

ALLOW WORKERS TO GIVE BAD BOSSES A RED CARD AND ESTABLISH ‘A NEW BARGAIN’ WITH BUSINESS, EMPLOYEES AND UNIONS TO TACKLE THE UK’S LAGGING PRODUCTIVITY, SAYS NEW REPORT

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In the post Carillion and post BHS world, influential think tank ResPublica is calling for Britain’s workers and their unions to be incorporated back into the shared project of improving Britain’s productivity.

In the report - *A New Bargain: people, productivity and prosperity* ResPublica calls for workers to be allowed to give bad bosses a red card which would force Government to respond when workers feel a company is in peril. We can no longer allow the ship to head full steam to the rocks when the entire crew knows it needs to change course.

Britain faces a productivity and wages crisis, one that has dramatically reduced incomes and opportunities for Britain’s workers. It is no accident that this has occurred when employees and trade unions are routinely shut out of discussions on how to improve Britain’s businesses and help workers contribute to a firm’s success.

The UK may be experiencing some of its highest ever levels of employment, but the UK economy has one of the lowest levels of productivity in the OECD and there has been an overall decline in wage growth, with the UK performing worse than 32 of 35 OECD countries.ⁱ

Research internationally and within the UK is increasingly showing the link between engaged workforces and more productive and profitable companies. Increasing productivity by one per cent per year would add £20bn to UK output, adding £250 to the average annual pay packet and increasing annual profits across the country by £3.5bn.ⁱⁱ

Government commitments to enhancing workers roles in companies have been lukewarm, half-hearted and endlessly watered down. But defending the status quo will not deliver the step change in employee productivity that is desperately needed.

ResPublica’s ‘New Bargain’ between employers, unions and government is an opportunity for those who champion corporate reform and more responsible business, to seek institutional changes that place the role and value of people at the heart of successful economic activity. Unions also have public support, with 78 per cent of people believing that “trade unions are essential to protect workers interests”ⁱⁱⁱ and two-thirds believing that unions should be involved in workplaces.^{iv}

The report recommends that unions be supported as ‘lifelong learning banks’, helping to deliver continuous workplace learning, providing careers and skills advice, administering training, and advising on skills deficits and training needs, building on the expertise of UnionLearn. TUC research has shown that every £1 of government investment into the Union Learning Fund generates a total economic return twelve times that.^v

ResPublica is also calling for Government to create and support policy initiatives and incentives that will take employee shared ownership from 0.8% to at least 10% of the UK’s private sector workforce by 2025.

Recommendations snapshot

(1) Establish a ‘New Bargain’ between Britain’s workers and business focused on people, productivity and prosperity

- Renew and create modern forms of collective bargaining to address pay, productivity and the gender pay gap.
- Establish a national ‘Work 4.0 and Productivity Council’ and ‘Work 4.0 plan’.

(2) New powers for workforces to be consulted on change, investment and fairness in a business and a right to a new ‘Workforce Red Card’ warning system

- New right of a ‘Workforce Audit’ on business performance on pay, training and productivity and a new right for workforces to be consulted on significant change to the business.
- New right for a ‘Workforce Yellow and Red Card’ as an early warning and whistle-blowing mechanism.
- New rules of engagement to allow and encourage people to join unions and participate.
- Enable company models to transition during their lifecycles to ones that embed more workforce accountability and involvement.

(3) Develop and build new institutions to bring about industrial progress alongside accord

- Prioritise dispute resolution, including through collective bargaining.
- Benchmark and audit the UK against other OECD countries on labour market institutions.
- Ensure Ministers have dialogue mechanisms with unions, supported by the Cabinet Office.

(4) Commit to ‘Employee Voice Deals’ through sector deals in the Industrial strategy

- Commitments by sectors to engage employees and embed employee voice with specific focus on low productivity sectors.

(5) Establish a ‘Productivity Partnership Fund’ to drive people-led productivity gains in business

- Business or sector bodies making joint bids with unions to fund firm-based productivity gains in skills uplift, management, employee engagement and innovation.
- A strand would fund joint bid of primes and unions to improve domestic supply chains.

(6) Support and enable unions becoming ‘lifelong learning banks’

- Enhance union expertise developing it as an impartial voice in skills development and as a key deliverer of lifelong workplace learning.

(7) Celebrate businesses and sectors with good union relations and widen the employee voice agenda

- Develop a kitemark for business good practice on unions, voice and employment standards.
- Government and businesses should cite examples of good union and workplace voice.
- Support joint business/union programmes responding to work and tech-based change.

(8) Create and support employee share ownership

The Government should create and support policy initiatives and incentives that will deliver employee share ownership to at least 10 per cent of the UK's private sector workforce by 2025.

Phillip Blond, Director of ResPublica said: *"It is to be hoped that the Chancellor's Spring Statement will contain some new ideas and approaches on 'worker voice' and its relationship with productivity but we are not optimistic. If the Prime Minister and her Government are serious about tackling the UK's productivity deficit then it must include Britain's workers and trade unions in a new Grand Productivity Bargain."*

In a modern service economy productivity gains will come through improving the engagement and performance of employees, yet inexplicably there is no national approach or agenda to achieve this. The Conservative Party and the Trade Union movement have a tortured and painful history – it is time however for the sake of the country to put the past aside and understand unions not as political opponents but as decisive economic actors."

Jake Sumner, Report Author, said: *"To help tackle our productivity gap and prosperity problem we need a new approach that harnesses the innovation power in people through a renewed role for unions. Too often unions are seen in political not economic terms despite the positive role they can play in spreading the proceeds of growth and productivity improvement - engaged workforces are generally more productive. The Industrial Strategy should promote this union economic role including with 'employee voice deals' - commitments to workplace voice in sector deals. Local areas could also seek to be employee voice exemplars as they have with the Living Wage."*

While collective approaches exist, it is often to not with workforces, and government has to step in for the low paid. We need a rejuvenated role for collective bargaining and at the firm level to improve pay, productivity, and workplace change such as gender pay. A Productivity Partnership Fund should also be created for joint bids by unions and businesses to support productivity gains. Workforces should have new powers to be consulted on change and a 'red card' warning system against failures like at Carillion."

Mike Clancy, General Secretary of Prospect, said: *"Britain faces a crisis in productivity, stagnating wages, and widespread concern about the distribution of wealth around the economy, and it is no coincidence that these problems have gone hand in hand with the decline in trade union membership and collective bargaining coverage."*

"All political parties who want to address these challenges need to look again at the evidence showing that collective bargaining not only raises wages but improves productivity and skills."

"It is now time for a new bargain, one that challenges entrenched political, corporate and union views, which offers symmetry of power and real voice across our economy."

*****ENDS*****

Notes to editors

The ResPublica Trust is an independent non-partisan think tank. Through research, policy innovation and programmes, ResPublica seeks to establish a new economic, social and cultural settlement.

A New Bargain: people, productivity and prosperity - The case for a refreshed approach to unions and collective bargaining to support a stronger UK economy is supported by Prospect. All conclusions and recommendations contained in the report are independent of Prospect.

Phillip Blond is available for interview and This report is available to download from the ResPublica website [here](#) from 11th March 2018 at 22.00. For further details and to request an embargoed copy of the report please contact Brendon Marsh on brendon.marsh@respublica.org.uk or call 020 3857 8324 or 07835059469.



ⁱ The Guardian Richard Partington 'UK to sink to the bottom of OECD wage growth index in 2018' 29 December 2017

<https://www.theguardian.com/money/2017/dec/29/uk-to-sink-to-the-bottom-of-oecd-wage-growth-index-in-2018> ONS Wages and Annual

ⁱⁱ The Stoddart Review 2016 p.5 http://stoddartreview.com/wp-content/uploads/2016/12/TSR_WorkplaceAdvantageFinal_SinglesWeb.pdf

ⁱⁱⁱ IPSOS MORI Survey 2013 <https://www.ipsos.com/ipsos-mori/en-uk/trade-unions-poll>

^{iv} Fabians Society Cameron Tait 'Future Unions' November 2017 pg 12 http://www.fabians.org.uk/wp-content/uploads/2017/11/Fabian-Society_Future-Unions-report.pdf

^v TUC 'The Gig is Up' pg 20 <https://www.tuc.org.uk/sites/default/files/the-gig-is-up.pdf>