A Workers' Budget:

TUC Submission for HM Treasury March 2021 Budget

TUC March 2021 Budget submission

1. Introduction and summary

The Trades Union Congress (TUC) exists to make the working world a better place for everyone. We bring together more than 5.6 million working people who make up our 50 member unions. We support unions to grow and thrive, and we stand up for everyone who works for a living. Trade Unions have been at the forefront of the response to the crisis, arguing for action to support jobs and the self-employed, better sick pay and social security, and measures to protect safety at work.

The devastating second wave of the coronavirus pandemic is an immense challenge to society. We know that without protecting public health, the economy will be unable to recover. We urge the Chancellor to remain resolute in his pledge to do 'whatever it takes'. The measures taken to date have supported the economy and slowed a catastrophic breakdown in household incomes. But there is more to do to protect jobs, and livelihoods, and to support people who want to do the right thing to protect public health.

In the Budget the Treasury should pledge to support workers, families and businesses for as long as the pandemic continues and economic activity is disrupted.

- The Job Retention Scheme should be extended until the end of 2021, mirroring the support in place in other leading economies. It should be accompanied by a 'furlough commitment' to keep in place or renew support for as long as health measures affect economic activity, with the Chancellor providing a quarterly update on the state of the labour market and the support available.
- The need to fix sick pay has never been more urgent. Sick pay should be raised to £320 a week, and eligibility extended to the 2 million people who do not qualify because they earn too little.
- Universal Credit could provide a vital lifeline for many families during this time. It should be increased to a level people can live off – £260 a week – and there must be no rowing back on the £20 uplift introduced last year. The five-week wait to access the benefit must be ended.
- Key workers should be properly rewarded: public sector pay should be increased not frozen; and zero hours contracts should be banned.
- Beyond immediate measures to protect workers, the government needs to get serious about creating jobs. The TUC has set out proposals for a public sector jobs drive, green infrastructure spending and a family stimulus. And there should be an immediate £10bn aid package to help

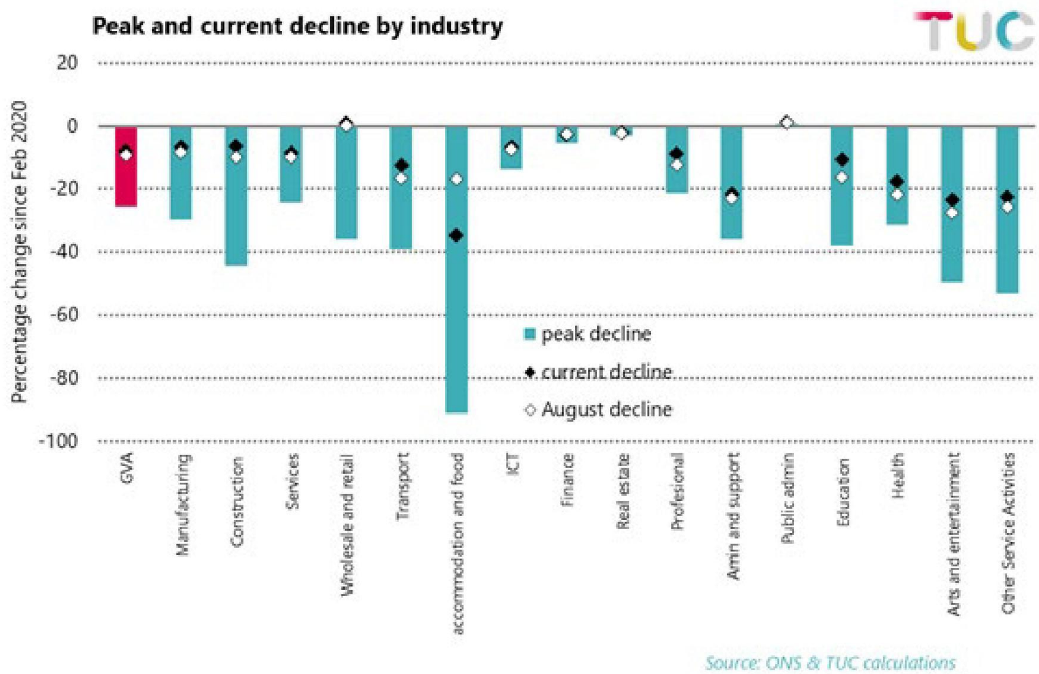
industry cope with new trade barriers and make manufacturing the best in Europe.
- The coronavirus pandemic has revealed the depth of inequalities in Britain today, with structural racism, sexism and discrimination against disabled people resulting in sharply different experiences of the pandemic. Government must show how the measures it takes in this Budget and more broadly will promote equality and overcome the structural barriers faced by too many working people across the UK.

We must take the opportunity to reflect on the lessons of the pandemic. Serious flaws in how the UK and world economy work have been put into sharp relief, not least the poor pay and severe inequalities faced by those who keep the country going. After the Second World War, the Attlee government built back better to a welfare state, the NHS, education and housing for all. In doing so they created a better economy and brought the public finances back under control. We can do so again.

2. The economic situation we face

Economic activity will be significantly restricted by the renewed lockdown measures but had stalled before then. Monthly GDP growth in October was only 0.4% and had slowed each month since the more substantial revival over June and July. The level of GDP is still around 8 per cent below the position at the start of the pandemic.

The same is true when looking at industry: following the initial rebound, gains have slowed. Except for finance, real estate and ICT, most service industries have suffered significant declines and remain well below pre-pandemic levels. 'Arts and entertainment', and 'administration and support services', 'accommodation and food' are all more than 20% below the position in February (and the latter follows a reversal after gains through 'eat out to help out').



Headline numbers for retail mask the role of online sales. Moreover, after the initial rebound, retail sales growth also slowed significantly over the summer and declined into November.

Strikingly the UK has experienced one of the most severe reductions in GDP across major economies. The decline in the year to the third quarter of 9.7% is more than double the average decline of 4.2%, with the UK ranking 35 out of 39 OECD countries.[1] (Though we recognise concerns with the way public services are treated in the UK measure.)

The risk of a jobs crisis is now coming into sharp relief: jobs are being lost at an unprecedented rate. The latest ONS figures show unemployment rising by almost a quarter of a million people between May-Jul 2020 and Aug-Oct 2020: the quarterly increase of 17% is the sharpest on records that extend back to 1970. Redundancies of 370,000 over Aug-Oct 2020 were the highest quarterly figure on record by a significant margin. Workforce jobs fell by 935,000 between the first and third quarters of 2020, with falls of more than 100,000 in each of the three industry groupings identified above; and also a fall of 102,000 in manufacturing. Regional measures show unemployment rising (columns 3 and 4 below) and employment falling (columns 5 and

[1] TUC calculations from OECD data see: https://twitter.com/TUCeconomics/status/1341341293524492290

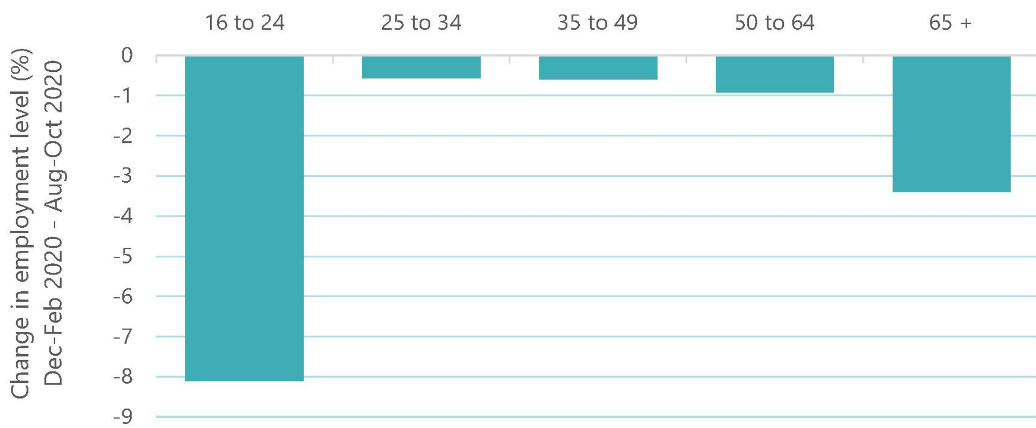
6) across all regions and nations of the UK; the suggestion is the hit is fairly even, though with London standing out at least initially.

Region/ Nation	Unemployment rate (%)	Change on quarter (%)	Change on year (%)	Fall in PAYE employees since Feb 2020	Change since Feb (%)
North East	6.6	1.1	0.5	-23012	-2.1
North West	4.7	1	0.7	-68040	-2.2
Yorkshire & Humber	5.2	1.1	1.1	-51507	-2.2
East Midlands	5.3	0.7	1.7	-46489	-2.2
West Midlands	5.4	0.8	0.9	-60948	-2.4
London	6.3	1.2	1.8	-213772	-5.2
South East	3.9	0.3	0.8	-112634	-2.8
East of England	4.7	0.7	1.5	-68974	-2.5
South West	4.4	0.4	0.7	-56100	-2.3
Wales	4.6	1.4	1	-30336	-2.4
Scotland	4.2	-0.6	0.6	-76267	-3.2
NI	3.9	0.9	1.6	-11121	-1.5
UK	4.9	0.7	1.2	-819,000	-2.8

Source: ONS Labour Market Statistics and payroll figures from HMRC

So far, younger workers have experienced highest rates of redundancy, largest falls in employment, highest rates of furlough with reduced pay, largest falls in weekly pay, and the largest falls in hours worked.[2]

Employment down most for young workers



Source: ONS LFS

Most forecasts show the very sharp rise in unemployment continuing, with the Office for Budget Responsibility (OBR) central scenario peaking at 2.6 million (7.5%) in 2021Q2. But equally most forecasts show a gradual recovery, with the OBR reckoning on a fall in unemployment of on average one percentage point a year after the peak. The post-pandemic rate eventually settles at 4.4% compared to the pre-crisis best of 3.8%. We are concerned that this scenario will prove too optimistic if the government

[2] 'Jobs and Recession Monitor: Young Workers', TUC, 19 Nov. 2020 available at https://www.tuc.org.uk/research-analysis/reports/jobs-and-recession-monitor-young-workers

does not create jobs to counter the unemployment crisis. We set out below the actions that government must take now.

3. Actions to protect work and support workers

3.1 Extending the Job Retention Scheme

The Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support scheme (SEISS) should now be extended until the end of 2021. This should be accompanied by a 'furlough commitment' to keep in place or renew support for as long as health measures affect economic activity, with the Chancellor providing a quarterly update on the state of the labour market and the support available. The same applies to other business support schemes. The sooner the Chancellor can make this commitment, the better for workers and business.

Ahead of the December announcements we pressed the Treasury to move swiftly and announce that the CJRS will remain in place at the current level of employer contributions at least until March. With the intensification of the pandemic, the same arguments continue to apply. Working people and businesses need as much certainty for the foreseeable future as is possible, and only the government can provide that security.

We note that businesses have been adapting their use of the scheme according to their ability to open, and are taking advantage of the ability to use furlough flexibly. To take just one example, just 3 per cent of workers in the construction sector were using the scheme in the latest figures (to mid-December), compared to 46 per cent in the first two weeks of April. And of employees who have been furloughed in manufacturing, over half are now on partial rather than full furlough. When businesses are able to reduce their use of the scheme they are doing so; they do not need to be encouraged to do so by changes in the scheme design.

A bold announcement, maintaining the full scheme in place but continuing to allow this flexibility is the best way to support the recovery and protect jobs.

The opportunity should also be taken to improve the scheme. As the TUC has previously argued, there should be a floor in payments so that no-one can fall below the minimum wage. Figures from the annual survey of hours and earnings show that during April two million people fell below the national minimum wage rate.

We also believe that government should go further to ensure that people who are furloughed are encouraged to take part in funded training schemes. We previously recommended that employers should be required to put any worker working less than

50 per cent of their normal hours in touch with the National Retraining Partnership who should broker an offer of funded training.

Lastly, we believe that there is a clear opportunity to help some of those who have missed out on the support provided through SEISS. Many people who recently became self-employed will be submitting a self-assessment return early in 2021. This group should be eligible for the fourth SEISS grant from February to April, and the same commitment extended for as long as the pandemic lasts.

Parents and those who have been asked to shield have in many cases been put into an impossible situation by the current lockdown and school closures, exposing the UK's lack of decent paid parental leave or sick pay. As an emergency measure, these groups should be provided with a temporary right to access the furlough scheme when there is no other option to maintain their employment.

3.2 Sectoral support and a National Recovery Council

Government has now provided some limited sectoral support for businesses, rightly operating outside the furlough scheme. But again there should now be a commitment to extend the top-up grants for retail, hospitality and leisure businesses beyond the Spring as necessary.

Other sectors also desperately need support, including aviation. And the manufacturing sector needs an urgent boost to help deal with the disruption caused by leaving the EU, with a package to rival the best in Europe – investing at least £10bn to build supply chain capacity and resilience, green the sector, and create jobs across the UK, supported by a proven workplace training programmes to skill up the workforce. This should sit alongside a new state aid regime that supports companies struggling to keep afloat with the hit their businesses is taking both from coronavirus and from the new trading arrangements.[3]

There remains an urgent need to bring together unions and business in these and other sectors to discuss how best to shape a just transition and a sustainable recovery. The TUC has urged the government to take up our suggestion, repeated in November by the CBI, of a National Recovery Council, made up of businesses and unions alongside the government, to steer the recovery effort. These arrangements should include both regional and sectoral dimensions.

3.3 Protecting family incomes

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[3] See TUC (2020) *The TUC's ten-point plan to protect jobs, rights and public services after Brexit* at https://www.tuc.org.uk/research-analysis/reports/tucs-ten-point-plan-protect-jobs-rights-and-public-services-after-brexit

The pandemic is bringing long-standing and serious shortcomings in social security into sharp relief.

Government must move swiftly to address the huge issues with sick pay which have held back our ability both to tackle the virus and to support livelihoods throughout the pandemic. Those self-isolating suffer a huge pay penalty if they have to claim statutory sick pay. At £95.85 a week this is worth less than a fifth of weekly earnings, and around two million people are not entitled even to this, because their earnings are too low to qualify.

Statutory sick pay must be sufficient to cover basic living costs and must rise to the equivalent of a week's pay at the Real Living Wage – around £320 a week – with the lower earnings limit removed.

As the unemployment crisis intensifies, the basic rate of universal credit will be further exposed as massively inadequate. In 1984 unemployment benefits were worth a quarter of average earnings, in 1993 one fifth, and today one sixth – just £95 a week. The support compares poorly with other European countries, where benefits are paid as a proportion of previous earnings, ranging from 60% in Germany to 90% in Denmark.[4]

The TUC believes that in the long term the government should move towards an earnings-related system. Immediately, the basic level of Universal Credit should be raised for the duration of the pandemic to 80% of the real living wage – or £260 a week – with the confirmation that the additional £20 increase will be made permanent as the first step towards this. There should be an end to the five weeks wait to access the benefit, which is pushing many families into hardship.[5]

A boost to family incomes through the social security system would also put much needed cash directly into the hands of families and improve outcomes for children. Doubling child benefit will inject £14 billion into the economy over the next 18 months and boost GDP by £19 billion. Increasing the child element of universal credit (UC) and child tax credit (CTC) by £20 per week per child and removing the two-child limit would inject £11 billion into the economy, and boost GDP by £15 billion. Both policies would substantially reduce poverty – lifting between 500,000 children and 800,000 people above the projected poverty line.[6]

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[4] 'Fixing the safety net: Next steps in the economic response to coronavirus', TUC, 6 Apr. 2020: https://www.tuc.org.uk/research-analysis/reports/fixing-safety-net-next-steps-economic-response-coronavirus

[5] 'Universal Credit and the Impact of the five week wait for payment', TUC, 10 Nov. 2020: https://www.tuc.org.uk/research-analysis/reports/universal-credit-and-impact-five-week-wait-payment

[6] Needs of children and families have been forgotten in crisis response to pandemic, say TUC and IPPR, 26 October 2020, https://www.tuc.org.uk/news/needs-children-and-families-have-been-forgotten-crisis-response-pandemic-say-tuc-and-ippr

3.4 Fair pay for key workers

Millions of low paid workers are getting us through this crisis by keeping food on the shelves, delivering essentials, caring for us and much more. The crisis has exposed that all too often, essential workers have been undervalued and underpaid. It hits at the end of a decade of sustained falls in real earnings for public sector workers, with TUC analysis showing falls in real pay for a range of key workers between 3.5 and 7.5 per cent.

The minimum wage should be set at least £10 an hour for all workers, so people earn enough to live on. The lower than planned increase in the minimum wage means 2 million key workers, including 1.5 million in the private sector will not get the pay rise they were expecting. Moreover, as we set out above, pay for many furloughed staff is falling below the minimum wage.

Many key workers in the private sector are engaged in delivering core public services, including social care workers and those providing auxiliary services in our NHS, schools and public transport. A large proportion of these workers will be earning under £24,000 and are not covered by the Chancellor's announcement on public sector pay and will not benefit from the £250 flat payment– an offer that only extends to directly employed staff. The TUC believes that the NHS, Local Authorities and other government departments should be provided with the funding to ensure that outsourced workers providing work under contract to the public sector are able to benefit from pay rises that provide parity with directly employed staff or, at the very least, pay the real living wage.

Across the public sector, rather than an arbitrary pay-freeze, the government should engage with public sector unions to ensure decent pay rises and reduce uncertainty for workers. To recap:

- A floor should be introduced in the furlough scheme so that no workers receive less than the minimum wage
- The public sector pay freeze announced at the spending review should be discontinued; instead public sector workers should be paid at least the real living wage and pay rises that keep pace with the increased cost of living, while making up for lost earnings over the last decade
- Departments should be funded so that outsourced workers' pay is increased to at least the real Living Wage
- The national minimum wage should be raised to £10 per hour

3.5 Skills and training

To help working people get good new jobs we need to support them to upgrade their skills. Any strategy for recovery must have at its heart real investment in skills and retraining.

Yet adults in urgent need of retraining have been short changed, especially in those sectors hardest hit by Covid-19. Instead of fast-tracking a massive adult retraining programme as the TUC has recommended, in the Spending Review the Chancellor announced nothing new of substance on this front.

The commitment to give all adults an entitlement to achieve their first level 3 qualification, announced by the Prime Minister in the Autumn, is much too little too late. And as a recent TUC report highlighted, this new entitlement will be taken up by far fewer people as a result of the puzzling decision by the DfE to cut the grant for the Union Learning Fund (ULF), which helps get working people into job-relevant skills and training.[7]

Union learning is a proven success in getting reluctant learners into job-relevant learning and skills, and routinely helps working people get their first qualifications. The government should fund the scheme now, and use it to help deliver on its promised new industrial strategy.

Government must also:

- Make a commitment to establish a new form of guarantee for all existing apprentices to empower them to complete their training. This 'right to complete' would go well beyond the existing commitment by government to try to find another employer for apprentices who are made redundant.
- Allow for flex in the apprenticeship levy to enable employers to utilise funding to maximise apprenticeship recruitment, including being able to commit spending on provision that is currently exempt (e.g. pre-apprenticeship programmes), and to extend the lifetime of their levy funds beyond 24 months to maintain high levels of apprenticeship opportunities and to increase flexibility to enable current apprentices to complete their apprenticeships.
- Introduce a new right to retrain for everybody, backed up by personal lifelong learning accounts and a significant increase to the government's adult skills budget.

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[7] See Andrew Dean, Hilary Stephens, Faith Graham and Adam Crewes (2020) *The Future of the Union Learning Fund An Independent Review with Specific Recommendations for Government* University of Exeter, available at https://www.tuc.org.uk/research-analysis/reports/future-union-learning-fund

- Make related policy reforms to support a massive adult retraining programme, including a new right to paid time off for education and training for workers, a new entitlement to a mid-life skills/career review, and development of an all-age careers guidance service.
- According to the OECD the UK lacks the national social partnership arrangements that underpin high-quality skills systems in many other countries. To address this the government should establish a national skills taskforce with a remit for apprenticeships, technical education and adult skills.

4. The public finances and monetary policy

Experience of the pandemic to date makes clear that the state of the public finances is not a current constraint on taking the action we need to protect jobs and livelihoods. While we repeatedly hear that the deficit is at a record level for peace time, the more appropriate comparison is with war time. The deficit is expected to be 19% of GDP this year, but averaged 25% over both the four years of the First World War and the five years of the Second World War.

Government has not faced problems in financing its spending, and the £350bn additional public sector net borrowing in the current financial year has been more than matched by an announced £450bn of additional QE (over two stages).

The *Financial Times* reports Laurence Boone the chief economist of the OECD calling for a "fundamental rethink" of the "relationship between fiscal and monetary policy".[8] There should be improved public understanding of the interplay between monetary and fiscal policy, and of any associated advantages and risks (for example any shifting of other investments into riskier assets). As Boone points out "It's not healthy to have just monetary policy run by independent people, accountable but not democratically elected, in charge of all of the stabilisation policies".

Government should be thinking about how fiscal policy can be used more effectively to support the economy, as we set out further below. This thinking and action should be prioritised ahead of moving onto the controversial territory of negative interest rates.

5. Creating work and building back better

[8] 'OECD warns governments to rethink constraints on public spending', *Financial Times*, 4 January 2021. https://www.ft.com/content/7c721361-37a4-4a44-9117-6043afee0f6b

The government is not doing enough to create work. With jobs being lost at an unprecedented pace, action is needed now – regardless of the renewed lockdown.

As workers lose work or are fearful of losing work, spending in the economy will be greatly reduced. Under such conditions the government must play a key role in supporting expenditure.

It is widely agreed that not spending to support the economy will be a false economy, and will lead to worse not better public finances. In their December *Economic Outlook*, the OECD warned: "The fact that vaccines are in sight suggests that this is not the time to reduce support, as was done too early in the aftermath of the Global Financial Crisis".[9] Meghan Green of the Harvard Kennedy School recently commented: "It's completely mainstream now that the US and Europe got it wrong and withdrew accommodation too early after the global financial crisis. Many economists agreed on this at the time, it was the politicians who felt differently".[10] It is vital that government listens to the economic consensus that premature spending consolidation will damage the economy, and with it, working people's prospects.

In the United States President elect Joe Biden is about to lead the way. Trailing a major package of investment, he warned:

> The overwhelming consensus among leading economists left, right and center is that in order to keep the economy from collapsing this year and getting much much worse we should be investing significant amounts of money right now, to grow the economy. And that's a pretty wide consensus ... So it is necessary to spend the money now. The answer is yes, it will be in the trillions of dollars, the entire package .... [I]f we don't act now things will get much worse and harder to get out of the hole later.[11]

The UK government must likewise look for ways it can support the economy, and build-in fairness. The government's proposed public sector pay freeze operates completely in the wrong direction. Even the Institute for Economic Affairs points out that public sector workers are consumers too, and that freezing their pay will harm the wider economy.[12] New Economics Foundation (for the TUC) research shows the marked boost

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[9] OECD (2020) *Turning hope into reality: OECD Economic Outlook, December 2020* at https://www.oecd.org/economic-outlook/

[10] Communications on twitter: https://twitter.com/economistmeg/status/1333402883631566848

[11] Reported on 8 January 2021 by Sahil Kapur, National Political Reporter at NBC News. https://twitter.com/sahilkapur/status/1347651070546345987

[12] 'IEA Debate: Should public sector wages be frozen to help pay for Covid?', Andy Mayer and Julian Jessop, 20 Nov. 2020 at https://iea.org.uk/iea-debate-should-public-sector-wages-be-frozen-to-help-pay-for-covid/

to GDP and increased tax take achieved by increasing public sector pay.[13] Overall the spending announced to date falls far short of what is needed to support the economy.

The TUC has set out proposals for job creation, summarized ahead of the spending review.[14] The key initiatives on the job creation front are 1.24 million jobs on green infrastructure and 600,000 jobs in public services. These initiatives should work as part of an industrial strategy to deliver decent work across the country, prepare the country for net zero, adapt to technological change, and to our changed trading environment after Brexit, which will cause particular damage to manufacturing. The public sector jobs drive should include hiring the 50,000 customs officers needed to ensure border crossings are as speedy and friction free as possible.

The same commitment and urgency of policy through the pandemic must next be applied to the threat of climate change. The government's green jobs taskforce is a step in the right direction, but more ambition and significantly more resources are necessary to meet the scale of the threat.

Efforts to invest in the jobs of the future will be particularly important for young people, who are seeing the sharpest impacts of the pandemic on their job prospects now, with the danger of scarring well into the future. The Kickstart scheme is a welcome intervention, although we are concerned about delivery, but without investment in significant job creation, young people' will be facing an uncertain future.

The UK's broken safety net must be repaired so it can offer security and safety to all who need it. Moreover social protection measures on sick pay, universal credit and child benefit will also support demand and protect against long-term unemployment.

Spending decisions taken now can determine whether inequalities become further entrenched or meaningful progress can be made. We know from previous recessions that women, BME and disabled workers experience a disproportionately negative impact. Every spending initiative must show how it can tackle this long-term structural discrimination.

The ability for trade unions to be able to organise and bargain for workers must be renewed. The long-awaited employment bill should deliver on the government's promise to 'protect and enhance rights', including a pledge to end zero-hours contracts. And it should include a guarantee that no existing rights will be watered down or fall behind, now or in the future, and that workers' rights in the UK will be at

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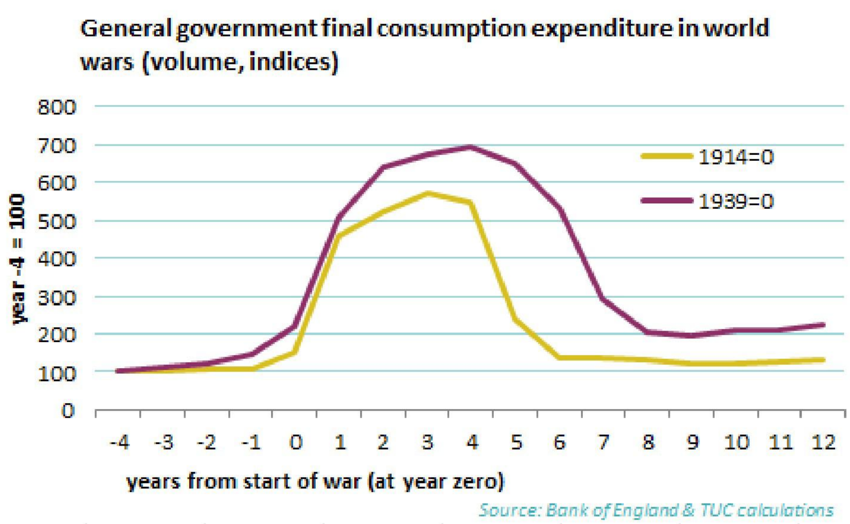
[13] The research finds that a pay rise of 5% above CPIH inflation (4% above RPI) for all public sector workers will cost around £7bn. On the basis of cautious assumptions, around half of this would be recouped, as the spending strengthens the economy.

[14] Ten steps for a Spending Review to create decent jobs, Geoff Tily, 23 Nov. 2020. https://www.tuc.org.uk/blogs/ten-steps-spending-review-create-decent-jobs

least as good as those in the EU. Beyond steering the recovery, a National Recovery Council of trade unions, employers and government should be a model for tripartite arrangements going forwards.

The Attlee government built back better to a welfare state, the NHS, education and housing for all. Policies that create jobs and support family incomes, address the climate emergency, support trade unions and resolve inequalities can be the foundations of building back better today.

Attlee showed too that building back better is not only better for society, but better for the economy. As is widely understood, public debt fell rapidly from 1945 alongside the enlarged role for public services. The chart below shows how after demobilisation government expenditure remained greatly elevated relative to pre-war levels (purple line). Conversely after the First World War, spending was severely restricted (yellow line) and public debt was set on the wrong path. And following the decade of austerity we have just experienced, the UK has endured the worst performance for public debt in at least a century.[15]



In a report in 2019, the TUC warned of 'groupthink' on the critical judgements against which policy is set. The government should ask for an independent review of how the Office for Budget Responsibility and Bank of England judge the impact of government expenditure on the economy, assessing the critical assumptions on multipliers, the

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[15] 'TUC issues call to avoid "despair of mass unemployment" with a plan to work our way out of recession', 20 May 2020. https://www.tuc.org.uk/news/tuc-issues-call-avoid-despair-mass-unemployment-plan-work-our-way-out-recession

output gap and the 'NAIRU' given the international experience of the austerity decade.[16]

As Laurence Boone has put it "Your debt is sustainable when people have trust in your institutions and that policymakers will deliver on what they have promised". Trust can only be restored when the failed thinking of the past decade is decisively banished, and a new way forward found.

6. List of recommendations

Maintain and improve the Job Retention Scheme and sector support to protect jobs

- The Job Retention Scheme (JRS) should be extended until the end of 2021, mirroring the support in place in other leading economies. It should be accompanied by a 'furlough commitment' to keep in place or renew support for as long as health measures affect economic activity, with the Chancellor providing a quarterly update on the state of the labour market and the support available.
- There should be a floor in payments within the JRS so that no-one can fall below the minimum wage.
- Government should go further to ensure that people who are furloughed are encouraged to take part in funded training schemes. Employers should be required to put any worker working less than 50 per cent of their normal hours in touch with the National Retraining Partnership who should broker an offer of funded training.
- There is an early opportunity to help some of those who have missed out on the support provided through SEISS. Many people who recently became self-employed will be submitting a self-assessment return early in 2021. This group should be eligible for the fourth SEISS grant from February to April, and the same commitment extended for as long as the pandemic lasts.
- Expand the range of sectoral support available, including to aviation, and introduce a manufacturing support package of £10bn to ensure our manufacturing sector can compete in Europe.

[16] 'Lessons from a Decade of failed austerity', 24 Oct. 2019 at https://www.tuc.org.uk/research-analysis/reports/lessons-decade-failed-austerity

- Establish a National Recovery Council, made up of businesses and unions alongside the government, to steer the recovery effort.

Strengthen the safety net

- The need to fix sick pay has never been more urgent. Sick pay should be raised to £320 a week, and eligibility extended to the 2 million people who do not qualify because they earn too little.
- Universal Credit could provide a vital lifeline for many families during this time. It should be increased to a level people can live off –£260 a week – and there must be no rowing back on the £20 uplift introduced last year. The five week wait to access the benefit must be ended.
- The government should double child benefit payments, increase child tax credit and remove the two child limit.

Fair pay for key workers

- The public sector pay freeze announced at the spending review should be discontinued; instead public sector workers should be paid at least the real living wage and pay rises that keep pace with the increased cost of living, while making up for lost earnings over the last decade
- Departments should be funded so that outsourced workers' pay is increased to at least the Real Living Wage
- The national minimum wage should be raised to £10 per hour

Boost access to skills

- Fund the Union Learning Fund to help deliver on the government's planned industrial strategy.
- Make a commitment to establish a new form of guarantee for all existing apprentices to empower them to complete their training.
- The apprenticeship levy should be flexed to allow employers to utilise funding to maximise apprenticeship recruitment.
- Government must introduce a new right to retrain for everybody, backed up by personal lifelong learning accounts and a significant increase to the government's adult skills budget.
- Related policy reforms to support a massive adult retraining programme are also required, including a new right to paid time off for education

and training for workers, a new entitlement to a mid-life skills/career review, and development of an all-age careers guidance service.

- The government should establish a national skills taskforce with a remit for apprenticeships, technical education and adult skills.

Invest in jobs for the future

- Government must invest now to create the jobs of the future. The TUC has shown how infrastructure investment could create over a million new green jobs, and how there is an urgent need to fill at least 600,000 jobs in public services.
- These initiatives should work as part of an industrial strategy to deliver decent work across the country, prepare the country for net zero, adapt to technological change, and to our changed trading environment after Brexit.
- These jobs should be better jobs. Government must use its promised employment bill to strengthen workers' rights to organize in trade unions, ban zero hours contracts, and guarantee that no existing rights will be watered down or fall behind, now or in the future, and that workers' rights in the UK will be at least as good as those in the EU.

Embed equality

- The coronavirus pandemic has revealed the depth of inequalities in Britain today, with structural racism, sexism and discrimination against disabled people resulting in sharply different experiences of the pandemic. Government must show how the measures it takes in this Budget and more broadly will promote equality and overcome the structural barriers faced by too many working people across the UK.

Set the framework for better policy making

- The government should ask for an independent review of how the Office for Budget Responsibility and Bank of England judge the impact of government expenditure on the economy, assessing the critical assumptions on multipliers, the output gap and the 'NAIRU' given the international experience of the austerity decade.