

## **Written evidence from The Trades Union Congress (TUC) [PCW0050]**

The Trades Union Congress (TUC) exists to make the working world a better place for everyone. We bring together around 5.5 million working people who make up our 48 member unions. We support unions to grow and thrive, and we stand up for everyone who works for a living.

We welcome the opportunity to submit evidence to this inquiry, and would be happy to provide further information if that would be useful.

### **1. What are the main challenges that DWP faces as a result of the “Fourth Industrial Revolution”?**

The main challenge faced by DWP as a consequence of the fourth industrial revolution will be in adapting to the need to help people retrain for and access new and different jobs.

As with other challenges it faces, including responding to the labour market impacts of the coronavirus pandemic, to meet this, DWP will need to have:

- Adequate numbers of well-trained staff, on the decent pay and conditions that will motivate them to give the best possible service. PCS estimate that 52,000 jobs have been lost in the DWP since 2010.
- Government support to invest in the jobs of the future, and to fund good quality training programmes to help people access these.
- A strong safety net in place to support those who do lose work to prevent poverty and debt spiralling while they search for a new job.<sup>1</sup>
- Confidence that people will be able to access jobs offering decent pay, terms and conditions, and a voice at work.

### **2. What do we know about the possible likely impact on the labour market? For example:**

- **Are some sectors or types of jobs more likely to be affected than others?**
- **Are some groups of people more likely to be affected than others?**
- **What new types of jobs and opportunities could become available?**
- **Is it likely that there will be a reduction in the number of jobs available?**

The TUC published a report into the Future of Work in 2018.<sup>2</sup> In that, we set out the two rival perspectives that often dominate debates on the future of work. On the one hand, the sanguine approach that points to the rapid history of technological change in the past, as well as the UK's pre-pandemic record of high employment, and suggests that we have little to worry about. As Bank of England chief economist Andy Haldane put it in a speech to the TUC in 2015,

*Debates on the potentially negative impact of technology on jobs - so-called technological unemployment - go back at least to the invention of the wheel ... Certainly, the Ancient*

---

<sup>1</sup> The TUC has set out our proposals in TUC (2020) *Fixing the safety net* at <https://www.tuc.org.uk/research-analysis/reports/fixing-safety-net-next-steps-economic-response-coronavirus>

<sup>2</sup> TUC (2018) *A future that works for working people* at <https://www.tuc.org.uk/research-analysis/reports/future-works-working-people>

*Civilisations of Greece and Rome wrestled with the problem of how to deal with the consequences of workers displaced by technological advances.*<sup>3</sup>

On the other side of the debate are those who claim that 'this time it's different'. This is perhaps best summed up by the much-quoted idea that the factory of the future will have just two employees: a man and a dog. The man will be there to feed the dog, and the dog will be there to stop the man from touching the machinery.

Economists have spent the last few years producing rival predictions on the potential impact of new technology on employment. In March 2018, the Organisation for Economic Cooperation and Development (OECD) estimated that around 14 per cent of jobs in OECD countries were highly automatable, and just over 30 per cent subject to substantial change in how they were carried out.

It argued that those in more routine jobs, young people, and those with lower level educational qualifications were likely to be most at risk.<sup>4</sup>

Estimates from Deloitte for the UK suggest that the sectors particularly at risk include wholesale and retail, where they estimate around 2.2 million jobs are at high risk of automation; transportation and storage (1.5 million jobs at risk); and human health and social work, with 1.4 million jobs at risk.<sup>5</sup>

However, the fact that some jobs may be automated does not mean that jobs will disappear. As Jason Furman and Robert Seamans set out<sup>6</sup> there are a number of ways in which new technology could potentially impact the number and nature of jobs. Technology could:

- Displace jobs entirely, leading to a reduction in the amount of overall paid work in the economy
- Lead to a change in the tasks performed by workers, rather than a reduction in the number of jobs.
- Lead to changes in industrial make up; for example, a shift to more service sector industries.

The recent history of industrial change shows evidence of each of these:

- Over the last 150 years in the UK, increased productivity has led to shorter working hours, but prior to the coronavirus pandemic we were experiencing the highest employment levels on record.
- Jobs have changed within sectors. The OECD highlights US research on the introduction of automatic telling machines in banks, which performed more routine tasks previously handled by human bank tellers, but freed up their time for more productive tasks, and employment in the sector rose.
- There has been a large-scale shift away from manufacturing towards the service sector within the UK.

Based on both long-term and recent history, we believe that the introduction of new technology has the potential to deliver good new jobs. The Made Smarter review of industrial digitalisation, for example, estimated that industrial digitalisation could create a net

<sup>3</sup> Andy Haldane Speech to the TUC, 12th November 2015 <https://www.bankofengland.co.uk/speech/2015/labours-share>

<sup>4</sup> OECD (2018) Putting faces to the jobs at risk of automation <http://www.oecd.org/employment/future-of-work/Automation-policy-brief-2...>

<sup>5</sup> Deloitte: Automation transforming UK industries (press release on 22 January 2016) available at <https://www2.deloitte.com/uk/en/pages/press-releases/articles/automatio...>

<sup>6</sup> Jason Furman and Robert Seamans (2018) AI and the economy at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3186591](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3186591)

gain of 175,000 jobs over 10 years.<sup>7</sup> There is a clear need to expand employment in several sectors in the UK – with work to be done to move towards the net zero carbon target, deliver a decent social care system, and effective public services.

In recent research looking at the need for government to invest in job creation in the context of the coronavirus pandemic, we found that a programme of investment now could create 1.24 million jobs over the next two years. Ranking a range of projects by their ability to create jobs quickly, help the transition to net-zero, and improve skills and productivity across the UK, analysis by Transition Economics shows that projects with high job creating potential in the next two years include:

- investment in high-speed broadband, which could help create over 40,000 new jobs
- research and development in de-carbonising technology in manufacturing, including carbon capture and storage, which could help create over 38,000 new jobs
- expanding and upgrading the rail network, which would help deliver over 120,000 new jobs
- investing in the electrification of transport, including electric buses, new electric ferries, battery factories, and electric charging points, which could help deliver 59,000 jobs
- building new social housing and retrofitting existing social housing, which could deliver a 500,000 jobs boost.

We also need more jobs across the public sector. In October 2019, Skills for Care estimated that there were already over 120,000 vacancies in social care – even before taking into account the need to dramatically increase the quantity and quality of provision. Local authorities have suffered huge job cuts over the last ten years, jobs which are needed to deliver vital services. For example, according to the Institute for Government the number of health and safety inspectors in Britain – who investigate and enforce health and safety law – declined by 52.4 per cent between 2009/10 and 2017/18.<sup>8</sup>

But these jobs will require government investment to deliver them – and a concerted effort to ensure that these are good quality well-paid jobs across the U.K. The TUC has consistently called for an industrial strategy based on dialogue between government, business and trade unions to help deliver this.

**Is there a need to consider new, long-term approaches to addressing change in the labour market: for example, introducing a Universal Basic Income (UBI)?**

- **Is UBI an appropriate short-term response to shocks in the labour market?**
- **What can the Government learn from the international evidence on UBI?**

There is an urgent need to ensure that everybody who needs it has an adequate safety net to rely on when out of work. The TUC has called for the basic rate of Universal Credit to be raised to at least 80 per cent of the national living wage (£260 per week).

Further reforms should be introduced to enable more people to access this support, including removing the savings rules, and ending the rules around those who have ‘no recourse to public funds’ which prevent many people working in the UK from accessing any form of support.

7

[https://assets.publishing.service.gov.uk/government/uploads/system/uplo... /20171027\\_MadeSmarter\\_FINAL\\_DIGITAL.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/812127/20171027_MadeSmarter_FINAL_DIGITAL.pdf)

<sup>8</sup> See TUC (2020) *Rebuilding after recession: a plan for jobs* at <https://www.tuc.org.uk/research-analysis/reports/rebuilding-after-recession-plan-jobs>

In the longer term, the TUC believes that Universal Credit should be scrapped, as it is not fit for purpose. The system designed to replace it should recognise that any social security system needs to perform several functions, including:

- Insurance for when people lose their jobs or cannot work for a period of time, for example due to sickness or caring responsibilities
- Help to meet additional costs, including those from having children, or those that arise because society imposes additional costs on disabled people; and
- A safety net to ensure that no-one faces poverty.

In 2017 the TUC commissioned research to examine the extent to which a Basic Income could help meet some of the challenges potentially arising from technological change. Recognising that the design of any Universal Basic Income system could dramatically affect the way it impacts on different groups, the research concluded that: *'When thinking about the risks arising from the future world of work, a UBI has some advantages, but in many cases more practical reforms offer alternative solutions.'* It suggested two potential additional routes that the TUC believe could be worth exploring further:

- *A learning allowance could be paid on a non-means-tested basis to everyone out of work studying appropriate, high-quality FE and HE, as a response to skills and jobs dislocation.*
- *Child benefit could be paid at a much higher rate. This would replicate the main distributional effect of a UBI, with far less cost and controversy.*<sup>9</sup>

**Are DWP Work Coaches well equipped to advise people who are looking for work on new and emerging sectors and jobs?**

**How could DWP improve the training and advice it offers to jobseekers?**

**What support, advice and training should DWP offer to people who are looking to progress in work, or take up more hours?**

**What is DWP's role in ensuring that young people have the skills they need to get into and progress in work?**

**How could DWP work more closely with employers to ensure that claimants have the skills they need to find work in the future labour market?**

Many of the new programmes that DWP needs to deal with the impact of changing industrial structures should follow the same approach as they will need to deal with the impact of the disruption to the labour market caused by the coronavirus pandemic. The pandemic is accelerating the technologically driven change that was already taking place in some sectors, for example retail. The TUC has recommended:

- A new government funded Jobs Guarantee, with early access to the scheme for young workers. Some form of jobs guarantee could also be used to help support those affected by any technologically driven job loss.
- a new right to retrain for everybody, backed up by funding and personal lifelong learning accounts. This should involve accelerating the work of the national retraining partnership to ensure there is a gateway to new skills for everyone, which should be tailored to new and expanding sectors.

---

<sup>9</sup> Andrew Harrop and Cameron Tait Fabian Society (2017) Universal basic income and the future of work at <https://www.tuc.org.uk/sites/default/files/UBI.pdf>

- an education and training guarantee for all school leavers and other young people aged 25 and under who wish to take up this option. This guarantee would include an apprenticeship, place at university or college, and other education and training options.
- rapid redundancy support for everyone at risk of losing their job, with companies required to notify regional recovery panels when they are consulting on redundancies, and jobcentre plus organising tailored on-site provision to offer rapid access to training and other support.<sup>10</sup>

These approaches should be governed by an approach based on social dialogue, and the TUC has recommended the establishment of a new Future of Work commission bringing together employers, unions and government to plan the response to technologically driven changes in the world of work.

These plans must ensure that they embed equality from the start so that changes in the world of work do not further embed the structural discrimination that currently marks our labour market. At present, Black workers, women and disabled workers are all overrepresented in insecure work, with 1 in 24 BME workers on zero-hours contracts, compared to 1 in 42 white workers.<sup>11</sup> Previous times when the labour market has changed, including recessions, have often served to exacerbate these inequalities, with those in low paid insecure roles being first to lose work, and structural discrimination holding back their chances of finding a new job. BME groups faced higher unemployment in the 2008-09 recession, and still high unemployment rates. Research shows that during upturns disabled people are the last to gain employment, and during downturns they are first to be made unemployed.<sup>12</sup>

A new Future of Work commission should be given a specific remit to monitor the impact of changes in work on people with protected characteristics and to take action to ensure that policy works to close rather than widen inequalities.

**As the workplace changes, will it be necessary to change the legal definition of employment to ensure that people continue to have the appropriate legal status and protections? Might any other legal changes be needed?**

Changes in the organisation of work must come with greater protections for workers' rights, rather than a dilution of the basic responsibilities of employers. At present, the UK's two-tier system of employment rights leaves many workers missing out on protection that should be taken for granted, and allows employers to push ever greater levels of risk onto the shoulders of their workforce.<sup>13</sup> In the long term, the TUC believes:

---

<sup>10</sup> See TUC (2020) *Rebuilding after recession: a plan for jobs* at <https://www.tuc.org.uk/research-analysis/reports/rebuilding-after-recession-plan-jobs>

<sup>11</sup> TUC(2019) 'BME workers far more likely to be trapped in insecure work' <https://www.tuc.org.uk/news/bme-workers-far-more-likely-be-trapped-insecure-work-tuc-analysis-reveals>

<sup>12</sup> <https://www.disabilityatwork.co.uk/research-areas/in-work-disability-gaps/all-in-it-together-the-impact-of-the-recession-on-disabled-people/>

<sup>13</sup> See, for example, TUC (2017) *The gig is up: trade unions tackling insecure work* at <https://www.tuc.org.uk/research-analysis/reports/gig>

- All workers including agency workers, zero hours contract workers and casual workers, should be entitled to the same floor of rights currently enjoyed by employees.
- A new single and broad ‘worker’ definition should be adopted in UK employment law. The new worker test should determine access to all statutory rights. The government should establish a commission, comprised of representatives of the social partners and employment lawyers, to advise on and devise the new ‘worker’ definition.

In the interim, the government should:

- Extend key employee rights to all workers, including family-friendly rights, trade union rights and job security protections.
- Ask ACAS to draw up a statutory Code of Practice which provides clearer guidance for employers, union reps and workers on existing status rules.
- Crack down on bogus self-employment, by creating a statutory presumption that all individuals will qualify for employment rights unless the employer can demonstrate they are genuinely self-employed.
- Promote the key role played by unions in representing workers, by creating rights for unions to access workplaces to tell people about the benefits of union membership and to negotiate for better pay and conditions.

As the OECD argued in 2019, a stronger voice for workers through their trade unions is a key tool in managing the future of work:

*“This publication argues that, despite undeniable difficulties, collective bargaining and workers’ voice remain important and flexible instruments that should be mobilised to help workers and companies face the transition and ensure an inclusive and prosperous future of work. The need for co-ordination and negotiation mechanisms between employers and workers is heightened in the changing world of work. Whether considering key issues such as wage inequality, job quality, workplace adaptation to the use of new technologies, or support for workers displaced by shifts in industries, collective bargaining and workers’ voice can complement public policies to produce tailored and balanced solutions.”<sup>14</sup>*

**June 2020**

---

<sup>14</sup> OECD (2019) Negotiating Our Way Up COLLECTIVE BARGAINING IN A CHANGING WORLD OF WORK

<http://www.oecd.org/els/emp/ExecutiveSummaryAndOverview.pdf>