



Fair Work Focus



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Week ending 17th July 2020

Issue 2

This fortnight's update shows that the Coronavirus pandemic beginning to take its toll on the labour market, with large numbers of planned job losses across sectors, coupled with a few items of good news. Hours and pay are also being hard hit.

Read on for news about:

- [Job Security](#)
- [Hours of work](#)
- [Pay](#)
- [Health and Well-being](#)

As always we welcome your feedback – please contact us at the address below, or get in touch with the project officer Huw Anslow at huw.anslow@bevanfoundation.org.

1. Job Security

The hot issue continues to be what is happening to jobs as Wales emerges from lockdown, as the human cost of the economic fallout brought on by the pandemic is fast becoming a reality.

1.1 Job losses

The latest Office for National Statistics figures [show that](#) – surprisingly - employment in Wales has slightly increased over the last month and unemployment has fallen, prompting questions about the reliability of the data. However, UK data on the number of employees on payrolls [suggested](#) a drop of nearly half a million workers between March and May.

On top of this, [statistics](#) on claims to the Coronavirus Job Retention Scheme show that in Wales 73% of employments in accommodation and food services and in arts and entertainment have been furloughed. The proportion in construction and retail are also high at 60 and 40% respectively. This aligns with our [recent report](#) on the effect of the Coronavirus on fair work, showing the disproportionate impact on workers in these sectors.

The Chancellor of the Exchequer's economic statement outlined a range of measures intended to protect jobs as the JRS is wound up, including a Job Retention Bonus of £1,000 to firms for each furloughed employee who is still employed as of 31st January 2021. A £2bn Kickstart Scheme will be launched to create thousands of new jobs for 16-24-year olds who are cleaning Universal Credit and at risk of long-term unemployment.

Responses to these proposals were mixed. The Welsh Government [made clear](#) their disappointment that no assurances were given over potential revivals of the Job Retention Scheme or SEISS in the event of future local lockdowns or a second peak in infection rates. They stressed the need for more interventionist policies and for cuts to unemployment support to be reversed. Additional measures called for include sectoral employment protection schemes, reductions in employers NICs to help job retention, and clarity over devolved budgetary flexibilities to enable more agile crisis responses.

Shortly after the Chancellor's economic statement, the Office of Budget Responsibility [published](#) its latest fiscal responsibility report. This made for bleak reading, forecasting the biggest economic contraction in hundreds of years with skyrocketing unemployment levels. A GDP hit of between 10.6% and 14.3% is expected. The most optimistic unemployment forecast is an increase to almost 10%, while at worst unemployment could rise to over 13%.

Amongst these developments, trades unions have been vocal in calling for substantial measures to protect jobs. A joint statement from the TUC, Unison, Unite, Usdaw and GMB [warned](#) of mass unemployment on a level not seen since the 1980s unless urgent action is taken. Several measures are outlined to prevent this, including extending furlough beyond October for businesses which have a viable future, conditional upon not weakening workers' terms and conditions.

1.1.1 Aerospace

Plans for redundancies in the aerospace industry are growing apace, with almost 1,000 job losses in Wales [announced](#) so far. On top of this, General Electric is [to make](#) 369 people at its Nantgarw site redundant, following 180 jobs already lost at the site since the crisis began. The site makes jet engines for Boeing and Airbus, and pointed to the massive drop in air travel as the reason behind this decision. The news prompted Unite to [call for](#) an urgent replication of the measures taken by France and Germany to support the sector, including short-term working. Potential job losses at Bristol Airport are also causing anxiety, with Unite [noting](#) that it generates £1.3bn annually for south Wales and the South West of England.

The [first meeting](#) took place of the Welsh Government's Regional Employment Response Group dedicated to supporting the Airbus workforce and the wider supply chain. This is taking a cross-border approach to the difficulties being faced by the aerospace industry, bringing in key partners from the Mersey Dee area, and a manufacturing summit focusing on north Wales is being planned for the coming weeks.

1.1.2 Automotive

The automotive sector continues to contract. News that Rolls Royce is to cut 5,000 jobs in the UK could affect parts manufacturers in Wales, with Unite [arguing](#) for both financial support and a comprehensive industrial strategy to support the sector. Car manufacturer Ineos Investment also [announced](#) it could move their planned development from Bridgend to France.

1.1.3 Retail

The British Retail Consortium [published](#) key statistics on UK retail sales in June which saw a return to growth in total sales driven by online shopping, while footfall in the high street remained well below pre-Coronavirus levels.

Many high street brands are responding to the pressures with job cuts. Boots announced it will cut more than 4,000 jobs, 7% of its workforce, to deal with the economic impact of the crisis. Usdaw [highlighted](#) the news while criticising the Chancellor's economic statement which "*failed to even mention retail*". Marks and Spencer [has announced](#) that 950 jobs are at risk, as the retailer plans to reduce those employed in store management and head office positions. The decision by TM Lewin to [close](#) all of its shops will see around 600 jobs lost, Shoe Zone is to [close](#) 20 of its stores. Oasis and Warehouse has followed Laura Ashley into going into administration, with [more than](#) 1,800 jobs set to be lost.

Udaw has [outlined](#) a recovery plan for the sector, including a new deal for workers based around a real living wage and guaranteed hours. On town centres, the Deputy Minister for Housing and Local Government [announced](#) £5.3m of funding will be made available during 2020-21 to fund adaptations in light of the virus and social distancing measures. This is designed to allow businesses to operate safely and with enough distance provided for customers and staff, while bringing a long-term upgrade to town centres. The Deputy Minister for Economy and Transport also [announced](#) a further £3.7m to enhance the Transforming Towns offer in the Valleys region, focused on helping smaller town centres to respond to the impact of the virus and lockdown. The Welsh Conservatives described this funding as insufficient, and [announced](#) plans for a £250m Covid community recovery fund.

1.1.4 Hospitality and leisure

In his economic statement, the Chancellor announced a scheme encouraging people to eat out by entitling diners to a 50% discount up worth up to £10 per person on a meal at participating food service establishments.

Plans are being put in motion to adapt town centres to social distancing and increase footfall, with Cardiff Council [releasing](#) plans for an outdoor eating area on Castle Street to allow hospitality businesses to operate safely. Other councils' plans have received a mixed response, such as in [west Wales](#) and [Newport](#).

High profile names have announced plans to downsize in an effort to stay viable. Pizza Express [stated](#) it will close up to 75 restaurants, potentially putting more than 1,000 jobs across the UK at risk. Azzurri Group has [announced](#) it will close a total of 75 locations UK-wide across their Zizzi and Ask Italian chains, risking a further 1,200 jobs. This comes on top of 5,000 jobs [planned](#) to be cut across Upper Crust and Café Ritazza, and up to 3,000 jobs [at risk](#) under plans being drawn up by Frankie and Benny's.

With news that the Celtic Manor resort in Newport is planning on making at least 450 redundancies as a result of decreased demand through the crisis, an [open letter](#) from politicians and unions called on billionaire owner Terry Matthews to use his personal wealth to keep workers on furlough.

Aside from big chains, concerns are growing for workers in smaller businesses. The Wales Tourism Alliance [highlighted](#) a new survey of over a hundred independent pubs, cafes, restaurants and event caterers as showing that at least 30,000 redundancies are anticipated within the hospitality sector.

1.1.5 Arts, culture, media and sport

The number of high profile employers planning to cut jobs grew when newspaper owner Reach – owner of Welsh papers including the Western Mail, the South Wales Echo and the South Wales Evening Post – has also [announced](#) 550 job redundancies, with the NUJ [stating](#) that more than 70 Welsh journalists are at risk of redundancy. This follows [earlier news](#) that BBC Wales are planning to cut 60 jobs as part of a push to make savings of £8.5m.

In more bad news, youth organisation Urdd Gobaith Cymru [announced](#) that 80 jobs are under threat due to an income reduction of £14m over the next two years, caused by the restrictions on its operations. Meanwhile, a report from the Culture, Welsh Language and Communications Committee has [highlighted](#) that 16,000 jobs in the creative industries in Wales could be lost if more support is not given to businesses and workers. This is on top of [reports](#) that 250 jobs could be at risk at the Wales Millennium Centre.

1.1.6 Other sectors

[Reports](#) that Tata Steel are planning to replace two blast furnaces with electric arc furnaces have sparked fears that jobs at the Port Talbot site – which employs around 4,000 people – are at risk. This follows the company making losses of more than £370m in 2019.

1.2 Job Gains

Welsh Government [outlined](#) some of its plans to protect Wales from the virus and begin the recovery. While stressing that they do not have sufficient flexibility or the financial resources to do everything they think is

necessary, their plans are being thought of in two phases: stabilisation of the economy and public services, followed by reconstructing society. This reconstruction is described as being “*on a new basis*”, suggesting that there is a recognition that for many workers, returning to ‘normal’ will not be enough to ensure they have fair and safe employment. Further evidence of this is in their stated commitment to work in social partnership.

While proposals for a social partnership bill (which our [earlier report](#) examined) have [been dropped](#) from the Government’s programme in light of the response to the Coronavirus, it is reassuring to see this commitment restated in the context of economic recovery and social renewal.

Positive signs for economic recovery were [evident](#) in the Jobs Recovery Tracker maintained by the Recruitment & Employment Confederation, with the latest data showing a rise in the number of active job postings in the UK.

1.2.1 Manufacturing

Financial support of almost half a million [was provided](#) through the Economic Resilience Fund to Caerphilly-based MII Engineering Limited. The grant is designed to protect hundreds of jobs in the area, and to help ensure a safe working environment for staff.

Britishvolt has [signed](#) an agreement with Welsh Government to work on plans to develop a battery manufacturing plan and solar plant, with construction to begin in early 2021. The company chose St Athan as its preferred location to build the factory, hoped to directly employ around 3,500 and support up to 15,000 more jobs in the supply chain.

In a demonstration of the importance of the UK Government in protecting Welsh jobs, Celsa Steel UK – which employs over 800 of its 1,000 workers across south Wales sites - [received](#) a £30m emergency support package from the UK Government to allow it to continue trading, conditional on commitments to protect jobs and restrain executive pay. This is the first taxpayer-funded bailout under the UK Government’s scheme for businesses facing difficulties due to the crisis. In a stark comparison, this dwarfs the financial support provided to Celsa Steel UK by the Welsh Government: a £2.9m loan, on top of £690,000 provided through the Economic Resilience Fund.

1.2.2 Hospitality

On 10th July, the First Minister [outlined](#) a phased timetable to lift restrictions further, particularly benefitting the hospitality, tourism, leisure and beauty sectors. This allowed many businesses in cafes, restaurants, pubs, hair and beauty, outdoor cinemas and indoor visitor attractions to resume operations from 13th July. Outdoor gyms and community centres can gradually reopen starting from July 20th. Other businesses were told to prepare for re-opening on 27th July, including tourist accommodation with shared facilities. Discussions are [also ongoing](#) to explore re-opening indoor hospitality operations from 3rd August. The Welsh Government has been actively intervening to support businesses through the crisis. A total of £2m of financial support has [been given](#) to businesses in the tourism sector through the Economic Resilience Fund.

UK Hospitality [called on](#) the Welsh Government to consider allowing indoor hospitality to reopen on 31st July instead of 3rd August, to allow businesses to take advantage of the full August holiday period. FSB Wales [detailed](#) remaining concerns around delaying re-opening indoor hospitality, which they argue deprives businesses of the lead-in time to earn before then being expected to contribute to the furlough scheme in August. They also stressed the need for Welsh Government to provide clear guidance on how to reopen safely. Despite the lifting of restrictions, both Brains and Wetherspoons [decided](#) they would not reopen their pubs until they can use both outdoor and indoor facilities.

1.2.3 Tourism

In positive news for the tourism industry, [results](#) of the Covid-19 Tourism Consumer Tracker conducted between May-June found that Wales is the number three intended holiday destination of UK residents. Bookings for cottages, caravan sites and holiday parks in Wales have [also seen](#) a significant increase following restrictions being lifted.

1.2.4 Arts and entertainment

Plaid Cymru [outlined](#) three interventions to support the arts sector, including establishing an emergency taskforce, investment, and a recovery roadmap. As part of the UK Government's arts support package, the Welsh Government has received £59m of additional funding, and the Welsh Conservatives [have urged](#) that this be spent entirely on the arts sector.

2. Hours of work

The most striking change to emerge from UK data on employment is the [dramatic fall](#) in hours of work. Although current data is not available for Wales, if jobs have followed the same pattern as seen in the UK, we can expect a reduction in hours worked per week of 4.7 hours, with people working on average just 26.7 hours per week.

Male workers saw a drop of 5.5 hours on the quarter, while female workers saw a drop of 4 hours on the quarter. The biggest fall by sector has been in accommodation and food service activities, with a jaw-dropping loss of 8.9 hours to an average of just 16 hours worked per week. Other sectors saw significant quarterly decreases in average actual hours worked, with construction seeing a 7.9 hour reduction, manufacturing seeing a 6.2 hour reduction, the wholesale, retail and repair of motor vehicles sector seeing a 6 hour fall.

Support for a 4-day week as a means to protect jobs has emerged. Paul McKinlay, Senior Vice President of Airbus UK, [has stated](#) he would be keen to explore this option as part of consultations to save jobs. The Future Generations Commissioner has [also advocated](#) piloting a 4-day working week. However, as we have [previously warned](#), unless the cut in hours was accompanied by a pay rise, many workers would be worse off.

3. Pay

HMRC's [data](#) on real-time earnings show that median pay in Wales has fallen slightly, with a £14 drop in median earnings between March-May 2020. These figures are a 3-month moving average, and so the full impact of the pandemic remains to be seen.

Ryanair were [praised](#) for its constructive approach following an agreement reached by Unite not to cut jobs. However, in return for job security workers will receive a pay cut, setting a concerning precedent for those working in the industry. A concerted effort by trades unions, employers and governments will be crucial to avoid a trade-off in workers' terms and conditions in return for retaining their jobs becoming the norm. GMB have [since warned](#) that thousands of workers at Centrica are facing pay cuts and weakening conditions.

In other news, a poll of 7,000 UK workers [found that](#) one-in-five would be willing to take a pay cut to continue working from home after the crisis.

Plaid Cymru [set out](#) its vision for child and social care, in which a National Care Service would offer salaries in line with NHS levels. This comes after the party [highlighted](#) the Welsh Government's failure to commit to a pay rise for health and care workers.

In better news, following negotiations between Unite and the employers, workers at Rowan Foods in Wrexham who have tested positive for Covid-19 and are isolating [will receive](#) backdated company sick pay, following the recent local outbreak. Yet the results of the National Survey for Wales [provides](#) a stark reminder of the scale of inadequate sick pay coverage, as a quarter of workers who responded stated that they do not receive paid sick leave.

4. Health and well-being

The Wales TUC [responded](#) to news on lifting restrictions by stressing that all relevant businesses must carry out a Covid-19 specific risk assessment and reiterating the importance of fair work to ensure a successful reopening.

Social care remains a focal point of concern over worker safety. GMB [highlighted](#) figures compiled by Amnesty International showing that out of 3,000 global death of health and social care workers, over a sixth were in England and Wales. This comes as the Health, Social Care and Sport Committee published their [first report](#) on the impact of the pandemic on health and social care. Recommendations include improving planning and processes to ensure adequate PPE supplies, and improving testing particularly in care homes. It also calls on the Welsh Government to urgently act on statutory sick pay arrangements for social care workers required to self-isolate. Welsh Conservative leader Paul Davies has since [called for](#) an independent inquiry into the Welsh Government's handling of the crisis, following the Prime Minister's commitment to an independent inquiry of the UK Government's response.

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