



A Green New Deal for Scotland's Workers

A report for the Green Group of MSPs



FOREWORD

The Green vision for the future of our country and our world has always been about achieving environmental transformation, social justice and economic security for everyone.

There is a growing awareness of the urgency of our environmental message, and while other parties increasingly offer up pale green imitations both public opinion and scientific reality demand more. Greens have consistently challenged inequality too, and continue to advocate policies founded in respect for human rights and the equal dignity and worth of all people.

But after a decade of austerity economics in the UK brought on by the recklessness and greed of those at the top but imposed on those least responsible, and in the face of a new economic crisis caused by the COVID-19 pandemic, this is an urgent time to renew our approach to the fundamentals of our economy.

Environmental transformation and social justice both mean there is plenty of work needing done. We have a responsibility to set out how and why Green politics can ensure that work will be rewarding, fulfilling, secure and fair.

The role of unions is absolutely critical to achieving this.

Throughout our lifetimes inequality has burgeoned and millions have suffered low pay and poverty wages. At the same time the highest paid have claimed an ever growing share of those wages. This has been accompanied by legislative assaults on the role of trades unions, and a decline in union membership. The result is a huge swathe

of our population living with exploitative work, insecure incomes and no control over their own lives. We all know that this is no coincidence; enabling this insecure low wage economy was the purpose of those on the right of UK politics who began the war against workers' right to organise, and those in the centre who did nothing to reverse it.

We will only rebuild an economy based on decent work, fair wages and economic security with the active involvement of a strengthened union movement. Yet many in the unions are growing deeply frustrated with the party which traditionally offered them a home. As UK Labour slides back toward the centrist position which failed to reverse the anti-union legislation of the 80s, and as Scottish Labour fight wearily for a small share of a declining unionist vote, more and more active trade unionists see that independence offers the chance for a new, fairer economy and that the case for a second independence referendum is becoming unanswerable. Yet even in areas where power is already devolved, they are not seeing the radical, pro-union and pro-worker agenda that's needed from the SNP.

The Greens have a responsibility and an opportunity to set out a positive, 21st century vision for the stronger role unions can and must play in our society, and the stronger position workers deserve in our economy.



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EXECUTIVE SUMMARY

Low wages, poor working conditions, job insecurity, and inequality persist across Scotland and the rest of the UK, undermining people's wellbeing, public health, living conditions and economic performance. The pandemic is worsening the situation, hitting the poorest hardest and accelerating the growth of inequalities across our society. At the same time we are hurtling towards a climate crisis whilst failing to take the opportunity to create lasting green jobs by exploiting Scotland's wealth of renewable resources.

Now is the moment to change and build back a fairer and greener Scotland, and that must start with a new deal for workers across the country, putting us on the path to building a wellbeing economy in Scotland that serves workers and the public, rather than an economy that serves to further enrich the already wealthy.

This report sets out a series of policy recommendations to achieve this by strengthening employment protection laws, removing restrictions on trade unions, and helping to establish the collective bargaining and social dialogue structures necessary to properly involve trade unions in economic decision making. It proposes that employment protection law should establish a baseline of universal protections for all workers, upon which trade unions can negotiate terms and conditions appropriate to their sectors of the economy via collective bargaining structures and engage in economic decision-making. These measures will help to address poverty and inequality and strengthen the economy as a whole.

Unfortunately, many of these policies are reserved to the UK Parliament and would need to be implemented at that level unless Scotland gains independence or the necessary powers are devolved. However, there is no doubt that much progress can be made with the existing powers available to Scotland, and many recommendations made here could be taken forward by the Scottish Government now.



“ Now is the moment to change and build back a fairer and greener Scotland ”



SUMMARY OF RECOMMENDATIONS



ACTIONS FOR THE SCOTTISH GOVERNMENT

- 1 Use public procurement to require firms to recognise trade unions, ban precarious contracts, and pay at least the living wage and union negotiated rate for the job.
- 2 Use Crown Estate Scotland powers to ensure that leases for offshore wind are granted on condition of supporting jobs in the Scottish supply chain.
- 3 Facilitate the creation of national collective bargaining structures in areas linked to the public sector that do not currently have high levels of collective bargaining, such as social care and early learning and childcare.
- 4 Involve trade unions in the Regional Economic Partnerships to ensure that they can engage directly with policymakers and other stakeholders and access the economic information necessary to organise in new and developing sectors.
- 5 Ensure enterprise and infrastructure funding is properly targeted at the low carbon economy and green manufacturing and with strict conditions to ensure that companies support jobs in Scottish supply chains and respect workers' rights.
- 6 Establish a Scottish industrial strategy to coordinate work by state bodies, business organisations, and trade unions towards a Green New Deal economy.



ACTIONS FOR THE UK GOVERNMENT OR SCOTLAND WITH FURTHER POWERS

- 1 Full review of the legislative restrictions imposed on trade unions with a view to identifying the restrictions that create negative effects for workers and economic activity and to expand collective bargaining to every sector of the economy.
- 2 Expand collective bargaining frameworks to ensure decisions are taken at the most appropriate level, for example at the sector and company level, across the entire economy.

- 3 Support collective bargaining in areas not traditionally well represented, including low-paid sectors where women form a large part of the workforce such as the care sector.
- 4 Reintroduce wage councils where bilateral agreements are not yet possible.
- 5 Remove the two-year qualifying period for protection against unfair dismissal and introduce stronger protections against termination of employment.
- 6 Prohibit zero-hours contracts and bogus self-employment arrangements that effectively allow businesses to dodge tax and responsibilities to their staff.
- 7 Strengthen collective dismissal law to cover all workers, remove the cap on compensation to workers, and increase the minimum period of consultation.
- 8 Raise the minimum wage to establish a real living wage, introduce additional protections against wage theft, and simplify the process for reclaiming unpaid wages.
- 9 Support collective agreements that set appropriate wage ratios within companies.
- 10 Expand the coverage of statutory sick pay and increase the level of payment to peg it to the recipient's wage and ensure it pays at least the living wage.
- 11 Transition towards a four day working-week with no loss in pay.
- 12 Strengthen equality law to properly prohibit discrimination and tackle inequality.
- 13 Reform corporate governance to restrict the primacy of shareholders, represent trade unions on boards, expand workplace democracy, and promote long-term strategy.
- 14 Establish a new Department for Workers tasked with upholding labour rights, and with powers to hear complaints, launch investigations, and engage in legal action.
- 15 Form the social dialogue structures necessary to involve trade unions, employer associations, local councils, community groups, NGOs, academics, and scientific advisers in the development and delivery of a Green New Deal economic strategy.

INTRODUCTION

The Covid-19 pandemic has revealed the deep inequalities in our society and the huge power imbalances between workers, who create value and produce the goods and services that we all rely on, and the small band of elites enriched by other people's hard work. This gross inequality has amplified the economic, social and health impacts of the Coronavirus pandemic. Most workers have been impacted financially by the pandemic and the public health restrictions, but poorer communities have been disproportionately hit and have seen the harshest impacts.¹ Key workers on lower incomes have been put at higher risk at work, and lower income families have been placed under immense strain by demands from their employers and conflicting advice from the UK Government. Meanwhile, UK billionaires have seen their personal wealth grow by over £25 billion during the pandemic lockdown.²

Wealth inequality in the UK is not new to the pandemic. The current economic system has seen more and more people suffer wage stagnation, economic insecurity, and rising living costs. The UK has amongst the weakest employment protections,³ most restrictions on trade unions,⁴ and one of the lowest levels of collective bargaining coverage in Europe.⁵ This means that economic decisions that impact directly on people's livelihoods – from pay rises, redundancies, working conditions to investment in training and future economic strategy – are more likely to be taken by CEOs and senior managers that are far removed from those they effect. The Covid-19 pandemic has brought this into focus, particularly where workers have been fired or made

redundant despite the UK Government's scheme to cover wages.

Figures 1 to 3, below, illustrate the relative position of employment protections and collective bargaining in the UK within the broader European context. The numbers in figures 1 and 2 are indicators compiled by the OECD to represent the strictness of employment regulations by quantifying legislation, court rulings, and collective agreements. Figure 3 displays the proportion of workers covered by collective agreements. In all 3 figures, the UK ranks amongst the worst three states. The tables are truncated to focus on the relative position of the UK and to note France and Germany as appropriate comparators.

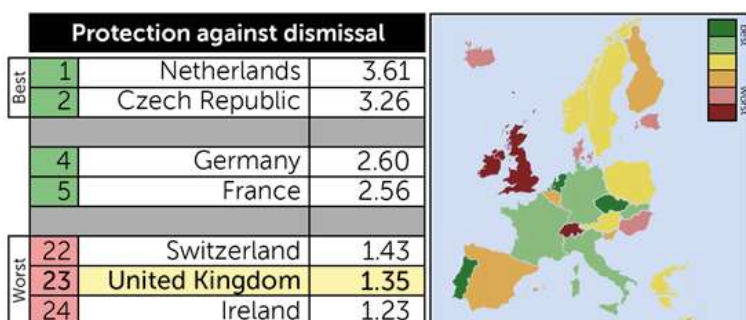


Figure 1: Relative position of UK protections against dismissal in Europe, noting positions of France and Germany.⁶

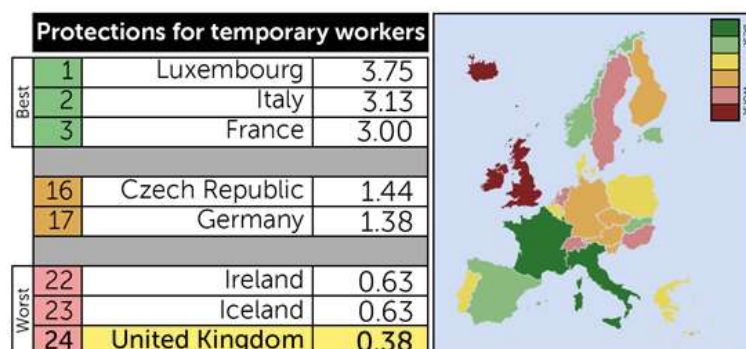


Figure 2: Relative position of UK protections for temporary workers in Europe, noting positions of France and Germany. Figure produced in-house.⁷

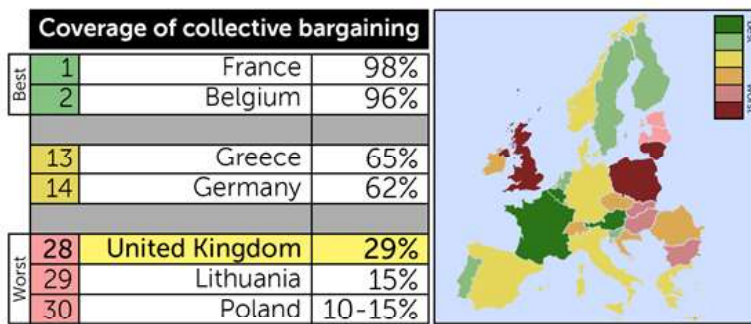


Figure 3: Relative position of UK coverage of collective bargaining in Europe, noting positions of France and Germany.⁸

The deliberate weakening of workers' rights has not only worsened living conditions, it has also contributed to undermining productive sectors of the economy. Restrictions on trade unions and weak employment rights have allowed UK businesses to become increasingly geared towards short-term profit-making to appease shareholders, putting downward pressure on wages and working conditions to do so, and ultimately undermining their own competitiveness. As manufacturing has declined, so too has the capacity of Scotland to meet modern challenges. Despite Scotland's rich industrial history and its huge natural capacity for renewable energy production, low carbon initiatives rely on imported technology and products as domestic supply chains have not been supported.⁹ A strong manufacturing sector capable of meeting the needs of a Green New Deal economy requires the long-term thinking and planning that strong worker representation and engagement can bring.

The period of rebuilding after the pandemic provides an opportunity to change the fundamentals of the economy to ensure that it serves the people and combats the climate crisis. A Green New Deal Economy means developing low carbon infrastructure and manufacturing capability, particularly in areas like rail and bus public transportation, wind and other forms of renewable energy, retrofitting buildings, large-scale recycling, and reforestation and land management. Crucially, support must help to develop supply chains and manufacturing in Scotland to fully recognise the jobs potential in these

sectors, and ensure the transition is just by providing green jobs for workers in high carbon industries. Fundamental to achieving this transition is restoring the rights of workers' and the unions that represent them, as not only does this help to address the economic inequality and unfairness they have experienced, it also contributes to ensuring long-term investment is sustainable. Workers have a vested interest in the health and wellbeing of both their workplaces and their communities, and their involvement in economic decision-making supports competitiveness and performance in areas like manufacturing.

Empowering workers requires a range of policy measures including the restoration of collective bargaining and a strong legal framework to protect and promote workers' rights. The aim of these measures is to promote democratic control over economic decision-making in order to both improve people's livelihoods and strengthen the economy. The following section sets out the rationale behind these proposals, highlighting that stronger workers' rights is beneficial to the economy. This is followed by three sections addressing areas where action should be taken:

- Sectoral collective bargaining structures to promote meaningful involvement of workers via their trade unions unburdened by arbitrary restrictions imposed on them by right-wing governments
- Policies to promote worker's rights to provide a universal baseline of safeguards against unscrupulous practices and promote better engagement in economic decision-making
- Social dialogue mechanisms at the national level to ensure that trade unions have a say in the overall economic strategy of the state

The final section sets out what action should be taken by the Scottish Government using existing powers under the devolution settlement.



STRONGER RIGHTS, STRONGER ECONOMY

Strengthening workers' rights and representation in the UK will bring benefits to workers, their communities and to the economy as a whole. This is a key part of the process of rebalancing the economy and addressing inequalities that have become entrenched.

COMBAT POVERTY AND INEQUALITY

The decline of collective agreements in the UK, which have declined from a peak of covering over 80% of the workforce in the 1970s to less than 30% today,¹⁰ has been matched by a decline in wage share since 1975. That means less of the UK's national income goes to workers who produce goods and deliver services, and is instead paid out in dividends to shareholders and vastly inflated remuneration packages for bosses.¹¹ The benefits of economic growth are increasingly going to those at the top of society, while the majority of people are left behind. This has fuelled inequality in the UK, which has increased considerably between 1979 the 1990s, and has remained relatively unchanged since then.¹² Since the 2008/9 recession and the decision to implement austerity over the last 10 years, real wages have declined and today remain lower than they were in 2008.¹³

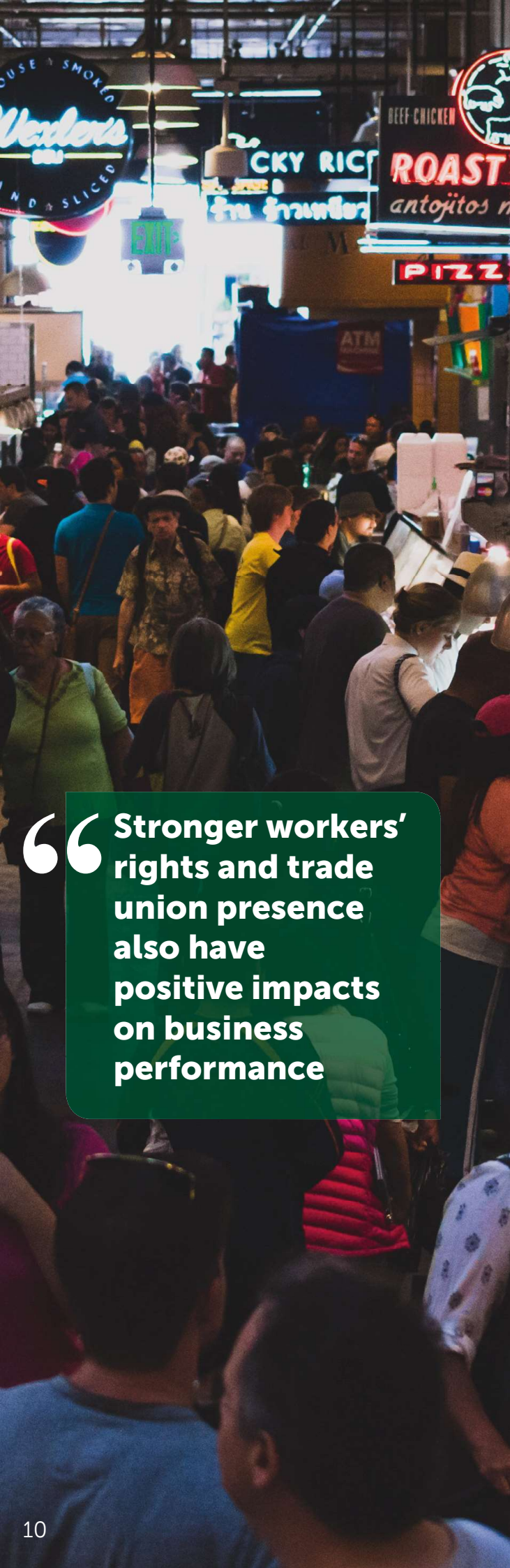
Prior to the pandemic, figures showed more than one in five people in the UK live in poverty.¹⁴ The situation is worse for children, with more than 4.2 million children living in poverty. That is almost one in three of all children in the UK and the majority of them are in working households.¹⁵ The number of children in poverty is also expected to rise to 5.2 million by 2022. However these calculations were made prior to the pandemic, so the situation is likely to be worse now. Average wages in the UK also lag behind the OECD average, and are approximately 12% lower than in Germany.¹⁶



“The benefits of economic growth are increasingly going to those at the top of society, while the majority of people are left behind

*Cover photo: Arron Choi, Unsplash
Photo: Ed Webster, Wiki Commons*

To combat poverty and inequality, workers must be empowered to influence and take decisions over their own lives. By strengthening the bargaining power of trade unions and enhancing legal protections for workers, pay and conditions can be improved and poverty reduced.



STRENGTHEN THE ECONOMY

Many of the political decisions to restrict trade unions and weaken employment rights have been premised on the idea that this will boost economic growth and strengthen the economy. Wages have been treated solely as a labour cost that undermines profit and competitiveness. However, evidence shows that this approach is deeply flawed.

Rather than acting as a drag on profitability and business performance, wages help to drive growth by ensuring workers can consume goods and services. This circulation of money helps to create markets for businesses and drive investment.^{17 18} Business revenues that are directed towards wages are more likely to be recirculated in the local economy, ensuring that the money is more evenly distributed. Further, as most workers are paid via PAYE, wages are taxed appropriately and help to fund public services. By contrast, disproportionate remuneration for bosses and shareholders are less likely to be recirculated within the local economy and more likely to be put through tax avoidance schemes.¹⁹

“Stronger workers’ rights and trade union presence also have positive impacts on business performance

In addition to stimulating the local economy, stronger workers’ rights and trade union presence also have positive impacts on business performance. Stronger trade unions are associated with higher productivity and higher exports at both the country and workplace level.^{20 21} In countries where trade unions are integrated into company and sector level decision-making, such as Germany, businesses have prioritised investment in R&D, production, and training to enhance their competitiveness.²² As a result, in Germany productivity per worker is around 26% higher, wages are higher, and workers are able to enjoy a shorter working week.^{23 24} In the UK, with its more light-touch and supposedly business-friendly regulatory approach, short-term strategies to placate shareholders, including by suppressing wages and laying off workers during downturns, are more common, ultimately undermining long-term competitiveness. Weak employment law and restrictions on trade unions allow employers to evade investing in their workers and thus helping to improve productivity and instead encourage behaviour that undermines their own workforce and performance.



COLLECTIVE BARGAINING AND TRADE UNIONS

Strong trade union membership and collective bargaining structures are key to ensuring fairness and equality in our society, leading to improvements in the economy as a whole. Trade unions negotiate better pay for workers, improve working conditions and well-being in the workplace, improve take-up of training, help to resolve labour disputes, and safeguard workers against unfair employment practices. Their role is to help redress the imbalance of power between workers and employers. Without trade unions, workers, whose livelihoods depend on earning an income, are vulnerable to pressure from employers to accept worse pay and conditions. During the coronavirus pandemic in particular, trade unions have played a key role fighting for health and safety measures in workplaces to protect workers against catching the virus.

As active movements within the workplace and across the economy, trade unions are often best placed to respond to and resolve disputes when and where they happen. Compared to legislation, trade unions can respond quicker and with more flexibility to new unfair practices and prevent companies trying to undermine each other in a race to the bottom.

However, since the 1980s, the UK has moved from having over 80% of workers covered

by a collective agreement to less than 30%.²⁵ This is because throughout the 1980s the Conservatives passed successive laws that undermined trade unions and collective bargaining while simultaneously dismantling industries where union membership was strongest.

Regressive changes introduced by the Conservatives include: prohibition of secondary strike action (strikes in support of other workers), closed shops (workplaces that require workers to be a member of a trade union), and political strikes; prohibition of union recognition clauses in commercial contracts; abolition of wage councils; and the introduction of strict conditions on strike ballots, including the requirement for them to be by post and set notice to be given. Failure of trade unions to follow these rules leaves them liable to be sued for financial damages (which, given the nature of strike action, would be prohibitively high). Employers can also seek an injunction from the High Court to prevent strike action if strict ballot requirements are not met.

In 2016, the Conservatives introduced further restrictions on trade unions. These measures included a requirement for a minimum of 50% turnout for an industrial ballot to be recognised and a minimum of 40% eligible

EXAMPLE: RESTRICTIVE TRADE UNIONS LAWS IN PRACTICE

In November 2019, the Royal Mail successfully applied for a High Court injunction to prevent strike action by the Communications Workers Union (the CWU). The CWU had balloted members for action, returning a 97% vote in favour of action with 76% turnout. Yet this overwhelming mandate was overturned by the High Court because strict ballot rules were not followed precisely enough. The Royal Mail successfully argued that campaigning and engagement by CWU with members at work constituted a 'workplace ballot', breaching laws that mandate that voting takes place at home via mail. No balloted members had complained about interference.²⁶

to vote in favour of action for a ballot to authorise strike action in areas of “vital public service”, including in health, education, fire-fighting, security, and transport. No political election requires similar thresholds to be met. Indeed, if the vital public service threshold were applied to Westminster elections, many MPs would be disqualified.

In a Green New Deal economy, workers need to be empowered to influence economic decisions that impact on them and their communities. This will ensure that decisions taken by company bosses are in the best interests of workers, whether that is decisions over investment, training, health and safety, or the distribution of earnings. Strong trade unions and appropriate bargaining structures are vital to ensuring that workers are paid fairly instead of earnings going straight to shareholders or bosses’ paycheques. Research has also found that trade union involvement is crucial for company initiatives to make environmental improvements.²⁷

Promoting the role of trade unions in a Green New Deal requires restrictive measures in UK law to be lifted. As this is a reserved issue, this would need happen in the UK Parliament or would require further devolution of labour law or independence for these changes to be made in Scotland. Free of these restrictions, trade union membership and coverage can expand across the economy based on agreements between unions and employers. However, the cumulative impact of decades of anti-trade union laws should not be underestimated and it will take time for collective agreements to be established across the economy. The role of government should be to promote collective bargaining by establishing a framework for trade unions and employer bodies in different sectors of the economy to meet and form an agreement. Attention should also be given to aid establishing collective bargaining structures in areas that have traditionally not been well represented, particularly low paid sectors of the economy where women constitute a larger part of the workforce such as social care, catering, and cleaning.

Where trade unions or employer bodies

are not yet in a position to form bilateral agreements, government-backed wage councils should be formed to establish statutory agreements until bilateral agreements are possible. Wage councils were originally established in 1949 and at their height over 66 wage councils helped to regulate wages and conditions across their respective sectors of the economy.²⁸ Each council contained equal representatives from trade unions, employers, and independent members appointed by the state. They were all but abolished in 1993, with the only examples remaining today being the agricultural wages boards in Scotland and Northern Ireland.

As statutory bodies, wage boards can be used to establish or uphold regulatory frameworks for sectors where industrial partners are either not yet in a position to enter bilateral relations or where an economic slump has threatened to undermine existing arrangements, including where individual employers may try to collapse an existing agreement in order to undercut competitors. Government should therefore legislate for the reintroduction of wage boards to help establish new frameworks for improving conditions across sectors of the economy.

In summary, specific policies to promote trade unions and collective bargaining should be introduced, including:

- A full review of the legislative restrictions imposed on trade unions with a view to identifying the restrictions that create negative effects for workers and economic activity and to expand collective bargaining to every sector of the economy.

- Support for the creation of a collective bargaining framework to ensure decisions are taken at the most appropriate level, for example at the sector or company level

- Specific support for collective bargaining in areas not traditionally well represented, including low-paid sectors where women form a large part of the workforce

- Legislate for the reintroduction of wage councils where bilateral agreements are not yet possible



WORKERS' RIGHTS IN LEGISLATION

While strong trade unions can significantly restrict the scope for unscrupulous bosses to impose unfair practices on workers, legislation also plays an important role. By enshrining certain rights in law, the worst employment practices can be prohibited outright and workers provided with a clear means of redress. Employment law should ensure a universal baseline of rights, upon which workers can organise collectively to establish working conditions and pay levels appropriate

to their sectors of employment. In particular, the law should prohibit those practices that are used to undermine trade unions, such as precarious employment and the ease at which workers can be dismissed. As with the law on trade unions, this issue is currently reserved to the UK Parliament. The below proposals would have to be taken forward at the UK level or would require devolution of labour law or independence in order to be implemented in Scotland.



“Many workers have almost no protection against unfair dismissal

UNFAIR DISMISSAL

Employment protection legislation has been weakened considerably in recent decades. Workers only gain protection against unfair dismissal after two years of continuous employment. Yet even after two years of employment, protection against unfair dismissal can be patchy. Beyond a narrow list of automatically unfair reasons (or discrimination, see below), employers retain significant powers to dismiss workers. This allows employers to fire and rehire workers on less favourable conditions and use the threat of termination to pressure workers into accepting worse conditions.

The growth of precarious employment

EXAMPLE: UBER AT THE SUPREME COURT

App-based company Uber is fighting against its drivers being classed as employees, which would entitle them to the minimum wage, holiday pay, and paid rest breaks. Currently, Uber claims drivers are self-employed, but this has been challenged by a group of drivers via the courts. An employment tribunal found that drivers are employees in 2016, which was upheld by the Court of Appeal in 2018. However, Uber has appealed this all the way to the Supreme Court in a bid to overturn the decision.³⁰ It has been left to ordinary drivers to challenge the multi-billion dollar firm via the courts, which is extremely expensive. It should be government's role to take on wealthy corporations and ensure self-employment is not being abused to avoid legal obligations.

practices also means that many workers have almost no protection against unfair dismissal even after two years. Zero-hours contracts have increased dramatically since the finance crisis over ten years ago, with almost one million UK workers now on one.²⁹ The “gig economy”, such as where workers are connected to customers via smartphone apps and are classed as self-employed, has also become widespread as firms such as Uber and Deliveroo have expanded. Campaigns like Better than Zero have drawn attention to this issue and taken action against exploitative employers, but legislation is needed.

UK employment law should be strengthened to provide stronger protections against unfair dismissal from day one of employment, to prohibit zero-hours contracts, and to regulate the gig economy to prevent bogus self-employment.

EXAMPLE: ASDA THREATENS TO SACK STAFF OVER NEW EMPLOYMENT CONTACT

In 2019, the supermarket Asda compelled thousands of employees to sign up to a new employment contract or face dismissal. The new contract imposed worse working conditions on staff, including losing paid lunch breaks, working on bank holidays, and the ability for managers to change shift patterns. While a small rise in the hourly rate of pay was offered, thousands of staff rejected the new contract due to its detrimental changes to their working conditions. Asda set a deadline for employees, including many who have worked at Asda for decades, to sign up to the new contract or face the loss of their job.³¹ Inadequate employment protections in UK employment law has allowed employers to force through detrimental changes under threat of dismissal.

COLLECTIVE REDUNDANCIES

The coronavirus pandemic and its economic impact has seen a dramatic increase in the number of employers initiating collective redundancy procedures, putting hundreds of thousands of workers livelihoods on the line.³² Even prior to the pandemic, weaker collective redundancy laws in the UK have been blamed for encouraging multinational companies to target UK sites for closure and jobs cuts over other European countries where laws are stricter.³³ Weakness in collective redundancy laws include a relatively short period of compulsory consultation with employees, exclusion of certain categories of workers from the law (including many fixed term workers), and weak enforcement due to a cap on compensation to 90 days’ pay per employee if the law is not followed.³⁴

Collective redundancy procedures should be strengthened to ensure that consultation is meaningful and employers are deterred from breaching them, including by expanding the coverage of the law to all workers, removal of the cap on compensation to ensure that payouts for breaches of the rules are adequate and that damages can also be awarded, and increasing the minimum period of consultation.


The image shows the top part of a Jobcentre Plus sign, with the word 'jobcentre' in white lowercase letters on a green background.The image shows the entrance to a Jobcentre Plus building. There are glass doors and windows, and some signs are visible. A green box with white text is overlaid on the bottom left of the image.

“Weaker collective redundancy laws in the UK have been blamed for encouraging multinational companies to target UK sites for closure

FAIR WAGES

Low pay is widespread across the UK and results in many workers, particularly those with children, living in poverty. The minimum wage was originally introduced by the Labour Government in 1998 and in 2016 was rebranded as the “national living wage”, despite not meeting the minimum threshold for a living wage as defined by the Living Wage Foundation and permitting lower wages to be paid to those under 25. To make matters worse, wage theft, whereby employers withhold wages and holiday pay, is estimated to cost workers £2.7 billion every year, yet there is little sanction for employers who engage in this and legal remedies for workers are costly and burdensome.³⁵ Meanwhile, executive and top managerial pay has spiralled out of control, leading to persistently high levels of inequality. Research has found that it would take only a 3% reduction in senior pay (top quartile) to fund a £2,000 pay rise for the bottom 25% of earners in many large companies.³⁶

The minimum wage should be raised to be a minimum wage of at least £10 per hour and apply to everyone regardless of age. To address wage inequality, government should support social partners to negotiate a maximum wage by pegging the highest pay by an employer to their lowest paid worker at an appropriate ratio within a given industry or organisation. Legal procedures for workers to claim back unpaid wages should be simplified, including by extending the 3 month time limit on employment tribunal cases to at least 6



“Wage theft, whereby employers withhold wages and holiday pay, is estimated to cost workers £2.7bn every year

months, repeated and egregious instances of wage theft should be made a criminal offence, and government should proactively investigate and take action against employers who withhold wages.

STATUTORY SICK PAY

The UK provisions for Statutory Sick Pay are “manifestly inadequate” according to the European Committee of Social Rights.³⁷ At £95.85 per week, it is amongst the lowest in Europe, where most states pay between 60% to 80% of workers’ full wage when workers are off sick.³⁸ Those who are self-employed are ineligible to receive statutory sick pay and many people on zero hours contracts do not meet the minimum weekly earning threshold to qualify. The inadequacies of UK statutory sick pay have been laid bare by the

coronavirus pandemic, as those off work recovering from the illness or self-isolating have been left with little financial support.

Statutory Sick Pay should be available from day one of being off work and its coverage expanded by including the self-employed and those on low incomes. The rate of pay should be increased to peg it to the recipient’s wage at an appropriate ratio and ensure that workers receive at least the living wage during periods off work due to illness.

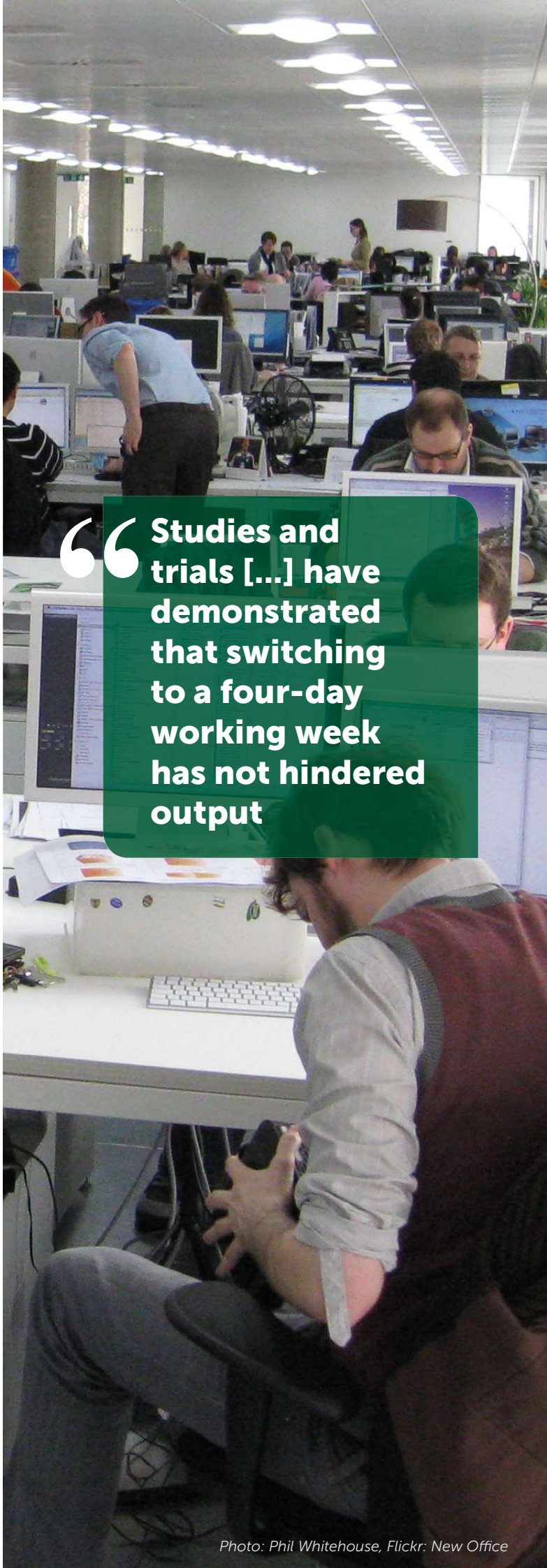
THE WORKING WEEK

The standard full-time working week in the UK is about 37.5 hours, usually Monday to Friday with a two day weekend. This working arrangement has become widespread since the end of World War II. At the time of it being established, the five day working week was a victory against longer working hours following sustained pressure and campaigns by trade unions. There is no real economic reason why five days or 37.5 hours should be the standard full-time working week, particularly given the productivity gains workers have made since 1945.

A four day working week, for the same pay, would bring many benefits to UK workers, providing workers with more time to themselves and their families. Studies and trials at a multitude of companies have demonstrated that switching to a four-day working week has not hindered output.^{39 38} This is because workers tend to perform better and take fewer sick days. Further, a shorter working week can also improve air quality and the carbon footprint, mostly due to reducing commuting.⁴¹ Government should seek to introduce a four day working week, taking care to ensure firms do not use it as an excuse to lower wages, through a variety of policy initiatives, including within the civil service and working with trade unions to promote a shorter working week in collective agreements.

4 DAY WORKING WEEK AT PURSUIT MARKETING

In 2016, the Glasgow-based firm Pursuit Marketing moved towards a 4 day working week with no loss of pay by making Fridays voluntary. They have since reported that productivity has increased by 30%, sickness leave has dropped to an all-time low, and recruitment costs have lowered. Staff are now free to spend their Fridays how they please, leading to improvements in morale and enthusiasm.⁴²



“Studies and trials [...] have demonstrated that switching to a four-day working week has not hindered output

EQUALITY AND NON-DISCRIMINATION

Equality and non-discrimination law is one of the few areas where there have been advances in the last two decades. Under the last Labour Government, the Equality Act 2010 consolidated equalities protections into one piece of legislation. In employment, it sets out protections against discrimination based on age, disability, gender reassignment, race, religion and belief, sex, and sexual orientation. These protections are applicable immediately, and do not require two years of qualifying service.

However, there remains significant weaknesses that undermine non-discrimination law and allow inequality to persist. The burden of enforcing non-discrimination rights is predominately on the person experiencing discrimination and there are cost and time barriers to legal remedies.

Pay gaps based on gender and ethnicity also remain large, which sees women paid around 17.3% less on average than men.⁴³ An inquiry by the House of Commons Women and Equalities Committee in 2019 found that existing equality protections are insufficient and employers are “not afraid to discriminate”.⁴⁴

To remedy this, equality law should be strengthened, including by: ensuring all relevant characteristics subject to discrimination in society are covered, expanding proactive measures to eliminate discrimination in the workplace, expanding the scope for enforcement work by the Equalities and Human Rights Commission, and increasing penalties for those who engage in discrimination.

WORKPLACE DEMOCRACY AND WORKERS ON COMPANY BOARDS

Corporate governance in the UK acts to the disadvantage of workers. It is currently structured to give primacy to shareholders, prioritising their income and relying on them to hold executives to account.⁴⁵ This approach promotes short-term strategies aimed at generating a quick profit to ensure pay-outs to shareholders, which in turn puts downward pressure on workers' wages and conditions while simultaneously allowing executive pay to balloon to new heights.

To address this, a number of reforms should

be introduced, including: changes to corporate governance law to put shareholders' interests secondary to the long-term success of companies; make finance from enterprise agencies and the national investment bank accessible to support long-term goals and reduce company reliance on selling shares to raise capital; and trade union representation on company boards and an expansion of workplace democracy to ensure that workers have a say over decisions on matters including company strategy, investment, and pay and conditions.

CABINET REPRESENTATION FOR WORKERS AND A GOVERNMENT DEPARTMENT

Many of these policies to strengthen workers' rights would see the creation of new law. However, laws can only be effective if they are properly enforced. One of the key problems with existing employment protections is the absence of enforcement as the burden is on the individual who has experienced unfair treatment to then take action. This has allowed employers to get away with unscrupulous practices, including discrimination, not paying the minimum wage, and unfair dismissals.

While expanding the presence of trade unions will go some way towards redressing the problem of enforcement, a new Department for Workers should be established that is empowered to proactively uphold labour rights, with powers to hear complaints and launch investigations. This new department should be headed by a cabinet secretary, ensuring that workers have political representation at the top of government.



SOCIAL DIALOGUE AND THE NATIONAL ECONOMIC STRATEGY

The economic strategy under the Scottish Green New Deal is focused towards combating the climate crisis and restoring equality and fairness into the economy. For that to work, economic decision-making at all levels has to involve the relevant stakeholders to ensure buy-in. Government must lead when it comes to directing a national economic strategy towards decarbonisation and renewables, but alone it does not have all the answers. The formation of such a strategy needs to be based on insights and expertise of workers, communities, and other relevant stakeholders.

Government should establish the social dialogue structures necessary to involve trade

unions, employer associations, local councils, community groups and NGOs, and scientific advisers and academics in the formation and operation of a Green New Deal economic strategy. This national strategy should be augmented with a Scotland-wide programme of local industrial plans that brings together industrial partners and stakeholders with local knowledge to drive investment into low carbon sectors of the economy. Such an approach should build on the social dialogue procedures that are used in many European countries and at the EU level, whereby government brings together workers and employers to ensure that discussions can take place and a consensus built.⁴⁶

“The formation of such a strategy needs to be based on insights and expertise of workers, communities, and other relevant stakeholders



IMMEDIATE ACTION UNDER DEVOLVED POWERS

Most policies necessary to address workers' rights are reserved to Westminster: labour rights, trade union law, and corporate governance are not devolved and there are caps on public spending that restricts the scope for a truly transformational Green New Deal economic strategy. Many of the proposals highlighted above would therefore either need to be implemented by the UK Parliament, require further powers devolved to Scotland, or for Scotland to be independent.

However, there are areas where steps can be taken within the confines of devolution.



PUBLIC SECTOR PROCUREMENT

Public sector procurement should be used to require firms to recognise trade unions, ban precarious employment, pay at least the living wage and the union negotiated rate, and support local economies. The Scottish public sector spends over £11 billion in public procurement each year. This provides huge purchasing power and a clear means to influence the behaviour of companies delivering these contracts. Unclear provisions in EU law regarding subnational measures that go beyond national law have been used as an excuse by the Scottish Government to not take action here. As Scotland leaves the EU or becomes independent and re-joins, this restriction will no longer apply.

THE CROWN ESTATE SCOTLAND LEASING POWERS

The Crown Estate in Scotland owns swathes of land and coastal seabed around Scotland. It is responsible for leasing land for the development of offshore windfarms and other marine projects. Its leasing powers should be used to ensure that new projects, particularly marine renewables, are required to support jobs in Scottish supply chains. This approach would further benefit from complementary action under the Contracts for Difference scheme, though that remains reserved to Westminster.

“The Scottish public sector spends over £11 billion in public procurement each year

SECTORAL BARGAINING LINKED TO SCOTTISH PUBLIC SECTOR

The Scottish Government should support the establishment of sectoral bargaining frameworks in areas linked to the public sector. This has already taken place in the further education sector, where the Scottish Government supported the reintroduction of national collective bargaining as part of its reforms to the sector in 2013. Social care and early learning and childcare have already been identified by the STUC as sectors where collective bargaining framework could be established and would greatly benefit the low paid and predominately female workforces there.⁴⁷ In particular, the development of a National Care Service should include appropriate collective bargaining structures. The Scottish Government should proactively work with trade unions to establish what other areas it can introduce sectoral bargaining in and act to develop those structures.

REGIONAL ECONOMIC PARTNERSHIPS

The recent City Deals have seen a move towards the creation of regional economic governance structures to help direct investment and coordinate economic activity. However, these bodies generally lack transparency and are business-led. The Scottish Government should ensure that existing and new Regional Economic Partnerships involve trade unions to ensure that they can engage with policymakers directing investment and access the economic and investment information necessary to organise in new and developing sectors.



“The Scottish Government should align the enterprise agencies and investment strategy entirely behind the goal of creating quality green jobs that are secure, well remunerated, and unionised

Photo: Paul Anderson, Wiki Commons

ENTERPRISE AGENCIES AND THE SCOTTISH NATIONAL INVESTMENT BANK

Hundreds of millions of pounds is already spent by the Scottish Government in business support, even prior to the coronavirus pandemic. The new Scottish National Investment Bank is expected to increase spending even further. However, this funding often lacks strategic focus, with millions

currently being spent supporting companies involved in the arms trade, for example. The Scottish Government should align the enterprise agencies and investment strategy entirely behind the goal of creating quality green jobs that are secure, well remunerated, and unionised.

A SCOTTISH INDUSTRIAL STRATEGY

A Scottish Industrial Strategy should be established in consultation with trade unions and employer associations to coordinate regional industrial strategies and the many public institutions who have a role in

delivering the transition to a Green New Deal economy, including the enterprise agencies, the Scottish National Investment Bank, universities and higher education institutes, and local and national government.



CONCLUSION

As Scotland recovers from the Covid-19 pandemic, there is an opportunity to embrace the transition towards a Green New Deal economy and create a more equal and prosperous society while tackling the climate crisis. The types of green and low carbon industries needed to do this are those that benefit from workers' involvement in decision making, where stronger trade unions can help to drive improvements in production and competitiveness so that Scotland can be a global centre of both renewable energy generation and green manufacturing. Without the empowerment of workers, these industries will continue to struggle against international competitors and so the basis of the green economy will remain vulnerable.

As set out in this paper, empowering workers requires the state to play a more active role. Legislation is necessary to provide a baseline of protection for workers and to free trade unions from the legal constraints that have restricted them representing workers. In turn, trade unions are necessary to enforce many of the rights of workers, including through the courts, and ensure that workers are empowered in economic decision-making. At every level of the economy.



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