older aircraft and put into the sky new, greener, more fuel-efficient, quieter aircraft as part of any aviation package to support that sector. It pulls right through the economy, and that will be incredibly important as we move forward.

Money is needed for research and development into alternate power forms, such as synthetic fuels, for both the automotive and the aerospace sectors. We need to re-shore the supply chain for our automotive sectors and make sure that we are manufacturing the components that we need for the vehicles of tomorrow and that we are not just stuck with yesterday's technologies until they run out in 10 or 15 years' time and our industry closes once and for all.



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There is so much that needs to be done and that is where we need Government to sit around the table on a sectoral level to talk about the very real challenges that we need to face up to right now about demand in the sectors. It is alright opening the gates and doing so safely, and we want to do that as quickly as we can to get people back to work, but if there is no demand for the product or the service because of consumer concerns, fears and anxieties as well as a looming recession and what that means for certain sectors in the economy and people not being willing to spend, this will be devastating for these sectors.

Of course, it crosses over into skills and the wider economy. It is not just about skills; it is about knowledge. You lose tens of thousands of highly experienced workers who you cannot replace, who have between them hundreds of thousands of years of knowledge that equally is very difficult to replace. We need measures like the German short-time working provisions that have been in place since before the First World War. Similar measures are in place in France and elsewhere in Europe. In a sense, it is a bit like the short-time working provisions that we have now secured in the job retention scheme, but we should not lose that at the end; in Germany, France and elsewhere, the employer pays for that during the good times. We need that sort of system introduced now but, in the meantime, we need the Government supporting short-time working and skill retention. There is a skills gap of 800,000 in engineering and advanced manufacturing already. The crisis in further education establishments and apprenticeships is going to be really acute in these sectors. There is so much that we need to do. There is so much that we want to discuss with Government.

Q266 Alan Brown: Gary, can I quickly go back to talking about guidance on both sides of the border? Did your members have any issues where workplaces in Scotland were staying open despite the guidance of the Scottish Government because they were relying on the fact that the UK Government were saying, "We want this sector to continue", and therefore, in terms of the UK law, those companies were able to operate? Did that cause issues for some of your members?

Gary Smith: Yes, it did. The Scottish Government's aspiration for some of the industries was firmer than the UK's. In food manufacturing plants, for instance, I could think of companies remaining open that were producing chocolate biscuits; Scotland is needing access to chocolate biscuits. The companies remained open on the basis they were UK companies with a Scottish footprint and those companies were kept open unnecessarily and it was unsafe. Companies did use the UK as a get-out in terms of safe working practices. There is no doubt about that. It was not widespread but it was sufficient enough to be very worrying. The Scottish Government were quite challenging with some of those businesses as well but it was an issue.

Q267 Alan Brown: Would a devolutionary employment law assist with that and other workplace matters?



Gary Smith: We have long supported devolutionary employment law. For all the criticisms of the Scottish Government and all the fallouts we have, the level of engagement with the trade unions and the commitment to working with us is far better in Scotland than it has been elsewhere. The fair work agenda that the Scottish Government have is something we could build upon but it will have to be underpinned by the devolution of employment laws. Of course, one of the things we want to see is collective bargaining across different sectors of the economy. If we are going to have that in Scotland—I think it is an aspiration of the First Minister—we need to have employment rights devolved.

Q268 **Alan Brown:** If we move on to the bigger picture, where do you see the biggest problems in terms of possible job pressures in Scotland? What would your ask be in terms of an economic stimulus to support the different sectors and what opportunities do you see post-Covid-19? Obviously, you have a big issue with renewable jobs in terms of manufacturing being elsewhere. Is there anything the Government could do that actually resets the economy in that balance?

Gary Smith: I touched upon this earlier, and sorry if I misunderstood the question. Whisky has been a huge success story for Scotland in the UK. We need support for the industry. We need to tackle the Trump tariffs because it has had an impact on exports for the industry, which will feed through to investment and jobs. We are facing the Covid crisis and the paralysis of the hospitality sector, the Trump tariffs and, if there is a botched Brexit, we could turn the success story of whisky into an absolute disaster in terms of job creation and protection. We need action from the UK Government to get those tariffs removed.

On renewables, the UK Government have not been engaged in the way that they should have been in order for us to develop manufacturing supply chains around the renewables industry in the UK. We have to stop celebrating failure in our renewables industry. We are exporting the jobs of the future to Indonesia, China and the Middle East. We have been very critical, as a union, of the Scottish Government around renewables but, by goodness, the UK Government have not been at the table. If we want to stimulate jobs and the economy, we need to change the subsidy mechanisms for the renewables industry. If the renewables industry wants support and subsidies—and, by the way, this energy costs a lot of money and is enjoying huge subsidies—then the UK Government need to get their finger out and make sure that subsidies amount to job creation in the way that we have done with Hinkley Point C. There are a lot of things that we could do to stimulate jobs and the economy but it needs planning and joint working by the UK and Scottish Governments.

I will finish on this. North Sea oil and gas is going to wind up prematurely unless we have a plan for the sector, and that is going to require the UK Government to come to the table as well. We are going to leave oil and gas in the ground and that oil and gas will be left there because it is not seen as a national asset, and what will happen in real terms is that we will simply import more oil and gas. You cannot have a petrochemical



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sector, a pharmaceutical sector or advanced manufacturing without access to energy. We need a plan for our energy sectors and, for areas like oil, gas and renewables, we need joined-up working with Westminster and the Holyrood Government.

Q269 Mark Jenkinson: We have touched on some of those changes to the Coronavirus Job Retention Scheme announced at the end of May, in terms of the tapering and flexibility. Tony, what was your assessment of the reforms? What impact do you think they will have on your members and what impact, positive or negative, will they have on the fear of redundancies?

Tony Dale: There is a question, which I have referred to earlier, about the tapering and the employer contribution and whether we treat all sectors the same. Some sectors will be able to bounce back to normal more quickly and more easily than some other sectors. Even within the retail sector, there are going to be differences. As I said earlier, high street retail is going to have difficulty. There is going to be an issue about public consumer confidence in terms of returning to the high street. There will be necessary social distancing rules in the shops, which will reduce takings. They will need to continue to have a significant part of the workforce probably on furlough while their income will be significantly down, and yet they will very shortly, after only opening last week, from August need to make a contribution.

The concern has to be that, if that is going to cause severe financial problems for the retailer, then the retailer could well turn around and say, "For the medium term, we are not going to need the numbers of staff that are in the store when it is at full capacity", so therefore redundancies may well be brought in. There is a serious concern that it could push and spark employers into making redundancies on the high street.

The flexibility and the issue about part-time furlough is a good improvement. Quite a lot of people can do part of their jobs but another part of their job is not able to be done or else there will be a demand for a certain percentage of the workforce, in which case you could rota that and having people coming in at various times. The flexibility improvements are good.

In terms of the tapering, you can understand the need to look at what the job retention scheme is going to look like in the longer term, and as the economy re-opens there definitely is a need for a reassessment, but there are businesses and sectors where it could be the straw that breaks the camel back, and we have serious concerns that there could be widespread redundancies sparked by that additional business cost.

Steve Turner: We are seeing this already. I have already said that we fear this tsunami of job losses in the summer. The 45-day period of statutory consultation on redundancies started this week and already we are seeing notification. We have seen it in the automotive sector and in the OEMs. We have seen it in the aerospace sector. We are seeing it



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across all regions. Some regions will be disproportionately impacted by this, of course, where there is a predominance in SMEs that supply into these core sectors. This will be devastating without direct Government intervention at this point, and that does require this sectoral arrangement.

We saw 21,000 notified redundancies in the very early stages of lockdown. We are seeing thousands more now daily. We have seen 6,000 in the automotive sector, as I said. We have companies indicating that the lack of demand on their products is leading to 35%, 40% or sometimes 50% reductions in headcount that has not fed through yet. These are just in areas where we have organisation and we have statutory rights to redundancy. If you move further down the supply chain and into SMEs with very small precarious groups of employers as well as employees, of course, this is going to be a real problem.

We have very good employers and we have very bad employers, and your Committee has already discussed some of those, such as British Airways in particular. In the middle, you have the vast majority of employers that are in genuine difficulty with collapsed demand, uncertain futures, supply chain problems, including global supply chains—not even just supply here in the UK—in terms of raw materials or components, and a lack of resilience in our UK supply chains. Therefore, they are thinking about what their future holds for them given the closure of the JRS programme without any future-looking support from sector arrangements from the end of October. As I said before, they will cut their cloth now according to their needs, and that will be devastating for particular groups, for skills, for knowledge and for our long-term resilience.

We need to think about what we need to produce here in the UK to green our economy. How do we diversify production from what we are doing now and how do we create those job guarantee schemes that will see kids with a bit of hope and opportunity in their futures rather than the devastating future that looms in front of them at the moment?

Q270 **Mark Jenkinson:** Time will prevent me from going to everybody but I would like a quick Scottish perspective from Gary.

Gary Smith: Access to the job retention scheme in Scotland has been disproportionately higher. 85% of businesses that are still trading have accessed the job retention scheme, so Scotland is heavily dependent on the support mechanism.

We need to start looking to the future in terms of our economy, and that means we need an economic plan for key sectors of our economy. Our recovery is not going to fall from the sky and it cannot happen while we are continuing to export jobs that could and should be done here.

I will finish by saying this in terms of economic planning. Why is it that Denmark exports 20 times more value in terms of renewable work than Scotland? Why is it that Denmark has tens of thousands of jobs in the



renewable sector while yards in Scotland and across the UK lie empty? It is about planning and it is about the state putting its money where its mouth was and backing job creation and key industries. That is the type of big thinking we need in Scotland and across the UK.

Q271 Alexander Stafford: I want to talk about the range of loans and grants that the Government have supported, CBILS being the most common one. Clearly, as time has gone on, there have been gaps and the Government have stepped in to try to address them. Do these financial measures such as CBILS and CCFF adequately support the members and the sectors that your members work in, and do any of these packages need to be retained for particular sectors? I am very keen to hear mainly from Tony, Christine and Steve on this point.

Tony Dale: The loans and the grants have obviously been welcomed but businesses find it difficult to access them and to get them to deliver and work for them. There was a package for small businesses and packages for larger businesses. I do not want to be too critical because it was a legitimate attempt to try to support and help businesses but they were difficult to access and difficult to fit in with the needs of the business, because every business is slightly different from the next business.

Going forward, we need to take a step back and look at what the recovery plans are going to look like in each sector. That is the message coming out from my colleagues as well. Everybody is saying roughly the same thing in the sense that we need these recovery plans, and those recovery plans look slightly different in each sector and the type of intervention looks different in each sector. The more you can get the intervention down to the specific nature of what is actually happening, the smarter the Government help will be and the more targeted it will be at where it is needed. To do that we need a proper dialogue. We need a proper dialogue from all three sides with employers, Government and the workforce actually sitting down across sectors and working out how we save and protect jobs.

At this point, we actually all have the same interest in the sense that we all want to save as much of the economy as we possibly can and we want to protect jobs and businesses that are existing now. Doing that is about getting the mechanism in place and creating that tripartite dialogue.

Q272 Alexander Stafford: Do you think there has not been that proper dialogue? You are calling for dialogue, so has there not been that dialogue, or has it been haphazard?

Tony Dale: At times, early on, there were elements of what appeared to be genuine dialogue but that dialogue has eased off as time has gone on. There is a certain feeling that we are nearly returning to politics as normal, and that would be a real shame, a real mistake and a real missed opportunity.



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Christine Payne: The schemes have been very welcome for those of our members who have been able to access them. The job retention scheme has been less relevant and very many of our members have not been able to access the self-employed scheme. The biggest disappointment has been the conversations about those of our members who fall through those gaps. We do not really feel that that has been addressed enough. Taking the threshold away was very helpful, and it has helped, but the universal credit has not, in itself, helped to fill those gaps.

Q273 **Alexander Stafford:** You are basically calling for more dialogue as well.

Christine Payne: Yes, particularly on the gaps.

Q274 **Alexander Stafford:** Is that the same answer from you as well, Steve, in terms of more dialogue? It was good at the start and it has now tailed off.

Steve Turner: We feel that these have been successful where you have been able to access them. There have been all sorts of well-documented access issues such as not being able to do certain things online and having to travel hundreds of miles for a personal interview to sit down and try to get an arrangement in place under the business interruption loan scheme. This is well documented.

The corporate financing facility has been helpful for larger businesses trying to purchase debt but it has been done on credit ratings, and some of our household names have been decimated pre-Covid because of factors largely outside of their control with trade differences and the rest of it. Therefore, they are falling outside of corporate financing. Specific measures need to be put in place by the Treasury to support those individual companies, and we go back to the point about sectoral arrangements and sectoral deals that can stimulate demand in the economy for products and services. It is no good opening the door, as I said earlier, if there is no demand for your product.

The bounce-back loans have been very helpful. The biggest pick-up has been on bounce-back loans. About 800,000 businesses have benefitted from that but, again, it is 12 months interest-free. We need the Government to take an equity stake in some of these foundation industries to give them real long-term security.

This is going to mean interventionist strategies that I know are alien to many in Government at the moment, but we have intervened in the past and we are going to have to intervene in the future, a bit like they are doing in Germany, France, Spain and even in the US, where billions of euros and dollars, in their respective cases, are being placed into specific industries, not just to prop them up for the sake of propping them up but to invest in R&D and future technologies and to make sure that they survive a very difficult time. These are high-value exports, and we need high-value exports to support our economy so that we can pay for our public services that we need. They are not going to pay for themselves. If



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we need a decent NHS and education for our kids and all of the services that we receive, we need a strong private sector exporting high-value goods.

Q275 Alexander Stafford: Thank you, Steve. It is good that you have highlighted some of your concerns about what is going to happen in 12 months' time, and you have also put across some ideas about how to mitigate that. Moving to Gary and Mike, do you share those same concerns about what is going to happen in 12 months' time for your businesses and whether they can start repaying the Government loans on interest? How can the Government mitigate these concerns?

Mike Clancy: First, I think it is shorter than 12 months. I have already given some evidence in relation to the creative sector, where the issues are going to be in the autumn, if not late summer. A lot of our feedback from businesses is that, given they are in an anxious and precarious state, taking on more lending is the last place they want to go. The big point here is that there has been what seems like a short-term conversion to Government intervention but it needs to turn into a more fundamental partnership and preparedness to convene spaces in the economy where we can thrash these things out for the good of all.

It is remarkable—and this has exposed our economy—that other economies have much more sophisticated means of dealing with job and economic crises. The Nordic countries, particularly Sweden, are examples of that, where they convene on a tripartite basis as social partners to resolve these things. They recognise that Government cannot make all the solutions but that Government hold the ultimate platform for support. We will have to design, sector by sector, solutions where the Government are prepared to intervene and support, and that will be directly proportional to the extent to which that sector is actually open. If it is fully closed, the support needs to be greater. If it has a transition and some hope of coming back, you taper it accordingly. We need to devise these mechanisms now.

It is really interesting. I have been doing this job for 30-odd years. The last three months has been the first time I have heard unions be part of the national reassurance strategy. It is important that we do not lose that sense that unions have a granular understanding of workplaces and workspaces and that they can devise solutions with employers, working collaboratively.

Gary Smith: My colleagues have covered the subject very well. I would just add that the support from Government has to be linked to companies paying their fair share of tax here in the UK. Support from Government also needs to bring about a fundamental change in the way that people are being employed in large sectors of the economy. We have massive payroll avoidance by companies because we have an army of bogus self-employed people in construction yards, shipyards and factories across the length and breadth of the UK. Companies need support. We need sectoral plans with Government and state intervention. The state has been



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involved to save the economy and it must be involved in the planning and development for the future. Companies need to be paying their fair share of tax and we need to end the scandal of bogus self-employment across the UK.

Chair: Thank you to my colleagues on the Committee and to our guests on the panel. I am sorry that we have run out of time. There is so much more that we could continue to talk about. It has been useful to hear the evidence today that time really is now of the essence in terms of what comes next and the post-lockdown measures. There is a sectoral approach that needs to be considered, building in an understanding about future UK capacity. Certainly this Committee will continue to engage with those of you on the panel and the rest of the trade union movement, alongside the industry, in the work that we do in the coming months and years. Thank you for joining us today.