

A BETTER PLAN FOR BRITAIN'S WORKPLACES



FOREWORD

Labour's plan is based on a simple idea: that Britain only succeeds when working people succeed.

The key tests of economic success aren't statistics. They are the living standards, the security, and the hope for the future of working families. Fundamentally that is about a well-paid and rewarding world of work.

For too many people in Britain, working life is characterised by insecurity. This is making it harder for families to make ends meet or balance their work commitments with family life. And it is limiting the ability of young people who struggle to find a decent job that sets them up for a career.

This does not work for the families concerned, and it does not work for Britain. We will never succeed with a race to the bottom on wages and skills. But we cannot simply go back to the old institutions of the past, which are not right for today's world either.

The central goal for a Labour Government will be to build an economy that creates the secure and better paid jobs we need to raise living standards, ensuring that working people share in the nation's wealth.

The better plan for Britain's workplaces set out in this manifesto will build a bedrock of security for working families, and a new settlement to create a higher skill, higher wage economy. It is a plan for economic reform that is not less ambitious because we live in a time of scarcity, but more ambitious because it sets a new direction for Britain.



Ed Miliband



Chuka Umunna



Rachel Reeves

Introduction

The central task for the next Labour Government is to build an economy that creates the better paid and more secure jobs we need to raise living standards. That is how we will succeed as a country, and it is how we will pay down the nation's deficit.

Even as the economy starts to recover, too often working people are not feeling the benefit. Working families have experienced an unprecedented squeeze on their living standards in the last five years. Average wages have fallen by £1,600 a year since 2010. There has been a sharp rise in precarious forms of work, with zero-hours contracts becoming the norm in some parts of the economy, that is leaving many young people cycling in and out of low paid or casual work for years after they leave education.

The Tories have actively encouraged this race to the bottom on wages and skills by encouraging a hire-and-fire culture at work. Their approach is based on a fundamental misunderstanding about how to build economic success in the modern global economy.

If you believe that growth is driven by a few individuals at the top, then you will encourage a system where you compete by cutting wages and conditions for everyone else.

But asking people to work harder, for longer, for less is not a sustainable strategy for the country. The race to the bottom is a key factor behind the UK's low levels of investment, training and productivity relative to other advanced economies. And low pay and insecurity are in turn driving higher government spending on social security and lower than expected tax receipts, frustrating efforts to pay off the national deficit.

Britain will only succeed when working people succeed. Our task is to rebuild the bedrocks of decent work: ensuring that those who do a hard day's work are rewarded for doing so, and tackling the insecurity that has become a worrying feature of working life in Britain.

Our immediate priority is to introduce a strong decency floor, setting basic minimum standards for pay and job quality with a bill that reverses the worst elements of insecurity, low pay and undercutting we have seen in recent years.



These measures, to be set out in Labour's first Queen's Speech, will include a stronger minimum wage, a ban on exploitative zero-hours contracts, and action to stop agency workers from being used to undercut wages.

In the longer term we will set a different direction for Britain, putting in place the reforms we need to build an economy that uses people's skills and talents to their full. That means supporting employers and employees to raise productivity at work, by building a culture of partnership and reducing the short-term pressures that can undermine the long-term success of the leading sectors we need to grow to secure the jobs of the future. And it means training the next generation of skilled workers, by making it the norm for employers in the public and private sector to provide apprenticeships that give young people a decent start in life and set them up for a career.

These reforms are a core part of Labour's plan to chart a path to a stronger, more productive economy that delivers rising living standards and reduces the deficit. Trade unions and employer organisations have a crucial role to play in improving job quality and business performance. It is only by working together, with a shared commitment to the long-term economic success of the country, that we will achieve the change our country needs.

Labour's better plan for Britain's workplaces

- Make work pay, by raising the National Minimum Wage to more than £8 before 2020 so that it is closer to average earnings, introducing a new, lower 10p starting rate of tax, and using procurement to promote the Living Wage.
- Address rising insecurity in our labour market, by banning exploitative zero-hours contracts and scrapping the Government's 'shares-for-rights' scheme.
- Tackle the economic impact of low skilled migration, by making it illegal to use agency workers to undercut wages of permanent employees and banning recruitment agencies from hiring only from overseas.
- Support young people into work with a plan to create thousands of new apprenticeships, guaranteeing an apprenticeship for all school-leavers who get the grades.
- Support working families by expanding free childcare for working parents and doubling paternity leave to four weeks, increasing the level of pay so that dads receive the equivalent of a full week's work paid at the National Minimum Wage
- Tackle the short-termism that undermines high skill, high wage workplaces by putting a duty on investors to prioritise long-term company success over short-term profit and requiring employee representation on remuneration committees.
- Ensure proper access to justice in the workplace by abolishing the Government's employment tribunal fee system, as part of reforms to create a system that is quicker for employers and employees, and cheaper for the taxpayer.



1. Tackling low pay

It used to be the case that when the economy grew, the living standards of working people grew as well. But this has not been the case in recent years. In the last five years working people have experienced the biggest fall in wages of any Parliament since the 1870s, alongside rising insecurity and low pay.

In Britain today:

- Average wages have fallen by £1,600 a year since 2010.
- Half of all jobs created since 2010 have been in low paid sectors.
- One in five workers is low paid and more than a quarter of a million people are estimated to earn less than the legal minimum wage.

The introduction of the National Minimum Wage is one of Labour's proudest achievements – it abolished extreme low wages without leading to a loss of jobs. The challenge for the next Labour Government is to tackle the broader problem of large numbers of people who do a hard day's work but are still living in poverty or dependent on in-work benefits.

Raising wages is not only good for employees and the exchequer, but also good for businesses, underpinning a modern and engaged workforce. Labour will set a national goal to halve the number of people in low pay by 2025, lifting over two million people out of low pay and reducing the money the government spends on social security to top up wages. We will raise the National Minimum Wage to more than £8 before 2020, setting a new framework for the Low Pay Commission to bring the minimum wage closer to average earnings, and strengthen enforcement by giving local authorities and other relevant agencies a role. We will extend HMRC's remit to cover holiday pay and consider whether it should cover related non-payment of statutory sick pay and statutory maternity, paternity and adoption pay.

A decent wage floor, properly enforced, will support employers to raise standards without being undercut, but action is also required to encourage employers that can afford to pay more to do so. Labour will encourage employers to pay more by using government procurement to promote the campaign for a Living Wage and requiring publicly listed companies to

report on whether or not they pay the Living Wage. We will also introduce new Make Work Pay contracts to give tax rebates to businesses that sign up to become Living Wage employers in the first year of a Labour government.

In the longer term we need to tackle the underlying causes of low pay and insecurity in different sectors. We will empower the Low Pay Commission to identify sectors that can afford to pay more, and lower productivity sectors with high levels of low pay, and set up industry-led taskforces to raise productivity and pay. There is a case for the first sector taskforces to focus on social care and agriculture, in the latter case to address the damage done by the abolition of the Agricultural Wages Board and ensure agricultural workers are properly protected at the sector level. Labour will support and not undermine the national conditions and pay review bodies in the public sector.

Labour will also make work pay by introducing a new, lower 10p starting rate of tax, benefitting more than 24 million people on middle and lower incomes, paid for by scrapping the unfair marriage tax allowance.

And we know that long-term

unemployment leaves people more likely to be low paid in the future, so Labour will guarantee a paid job for all young people who have been out of work for a year, and for all those over 25 and out of work for two years. It will be a job they will have to take or lose benefits.

Labour will:

- Raise the National Minimum Wage to more than £8 before 2020, bringing it closer to average earnings.
- Use procurement to promote the Living Wage.
- Introduce a new, lower 10p starting rate of tax, benefitting more than 24 million people on middle and lower incomes, paid for by scrapping the unfair marriage tax allowance.

2. Addressing insecurity and unfairness in the workplace

Too many firms are being dragged into a race to the bottom on wages and conditions that does not work for them, their workers or Britain. The Tories have made this worse by weakening the UK's enforcement regime and promoting a hire-and-fire culture – introducing fees of up to £1,200 for employment tribunal claimants, overseeing an increase in precarious and exploitative forms of work, and even setting up a scheme that encourages employees to trade in their rights for shares.

In Britain today:

- More than half of employees are anxious about insecurity at work and just under a third are concerned about unfair treatment including arbitrary dismissal, discrimination and victimisation.
- There are now 1.8 million zero hours contracts in the economy.
- There is evidence that some companies are hiring the vast majority of their workforce on zero-hours contracts, even though most of their employees work regular hours in practice.

Britain cannot succeed when working people feel insecure. Labour will take immediate action to tackle rising insecurity and stop the race to the bottom that makes it harder for employers to invest or raise pay, cracking down on the worst abuses in our labour market and protecting employers and employees from being undercut.

We will ban the exploitative zero hour contracts that have become the norm in some parts of our economy. Under Labour, if you work regular hours, you will get the right to a regular contract. This will be measured over the first 12 weeks of employment. Labour will also give workers on zero-hours contracts new legal rights to stop employers from being able to force them to be available at all hours or cancelling shifts at short notice without compensation. We will assess whether employers are increasing the use of short-hours contracts following action on zero-hours contracts, taking action to prevent this.

We will reverse the Tory-led Government's controversial 'shares-for-rights' scheme and ensure proper access to justice in the workplace.



The introduction of fees of up to £1,200 for employment tribunal claimants has failed. It represents a significant barrier to workplace justice, and has failed to raise any money. Labour will abolish the Government's employment tribunal fee system as part of reforms to make sure that workers have proper access to justice, employers get a quicker resolution, and the costs to the taxpayer are controlled. We will ask Acas to oversee a process led by the CBI and the TUC to agree reforms to the system.

The most exploitative working practices often take place in sectors that employ a high proportion of migrant workers. In some cases migrant workers are being paid below the minimum wage and being asked to have money deducted from their salaries for travel and accommodation – making them cheaper to employ than other workers. We need fair rules at work in order to reduce demand for low skilled migration. Labour will stop agencies from being able to recruit exclusively from abroad and make it a criminal offence to undercut wages by exploiting migrant workers. We will work in Europe to ensure the rules on the posting of workers from abroad that prevent jobs and conditions being undermined at home are effective.

The main industry body for the recruitment industry has warned that rogue 'intermediary' organisations have increased over the past three years and are undercutting the rest of the sector. Labour will make it illegal to use agency workers to undercut wages, by closing the loopholes in the Agency Workers Regulations that mean workers who are paid between assignments are excluded from the protections of the regulations. And we will crack down on rogue recruitment agencies exploiting their workers to undermine wages and conditions, including the option of a licensing system that ensures agencies are complying with basic standards or stopped from operating, and extend the remit of the Gangmasters Licensing Authority where there is evidence of abuse.

Under this Government, an ideological presumption in favour of outsourcing and a series of large-scale reorganisations have also led to rising fear and insecurity for those working in the public sector. Under Labour, there will be no automatic presumption that outsourcing is the right approach, instead taking a case-by-case approach based on the evidence. Decisions will be based on an evaluation of the full life-cycle costs, the quality of the

services being delivered and the wider social impact. When services are outsourced, we need to ensure accountability and fairness, and to avoid a race to the bottom on pay and conditions. Labour will review the rules on TUPE and take a zero-tolerance approach regarding firms that commit fraud at the expense of the taxpayer. At the heart of Labour's approach will be strong performance management of contracts designed to secure high-quality, responsive services.

Some sectors and occupations have particular issues of concern that need to be addressed, such as the problems of false self-employment and blacklisting uncovered by recent investigations. Self-employment is a vital part of our economy, but there is evidence that in some cases it is being wrongly used to avoid tax and employment rights, notably in the construction industry. Labour will tackle bogus self-employment in construction and set up a full inquiry that is transparent and public to examine the issue of blacklisting. Recognising historic cases, we will release all papers concerning the 'Shrewsbury 24' trials. Labour will also work to support health and safety, reducing the toll of workplace injuries, fatalities and occupational ill-health,

including for the self-employed, and reviewing specific issues such as excessive workplace temperatures.

Labour will:

- Ban exploitative zero-hours contracts so that if you work regular hours for 12 weeks, you get a regular contract.
- Make it illegal to use agency workers to undercut wages of permanent employees and ban recruitment agencies from hiring only from overseas.
- Ensure proper justice in the workplace by abolishing the Government's employment tribunal fee system as part of wider reforms to create a system that is quicker for employers and employees and cheaper for the taxpayer.

3. Supporting working families

Stagnating wages and rising insecurity have fuelled a cost of living crisis. This is putting increasing pressure on family life, as many people struggle to balance their commitments at work with caring responsibilities. Families today are faced with a system that too often hasn't caught up with the realities of modern life, including a long-hours culture in many professions, a shortage of well-paid part time jobs, a lack of affordable childcare and an outdated parental leave system.

In Britain today:

- Full time workers in the UK work some of the longest hours in Europe.
- The UK has one of the highest part-time pay penalties in the European Union.
- More than half of all parents say that the way they organise work and care is through necessity rather than choice.

Modern workplaces need to reflect the increasing desire among both mothers and fathers to combine a career with a healthy family life. Tackling low pay and insecurity at work are vital for improving family life, but we need to go further to give families more help to spend time together.

Labour will double the amount of paid paternity leave for dads to four weeks, helping families in the first month of their child's life. We will also ensure that families can afford to take up their entitlement by increasing the level of pay so that dads receive the equivalent of a full week's work paid at the National Minimum Wage.

Labour will also support families in work by promoting flexible working and expanding childcare provision. We will expand free childcare from 15 to 25 hours for working parents of three and four year-olds, paid for by an increase in the bank levy. We will give Sure Start Centres an obligation to provide families with access to childcare, creating 50,000 more childcare places by opening them up to charities and local childcare providers to use their facilities. And we will introduce a legal guarantee to wraparound care from 8am to 6pm through local primary schools.



Labour will:

- Double paternity leave from two to four weeks and increase the level of pay so that dads receive the equivalent of a full week's work paid at the National Minimum Wage.
- Support working families by expanding free childcare from 15 to 25 hours a week for working parents of three and four year olds.
- Ensure that all primary schools guarantee access to wraparound childcare from 8am to 6pm.

4. Promoting partnership and productivity at work

In the longer term, economic success will be rooted in high skill, high investment strategies, built on the talents of an engaged workforce that is fairly paid and motivated to perform to the best of its ability. But, in the UK, the growth of leading firms and sectors has been hampered by systemic short-term pressures. Increases in executive pay over the last 30 years have been justified on the basis that large rewards to those at the top are necessary to drive growth, but top pay often reinforces this focus on the short term and too often has rewarded failure. High inequality and low levels of employee engagement can exacerbate problems of low motivation and organisational trust.

In Britain today:

- Nearly three-fifths of senior business leaders judge short-termism to be a major impediment to growth.
- A chief executive in the FTSE-100 now earns on average over 130 times their average employee.
- Just 27 per cent of employees say that they have a say over how their work is organised.

Labour will reduce the short-term pressure to turn a quick profit that can undermine good employment relations

and promote building a culture of partnership in the workplace so that employers and employees can work together to raise productivity and support long-term company success.

Short-termist pressure in the UK can undermine good workplace relations and weakens incentives to make the long-term investments in training, technology or R&D that underpin our most innovative workplaces. Labour will give investors a duty to act in the interests of ordinary savers and prioritise the long-term growth of companies they invest in. We will change takeover rules by restricting voting to investors who already hold shares when a bid is made and strengthening the public interest test to protect the UK's national interests.

Pay at the top has seen huge increases in recent decades, often regardless of company performance or the situation of the wider workforce. Labour will improve the link between pay and performance by simplifying executive pay packages and ensuring greater transparency in organisational pay. We will require companies to publish the pay packages of the ten highest paid employees outside the boardroom and the ratio of the total pay of their

top earner compared to the average employees.

We will also require investment and pension fund managers to disclose how they vote on pay and other issues and introduce binding votes on remuneration packages that work, by ensuring shareholders must approve a decision in advance, not after the event. And we will ensure that the voice of ordinary employees is taken into account when executive pay is set by putting employee representatives on remuneration committees. Elected employees would follow the same confidentiality requirements as other representatives. Unions, where they are recognised, and other employee representative structures should play a role in facilitating elections, as well as supporting the training of employee representatives. Where unions are not recognised, a process for electing worker representatives will be established.

Short-termism and high inequality are exacerbating widespread perceived unfairness and high levels of conflict at work. The nature of workplace conflict may have changed over the last 30 years but it has not gone away. The fall in industrial action and strikes since the

1980s has been replaced by a rise in individual grievances and employment tribunal applications. More effective mechanisms for dispute resolution and cooperation in the workplace would tackle perceived unfairness and reduce the pressure on the employment tribunal system. So Labour will review the current implementation and operation of the Information and Consultation regulations to examine how information and consultation in the workplace can be made widespread and more meaningful.

Where partnerships do exist at workplace level they can create positive forums to resolve problems, improve organisational processes and work to help companies to achieve their potential. Trade unions are an essential force for a decent society and as guarantors of jobs and wages. Labour will ensure UK compliance with international obligations on labour standards. We will reverse the Department for International Development's decision to withdraw funding from the ILO and work with international partners like the ITUC. Many of our best companies recognise the value that facility time and those with specialist knowledge such as equality and learning representatives

play in supporting good practice, and in government we will also recognise the positive role facility time plays in the public sector, ensuring that voluntary trade union stewards can undertake their role effectively. Just as good employment relations support productivity in the private sector, they will also be crucial to improving performance in the public sector in an era where there is less money around.

Labour will:

- Tackle short-termism by reforming takeover rules and giving investors a duty to prioritise long-term company success.
- Tackle excessive executive pay packages that are undeserved by requiring companies to publish the ratio of the total pay of their top earner compared to their average employees
- Ensure the views of ordinary staff are heard when top pay is set by putting employee representatives on remuneration committees.



5. Supporting young people into work

Ensuring the next generation has the skills we need to compete in the world will be one of the key drivers of economic success in the 21st century. But the recent rise in low pay and insecurity has hit young people the hardest, shaking the historic assumption that the next generation will do better than the last. In particular, the lack of high quality work and training opportunities for the 50 per cent of young people that do not go to university is failing young people and means businesses cannot get the skills they need to succeed.

In Britain today:

- Young people's wages have fallen by over eight per cent since 2010, further than for any other group.
- Just one in ten employers in England provides apprenticeships.
- The proportion of apprenticeships taken up by young people has fallen significantly from 82 per cent of all apprenticeships in 2010, to 63 per cent last year, and a quarter of apprentices aged 19-24 receive no training at all.

Successive governments have sought to improve skills by expanding university. But ensuring that the next generation can do better than the last means we

need to draw on the talents of all young people. Labour will end the culture that says the academic route is always best and vocational skills are second best, with reforms to our education and skills system to create a clear gold standard vocational route from school right through to university.

Preparation for the world of work should begin in schools. Labour will reinstate the requirement to do work experience at secondary school and improve access to specialist vocational training by introducing a new gold standard Technical Baccalaureate for 16-18 year olds and reforming FE colleges into Institutes of Technical Education with good links to the labour market.

We will introduce a new Apprenticeship Guarantee, so that all those that get the grades at 18 are able to access a new high quality apprenticeship. We need to make it the norm for employers in the public and private sector to offer apprenticeships. Labour will give employers, working collectively through reformed sector bodies, more control over apprenticeship funding and standards, in exchange for increasing the number of high quality apprenticeships in their sectors and



supply chains. We will give them the powers they need to tackle free-riding employers who do not train, and work to address the gender and ethnicity imbalance in apprenticeships.

We will require every firm that gets a large government contract to offer apprenticeships, and require large firms recruiting skilled workers from outside the European Union to invest in apprenticeships in the UK. And we will ensure that Government plays its part, by creating thousands more apprenticeships in the public sector,

including the civil service. Labour will also stop apprenticeships from being devalued by introducing a new universal gold standard to work towards a system where apprenticeships are level 3 qualifications or above, last at least two years, and are focused on new job entrants.

We will make sure that apprenticeships can lead to higher level qualifications by making new Technical Degrees the priority for expansion within our university system. Co-funded, co-designed and co-delivered by employers

and universities, Technical Degrees will give firms real influence over the curriculum to ensure they can meet their specialist skills gaps. This will also give our university system a key role in supporting regional growth and driving investment in a high skill, high wage economy.

We will also support Unionlearn over the Parliament, putting their funding on a long-term footing to improve staff training more broadly and encourage workers to take up the opportunities that are available.

Labour will:

- Improve technical training for young people by introducing a new gold standard Technical Baccalaureate for 16-18 year olds and reforming FE colleges into new Institutes of Technical Education.
- Guarantee a high quality apprenticeship to all those who get the grades at 18 – with a plan to make it the norm for employers to provide apprenticeships.
- Require every firm getting a major government contract to offer apprenticeships and require large firms hiring skilled workers from outside the EU to invest in apprenticeships in the UK.
- Ensure the government plays its part too, by creating thousands more apprenticeships in the public sector.
- Make new Technical degrees the priority for university expansion to ensure apprenticeships lead to higher level qualifications.

