



# Fair Work Focus



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Week ending 31<sup>st</sup> July 2020

Issue 3

This fortnight's update shows the continuing impact of the pandemic on the labour market, particularly for retail and hospitality, with more redundancies being planned. There are growing calls for improving pay for social care workers, which has become even more pronounced following pay rises for some healthcare workers.

Read on for news about:

- [Job Security](#)
- [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](mailto:huw.anslow@bevanfoundation.org).

### 1. Job Security

As Wales slowly transitions out of lockdown, concerns over a muted economic recovery have spurred calls for extensions to the furlough scheme in specific sectors, alongside other proposals to keep unemployment down. The [lifting](#) of restrictions in Wales continued, as the work from home law [is scrapped](#) and cinemas, museums and hospitality venues are able to fully open. Other businesses [including](#) beauty salons were also allowed to open, although owners [stressed](#) that it will take years for their business to recover. Despite some restrictions being lifted, concerns remain for the viability of businesses in the hospitality sector and of future redundancies. UK Cinema Association [has said](#) that very few cinemas in Wales are likely to reopen on 27<sup>th</sup> July due to continuing restrictions, including social distancing rules and cinemas being unable to sell food, with [increasing anxiety](#) from cinema owners over their future viability. Staff working at Dan-yr-Ogof underground cave attraction, reopening on 25<sup>th</sup> July, [highlighted](#) the challenge of making enough money to stay viable from just six weeks of the peak season. Finally, it is hard not to question measures to support jobs in the sector with [the news](#) that only a quarter of eligible businesses have signed up to the UK Government's 'eat out to help out' scheme ahead of its launch on 3<sup>rd</sup> August.

The number of job vacancies in Wales is at its lowest in almost twenty years, with vacancies in the second quarter of 2020 [falling](#) by 55% compared to the same time last year, although this is below the UK drop of 63%. Business confidence remains low, with the FSB Small Business Index for Q2 [showing](#) that of 1,400 UK small firms surveyed, one-fifth expect their performance to be much worse in the next quarter. There was more bad news for Aston Martin as their losses in the first half of 2020 [totalled](#) £227m, adding to concerns over the impact this will bring for jobs at its new factory in St Athan.

In this context, the Welsh Government's [response](#) to the Economy, Infrastructure & Skills Committee's report on the impact of Covid-19 gave an insight into their plans to protect and create jobs through economic recovery. They argued that the crisis is accelerating long-term challenges that existed before the pandemic hit, including an unequal economy with a lack of good well-paying jobs, limited economic opportunities outside of urban areas, and a skills gap. Fair work is stressed as a guiding principle of the values-based recovery they are committed to achieve. Four integrated approaches for economic recovery are detailed, including an emphasis on place-based recovery creating local jobs and building the foundational economy, alongside a people-based recovery to refashion training and education to better utilise the potential labour force.

This ambition was given shape when the Welsh Government [announced](#) a £40m skills and jobs fund, designed to incentivise more apprenticeships, allow more training opportunities, and support for those to become self-employed. This includes £20m for employers to recruit and retain 5,000 apprentices, just under £9m to help workers access training and find new employment, and a new Barriers Fund offering £2,000 to support people into self-employment particularly targeting women, young people and black and minority ethnic communities.

A new social enterprise action plan [showed](#) an aspect of the Welsh Government's long-term plan for employment. This outlines ambitions to transform the labour market by embedding social values into the economy, with the sector playing a key role in 'building back better' by becoming the business model of choice by 2030. Welsh Government also [highlighted](#) ongoing issues with UK Government funding undermining their ability to allocate resources to address long-term damage caused by the virus, although the Welsh Conservatives [argued](#) that the skills and jobs package was made possible by recent UK Government funding.

The retail sector continues to experience difficulties. The KPMG/Ipsos Retail Think Tank (RTT) [found](#) that the Retail Health Index fell to a record low in the second quarter of 2020, with non-retail in a much worse position than food retail. However, there are promising signs that pent-up consumer demand could help revive the sector in the third quarter, dependent on factors including how quickly the furlough scheme is wound down. Yet UK footfall growth [slowed](#) for the week of the 13<sup>th</sup> July, less than half the rise recorded in the previous week. As policymakers try to adapt to the new climate, UK Government is [considering](#) a new tax on online retail sales to ease pressure on the high street in recognition of debate that the business rates system may be in effect favouring online retailers.

## 1.1 Job losses

Fears around unemployment continue with [concerns](#) that there will be a substantial rise after the furlough scheme ends, leading to calls for the scheme to be extended for specific sectors. Make UK [called on](#) the UK Government to extend the furlough scheme for the aerospace and automotive sectors by six months to avoid highly skilled job losses on a huge scale. They pointed to the results of their latest manufacturing monitor survey finding that 53% of companies plan to make redundancies in the next six months. The Food and Drink Sector Council's [recovery plan](#) also highlighted the need to extend the furlough scheme in hospitality as one of the worst-hit sectors.

### 1.1.1 Retail

More high-profile retailers have announced plans to cut jobs. Ted Baker [saw](#) year-on-year sales drop by 50% between May-July even though online trading levels were above expectations, with [reports](#) that it plans to cut 500 jobs – a quarter of its current workforce. Tesco is [to get rid](#) of contract cleaners in nearly 2,000 stores, with these duties being transferred to store staff. Matalan [has seen](#) a massive revenue drop impact of 70% up to May despite their online trade continuing, bringing fears that it too will announce job losses. As a knock-on effect of the decline in retail footfall, collapsing demand for bus services have led to Stagecoach [planning](#) job cuts as part of making £9m worth of savings.

The Baird Group, owner of retailers including Suit Direct, is [planning](#) to close 18 independent stores and cut 264 jobs – a third of its workforce – in an effort to avoid closing. Debenhams [has put](#) itself up for sale as a final resort to stave off liquidation, even after previous measures to cut costs including making over 1,000 redundancies. In a bid to support the sector, the owner of St David’s retail centre [launched](#) a new initiative allowing brands to rent a pop-up retail space for a six-month period.

### 1.1.2 Hospitality and leisure

A [joint report](#) from UK Hospitality and CGA has detailed the scale of the impact the pandemic has had on the hospitality industry, with the sector accounting for a third of the UK’s entire drop in GDP in March and April. Learning from international examples, it identifies changes in consumer habits that are likely to shape the industry in the coming months including using local options rather than travelling to cities, and growing polarisation between the value and premium ends in the market. On top of this, a new report from PwC has [warned](#) that as many as a third of furloughed hospitality workers could become unemployed by the end of the year. Entrepreneur Hugh Osmond has gone as far as [arguing](#) there is no future for high street casual dining chains, with upmarket chains being the most viable business option.

Rhondda-based Baraka Foods, which supplies meat products to Domino’s Pizza and Wagamama, [announced](#) it was going into administration, with a loss of 84 jobs. Fears for more losses were present as even fast food giant McDonalds [faces](#) a 50% drop in profits in Q2, with UKHospitality’s quarterly tracker [finding](#) that the UK sector as a whole lost the equivalent of £30bn in Q2 as sales nosedived by 87%.

### 1.1.3 Arts, culture, media and sport

There have been calls for urgent Welsh Government support for the arts sector, with the Arts Council of Wales [warning](#) about the dire state of the sector and the pressure to make redundancies. Plaid Cymru [criticised](#) the delay in detailing what support would be offered after the First Minister’s initial statement on July 5<sup>th</sup>, stressing that the 60,000 Welsh workers in this sector are at risk. The Welsh Government has since [announced](#) a £53m fund to support the sector, with a cultural contract to be developed ensuring that successful applicants commit to using the funding in support of achieving *“a positive, targeted social purpose”*.

### 1.1.4 Other sectors

The importance of the UK Government’s role in protecting jobs in Wales was illustrated after reports of potential job losses at Tata Steel’s Port Talbot site [sparked calls](#) for the UK Government with GMB [calling on](#) the UK Government to provide stimulus and protect jobs in the steel sector. However, some of the financial help the UK Government has [provided](#) has come too late, such as the £500m in loan guarantees given to Ford in an effort to safeguard jobs despite the Bridgend site closing in September, with a loss of 1,700 jobs. Another large employer announced redundancies. Centrica, which owns British Gas, [announced](#) it would make 5,000 more job cuts after it faces a 14% drop in profits.

## 1.2 Job Gains

There was some positive news for north Wales, as Deeside-based Ethikos Group [purchased](#) engineering company Gilks following significant financial support from the Development Bank of Wales, with Ethikos planning to *“substantially increase”* their apprentice scheme. Welsh Government also [highlighted](#) that the Economic Resilience Fund has protected more than 14,000 jobs in north Wales, providing £34m of funding to almost 2,000 businesses. They also promoted a case study by [highlighting](#) the success of a bicycle repair company in Torfaen, following a business grant of £1,500.

### 1.2.1 Retail

There were some positive signs for the retail sector and wider services sector in June as sales [increased](#) more sharply than expected, rising by 13.9% in England, Scotland and Wales, although economists have urged caution over what this tells us for hopes of a strong recovery. In hopeful news for workers, although Next has seen a substantial sales decline in Q2 it has [revised](#) projections and now expects to make a profit of £15m by the end of the year, a massive improvement on previous forecasts of £150m in losses. Aldi [stated](#) it was on track to create 4,000 jobs in 2020 alone, unsurprising given the big increase in grocery shopping throughout the lockdown, although this raises concerns about the quality of jobs being created in an industry where zero-hours contracts and other poor working conditions are prevalent.

## 2. Pay

The impact of the crisis on incomes is becoming clearer. Research from the Resolution Foundation [found](#) that the pandemic has caused typical UK working-age household incomes to fall by 4.5%. The poorest tenth of households, however, had seen no growth in real incomes between the early 2000s and the eve of the crisis. Taking a more long-term view, another publication from the Foundation has [highlighted](#) the growth of income inequalities in working time between low- and high-income households over the last four decades. However, over the same period gender divides in weekly working hours have been reduced as women have increased their paid working hours by five hours and reduced their unpaid hours by 2 hours.

Low-paid workers faced another blow as GMB [highlighted](#) the UK Government is reducing in-work Universal Credit for low-paid key workers – including retail and social care workers – as a result of these workers receiving Covid-19 bonuses.

### 2.2.1 Social care

The Wales Centre for Public Policy have [published](#) a range of papers on key issues important for the recovery planning, following a series of roundtables convened by Welsh Government. Social care is identified as a priority sector, calling for Welsh Government to invest in the social care workforce after their importance has been illustrated by the pandemic. Action needed here [includes](#) ensuring they receive the real living wage, partly to increase recruitment and retention.

This comes as the disparity between the rewards for social care workers and other health professionals is growing even after the crisis, as the Welsh Government [increased](#) doctors and dentists pay by 2.8% as a “*well-deserved recognition*” for their work for the NHS. Care providers and Care Forum Wales [called](#) this pay rise a “*national disgrace*” for leaving out social care workers, stressing the symbiotic nature between these workers and the NHS. The managing director of care provider the Caron Group followed this by [calling on](#) the commissioners of social care to address this issue by raising pay, arguing that chronic underfunding means that providers are unable to do so.

The case for raising wages was made clearer in Social Care Wales’ [reflections](#) on their first register of social care workers in Wales. Key insights include a dispelling of the idea that care work is done by people with few skills, as 64% of workers have an appropriate qualification and most of the remainder are working to reach this. Crucially, the register also strengthens the case for investing in the workforce by showing that two-thirds of workers have been in their current role for more than two years, with one-fifth being in the same role for 10 years.

### 2.2.2 Retail

Despite workers in this sector recognised as key workers for their crucial role during the crisis, there are concerning signs that their contribution will not be fairly rewarded. The Association of Convenience Stores [submitted evidence](#)

to the Low Pay Commission urging restraint in setting the 2021 wage rate, outlining their concerns about the impact that rising wage costs will have on convenience stores being able to offer secure, local and flexible employment.

In more positive news for workers, the British Retail Consortium [highlighted](#) their role bringing together retailers and politicians in calling for the introduction of a licensing scheme for UK garment factories. This is aimed at ensuring workers are paid the National Living Wage alongside enforcing other workers' rights.

## 3. Health and well-being

### 3.2.1 Social care

The EHRC and the Older People's Commissioners [announced](#) they will be considering whether the Welsh Government have upheld the human rights of older people during the crisis. The Welsh Conservatives [responded](#) by renewing calls for an independent inquiry into the Welsh Government's response to the crisis, arguing that there have been failings for residents and staff at care homes. Meanwhile, as the Welsh Government [announced](#) its largest ever flu vaccination programme, a key priority is to increase uptake in health and social care workers.

### 3.2.2 Retail

Public Health Wales [confirmed](#) four cases of Coronavirus associated with Ebbw Vale-based food processing plant Zorba Delicacies Ltd. This follows other recent small outbreaks in food processing plants across Wales, although the First Minister has argued that this is a global issue.

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