BUDGET REPRESENTATION: COMMUNITY UNION

Community Union is a general trade union that has a rapidly changing membership. We represent workers from across the economy including:

- *Justice, Custodial and Immigration*
- *Education and Early Years*
- *Finance and Professional*
- *Steel*
- *Motor Trade*
- *Betting*
- *Social Care*
- *Third Sector*
- *Manufacturing*
- *Logistics*
- *Footwear*
- *Self-employed workers across various sectors and industries*

It is vital for all the industries Community represents members in, their jobs, as well as for all workers across the UK, that spending is directed towards inclusive growth after the pandemic.

Community continues to work with employers and organisations to protect members' health, their jobs and incomes, and our industries.

THE SELF-EMPLOYED

In the immediate term, urgent action is required to support the self-employed to prevent this important section of the economy from collapsing. Our recommendations are based on extensions and plugging the gaps in the current scheme.

Recommendation: An immediate self-employment stabilisation scheme, providing more support through the SEISS including to the excluded, a Freelancer's Fund, and a loan scheme to help restart businesses.

1. Research published by Community and Prospect in December 2020 found that 64% of self-employed workers who responded to the Inquiry said that they were less likely or unsure they wanted to be self-employed or freelance workers in the future.
2. Community notes that self-employed people make up 15% of the UK workforce, including many workers who are among the country's most highly skilled, creative, or entrepreneurial. Notably, the flexibility of the UK's self-employed workforce has historically made them central to the UK's recovery from crisis, for example, following the 2008 financial crisis.
3. The government must maintain the 80% rate for the SEISS (Self-Employment Income Support Scheme) for its fourth round.
4. It should commit to allowing those who submit tax returns in January 2021 to access the fourth round of the SEISS.
5. The 50% threshold for earnings from self-employment should be reduced, and the £50k earnings threshold in the SEISS should be increased.
6. A Director's Income Support scheme, as advocated by the Foundation for Small Businesses (FSB) should be introduced.
7. The government should introduce a Freelancers' Fund to support employers in sectors with a large freelance workforce, such as creative industries to take on freelance workers.
8. A loans scheme should be introduced to support those wishing to restart their businesses during the pandemic. Such loans should be repayable only once the business becomes profitable and should not affect recipients' entitlements to social security.

A long-term plan to help the self-employed

Longer term measures are also needed to support the self-employed. We believe that the extension of the social security net is essential to ensuring that the self-employed are granted the same rights as the employed.

Recommendation: The UK government must implement sick pay for the self-employed and raise the rate of statutory sick pay to the real living wage.

1. The current rate of statutory sick pay is £95.85 a week, paid from the fourth consecutive day of absence, up to 28 weeks. It is payable by employers to employees.
2. During the COVID-19 pandemic the government took responsibility for paying for statutory sick pay for those who had to self-isolate or were sick with Coronavirus. However, otherwise the treasury does not support SSP.
3. Self-employed people are not eligible for any form of sick pay.
4. Income replacement for those unable to work through illness should be a basic employment protection, available to all workers including the self-employed.
5. The real living wage for 2020-2021 is £9.50 an hour- for a worker on 35 hours a week this is £332.50 per week. For someone on statutory sick pay there is a substantial shortfall of £236.65 per week. Sick pay should be increased to bridge this gap.
6. Given that many workplaces already pay increased rates of sick pay it is the lowest paid and most economically vulnerable workers who stand to gain from an increase in statutory sick pay.
7. Finally, the reduction in the qualifying period for statutory sick pay during the pandemic is welcome. This should be extended.

Recommendation: Extend the entitlement to maternity leave, maternity pay, and other forms of parental leave and pay to the self-employed.

1. Statutory Maternity Pay (SMP) is paid by an employer. Self-employed workers cannot get statutory maternity pay.
2. The self-employed may sometimes qualify for maternity allowance. They may receive the full amount if: they pay class 2 NICS; and they have been self-employed for at least 26 weeks of the 66 weeks up to and including the week before their baby is due; and have earned £30 a week over any 13 weeks in that period.
3. However, the standard rate of maternity allowance is only up to £151.20 per week for 39 weeks, or 90% of earnings if this is lower. Those ineligible for this receive only £27 a week for 39 weeks.
4. In contrast, those eligible for SMP receive the first 6 weeks of pay at 90% of their average earnings, followed by the lower of £151.20 or 90% of earnings for 33 weeks.
5. Self-employed fathers are not entitled to statutory paternity pay.
6. Self-employed mothers can exchange their maternity allowance for shared parental leave and pay for their partner, if he is employed and eligible, but they must give up their maternity allowance.
7. Self-employed people are not eligible for shared parental leave.
8. We recommend that entitlements to all forms of leave related to having children should be equalised.

Recommendation: Scrap or delay the IR35 reforms that have been postponed to 2021.

1. The IR35 treats contractors ‘considered to be employees in all but name’ the same as employees and allows HMRC to claim an additional payment for the tax and NI that an equivalent employee would be paying.
2. However, contractors do not receive the same benefits as employees, such as sick pay and paid holiday and pension contributions.
3. In effect the IR35 legislation creates a class of “zero-rights employees”- who must pay tax and national insurance at the same rates as employees without receiving any of the benefits of that employment.
4. From April 2021 clients will have to determine whether a contractor falls inside or outside of IR35.
5. Many contractors who fall under IR35 for the first time are substantially worse off, due to increased taxation.
6. Workers in the contracting market are highly skilled and use these skills to complete specific assignments for firms.
7. The IR35 reforms will make it more expensive to recruit flexible labour, as employers will incur costs in identifying whether the contractor falls inside of IR35.
8. Many firms have taken the approach of a blanket ban on employing contractors as a result of IR35.
9. The result of this is that innovation will be limited by firms’ inability to recruit short term, highly skilled and flexible workers.
10. Contractors will also be worse off as the market for their work dries up.
11. The delay of the rollout of IR35 due to the Coronavirus crisis into the private sector has avoided economic disruption thus far. However, should it be implemented in 2021 then there will be serious disruption.
12. Although we believe that it is right that workers fairly pay tax and national insurance contributions there are better options to create this fairness.
13. IR35 replaces one unfairness with another, according to a damning House of Lords Report on the matter.
14. The Taylor Review in 2017, recommended making the taxation of labour more consistent across different forms of employment. This approach would be better than the approach taken by IR35 legislation. Specifically, it recommended creating and defining a status of “dependent contractor” for those who are neither employees nor self-employed.

WELFARE

Recommendation: Increase the rate of statutory sick pay and recommend that employers pay workplace sick pay rather than statutory sick pay to cover self-isolation.

1. It is essential that workers feel that they can afford to take time away from work when unwell to avoid spreading COVID-19 to others.
2. However, the current rates of statutory sick pay are too low for many workers to be able to afford to rely on statutory sick pay.
3. The real living wage for 2020-2021 is £9.50 an hour- for a worker on 35 hours a week this is £332.50 per week. For someone on statutory sick pay there is a substantial shortfall of £236.65 per week. Sick pay should be increased to bridge this gap.
4. We recognise that many employers already pay a rate of workplace sick pay significantly higher than statutory sick pay, (many employers pay employees their full pay, from the first day off, without a qualifying period of three days as applies for statutory sick pay).

5. The government should recommend to employers that they pay workplace sick pay at a higher rate rather than statutory sick pay to cover COVID-19 isolation.

Recommendation: Extend the eligibility criteria for the self-isolation grant.

1. In the short term, as part of controlling the spread of COVID-19 workers must be supported to self-isolate when they are sick or have been exposed to a contact with the virus.
2. Community welcomes the £500 self-isolation grant for those on low incomes, to support workers to self-isolate.
3. However, any worker who is off sick, receiving statutory sick pay should be eligible for this grant. The current rates of statutory sick pay are so low, that they represent just 16% of average weekly earnings- surviving on this amount pushes workers into lower pay, according to the government's definition of low pay as below 60% of median earnings.
4. It is notable that those required to self-isolate could be asked to do this for a significant period.
5. Workers must be properly supported to self-isolate, and not be punished financially for complying with the rules.

Recommendation: Keep the £20 a week Universal Credit uplift.

1. Investing in social security will increase consumer spending – those at the lower end of the income and wealth distribution are significantly more likely to spend additional income than those on middle to higher incomes.
2. The increase of universal credit and Working tax credit in April 2020 of £20 a week helped to boost spending in 2020 and went some way to reverse the devastating impact of years of welfare cuts.
3. It is increasingly clear that the recession will be far from over following the budget this March and cutting this lifeline will likely depress spending.
4. Most significantly, the impact on families will be dramatic if this increase is removed; this money is vital to the poorest in society, many of whom cannot afford basics such as food without it.
5. The increase should also be extended to legacy benefits as a matter of fairness.

THE EDUCATION SYSTEM: CHILDCARE AND EARLY YEARS

Childcare is crucial to the UK economy. Without the provision of childcare many workers across the UK may struggle to return to work. Falls in household incomes are likely to limit the ability of parents to pay for childcare.

Recommendation: Early years education must be funded at the correct level to ensure the continued viability of the sector. This will help to secure the future of the sector and ensure supply and demand is equal to the needs of all families.

Recommendation: Sponsorship of further funding of higher-level qualifications or reintroduction of a revised Graduate leaders' fund is essential to support career progression and ensure a higher level practitioner in every setting. A career framework should be accompanied and supported by appropriate reward system for employees.

1. The early education entitlement has been underfunded for years and childcare is expensive.

2. Higher fees are charged for non 'funded' hours to cross subsidise and make up the underfunding from government.
3. It is not unusual for parents to use a mixture of formal childcare and care by relatives – often grandparents.
4. Any restriction on informal care by relatives may hinder parents' ability to work, as we have seen in the impacts on women's employment resulting from the pandemic.
5. Shorter working hours and reduced household income is likely to decrease the percentage of the household income available to pay for childcare – increasing cost.
6. Loss of income throughout the COVID-19 pandemic has forced some providers to close, reducing both availability and choice for parents.
7. Lack of availability and choice hits the disadvantaged most not least because demand outstrips supply. The more affluent can travel further to access places that disadvantaged families cannot.
8. Recruitment to the early years and childcare sector was in crisis even prior to the COVID-19 pandemic.
9. Entry level qualifications for the early years and childcare sector have fluctuated in recent years leading to confusion which has had an impact on initial training qualifications and career progression.
10. The qualification system and progress to graduate level practitioner is long with various career routes and options.
11. Financial difficulties have reduced the CPD provided by employers – so employees source and often fund their own.
12. Career pathways are ad hoc and not supported by a salary scale.
13. Job descriptions and pay-scales vary by employer, size of setting and other factors, leading to inconsistency.
14. Recruitment to early years teacher and early years professional courses has plummeted in recent years, not least because an early years teacher must also undertake a PGCE to achieve qualified teacher status to work in school.
15. Qualified staff – across all levels – could, prior to COVID-19 find work with less responsibility and higher pay outside of childcare and many were taking that route.
16. The early years and childcare workforce must be qualified to ensure quality of early education and care.

THE EDUCATION SYSTEM: SCHOOLS

Recommendation: Incentives should be implemented to retain older, experienced classroom teachers, particularly for those who have reached the maximum of their pay scale.

1. There is a recruitment and retention crisis in education - both classroom teachers and leadership teams
2. The Department of Education has repeatedly missed initial teacher training recruitment targets.
3. There are particular shortages in specific subjects - maths, science, and modern foreign languages.
4. Incentives to recruit those to train in shortage subjects is not well known - or sufficient data to demonstrate they work.
5. People coming into teaching are moving out of the profession within 5-8 years of qualifying.
6. There is a lot of new support for early career teachers to retain them beyond 8 years, but little to support and retain older experienced teachers.
7. We are seeing a much higher proportion of younger teachers in the workforce.
8. Older, experienced teachers are forced out as they are their salaries are too expensive.

9. School support staff - teaching assistant/learning support assistants are the first casualties when school budgets are cut but are vital to school workforce and will be essential to the provision of additional pastoral care that many more children will need post coronavirus.
10. Exhausted teachers and school leaders report they are considering career options post Covid-19 which could impact further on recruitment and retention of staff.

EDUCATION: ADULT EDUCATION SYSTEM

Recommendation: Investment in adult skills.

1. Decades of cuts to adult education have had a dramatic effect on participation in adult training. Participation in employer-based training fell in the decade between 2005 and 2015, at the same time as participation in further education fell. In fact, public spending on adult education in England (with the exception of apprenticeships) has fallen by almost 50% in the last decade. It is significant that the fall in adult education take-up has corresponded so closely to the fall in funding.
2. Employees that do not have higher education qualifications are much less likely to be offered training by their employer than those who do.
3. Adult skills are essential to ensure that lower skilled workers can adapt to the changing economy. In investing in education, the government should ensure that those workers with the lowest levels of skills are prioritised, rather than offering firms opportunities to subsidise the training already being provided to highly paid and skilled workers.
4. The government should look to provide funding for those in full time or part time training. Workers training alongside working should receive an allowance to top up their income for the time they are training. This would allow the economically vulnerable, who are broadly most in need of training to afford to do so.
5. We welcome the government's decision to use the new national skills fund to offer a free level 3 qualification to any worker who does not have one. However, this should be supplemented with a focus on strategically important skills. Local skills funders should be required to offer additional qualifications to meet local needs.
6. There should be funding for free technical training for all adults on certain courses, and paid training for workers to work and train at the same time using wage subsidy schemes. There should also be bursaries for careers changes into those digital industries where there are skills shortages.
7. Investment in skills will encourage businesses to invest across the country rather than solely in those areas which currently have high skills density.
8. Local leaders should be empowered to help more businesses use new technology in their areas. This could be done through extending devolution to non-metropolitan areas. Where adult education budgets have not been devolved, they should be.
9. The government must create an integrated adult skills system with a training offer for everyone, but with particular focus on those with the lowest skills levels. We see this as a partnership between government, employers, and workers.

Recommendation: Reverse the cuts to the Union Learning Fund.

1. The union learning fund provides a powerful route for disengaged learners to be signposted to learning. In the context of the UK's significant skills gap, and the vital need to upskill to improve productivity, this is an essential function, which is not replicate by other training offers.
2. In 2019, 200,000 learners were supported by the fund, both union members and non-members.

3. For every £1 spent on the union learning fund, workers gain £7.60 through better pay, employers gain £4.70 through higher productivity and the Exchequer gains £3.57 from welfare savings and revenue gains.
4. The government must reverse the announced cuts to the Union Learning Fund to continue to reach those learners that others can't.

Recommendation: Support to train for the unemployed, extension of the Kickstarter scheme and a full-time apprenticeship offer for jobseekers.

1. Unemployed people should be enabled to train and work at the same time, rather than the current "work first" attitude within the DWP. The department is ill equipped to deal with anticipated volumes of unemployment in the wake of the pandemic and needs a modification of its approach.
2. By allowing workers to engage in training their longer-term employability will increase as there may not be jobs available for the newly unemployed without first re- or up-skilling.
3. The government should consider revision to the kickstart programme announced last year to extend eligibility to those over 24 years old and ensuring that all placements come with substantial training.
4. All jobseekers should be offered a full-time apprenticeship.
5. Control of Jobcentres should be devolved. Local control of employment support would allow local authorities to broker placements for such programmes and ensure there are enough roles in the local area, extending the scheme to public or third sector roles where there is a lack of availability.

DIGITAL INCLUSION

Recommendation: Set an objective of a 100% connected UK, ensuring that fibre broadband is available across the whole country.

1. Many of the UK's leading tech firms are concentrated in large cities and London. However, every region of the country should have the tools to start scale and invest in the world leading digital firms of tomorrow.
2. One of the ways that we can promote digital innovation, and which will also help to absorb unemployment during the recession following Covid-19 is to focus on capital investments that can be delivered quickly, in digital infrastructure. These will create new jobs in a dispersed way.
3. The UK must have the infrastructure to enable digital businesses to flourish in every part of the country. An objective of a 100% connected UK is ambitious but necessary- for example, through ensuring that fibre broadband is available across the whole country.
4. Technology facilitates many workers to carry out their roles remotely. Consideration should be given to the ways in which a rise in remote working can support good jobs in regions across the UK, irrespective of where the employer is based, as well as a supporting the growth of good employers across the UK.

Recommendation: A plan to reduce digital exclusion.

1. Digital skills are essential to economic and personal resilience.
   All workers in must have access to the internet to facilitate inclusion in the digital economy.
2. Furthermore, all people in the UK should have the five essential digital skills to operate safely, securely, and confidently online. However, around 11.7 million people do not have these five essential skills (communicating, handling information and content, transacting, problem solving, and being safe and legal online).

3. For those on low incomes lack of affordability can be a factor in digital inclusion, as seen for example, during the coronavirus pandemic when children in the poorest families did not have access to laptops or other technology to do their schoolwork. Ensuring that technology is available at a low cost to those who need it would make a significant contribution to removing this barrier. The Department for Education should continue to fund devices and laptops for disadvantaged children.
4. For other workers skills are a key barrier, and investment in adult education as discussed above is an appropriate approach to achieving this goal.
5. There should be a national digital service to support individuals to retrain, plan their careers, and access training.
6. The option of creating a digital portal for all workers to access training should be explored, including how workers could be encouraged to make use of the offering through employer encouragement and engagement.

THE STEEL INDUSTRY

Recommendation: Support for the Green Steel Industry

1. Steel is a strategic foundation industry that supports other vital sectors in the UK. At Community we believe the pandemic presents an opportunity for investment in the shift to green steel and to support the UK's steel industry.
2. On top of higher business rates and energy prices than their competitors in Europe, Brexit related uncertainties, US tariffs and a trend towards protectionism, Coronavirus has severely affected Britain's steel industry.
3. The steel industry faced a fall in demand during the pandemic of approximately 45% and steel producers have maintained production in the face of falling revenues.
4. However, beneath these difficulties, Britain has a strong steel industry which can support a green recovery to this crisis.
5. A tonne of Chinese Steel has fifty times the carbon cost of tonne of steel sourced from the UK due to transport emissions. In contrast UK steel invests in technology to protect the long-term security of our planet. Importing carbon intensive steel instead of UK steel will not reduce overall emissions but will simply offshore them.
6. Britain must retain both its primary steel-making capacity and its secondary steelmaking capacity (making steel from both raw and recycled materials). Currently blast furnace steel is the only way to make certain steels used in automotive industries and food packaging. Demand for steel is due to increase – global demand cannot be met through recycling alone and Britain should lead the world in developing and improving low carbon steelmaking.
7. Investing in the steel industry will also support manufacturing communities in regions where steel jobs provide much better terms and conditions than lower paid service sector jobs.
8. If the government is committed to levelling up, then it must continue to support the steel sector. For every 1000 tonnes of steel produced each year, 10 jobs are created or protected. This translated to 32,600 high skilled and high paying jobs in places like Wales, Yorkshire, and Humberside, and 41,000 more in the supply chain.
9. The government should bring forward and greatly expand the funding for transition to green steel that has already been announced through the IETF and Clean Steel fund.
10. The government must commit to investing in the development of hydrogen technologies which can green not only our steel industry but our entire economy, and fully explore the potential of carbon capture and storage.
11. Low carbon UK steel can help to underpin wider supply chains as part of a green industrial strategy. The UK has the opportunity to become the world leader in low-carbon steel production.

Recommendation: Use procurement to support the UK steel industry

12. The government should urgently make changes to government procurement policy to ensure that all major infrastructure projects, such as HS2, and government procurement use UK steel. Furthermore, all government departments should urgently sign up to the Steel Charter.
13. In addition, greater weighting should be given to environmental factors in procurement tendering supporting the use of local content. Action should also include ensuring that trade arrangements are fair, for instance through a carbon tariff on imported environmentally costly steels.
14. Steel is vital for new green industries, for example the offshore wind industry. To best take advantage of this opportunity, all procurement processes should follow steel procurement rules.
15. For example, when SSE awarded a contract to a Chinese company to produce steel jackets for the Seagreen offshore windfarm in 2020, it overlooked a Fife-based fabricator, BiFab, situated close to the wind farm. Shipping Chinese steel across the world to build our renewable energy infrastructure dramatically increases the overall carbon footprint of the project. In addition, had the contract been awarded to BiFab it could have supported the UK steel supply chain through the plate mill at Liberty Steel Dalzell rolling steel produced at British Steel Scunthorpe.
16. The SSE contract was awarded under the Contracts for Difference scheme. The government should change the rules so that Contracts for Difference is brought in scope of the Steel Procurement Policy Note and ensure that social and environmental considerations are properly factored into all procurement tendering processes.

Recommendation: Action on energy prices.

17. Government should make the legislative and regulatory changes to ensure a level playing field for UK steel to compete taking actions on key issues like energy prices, where UK producers can pay up to 80% more than European competitors. Taking action on energy prices is a vital part of any strategy to decarbonise the steel industry as all potential low carbon technologies will require higher energy consumption.
18. The government should consider removing, or modifying the CPS (Carbon Price Support), which is currently increasing the UK's carbon price relative to the EU and thus contributing to inflated energy costs for the UK steel industry. This will remain a problem unless the UK government deviates from EU state aid rules to provide higher compensation to steel companies, removes CPS entirely, or delinks it from the ETS (Emission trading scheme) to facilitate 100% compensation.

THIRD SECTOR

Recommendation: A new wave of support for the Third sector

1. The government must maintain support for the charitable sector. The sector is facing increased demand due to COVID-19.
2. The sector welcomed the £750 million made available for charities on 8th April 2020, and the additional £150 million released from the dormant assets scheme. However, much of this funding will have been used to cope with increased demand caused by the crisis. The sector will also continue to face increased demand and charities ability to operate and fundraise will remain decreased due to the crisis. This will continue well beyond the initial crisis. Additional funding will be required to allow the charitable sector to help to mitigate some of the challenges that people are facing.

3. Local government funding should be increased to allow Local Authorities to adequately fund services. Currently the NCVO estimates that around 50% of councils could be at risk of financial failure; additional spending announced in 2020's spending review will not make up this shortfall.
4. Further funding is required to help the charitable sector to manage the ongoing pandemic and eventual recovery.
5. A positive start would be to release the National Fund, of around £500m for the benefit of UK charities.

MENTAL HEALTH

Recommendation: The government should invest significantly into mental health services to increase access to mental health provision and reduce waiting times.

1. The government should recognise that the pandemic has exacerbated mental health difficulties and created a mental health crisis. Mind research shows that more than 1 in 5 adults with no previous experience of poor mental health have reported that their mental health is poor or very poor.
2. In Community's most recent all-member survey in 2020, 52.29% of our members said that COVID-19 is having a negative impact on their mental health.
3. 25% of those who try to access NHS mental health support are unable to get support.
4. Access to mental health support should be drastically widened, increasing the supply of freely available counselling and other mental health treatments.
5. The government should also recognise the extent to which the recession and economic difficulties, as well as the emotional challenges of lockdown and the loss of loved ones have caused this crisis.
6. Therefore, the government should ensure that the benefits system provides a safety net, rather than a further cause of distress. It should also continue to provide support to the third sector.
7. Finally, the government should ensure that mental health is accessible to the most vulnerable group, include BAME (Black, Asian, and ethnic minority) workers. This includes ensuring that mental health services, as well as the wider healthcare sector, are culturally competent.