

FABIAN POLICY REPORT



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PEOPLE POWER

Building an industrial strategy with workers at its heart

Edited by Olivia Bailey and Kate Murray

With a foreword by Andy Haldane and contributions from Becca Antink, Chi Onwurah MP, Roy Rickhuss, Matthew Taylor, Anna Turley MP, Lorna Unwin and more



The Changing Work Centre was established by the Fabian Society and the trade union Community in February 2016 to explore progressive ideas for the modern world of work. Through in-house and commissioned research and events, the centre is looking at the changing world of work, attitudes towards it and how the left should respond. The centre is chaired by Yvette Cooper MP and supported by an advisory panel of experts and politicians.

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Community is a modern trade union with over a hundred years' experience standing up for working people. With roots in traditional industries, Community now represents workers across the UK in various sectors.

FOREWORD



Andy Haldane is chair of the Industrial Strategy Council

THREE OF THE most pressing problems currently facing the UK economy are the three 'p's.

The first p is 'productivity'. For perhaps the first time since the Industrial Revolution, this has flat lined for a decade and counting.

The second p is 'pay'. Not coincidentally, real pay has also stood still for a decade, for the first time in well over a century.

And the third p is 'place'. Problems of productivity and pay have been felt acutely in certain regions, towns and cities across the UK, widening already wide inequalities.

Tackling the 'three p problem' should be one of the key priorities of economic policy in the period ahead.

Doing so calls for a comprehensive rethink and rebuild of the foundations on which our economy is built: new investment, new infrastructure, new innovation, new skills and new institutions to support this rebuild.

As our economy relies for its success on many actors, successful reform will require action by each of them. That includes government, whose Modern Industrial Strategy in 2017 set out a blueprint for reforming and rebuilding.



A Fabian Society report
General secretary Andrew Harrop
Deputy general secretary Olivia Bailey
Editorial director Kate Murray
Assistant editor Vanesha Singh

Like all publications of the Fabian Society, this report represents not the collective views of the society, but only the views of the individual writers. The responsibility of the society is limited to approving its publications as worthy of consideration within the labour movement.

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It includes companies, whose entrepreneurship and innovation are a second crucial wellspring of improvements in economic performance and productivity.

And it includes workers, whose skills and efforts are every bit as much the wellspring of gains in economic performance and productivity.

As the economy is a team sport, so too must be efforts to reform and rebuild it.

The Industrial Strategy Council (ISC), which I chair, is tasked with evaluating the performance of the government's industrial strategy, independently and objectively.

Through its composition, the ISC recognises the multiple actors crucial for success: policymakers, academics, business people, civil society and trade unions drawn from across the UK.

The very words 'Industrial Strategy' sometimes convey the wrong impression. At face value, they suggest a focus on companies rather than workers, capital rather than labour, good productivity rather than good pay.

But the industrial strategy makes clear this is too narrow a focus, with its objectives being to boost earnings power as much as productivity.

Through its work on developing success metrics, I hope the ISC can reinforce that a successful industrial strategy is about fostering the skills and security of workers every bit as much as the innovation and entrepreneurship of companies.

After all, companies do not succeed without a skilled and engaged workforce, carrying out good work for a good wage. And the same is true of our economies.

It is against that backdrop that I welcome this collection of essays on the ways in which worker perspectives, local perspectives and skills and education perspectives can be brought to bear in securing the success of the industrial strategy.

Getting those right will be crucial in solving the 'three p problem' and securing rising living standards for all.

At the heart of change

In a fast-changing world, it is more important than ever to put workers at the centre of our industrial strategy, as *Roy Rickhuss* explains



Roy Rickhuss CBE is general secretary of Community

IN AN AGE of accelerated industrial change, people must be placed at the heart of any government industrial strategy. Change in today's world is – and will continue to be – driven not by machines but by human innovation. But without a skilled labour force providing the beating heart of industry, innovation will fade, growth will suffer and the effect on our communities will be devastating.

Community is the leading union in the UK steel industry and our members know only too well the consequence of governments failing to manage change. Unless government starts to address this challenge, mitigating the risks of automation and rapid change, more and more of our towns and cities will be left behind. We forget that the industrial revolution destroyed some jobs, even though it created many more. In today's world, without an industrial strategy that focuses on people as well as growth, the lasting effects of the next industrial revolution will be job losses without the creation of new jobs to replace them.

Whether it is in the reform of energy costs, in more intelligent uses of public procurement policy to support our home industries and communities, or in the re-training and upskilling of workers across sectors, a strong industrial strategy is crucial to managing change.

All of this is of critical importance to our members and workers across the country. It is those workers who must be at the heart of our industrial strategy, not only so that we get the strategy right from the outset, but also so that we can invest and improve in industries, communities and workplaces across the country for future generations, and for the better.

From educating and training our young people to equip them for the modern world of work to retraining and upskilling industrial workers to enable them to adapt to automation and industrial change, people must come first. It is only by exploring the needs and ambitions of those people who are being directly impacted by the challenges of the changing world of work,



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and who are shaping opportunities for their workplaces and communities, that we can accurately measure the success of an industrial strategy.

When you look at the approach of successive governments to an industrial strategy, it is clear there has been a lack of worker voice. People need to be consulted on whether they feel their lives are better, whether their futures are more secure, and whether their work is good quality and meaningful to their daily lives. And it's not just about asking the right questions: we also need to ensure that people are listened to. We need to have this listening approach in places across the UK, including in areas of the country where workers feel left behind, and feel a sense of injustice as a consequence.

Above all, an industrial strategy must ensure it reflects how people feel about their work, skills and productivity. That means an industrial strategy that not only ensures our manufacturing sector can continue to compete in a global market, but one which allows workers to share in the rewards from increasing technological change and automation in their workplaces. To succeed, we need an in-depth discussion with people about the impact industrial change can have on communities, whilst demonstrating how a strong industrial strategy will manage that change.

At the heart of our discussion must be a conversation around the decline in trade union membership and therefore collective bargaining, looking at the impact this has

had on workers' productivity and wages. Government, employers and trade unions have a responsibility to ensure that the trade union movement not only survives as part of an industrial strategy but that it thrives in communicating with workers the benefits of trade union membership.

People can benefit and feel part of an increased commitment to boost productivity, create good jobs and see an increase in their earning power, but only if we create the space for them to shape it.

This collection explores why our industrial strategy must be people-focused. Joe Dromey outlines the challenges of low pay and in-work poverty that will need to be overcome, while Becca Antink and Matthew Taylor emphasise the need to make tackling social and regional inequality an organising principle of an industrial strategy which truly has people at its heart.

Examining how worker voice can be embedded in a future strategy, Andrew Pakes suggests that trade union involvement and collective bargaining have a key role to play in the future economy. Local involvement is also crucial and Neil Lee focuses on the importance of local industrial strategies for long-term growth and the revitalising of local communities.

Then there are schools. As Alice Barnard of the Edge Foundation points out, we must start young if we are to produce the skilled workers we will need in future. But education and training must continue into adulthood and as David Hughes from the

Association of Colleges makes clear, life-long learning must be at the heart of any successful industrial strategy.

In the workplace, too, we need to see progressive policies in play. Tony Wilson explores how employers can do more to boost progression in low-paid sectors, while Lorna Unwin reflects on the role employers play in equipping their workforce for the changing world of work and suggests a new partnership approach is needed.

Sir Peter Lampl of the Sutton Trust argues that, done right, apprenticeships are key to improving social mobility, but many are not reaching the people who would benefit most from them. In all of these contributions, we see the need for practical, people-centred policies which could pave the way for economic growth and prosperity for our communities. So what should Labour's response be? The closing essays in this collection give us some pointers. Olivia Bailey sets out where policy-makers should go next. And Anna Turley MP gives an insight into the positive impact a people-focused industrial strategy would have on a community like hers in Redcar. Finally, Chi Onwurah, Labour's shadow minister for industrial strategy, sets out what Labour is planning.

A future industrial strategy will need to underpin economic growth. But it must go beyond that too, creating the conditions for success which benefit employees as well as employers. People are the foundation of our workplaces: let's build our industrial strategy with them and for them. **F**

Thinking big

Too many people are trapped in low pay jobs, without a way of shaping their own future. A people-focused industrial strategy should seek to make good work a reality for all, writes *Joe Dromey*



Joe Dromey is deputy director of research and development at the Learning and Work Institute

THERE ARE MORE people in work today than ever before. The employment rate stands at a record high; unemployment is at a historic low.

But all is not well. Recent years have seen a growing and welcome debate around the *quality* of work. This is partly due to the decline in concerns around the quantity of work. But it relates to very real problems in our economy and in the labour market too.

In exploring the big challenges that a people-focused industrial strategy must address, it is worth thinking about what a decent job should offer.

First, a job should provide an income that is enough not only to live on, but that affords security, comfort and a decent life.

But for millions of people, work is no longer a route out of poverty. We have seen the worst period of earnings growth since the Napoleonic Wars, with median earnings yet to recover to the level reached a decade ago. The national living wage has increased wage growth for those at the very bottom, but poverty pay remains a real challenge. Some 6 million employees – nearly one in four – earn below the real living wage.

Due to stagnant wages, high housing costs and cuts to social security, the number of people in work and in poverty has increased steadily over the last decade. Nearly three million children living in poverty are in a household where someone is

in work – twice the level that live in workless households.

The stagnation in pay is related to an unprecedented stagnation in productivity. Over the last decade, the amount we produce per hour has increased by just 0.5 per cent per year. With productivity flatlining, we are falling behind other countries; the average worker in France and Germany produces more in four days than the average worker in the UK does in five.

Our excessive levels of inequality are not just an affront to social justice; they matter for the economy and for society

In addition to how much wealth we collectively produce, how this is shared matters too. Compared to the decades before 1980, we have seen two worrying trends in the UK and many other advanced economies: a decline in the labour share of GDP and a dramatic rise in inequality. Put simply, less of the wealth that we all generate is going to

working people, and that wealth is increasingly unevenly distributed. Our excessive levels of inequality are not just an affront to social justice; they matter for the economy and for society. As the work of Richard Wilkinson and Kate Pickett has shown, societies with higher levels of inequality tend to suffer more from a broad range of social ills, from crime to health and mental health problems. And excessive inequality can act as a brake on growth too.

It is no coincidence that the dramatic rise in inequality has coincided with the decline of organised labour. In the last four decades, we have seen the proportion of workers who are in a trade union fall by half, and the proportion covered by collective bargaining fall by two thirds. And as the power of trade unions has grown weaker, so the labour share has fallen and inequality risen.

Beyond the distributional inequalities, there remain significant inequalities between groups. The gender pay gap remains stubbornly high, and women account for nearly two in three of those on low pay. There are big pay gaps by ethnicity and disability too, and while the employment rate is at a record high, there is a persistent disability employment gap.

A people-focused industrial strategy should seek to tackle these inequalities and drive up wages for low and middle-earners, so that all workers can have a decent stand-

ard of living. Increasing the minimum wage would help, and there is a welcome political consensus here.

But tackling in-work poverty pay will require more than increasing the wage floor. In contrast to the narrow focus of the current government's industrial strategy on high-tech, export-focused sectors, a people-focused industrial strategy should focus on boosting productivity across the low-productivity, low-pay sectors that make up the 'foundational economy'. And while raising the wage floor would help, we need to think about how people get off it altogether. Strengthening labour power would help here, so a people-focused industrial strategy should support a renaissance of collective bargaining. But a higher wage floor would do little for those working parents who can only work part-time and who face high living costs. So we need to expand access to affordable and flexible childcare, and we must ensure that the welfare system provides the support that lower income workers need so that they can achieve a decent standard of living and ensure their children grow up free from the scourge of poverty.

Work should give you the opportunity to progress and to achieve your potential. Yet too many workers are trapped in work that offers limited opportunities for progression.

Employer investment in vocational training in the UK is half the European average, and employers are spending £5bn less in real terms than they were 10 years ago. These top-level figures are worrying, but how this investment is distributed is deeply concerning too. Employers are much more likely to invest in training their already highly-skilled and highly-qualified employees than they are to upskill their lower-skilled and lower-paid workers. Beyond this inadequate and uneven private investment, public funding is also insufficient; the adult skills budget at the end of this decade will be barely half the size it was at the start. Recent Learning and Work Institute research showed that if this pattern of low private and low public investment continues, the UK will slip behind other advanced economies in terms of our skills base, with both productivity and social mobility suffering as a result.

Lifelong learning has always mattered. It offers people who didn't achieve their potential at school a second chance, and it offers people the opportunity to re-invent

themselves and to follow their dreams. That is why Jennie Lee and Harold Wilson created the Open University 50 years ago. Today, life-long learning is more important than ever.

With lengthening working lives, and rapid technological and economic change, a people-focused industrial strategy should ensure that all workers have the skills they need to progress and to adapt in a fast-changing world of work. This means not just boosting investment by both employers and the state in training, but addressing the inequality of access too.

In addition to tackling the barrier of direct costs such as course fees, we need a comprehensive strategy for overcoming other barriers. We should think about the role of trusted intermediaries in encouraging and empowering people to participate in learning – including a greater role for

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fundamental to good
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union learning reps. We should consider some form of earned entitlement to 'learner leave' for workers who can't afford time off to train. And we should look at the demand side too – stimulating employer demand for and investment in training.

Work should give you a voice and a sense of control. Employee voice is fundamental to good work, whether that be having a say over how you do your work or about the big decisions that affect your organisation. Yet only one in three workers in the UK feel able to influence the decisions at work. This is in part due to the imbalance of power we see in today's workplace; the same imbalance of power which has contributed to the steep rise in inequality. In this context – with so many feeling disempowered and that they were not benefiting from economic growth – it is no surprise that the siren call of 'vote leave, take control' was so resonant for so many.

A people-focused industrial strategy should seek to redress the balance of power at work, ensuring that all workers have a say in the decisions that affect them. A resurgence in union membership and collective bargaining would help here, so we should consider how unions can be supported to recruit, and we should engage unions as social partners in running the economy. We need to look at how our businesses are run too. This should include meaningful reform of corporate governance so that workers are represented on boards. And we should explore how we can better promote employee ownership, so that workers have a stake in the success of their employer.

Finally, a people-focused industrial strategy must face up to the greatest challenge we face – the climate crisis. In the last few months, a remarkable coalition of the direct action of Extinction Rebellion, the generational challenge posed by Greta Thunberg and the young climate strikers, and the quiet authority of David Attenborough have succeeded in finally giving this existential threat that we face the oxygen it deserves. The UK is the first country in the world to declare a climate emergency, but with time rapidly running out, we need to turn this commitment into action.

We need a radical transformation of our economy, with a rapid shift away from carbon-intensive industries, and towards green energy and green technology. But if this is to be socially just and politically sustainable, it must not come at the expense of workers in carbon-intensive sectors. This means we need a just transition, with a drive to create good quality green jobs, and to support the workers who are affected to adapt.

At its best, work can provide not just a decent and secure income but meaning and purpose. Good work can provide the foundations for strong communities, a good life and a good society. But for far too many people, the reality of work is a long way from this. Instead of simply concentrating on the headline employment rate, and on the high-tech sectors which are the focus of the current industrial strategy, a people-focused industrial strategy should be more ambitious: it should seek to make good work a reality for all. That means decent pay, a voice at work, the opportunity to achieve your potential, and an economy that stays within the environmental limits of our planet. ■

The power of place

Traditional industrial strategies have focused purely on the economy at the expense of too many citizens. *Becca Antink* and *Matthew Taylor* argue that we need a more integrated approach to economic, social and environmental policy to drive truly inclusive growth



Becca Antink is researcher, public services and communities and Matthew Taylor is chief executive at the RSA

IN THE DECADE of austerity and upheaval since the 2008 financial crisis, the experiences of people and places across the UK reveal how so many have been systematically excluded by our current economic model and overlooked by those making decisions in Westminster. The result is an economy with low growth and productivity, squeezed public finances and widespread distrust in our political system.

Recent warnings have underlined that urgent action is required to prevent the UK, already one of the most unequal OECD nations, from moving even further towards the income, wealth and health inequalities seen in the US.

Dire as these warnings are, there are few who will find them surprising. Whether you are a parent in Rochdale working a minimum wage job and relying on foodbanks to feed their family, or a policy wonk in Westminster crunching inequality data, these kind of predictions have become part of the new normal.

At the same time, particularly in the wake of Brexit in the UK and Trump in the US, there is a growing recognition that unbridled globalisation and trickle-down economics have failed to bring the prosperity for all that was promised. Instead they have served to further exclude the already marginalised, fuelling populism and the increasing polarisation of our public discourse.

Crucially, these analyses no longer emanate from a handful of academics or campaigning organisations, but from institutions such as the IMF, which have historically embodied the status quo they now critique. Indeed, there is a body of evidence showing that the growing inequalities created by the current economic system undermine the very measure of its own success – GDP.

While this shift in consensus is cause for a degree of optimism, in reality we see too little movement towards the systemic change and practical action that is required in response to the impact that growing inequality is having on people's lives.

The RSA's Inclusive Growth Commission has been pivotal in making the case for a new model that combines economic and social policy to reduce inequality and deprivation, in turn driving growth. This is a model of 'broad-based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes.'

This new approach has gained significant attention at global, national and local levels but we are working within entrenched systems underpinned by long-held, self-perpetuating values and practices. In this context, we observe how the language of inclusive growth is often adopted while traditional

economic development strategies are simply rebranded with no meaningful shift in strategic approach or practice on the ground.

We need to move past traditional industrial strategies focused purely on the economy towards an integrated approach to economic, social and environmental policy. The neat divisions of departmental boundaries or specialist areas of expertise are not reflected in the messy, complex ways that decisions interact and are experienced in people's lives.

Crucially, these interactions often occur at a place-level. As Andy Haldane of the Bank of England highlighted in a recent speech: "Our economies, like our politics, are local."

Much is made of the inequalities between different regions of the UK, but this is only part of the picture. Inequalities within areas are often just as, if not more, marked. This is true of inequalities of wealth, as much as for health and life satisfaction, underscoring the need for a more holistic, place-based approach.

For these reasons we argue for a post-Brexit settlement in which the government commits to:

- Establishing an inclusive growth investment fund, incorporating repatriated European structural and investment funds and other relevant funding streams, to pump-prime innovative place-based investment designed to boost inclusive growth;

- A new national place-based spending review, which would attribute the total amount of public sector spending and investment to places rather than departmental silos;
- Allowing combined authorities to pool budgets and co-commission public services for their places, within the context of national standards and entitlements.

In return, local and combined authorities would need to show that their plans for more inclusive economies are both systematic in nature and practically applied. It can no longer be the case that the language of inclusive growth is simply grafted onto previous plans, with very little real transformational activity.

However, there is no fixed blueprint for how to 'do' inclusive growth, nor should there be. Local approaches will always need to be developed in response to the contextual drivers, barriers and enablers of a particular place.

But there are already powerful examples of inclusive growth being put into action from across the UK and further afield, which can provide insights and inspiration for those exploring inclusive growth practices in their places. Through our research at the RSA we have observed that this inclusive growth practice falls into four domains: livelihoods, wealth, voice and futures (see box right).

This taxonomy provides a set of generalisable principles for developing practical, systemic interventions for inclusive growth. Few individual interventions span all four domains, but the most successful place-based inclusive growth strategies will support and facilitate a balanced range of interventions that reflect the needs and context of the local place.

The success of these practical approaches, underpinned by the commitments of the post-Brexit settlement outlined above, require a fundamental shift in the relationship between central and local government and would represent the successful emergence of a new social contract with inclusive economic outcomes at its core.

This is an ambitious task. But the costs of growing inequality are becoming ever starker, the consensus around the need for change continues to grow, and an emergent body of inclusive growth practice is beginning to map the way forward. **F**

INCLUSIVE LIVELIHOODS

Employment in the UK and many other advanced economies has reached historically high levels, but so has in-work poverty. Interventions typically respond to challenges around declining job quality, persistent income inequality and stagnant productivity and living standards. This often involves innovative social policies and skills and labour market programmes that connect people to good quality jobs and skills development opportunities.

Per Scholas is a demand-led, person-centred IT development workforce project in the US. It creates sustainable career opportunities and offers skills pathways to close the skills divide and diversify the tech workforce. It provides holistic support around needs such as childcare, mental health, financial management and domestic violence to address the barriers which marginalised groups often face when accessing traditional programmes. Graduates earn on average 200 per cent more than prior to participating. Ninety per cent of beneficiaries are people of colour, a third are women, and a third young people.

INCLUSIVE WEALTH

In the UK, there is an even greater disparity between those with the most and least wealth than between those with the highest and lowest incomes. As a result many people and places lack the resources to absorb economic shocks. Inclusive wealth approaches encompasses two key strands. The first is focused on tackling financial wealth inequality through broadening the ownership of assets and wealth. The second focuses on supporting community or place-based wealth through developing institutions that generate economic value which remains within a place.

GrowFL in Florida applies the 'economic gardening' approach to economic development. Rather than competing to attract investment from large and distant companies, the focus is on supporting existing economic assets to grow and create new jobs. They provide the strategic research guidance and resources, peer learning opportunities and leadership development which 'second-stage' businesses can't afford.

INCLUSIVE VOICE

Economic inequality is exacerbated by power structures that exclude citizens from decision making processes. This also increases the risk of an economy being captured by narrow interests, usually at the expense of the interests and perspectives of those that are underserved by the economy. Inclusive voice interventions are about giving citizens a greater say and influence over decision-making, often through participatory and deliberative platforms and processes.

In Barcelona, Decidim is a web-based platform that also synthesises real-world engagement to provide the infrastructure for citizens and public bodies to collaborate on decisions about the needs and future of the city. It is embedded into governance structures, balancing the influence held by formal institutions and communities, with opportunities for citizens to be involved in the ongoing codesign and oversight of the city's participatory processes.

INCLUSIVE FUTURES

Short-termism in policy making and business practices is one of the major barriers to addressing structural economic challenges. Inclusive future approaches recognise that building an inclusive economy is a long-term endeavour that makes environmental concerns a core part of our economic strategies; that promotes the long-term stewardship of an economy for future generations; and that anticipates and responds to long-term megatrends such as an ageing society.

Temasek Holdings in Singapore is an example of a government-owned but independent public wealth fund that ensures long-term decision making and sustainable value creation. With holdings worth \$275bn, it consolidated a range of publicly owned enterprises, commercial assets, holding companies and utilities. This prevents the loss of public value, lack of transparency and fragmentation associated with privatisation or traditional public ownership. Returns since 1974 total 15 per cent, with an additional \$3bn also contributed to Singapore's public budget each year.

A strong voice

New technology can bring huge benefits – but workers must have a voice in shaping change in their workplace, as *Andrew Pakes* explains



Andrew Pakes is director of communications and research at the union, Prospect

IF WE WANT an industrial strategy that works, we need one that is geared to the future, not pining for the past. The world of work is set to be transformed beyond recognition by digital technologies such as AI (artificial intelligence) and big data and the advances they enable in areas like automation and distributed working. Already AI underpins and enables our everyday activities and interactions, from assessing information we need in an instant, to keeping up with our friends and family on social media. It is also changing the way companies do business, disrupting markets, and affecting the number and nature of jobs in the economy.

According to OECD estimates, more than one in 10 UK jobs face a more than 70 per cent probability of complete automation, and another three in 10 are likely to see 'significant change' to tasks and content as a result of AI and robotics.

If developed and deployed imaginatively and collaboratively, these new technologies could offer exciting opportunities to enhance work while massively increasing productivity. But instead they are arousing increasing anxiety, and now risk simply adding to workers' sense of insecurity and disempowerment while exacerbating the worst features of the low-wage, low-productivity business models that are far too prevalent in the UK economy.

I agree with the saying often used by the Swedish trade unions, that workers should not fear the new machines, they should fear the old ones. We should be optimistic about the way technology can improve our lives, but we need to get it right. Central to this discussion, should be the role and voice of workers in how change happens. There is a lot of evidence that workers do see benefits in technological change. A recent report by DotEveryone found that four in five tech workers in the UK believed that technology benefited society as a whole (even though more than a quarter of respondents also reported they had seen decisions taken that could have a negative impact on work or society). Prospect's own findings back this up: recent survey data demonstrates that

younger workers are more optimistic than older generations about the impact of new technology on their work.

Yet anxiety about the future of work remains. YouGov polling conducted for Prospect in May 2019, revealed that 58 per cent of working people have little or no confidence that they would be consulted or involved in any tech changes at work. This is why the failure of the government's industrial strategy to address this issue is such a fatal shortcoming. While Britain's political debate is consumed by Brexit, the economy is changing around us. Prospering in this new era will require long-term vision and short-term agility, continuous investment in skills and technology and diverse and engaged workforces.



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Worker voice is key to a high-productivity, high-engagement economy

Worker voice is key to unlocking many of these problems. The evidence shows that economies in which workers are involved and represented have the highest levels of long-term research and development. The evidence also shows that employers which recognise trade unions are more likely to train their staff, and take equal opportunities seriously.

And the OECD has recognised that collective bargaining has a key role to play in enabling changes to jobs and ways of working, and thereby raising productivity. As OECD economists recently argued: "Collective bargaining and social dialogue can help addressing the challenges posed by a changing world of work... It can help shaping new rights, adapting existing ones, regulating the use of new technologies, providing active support to workers transitioning to new jobs and anticipating skills needs."

Yet the government's industrial strategy has almost nothing to say on the active involvement and engagement of workers in the future of work and technological changes that will impact them. We already live in an age of division and lack of trust of major institutions. Ignoring workers in this debate is the sure-fire way to create a technological divide between winners and losers and to feed a culture of distrust.

Things could be different

Prospect works in many of the industries and sectors that the government points to as central to its industrial strategy – from key export sectors such as manufacturing, agri-tech and the creative industries, to providers of essential economic infrastructure such as energy, transport and broadband, as well as pivotal government agencies and research centres that, as we have learned from the work of economists like Mariana Mazzucato, have a vital contribution to make to the ecology of innovation.

Every day in these areas we see how collective bargaining and workforce participation can drive skills development, enable workplace change and the take-up of new technologies, and secure the engagement and input that businesses need from their employees if they are to succeed. For example our members in shipbuilding have been involved in projects to boost productivity by harnessing the ideas and creativity of the workforce. Meanwhile our BECTU sec-

tor recently concluded a groundbreaking agreement with investors in UK film production, one of the most exciting areas of growth in our economy today.

Principles for reform

These experiences point to three principles that are important to: in getting this right and ensuring we embed worker voice in the development of new technologies and so in the future workplace: trust, transparency and transmission.

The first principle is the broad concept of trust. Too often automation is talked about as something happening to working people, not with them. Workers are talked about as factors of production to be trained or to receive new skills, but not as agents of insight into how business or work operates or as individuals concerned about their careers and livelihoods.

There are risks that poor implementation of new technology will create resentment by existing workers and between communities. If we conceptualise technology as something that is only done to workers, and fail to address the fact that it is also done by workers, then our solutions will be incomplete and ineffective.

Second, we need a much more detailed discussion about transparency and the application of technology. Concerns over data privacy, data ownership and how information is used to monitor workers or to decide on which jobs are affected need to be recognised by business and government. The burgeoning consciousness of the tech workforce, whether seen in the recent Google walkouts or the whistleblowing in the Cambridge Analytica scandal, highlights what happens when this goes wrong.

This debate has two dimensions: the role of workers involved in designing and creating technology, AI and work processes, and the voice of workers likely to be impacted by the changing nature of work. An increasing number of employers are using AI to make decisions on recruitment, promotion, work allocation, pay and performance management. We have already seen widespread concerns over gender and other bias in choices made by algorithms as well as concerns over how technology is used to monitor staff, for example in measuring the speed of work or how long workers take for toilet breaks.

Yet, despite a widespread debate on AI ethics, there is rarely any interaction or

consultation about the role of workers. For example, neither the government's new AI Council nor its sponsored UK Centre for Data Ethics and Innovation (CDEI) has a worker representative in its governance. Whilst the CDEI talks about citizens, consumers, industry and regulators, it does not mention workers or trade unions.

Finally, transmission. Workers need a voice or agency over how change happens to them. This is not about turning back the clock, but creating a duty on organisations to engage with their workforce. With union density in the private sector standing at 15 per cent, there is also a challenge here for unions to adapt to a fast-moving economy and changing expectations – especially those of the younger 'digital natives' upon whom the future of our movement depends.

One of the most interesting comments at the Tech UK summit last year came from a tech lawyer who described AI ethics as something her clients now regard like health and safety. She meant as something that must be taken seriously, rather than being optional. It is useful way of looking at things. The evidence is clear that the best records for health and safety come in businesses that respect and encourage an independent voice for workers, and with that involve unions.

If we want new technology to succeed, we need, at the very least, worker representatives or unions to be involved in the governing bodies setting out guidance on how algorithms and data are used and applied. If companies are setting up ethics committees or innovation boards, there should be employee involvement. There is also a role for new technology agreements, used by many unions and employers as part of collective bargaining arrangements, to ensure a shared understanding around how change happens and what it means at a company level. Prospect has also proposed a requirement on all businesses with more than 250 employees to commit to bargaining collectively with their employees.

We stand on the brink of a future where more and more power and wealth in our society will accrue to a small group of people who are rich in capital and who understand and control the technology on which our economy will depend. It is vital that we resist this future, and choose a different path where we reassert the right of all workers to have a say and a stake in their workplace and the wider economy. **F**

Paying dividends

Good work and good pay can break the cycle of low skills, poor productivity and working poverty,

writes *Tony Wilson*



Tony Wilson is director of the Institute for Employment Studies

POLITICAL CONSENSUS HAS been in short supply in recent years. So the odds of finding an area of economic policy where the government and opposition broadly agree would seem to be pretty slim. But with the chancellor's announcement that he is considering raising the minimum wage to £9.60 an hour, there would be barely the price of some cigarette papers between government policy and the Labour manifesto commitment for a £10 per hour minimum wage.

However while this outbreak of political unity is welcome (if it survives a change of prime minister and chancellor that is), raising the minimum wage on its own is far from enough to address Britain's low pay problem. And what is now beyond dispute is that we have a problem. Around five million workers are low paid and just one in six of those low paid a decade ago have 'escaped' it a decade on. As a consequence of low pay and welfare reforms, more than half of all people in poverty now live in working households. At the same time, one third of employers report that they have staff whose skills are underutilised, while UK productivity is significantly lower than many of our main competitors.

Aside from raising the minimum wage, the government's main focus in trying to tackle low pay has been on the workers themselves – first through trials of condi-

tional support to progress in work for those on universal credit (with mixed results) and then more recently with the announcement of a pilot to support people to change jobs. However I would argue that if we are to break the cycle of low pay, low skills, poor productivity and working poverty we now need a far greater focus on the role that employers can play in supporting progression for low-paid workers. And many employers are far from unanimous that paying their people more pays off – one of the reasons for the continuing escalation of the national living wage has been to force employers to

make increases that their pay policies would otherwise not have awarded.

Changing employer practice, however, will also mean overturning a prevailing wisdom among many low-paying employers that has viewed pay (and, by extension, workers themselves) purely as a cost that needs to be managed and reduced. It was this view that led opponents of the original minimum wage in the 1990s to claim that it could lead to the loss of up to two million jobs, and more recently that the introduction of the National Living Wage in 2016 would lead to significant job losses. In fact our own



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research, for the Low Pay Commission, has found so far no significant impacts on earnings or employment from the introduction of the national living wage. (And this view of pay as a cost rather than a benefit has been just as prevalent in the public sector in recent years – reflected in pay freezes, regarding, removal of increments and constant reforms to pay systems across the public sector.)

For many employers, it has suited them just fine to keep labour costs low – contributing to a low-price, low-pay, low-skill and often low-quality economy. But this model is often a choice, not a necessity. There are powerful arguments (and quite a lot of economic theory) that creating better-paid jobs with better prospects leads to lower staff turnover, higher performance, better quality products and better customer service. And in our own work (funded by the JPMorgan Chase Foundation) we have found a range of employers across Europe and in traditionally low-paying sectors which are following this model.

A great example is Scandic Hotels in Sweden, which prioritises internal progression because it sees the importance of developing a workforce that shares its values and has an in-depth understanding of how the company works. Whenever a new hotel is opened, the company aims to ensure that at least half of the staff have experience from another Scandic hotel – creating opportunities within the chain to move up. It also advertises all new job opportunities internally before placing on the external market; runs a future leader programme open to all staff

and to which staff can self-nominate (most often from more junior roles); and convenes mixed-level project teams to focus on improving specific aspects of the business.

We also found a range of promising practices in the UK – like the telecoms company EE, which trialled higher minimum hours and guaranteed longer hours for those that want it – reducing turnover and increasing hours worked; or Greggs, which offered four-week ‘promotion trials’ to help staff overcome fears about stepping up – leading to three-quarters taking the job permanently; or Pets at Home, which (working with the Timewise Foundation) redesigned their assistant manager role so that it could be made available as a part-time role and could therefore better support progression for women (who make up two-thirds of their workforce). And increasingly, good employers themselves are looking to take the lead – for example through the Retail Pioneers programme involving Tesco, John Lewis and B&Q, supported by the Timewise Foundation; or Good Work for All, being led by Business in the Community. An emphasis on ‘growing your own talent’ rather than buying it in has other benefits too, including in closing the gender pay gap (two-thirds of those paid between the NLW and the ‘real’ living wage are women).

So, where do we go from here? I would argue that we need action in four areas.

First, we need to far more clearly articulate what ‘good work’ and good pay look like, its benefits and how employers can achieve it. This means having a far more coherent

approach across government departments, and greater co-ordination with civil society, business and trade unions. This won’t be easy, but a number of cities are showing that it is possible (most notably through London’s good work standard and Greater Manchester’s good employment charter).

Secondly, the public sector needs to lead by example. Ending the zero-sum, cost-based approach to pay setting would be an excellent start: no system of pay and reward is perfect, but our research has shown that linking pay to skills and competence can lead to improved retention, productivity and performance and has a solid track record in a number of countries. And beyond pay, the public sector of course plays a key role as a purchaser of services in a range of low-paying sectors – including social care, facilities management and hospitality.

Thirdly, we need to improve the evidence base on ‘what works’ in improving progression in low paying sectors and the bottom-line impacts that this has on workers and companies. This means working directly through employers and unions to look at how work is organised, how workers are supported, how skills and jobs can be expanded, how additional pay can be funded and how barriers to progression can be overcome. It also means looking at the critical role that line managers play – ensuring that they have the skills to make initiatives work, manage their staff in different and more flexible ways, and be more responsive to individuals’ needs.

And finally, we need to gear public policy far more around tackling low pay and supporting good work. One approach could be to give the Low Pay Commission a broader remit around addressing low pay – to gather evidence on its causes and impacts, advise on wider policy responses (for example through the skills system and business support), and convene employers and social partners in key sectors. Local industrial strategies could also be tasked with setting out clear actions to address low pay and poor progression, with greater flexibility in how workplace training, economic development and business support funding could be used to achieve this.

By doing these four things together we can start to break the cycle of low pay, low skills and working poverty. And for once, there’s the political will to act – so let’s make the most of it. **F**

Widening horizons

The education system too often leaves young people ill-equipped for the modern world of work. A more progressive approach to the skills our pupils need would bring real benefits, as *Alice Barnard* explains



Alice Barnard is chief executive of the Edge Foundation

'If you were running a supermarket instead of a school and saw that 30 out of 100 customers each day left your shop without buying anything, you would think about changing your inventory. But that does not happen easily in schools because of deeply rooted, even if scientifically unsupported, beliefs that learning can only occur in a particular way.'

Andreas Schleicher
OECD Education Directorate

RECENTLY I HEARD of a law professor at a college in India who was teaching his students in the context of the Harry Potter novels, exploring the legality of spells and so on. His students are enthusiastic, engaged and gaining a better understanding of what they learn and how to apply it in the real world.

"We inherited our rote-learning education system from the British but it is outdated and ill-serves our students," he explained "They don't teach like that in the UK anymore, so why should we?"

Such a teaching model depends on how much knowledge you can absorb, and how efficiently you can demonstrate what you've learnt by regurgitating it in an examination. I would never suggest that knowledge isn't a valuable asset, but in the age of Google and global communications, it's the interpretation and application of that knowledge which has the most currency.

A teaching method based on a 'give and receive' principle is never going to foster creativity, initiative and problem-solving skills. Technology becomes redundant so quickly now, that empirical knowledge is rapidly less germane, which may explain why reportedly 94 per cent of India's engineering graduates are unemployable because of the lack of applied learning.

The irony is that – like the Indian professor – we might imagine education has moved on from the days of the Raj, but the policies spearheaded by former education secretary Michael Gove and entrenched by school standards minister Nick Gibb mean this Victorian approach now prevails in classrooms. Dragoned by Ofsted inspections and league tables based on exam grades, teachers have less and less agency and become operatives in exam factories.

The government's ambition for 80 per cent of pupils to study the EBacc suite of subjects on which schools will be judged – English, English literature, maths, sciences, geography or history and a foreign language – has led to a sharp decline in the numbers studying creative and technical subjects. Between 2010 and 2018 the number of arts subject GCSE entries dropped by 35 per cent, with design and technology down by 57 per cent and performing or expressive arts down by 63 per cent.

For students judged less able and entered for just seven GCSEs, these core aca-

demic subjects will make up their whole curriculum. It is the same curriculum we had in 1904, except then it included drawing. Consequently we are stifling the development of team-working, creativity and resilience – all the skills which employers say they find lacking in young recruits.

The latest NEET (not in education, employment or training) figures for 16 to 24-year-olds continue to hover just below three-quarters of a million, yet there are 600,000 vacancies in the tech sector. Between a fifth and a third of university graduates in the UK are working in non-graduate level jobs; the chimera of a degree as an investment in a successful and financially secure future has in reality meant a burden of student debt, adding an extra level of inequity.

Our education system increasingly leaves young people ill-prepared for future careers and the wider world, whilst reinforcing the ingrained disparity between the value of 'academic' and 'technical' talent and ability. Inevitably we see the most disadvantaged young people, without the social capital and opportunities of their better-off peers, being deemed failures and now being thrown the sop of T-levels.

Of course, the paradox is that while Nick Gibb and his reactionary supporters seek to maintain the status quo with their anti-tuition policies, employers and businesses place less importance on exam grades than

on workplace skills, experience and character. At the heart of this debate lies the methods by which schools, teachers and students are judged. Do we want our children to emerge from schools scarred by exam anxiety or as resilient, capable young people armed with the confidence and abilities to find their place in the world and thrive?

Over the last year, Edge has been supporting three schools in the north east of England which are piloting a project-based learning (PBL) approach. Working with local employers, students explore issues such as homelessness in the context of the real world; they learn the history of the local ship-building industry and the maths required for surveying and house-building and they imagine being an unemployed worker during the depression in creative writing whilst all the time broadening their career horizons and giving them insight into local jobs.

Early reports are hugely positive. Students engaged in project-based learning are more engaged and the skills and aptitudes they acquire benefit them in other lessons. Teachers say attendance is better on PBL days and behaviour improved. Parents say their children are more confident, more articulate and enthusiastic about their schoolwork.

Edge's vision for education, laid out in our 2018 report, Towards a 21st Century Education System, is for every child to have the opportunity to fulfil their potential wherever their talent lies. We would like to remove the cliff-edge of GCSEs and create a whole person assessment at 18, measuring not just subject knowledge, but skills and competencies which could be acquired via qualifications, work experience, charity work or enterprise.

These assessments then be applied to progression to university, an apprenticeship or in to work, levelling the playing-field across socio-economic barriers and ensuring young people are equipped with the skills our digital economy demands, not just a clutch of exam certificates.

I was very encouraged by a round-table discussion on vocational education and training at the Finnish embassy. The Finnish government have eschewed drastic policy changes to their education system in favour of retaining what works well and fine-tuning less successful elements.

Their system is infinitely more flexible than ours with a less binary approach to academic education and vocational education

and training, ensuring two-way pathways and allowing students the opportunity for a mix of learning. On moving into further education, students are assessed on a competency basis identifying which modules they need to study to fill in any gaps. This process extends to adult education, acknowledging the skills older learners may already have and giving them access to the training and qualifications they need to progress their career or change career completely.

Further education (FE) has been the poor relation of UK education for many years, yet our FE colleges sit at the heart of our communities providing opportunities for learning from school-leavers to adult learners and part-time learners. If we consider that the days of a 'job for life' have long gone

and the unprecedented pace of technological change, we will all find ourselves with several careers over a lifetime and will need to adapt, re-skill and up-skill in all areas of life, not just work.

The narrow, linear progression of our current education model is at odds with the flux and unpredictability of the 21st century workplace. The robots will perform replicable functions which will both liberate and challenge us. Future jobs will be 'high tech and high touch.' Our digital skills needs will be balanced by the demand for workers in the care sector and the creative industries. If we fail to prepare and equip young people for this future, we not only jeopardise the prosperity and stability of our economy, but that of our whole society. **F**



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Always learning

If we are to meet the challenges of the future, our economy needs people with the right skills. And for that, lifelong learning needs to become the norm, writes *David Hughes*



David Hughes is chief executive of the Association of Colleges

CONGRATULATIONS. IN READING this, you're very likely to be a lifelong learner. You are part of a big group of people, millions in fact, who have a positive view of learning. Your positive view is most likely based on good experiences of both the process of learning and the benefits it brings. You have probably worked for an employer who invests in your development, and you expect to invest time, energy and money in yourself. You live in a culture where the benefits of lifelong learning are never questioned; they are tacit.

The problem is that, in the UK, this group is probably in the minority and yet this culture dominates the corridors of power. That's of course a good thing in some ways, but it means there is all too little understanding of the mindsets and experiences of the majority of adults who are not part of that positive lifelong learning culture. In the minds and meetings in Whitehall where policy is made, it is hard to imagine that for many people lifelong learning is more akin to an eternal punishment than to a series of life-enhancing opportunities.

The result of this mismatch is policy and strategy that rarely understand the enormous cultural barriers in our society to wider and more inclusive lifelong learning. It leads to assumptions about how to encourage more people to engage in learning so that they can understand, adapt to

and thrive in the face of rapidly changing workplaces and jobs. The industrial strategy and education policies presume that given the opportunities people will make rational choices to learn. They will simply see the figures on the return on their investment and enrol. They will recognise the benefits and make logical choices.

In the meetings where policy is made, it is hard to imagine that for many people lifelong learning is more akin to an eternal punishment than to a series of life-enhancing opportunities

Sadly, it doesn't work like that. The annual Learning and Work Institute surveys for the last three decades show how attitudes to learning are polarised, with current and recent learners much more likely to be positive about their future intentions to learn. Their 2017 survey showed that

four out of five current learners say they are likely to learn in the next few years, compared with only 14 per cent of those respondents who have not learned since leaving full-time education.

In a rapidly changing world, every one of us will need to learn new things over 50-plus year careers. Employers are increasingly clear that they value most highly people who are keen, confident and able to learn and adapt. That may be good news for the lifelong learners amongst us, but it is very challenging for millions of people who will need some persuading that they are able to learn and will benefit from it. That persuasion will only happen if we have a more joined-up and concerted approach from the government, employers, colleges, trade unions and other organisations: a social partnership approach to change the culture and provide the opportunities. We see this in many unionised workplaces, where union learning reps can encourage and persuade their colleagues to undertake learning and training, supported by managers who want to change working practices or introduce new technology into the workplace. We also can see the benefits of social partnerships in many competitor nations, where there is a more concerted, joined-up and shared approach to business change. The results are often better productivity, higher wages, better business growth and stronger economies.

The risk is that this all sounds nice, theoretical and overly aspirational. It's not and looking at the financial services sector as a simple case study shows that. More than a million people work in financial services in the UK. It's an unusual sector for a number of reasons, not least that the workforce is rather polarised with a relatively large proportion of high-paid and of low-paid people. Perhaps unsurprisingly, because of that, it has a large number of people who are members of professional bodies and who participate in regular continuing professional development balanced by a very low spend per employee on training.

Financial services employers are clear that there will be enormous disruption across the workforce, with expectations that automation and AI will replace many of the clerical, call centre and lower level customer service roles. There will also be big challenges for senior people who will need to learn new approaches to leadership as their industry increasingly embraces technology and potentially competes with tech giants coming into their markets. On top of all of that is the challenge the industry faces in attracting, developing and retaining the people with the digital skills to be able to

develop the new technology and products which will keep them competitive.

As employers they will need to be creative, flexible and forward-thinking. They will have to find ways to encourage, nudge and persuade all of their staff to become lifelong

Unfortunately our current industrial strategy does not help much. We need a fresh approach, which is as much people-centred as it is employer-focused

learners. As well as that, they will be crying out for support from government, from colleges and from others to help them and the million people they employ to adapt, learn and thrive in new roles with new skill requirements.

The financial services sector is not unique – other sectors of the economy have

their own versions of this scenario and their own challenges. Unfortunately our current industrial strategy does not help much. We need a fresh approach, which is as much people-centred as it is employer-focused; one in which the shared destinies of both groups are understood and joint actions are encouraged and supported. If we had that, then the future employment prospects of call centre workers in regional centres might be a shared responsibility of current employers and the government. That might open up more creative solutions which would benefit everyone.

Above all else, every employer will know that they want their people to be keen and ready to learn. In short, they want to employ lifelong learners, and there are not enough of them about at the moment. As a society we need to change that. Lifelong learning needs to become the norm and to be viewed as much part of our lives as good health and financial security. To achieve that, we need the government to work much more closely with employers, colleges, universities and unions in a shared endeavour. We could make a great start on that through a more people-centred industrial strategy. ■



Positive pathways

Apprenticeships are a crucial vehicle for social mobility.
A successful industrial strategy must set young people
up to succeed, argues *Sir Peter Lampl*



*Sir Peter Lampl is founder and chairman
of the Sutton Trust*

THE GOVERNMENT HAS talked in its industrial strategy in ambitious terms of boosting Britain's productivity by creating the jobs and skills that our future economy will need. This mission has been widely welcomed by employers across many different sectors. But it will only be achieved if our young people have access to the right education, work and training opportunities. High-quality apprenticeships have a significant role to play both in improving social mobility and creating the workforce of the future. They are a pathway for young people to push for prosperity and productivity if the number of higher level, high quality apprenticeships increases rapidly.

Despite good intentions, the current apprenticeship programme still has a long way to go to realise these goals. Much of the problem is down to the sheer amount of policy churn in technical and vocational education. Successive governments have attempted to reform the landscape, often without much success. As a result, teachers, parents and young people are confused – and just don't know enough about apprenticeship routes.

Our polling found that 40 per cent of young people had not had any conversation with a teacher or a parent about apprenticeships. We must work hard to change this. Teachers and parents need to have the knowledge and confidence to champion

apprenticeships – and to propose them to all young people as a potential alternative to university.

If we are to succeed in making more young people aware of the opportunities apprenticeships offer, we need to challenge the snobbery that exists around vocational

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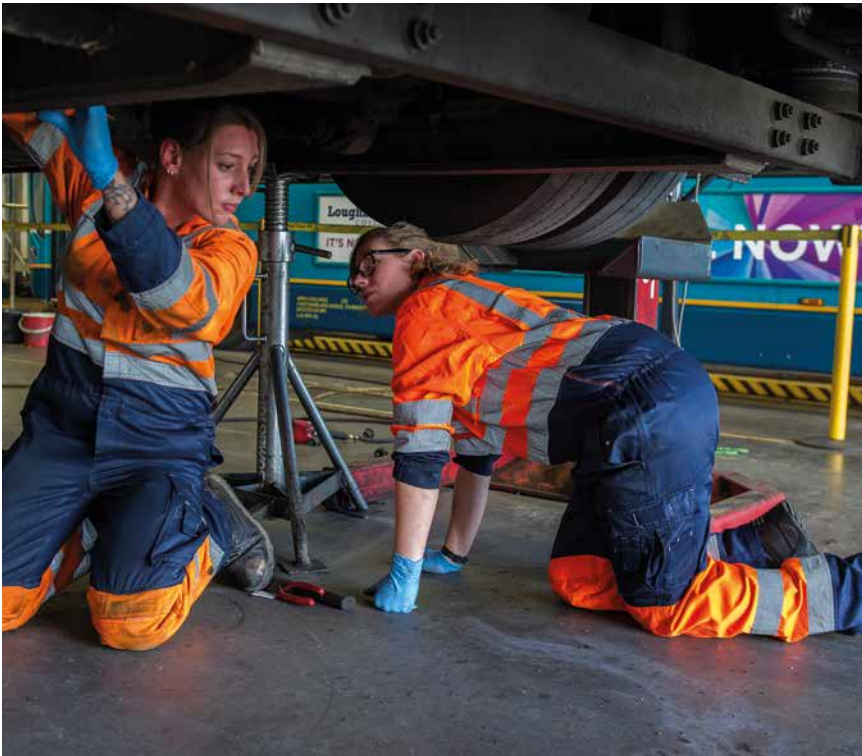
routes and the perception that degree level apprenticeships are a second-best to university. Vocational routes must have the same status as academic routes, if they are to be well-regarded by teachers, young people and employers alike. Yet our polling also found that just one in five teachers would

advise a high performing student to opt for an apprenticeship over university. Many of these teachers thought that university would offer their student better career prospects.

Yet we know that this isn't the case and the best apprenticeships can bring better financial rewards than many university degrees. Our research found that someone pursuing a top quality apprenticeship – a level 5 qualification or above – will earn £50,000 more in their lifetime than someone with an undergraduate degree from a university outside of the Russell Group, taking home close to £1.5m over their career.

Careers advice in schools needs to reflect these realities so that young people can consider the benefits of apprenticeships as a route to highly-skilled and well-paid careers. This careers advice needs to start early too, so we can capture the imagination of the child who will become the engineer who builds the self-driving car, the architect who transforms our cities' skylines or the ecologist who adapts technology to reduce our carbon footprint.

The current government has targeted creating 3 million new apprenticeships by 2020, driven by a pressing need to close the skills gap in our workforce. A recent OECD report found that the UK is ranked 19th out of 35 countries for the proportion of its population whose highest qualification is level 2 and below. But the target has incen-



doesn't reinforce stereotypes and is clear about the potential careers, salaries and progression prospects that are likely to arise from undertaking an apprenticeship in different sectors.

Despite having huge potential to act as a vehicle for social mobility, young people from lower-income homes are much less likely than their better off peers to take up the best apprenticeships. Just 7 per cent of men and 11 per cent of women with an advanced apprenticeship were eligible for free school meals in their childhood. One measure that could easily start to address this is reducing apprentice travel costs, as at present travel support is inconsistent depending on where you live.

Finally, the levy system needs to change to support more disadvantaged young people to climb the ladder of opportunity. There should be increased transparency about the amount of levy money that is spent on different types of apprenticeships and data should be captured on the socioeconomic background of apprentices split by level, so that the impact on social mobility at all the different stages of education can be monitored. Employers should also be allowed to spend some of their levy money on widening participation activities with young people who are underrepresented in higher level apprenticeships. Engaging with local education partners to tailor the activities needed such as teacher and parent information events or taster days in the workplace, would really put social mobility at the heart of the apprenticeship programme.

Apprenticeships, and particularly higher and degree apprenticeships, offer an important platform for progression to higher level learning and careers. As well as presenting exciting opportunities for young people, they can also make a significant positive impact on our economy. Employers are starting to recognise the benefits that come from recruiting from a wider talent pool to both address skills shortages and advance social mobility.

In the fast-moving economy, it is becoming more and more important to keep skills current and adapt the way we train our young people. To develop a higher skilled, higher growth economy young people must be at the heart of creating and building their future economy. If they – and therefore the economy – are to thrive, we must set them up to succeed. **F**

tivised a push towards quantity, rather than quality. This should be addressed by shifting from overall quantitative targets to a renewed focus on achieving consistent high quality across apprenticeships.

For apprenticeships to act as a lever for both social mobility and for higher productivity and growth, it is vital they are of real value. Apprenticeships should provide high-quality training and equip young people with the skills they need to get their foot on the career ladder. What's more, the quality of training should be the same for every apprentice, whether they are studying engineering with a traditional university or training in cyber security with an independent provider.

As well as the job-specific skills that apprentices develop, apprenticeships should also offer the opportunity to develop essential life skills – like teamwork, communication and resilience – that are in demand from employers. These broad, transferable skills can be invaluable for a young person starting out in their career and are even more important in today's economy, where few stay in the same role – or even industry – for life.

Progression is also a critical issue: employers and educational institutions need

to create a partnership that supports life-long learning. An apprentice should be able to see how they can get on and off the apprenticeship route at any stage of their career. This might mean moving from a level 3 to a level 4 or 5 apprenticeship and returning some years later to learn additional skills at level 6. Pathways for progression need to be clearly signposted whether you are a school leaver, a part-time worker or returning to work to reskill.

For employers to draw on the biggest possible pool of talent, it is also vital that the best apprenticeships are accessed by young people of all backgrounds. Our young people should feel part of the Britain of the future no matter their gender, ethnicity or socio-economic background.

There is a stark gender divide across many apprenticeship routes. Our research found that men are concentrated in higher-earning sectors like engineering, while women are more likely to undertake apprenticeships in lower-earning sectors like retail and care work. Tackling this gender imbalance is crucial to ensuring that apprenticeships work to advance social mobility. Some of this can be done through better careers advice, with guidance that

Better partners

If we are to boost workforce development to benefit employers and employees alike, we need to adopt a different approach, writes *Lorna Unwin*



Lorna Unwin is professor emerita of vocational education at the UCL Institute of Education and an honorary professorial fellow at the University of Manchester

IN 1957, THE Metropolitan Vickers Electrical Company published the fourth edition of its Register of Ex-Apprentices and Ex-Trainees. Now housed in the company's archive in the Manchester Museum of Science and Industry, the register records the employment and training history of 13,652 individuals who passed through the company's training programmes from 1902 to 1956. One entry is for my uncle:

PEARSON, Edwin Arthur, 39–44, b. 1923. Aircraft Machine Shop – Form Grinder – Chargehand Toolmaker, Small Turbine Tool Room.

The register is significant because it celebrates the company's commitment to workforce development, including intermediate level occupations (such as welders, electricians, fitters, and toolmakers) whose types of expertise are undervalued in the UK. As some of the apprentices and graduate trainees rose to become managers and directors, this built a company-wide understanding of the inter-dependent and inter-generational characteristics of a skilled workforce. In the 1960s, my uncle took advantage of a joint company and trade union programme for employees to attend a residential adult education course at Cambridge. In 1928 and 1936, the company organised summer workshops

bringing together professors of engineering with teachers from technical colleges and science teachers from schools to discuss how scientific developments could be incorporated into teaching and training. The company could be seen as an 'anchor institution', part of the country's social as well as economic fabric. Of course, the firm was not investing heavily in training for purely altruistic reasons. It was a major global player in an era of mass manufacturing and technological change and it needed a highly skilled workforce.

Yet, even then, the company was unusual. It was a confident, large company in a vibrant sector that understood the value of a homegrown skilled workforce and that working in partnership with colleges and universities was key to maintaining a leading role in its product market. However, like similar companies today, it was located in a landscape of organisations (private and public) of all shapes and sizes run by and employing people with a wide range of educational attainment, managerial expertise and business sense, from very strong to very weak.

Lazy policymaking and vested interests

Why is it that successive governments continue to treat employers as a homogenous stakeholder which is willing and capable of 'leading' the country to a better skilled

and productive future? Why do people also scratch their heads about our relatively low levels of investment in workforce development including managerial training compared to other countries? Part of the answer to these questions lies in the country's history of voluntarism – the belief that employers, not governments, know best about how to run their businesses and that regulated labour markets restrict employer freedom and occupational mobility. Some employer associations have, of course, been keen to sustain the voluntarist approach. The lack of the social partnership approach (government, trade unions and education and training providers) found in some other European countries has made it easier for skills policy to be a political football – ministers, agencies, initiatives come and go, undermining trust and commitment. A continuous stream of short-lived, top-down 'one-size fits all' policies have had limited impact on skills and productivity, sustained rather than challenged poor quality and deadweight training, and left many employers out of the conversation or as passive 'customers' of training products.

Part of the answer also lies in the outdated hierarchies in education, recruitment and employment structures that erroneously divide jobs into those that require continued updating of skills and those that require little training beyond a day or so of induc-

tion. This perpetuates ignorance in government, in business circles, in the media, and in education of the complex and rapidly changing types of expertise and work processes required across the economy.

Building employer capacity for partnership

Creating the conditions for a much more constructive and collegial role for employers has to start with a reality check for all the partners (including government) – akin to a patient being referred to a dental hygienist before the dentist can begin major surgery. Investment in high quality business advice and support should be a national priority, but this has to be matched by employer commitment. Not all employers want to change a business model that brings them rewards at the expense of their employees' well-being or progression and we should ask tougher questions about their inclusion in government-funded schemes. But, we should support those employers who do want to improve their workforce strategies by capitalising on the peer learning models used in some sectors to quickly distribute good practice and new ideas. Digital learning technologies have a key role to play, but many small and medium-sized employers will want and need a more personal approach. This is where some colleges, universities and training providers have long-standing expertise in offering bespoke services that combine business problem-solving with skills updating, using both professional staff and, importantly, students. Unionlearn, which focuses predominantly on individual employees, could also extend its focus to help facilitate employer engagement with other social partners.

A key reason for making business support a priority is that many employers (including those in the public sector) are battling within the limitations of a highly constrained system. Their freedom to invest in workforce development or better utilise the skills of their employees may be controlled by head offices or remote owners or by external regulators. Many spend their time firefighting and survival may depend on very short-term cash flows and annual results. These are the conditions that stifle the ability to take a longer-term view of how to improve the business model and with it the confidence to invest in workforce capacity. Partnerships can help here by helping employers to raise their heads from every-

day pressures and to identify the steps and stages needed for change.

Successful partnerships draw on and respect everyone's expertise. Some employers create much better learning environments than are found in the workplaces of some education and training institutions. They have a deeper understanding of learning as

Change will require some of the biggest employers to join forces with other social partners and stand up to government. Perhaps most radically of all, government too has to learn about partnership

a relational process involving team working, peer learning and boundary crossing from one field of expertise to another. They organise work and their physical and virtual environments in ways that facilitate and celebrate the generation and sharing of ideas. Their perspectives challenge such outdated polarisations as the academic and technical divide and rigidity of job descriptions that restrict people from demonstrating their potential.

The country needs a fresh approach. Inclusive industrial growth strategies have to

include all employers and recognise that just as many individuals need support to improve their skills so too do many businesses and public sector organisations. The current non-differentiated approach to employers means that many are left trying to navigate a complex and inconsistent landscape in the same way as many young people and adults have to do. Many employers, for example, want and need short cycle training programmes yet government assumes they all have the capacity to run apprenticeships. There are plenty of dynamic and successful partnerships, but policy rules often work against the type of adaptive processes that sit at the heart of such partnerships. Employers will admit to constant frustration in private about the barriers to partnership working and about their antipathy to having an 'employer-led' approach. But change will require some of the biggest employers and their associations to join forces with other social partners and stand up to government. Perhaps most radically of all, government too has to learn about partnership.

It is time to take a much more differentiated approach to the role that employers should and can play, how their strengths can be harnessed, and the support many of them need to identify and invest in their training needs. The world of work has changed considerably since Metropolitan Vickers published its register, but there are employers today (large and small) who understand the importance of sustained commitment to workforce development and partnerships. These 'islands of excellence' offer templates for a more realistic but also creative approach. **F**



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Local solutions

The UK has a regional inequality problem. *Neil Lee* looks at whether local industrial strategies might be the answer



Neil Lee is an associate professor of economic geography at the LSE

THE UK HAS pronounced spatial disparities. These exist at all scales – between cities and regions and within them. They are also complex: although we often hear of the north-south divide, in reality there is a much more complicated pattern, where, for example, some parts of the north are rich, while deprivation exists in some of the UK's most successful cities. While it isn't clear that regional disparities are increasing, they are relatively large – the OECD estimates that the UK ranks sixth highest of 30 countries for which data is available.

We know that the UK's spatial disparities need to be addressed. The issue is partly economic, with lagging local economies representing a drag on the national economy. But regional disparities also cause political problems: one popular, albeit only partial, explanation for the Brexit vote was that it was a revolt by people in 'left behind' places. There is now a widespread realisation that national economic success relies on the success of all local economies. Uneven economic geography represents a problem for everyone.

Local industrial strategies are a proposed solution to this problem. These are locally developed long-term plans, agreed with central government, which coordinate funding streams with the aim of 'building on local strengths' to 'drive growth'. Eight 'trailblazer' local industrial strategies were announced in 2017 and published in 2018, followed by

another six in 2018 and then a government statement last December that all remaining LEP areas would need to produce them.

National level policy which assumes all areas are the same cannot reflect the diversity of industrial transitions faced by different local economies

These strategies feel similar to past efforts at sub-national economic development but are a welcome realisation that local growth matters. However, unlike past efforts, they face a particularly challenging context.

Local industrial strategies are the latest feature in an increasingly messy landscape of local economic development in England. The past decade has seen a process of institutional change. Regional development agencies were closed in 2012 and replaced by light-touch, supposedly business-led local enterprise partnerships (LEPs), in what was largely a cost-cutting exercise. Lo-

cal authorities were supposed to be at the heart of economic development but have few powers and resources of their own. According to the OECD, sub-national government in the UK is responsible for only 35 per cent of public investment, compared to an OECD average of 57 per cent.

Local industrial strategies reflect a renewed focus on 'place' in economic development. Addressing disparities represents an opportunity as well as a problem, and to do so – the government has argued – requires a focus on local comparative advantage. There is a strong case for this. As Peter Sunley and Emil Evenhuis of the University of Southampton have documented, many local economies have suffered from the loss of 'tradable' manufacturing industries, with national level policy unhelpful in replacing them. The loss of these tradable jobs has wider impacts on the local economy. National level policy which assumes that all areas are the same cannot reflect the diversity of industrial transitions faced by different local economies.

This focus on place also reflects a changed view about the way the economy works. Past models of economic assumed that people were mobile and able to move round the country for job opportunities. But this has given way to the realisation that people are geographically 'sticky', unable or unwilling to move around the country. Anne Green from the University of Birmingham has

highlighted the barriers to movement, such as family and social ties, which mean that there are significant costs of moving. The majority of the population – around 55 per cent – live in their county of birth. An economic model which relies on people moving to opportunity ignores the real and important cost of mobility. Local industrial strategies represent the optimistic view that opportunity can be created outside of London and the south east.

Yet local industrial strategies face challenges. The first problem is capacity. Evidence suggests that economic development policy works best in areas with a high quality of government. This is why many recent European funding streams include a capacity-building element. In some areas, local industrial strategies will be delivered by (relatively) well-funded mayoral authorities. But in others, it will be the LEPs taking them forward, albeit with some outside support. After almost

a decade of budget cuts, local government has had to focus on statutory duties. It isn't clear that it has the capacity to deliver well.

The second problem is targeting. It is hard to identify 'distinctive' local strengths and underfunded local areas have often struggled to do so. Local economic development has a reputation for faddishness, with certain fashionable sectors being targeted regularly – a problem exacerbated by the sporadic funding streams offered by central government. Every local area seems to have a supposed 'unique' specialism in a sector. Expecting local areas, with restricted capacities, to identify genuine and new strategies seems optimistic.

The final challenge is out of the hands of local areas: local industrial strategies need to be a long-term solution. Local areas are too often reliant on occasional, politically motivated funding about which they have little flexibility. The past 10 years have seen

the complete reinvention of local economic development infrastructure. Countries which are better at this tend to set their institutions and stick with them for some time – a sort of strategic approach which helps in the long term. In contrast, many parts of England have had to deal with relatively high rates of change.

Local industrial strategies are promising but problematic. They potentially offer a new way of guiding sub-national economic development. But they will have hurdles to overcome – many of which cannot be fixed at a local level. If they are to work they need to be underpinned by continuity, resources, and capacity. These are not, however, in the gift of local government and will instead require national commitment and funding. The challenge then will be to ensure that the local industrial strategies are a part of a long-term agenda, not another short-term top-down fad. **F**

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Unlocking potential

For an industrial strategy to work it needs to be rooted in the lives of ordinary people. *Anna Turley MP* explains what that means to constituencies like hers



Anna Turley is the Labour MP for Redcar

THE BEST INDUSTRIAL strategy in the world, no matter how well considered, will fail to make real and lasting improvement if it is not rooted in the lives of ordinary people in towns and villages like my own in Redcar and Cleveland. Economic growth is meaningless if it does not improve the lot of those working all hours on low wages to put food on the table, often spending long periods of time away from their families. Most of us are in politics to improve lives and an industrial strategy must start with the people living those lives.

My town, Redcar, has felt the sharp end of deindustrialisation as families have watched once strong industries like shipbuilding and steelmaking fade away. Our steelworks closed in 2015, leading to the loss of at least 3,100 jobs and massive shockwaves throughout the local economy. Average weekly wages fell from being some of the highest in the region to some of the lowest. I don't want to paint a negative picture, because we have fantastic opportunities too, but it's important to consider the local challenges. Many steelworkers have found new work, but most have had to take a pay cut and some are still in desperate need. I recently spoke to a former steelworker who has had 13 different jobs in the three years since the works shut. And he is not alone.

Whilst our industrial base is now smaller, Teesside is on the cusp of a new industrial

renaissance and with the right support our full potential could be unlocked. Our chemicals and process industry cluster, centred on Wilton International, is internationally renowned. Our thriving port and neighbouring bulk terminal are a gateway to the world. Big investment projects like the MGT biomass power plant and Sirius Minerals' polyhalite mine are bringing lots of skilled jobs. The South Tees Development Corporation, which includes the former steelworks, is a huge investment opportunity and we have a local masterplan to create 20,000 jobs there. The Tees Valley region is a vibrant digital hub for startup tech firms, supported by the Digital City public-private partnership. We are also investing in events

and facilities to grow our successful leisure, culture and tourism sector.

Teesside is well-placed to take a lead on the shift to green industry. We are home to 60 per cent of the UK's major energy users and so decarbonising is crucial both to meet climate targets and to safeguard industrial jobs. The Tees Collective partnership of local industries has a vision for carbon capture, utilisation and storage. The development of hydrogen for heating and transport and promoting a circular economy with waste/materials reprocessing are other local strengths we are prioritising.

British Steel's Teesside Beam Mill at Lackenby in my constituency was, until recently, another success story. However, the



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company is at the time of writing in liquidation and fighting for its future. The business has a great order book but the chaos of Brexit and a failure to support a national strategy for steel has been damaging. Part of the problem is the UK's reluctance to utilise state aid. Germany spent 1.31 per cent of its GDP in 2016 on state aid, compared to just 0.36 per cent for the UK. This approach led to massive job losses and a huge clean-up bill in 2015 when our blast furnace closed. This time the government has allowed time to find a buyer. But the industry has found its requests for support on energy costs and business rates to create a level playing field ignored. A modern economy needs strategic industries like steel to thrive.

If local industrial strategies are about the power of place, as Neil Lee argues in this collection, what then is the importance of people? For communities to benefit from new jobs in growth industries, people need to be equipped with the right skills. My area has a strong workforce which has been a decisive factor in attracting new investors. However, there are skill shortages in some key sectors, especially crucial STEM subjects. The Tees Valley will soon take control of the £30.5m adult education budget and locally we are developing our skills strategy. This is a great opportunity to consider the employment needs of our people and prepare them for future jobs. Working with businesses, schools, colleges, and universities, we can ditch Whitehall's one-size fits all model and develop a truly people-focused approach to education and training in the Tees Valley.

When the steelworks closed, a local taskforce of community, business, trade unions, and political leaders was devolved central government funding to help those who

were made redundant at the works to reskill. In total £11.5m was invested in 23,700 short and long-term courses at local colleges, universities and training providers. We demonstrated that local decision-making was a far more effective way of supporting people back into work than decisions made centrally, far removed from the people they affect.

As Alice Barnard from the Edge Foundation has set out earlier in this report, the groundwork has to start in our schools with better careers support. Youth unemployment in my area is double the national average, and many have to leave the area to find the jobs they want. A more joined-up approach is needed, working with education providers and businesses to help our young people get the best advice. Where particular skills are needed, there need to be clearly defined local pathways. In my area training providers like NETA and TTE are educating a new wave of young electricians, engineers and technicians. Teesside University's world-renowned expertise in digital media and digital technology is supporting the next generation of startups. Our new catering and horticultural academy, currently under construction, will support jobs in those sectors too.

For a people-focused industrial strategy to deliver growth that is inclusive, it needs to be effective at all levels of the labour market. My area has a high level of long-term unemployment and some people, especially older workers, find it hard to get into new work. A hugely successful initiative is our award-winning employment and training hub at Grangetown, at the heart of one of the most deprived wards in the country. It is a partnership of the local council, community regeneration group FROG, and MGT. It has

supported more than 1,000 people into work in just 18 months. The hub sprang out of crisis following the loss of the steelworks, but it has been innovative, going right into our most deprived communities and supporting people who may not have had a CV before.

Local industrial strategies have to consider support for local businesses too, especially SMEs. They are the lifeblood of local economies, are central to job creation, and help retain wealth locally. Firstly, that means access to finance, especially for new start-ups and established businesses with the ambition and capacity to grow. We have the Tees Valley Business Compass Service, which brings together national and local sources of business support to one easy access point. My local authority has also offered business grants of up to £10,000 for former steelworkers and contractors to start up their own firms. Utilising the power of procurement is also really important. The Preston model is the best-known example, working with key public and private sector organisations to shift their procurement towards supporting local firms. With the establishment of combined authorities and Local Enterprise Partnerships, there is a good opportunity to use these as anchors to promote greater use of local procurement.

For an industrial strategy to be a success it must value and empower those at the coalface who are delivering it. If it does not create more better quality, better paid jobs and raise living standards then it is failing. The shift towards developing local strategies is positive and is giving communities like mine greater control over our future. However, national leadership, especially when it comes to funding issues and state aid, will also remain paramount. **F**

Vision and values

A strong economy should be built around people – not just the surplus they produce. *Chi Onwurah MP* sets out Labour’s plans to put workers at the heart of its industrial strategy



Chi Onwurah is the Labour MP for Newcastle Central and shadow minister for industrial strategy

BRITAIN IS BUILT on industry. When I was growing up in Newcastle, it was the greats of our industrial past such as Stephenson, Armstrong and Parsons – Rachel Parsons, the first woman naval engineer – who inspired me to study electrical engineering. Today, as shadow minister for industrial strategy, it is my job to consider how we can grow British industry so that it is not only a tradition, but the bedrock of our future prosperity.

For years, the Tories couldn’t even say the words ‘industrial’ and ‘strategy’ in the same sentence, trading on the ideological fantasy of free markets that function best without any public sector interference. It is a step forward that even this government recognises the need for a long-term vision for our economy; but it is only Labour’s vision that can create an economy for the many.

For Labour, the clue is in the name. Our party is about the value of labour, and the people whose labour it is. Seeing value in people rather than just in the economic surplus they produce. It is these values that will shape the new economy we want to create. Our industrial strategy is challenged, mission-orientated, and values-driven. It lays out two missions, with more coming, that address the societal issues of our time – climate change and job automation. First, to decarbonise the economy so that 60 per cent of our energy is drawn from re-

newable sources by 2030. Second, to build an ‘innovation nation’ with 3 per cent of our GDP spent on research and development and the highest percentage of highly skilled jobs in the OECD.

Our industrial strategy lays out two missions that address the societal issues of our time – climate change and job automation

An industrial strategy is about ensuring good jobs for everyone; high skill, high wage, high productivity jobs with proper rights and progression. It’s about owning the future, which is also what a successful Labour movement must be about, delivering opportunity and prosperity for the many not the few. It’s about ensuring that people in our towns and villages and cities don’t feel left behind and don’t feel alienated from an economic model that doesn’t work for them.

We are now the most unequal economy in Western Europe, with median earnings

in inner London a whole third higher than those in Tyne and Wear. Productivity, measured by output per worker, is 32 per cent above the national average in London and 20 per cent below the national average in Wales and Northern Ireland. And only in London and the South East has GDP per head recovered to pre-crash levels.

Industrial strategy can heal these divisions, but it requires political will. The government’s industrial strategy seems to overlook the need for regional rebalancing – research from Sheffield Hallam University last summer showed that it will impact only 1 per cent of the economy by employment, overwhelmingly in the South East. And this government’s focus on research and development in only a few sectors will largely benefit facilities in affluent parts of southern England. To take one example, the Cambridge area – population 285,000 – has almost as many R&D jobs as the whole of the north of England – population 15.2 million – and more than Scotland and Wales combined.

Labour’s industrial strategy will rebuild and transform the economy in every region of the UK. As economist Mariana Mazzucato argues, innovation has both a rate and a direction, and industrial strategy is an opportunity to change the ‘direction’ of innovation, to democratise the benefits of science and technology so they work for

more than a narrow elite. Labour would empower our regional economies through local industrial strategies that enable those with the knowledge of the local economy to make investment decisions on a regional level. We will invest in infrastructure, improving connectivity and therefore productivity, an important part of healing our regional divide. This will be backed up by our £250bn national transformation fund, the national investment bank, and a network of regional development banks.

Labour will create a true innovation nation by making technological change work for people across the country. This means investment in the 'everyday economy', in sectors such as construction, retail and agriculture, traditionally outside of any industrial strategy, but where a third of our workforce is employed and productivity is a third lower than the UK average. Putting workers at the heart of our industrial strategy means challenging established ideas of high and low value work. Creating an everyday economy of real, fulfilling, productive jobs is just as important to our economy as commercialising cutting-edge technologies. We will invest in a Catapult centre

for retail to drive productivity and wages across the sector, which is one of the biggest employers outside of the public sector, and where the majority of employees are women. Crucially, we will prioritise the care sector. An economy which cares for you is an essential driver of growth. Care acts as both enabler and empowerer; it's not just about doing things for people, but about maximising their capabilities. Our plans for a National Care Service will close the care quality and access gap that has grown over the past eight years, while raising standards and job quality, improving quality of life and fuelling productivity throughout the economy.

Increasing the power of trade unions is key to strengthening workers' rights and ensuring that workers have a say in their own future. Trade unions are a critical aspect of social mobility and reducing income inequality. They are also essential for raising productivity in a skilled, healthy and happy workforce. They are the collective voice of workers, and workers, through their trade unions, are best placed to negotiate their pay in a framework which includes their employer. Labour's Minis-

try of Labour would roll out sectoral collective bargaining, so that workers have control over their own pay, and strengthen trade unions so that every worker gets the support, security and pay at work that they deserve.

Our plans for a National Education Service will create the high-skilled, empowered workforce that the economy of the future needs. It will offer free, quality education to people throughout their lives, and will help close the skills gap and revolutionise learning in this country. It will put working people in charge of technology, with the opportunity to upskill and reskill throughout their careers.

Our industrial strategy is about shaping our economic future to include everyone. It is a vision which is regionally balanced and based on our regional strengths. By democratising science and innovation and boosting productivity across the everyday economy, Labour will deliver good jobs in towns and cities across the UK. Workers are the creators of our collective wealth, and building an economy for the many means empowering working people in their working lives and beyond. **F**

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Conclusion

By Olivia Bailey



Olivia Bailey is deputy general secretary of the Fabian Society

BREXIT IS NOT the only challenge facing the British economy. We are in the midst of an almost unprecedented period of pay stagnation, productivity is flatlining and government cuts have driven up poverty. There is growing inequality between different parts of the country, as some communities are left to bear an unfair share of this burden. The UK is also facing extraordinary political turmoil, thanks in part to the long-term failure of our *laissez-faire* approach to industrial transition. The benefits of global growth did not trickle down and too many workers have been left powerless to shape the future of their industries.

These challenges call for a new focus on people and power, which should be at the heart of industrial strategy. But neither the Conservatives nor, arguably, Labour have yet found the way to move from platitudes to policy action.

It is true that the government's industrial strategy is a step in the right direction, not least because it shows that the Tories accept a role for government in shaping the future of the economy. It is cheering to hear Andy Haldane write in his foreword that the Industrial Strategy Council's ambition is to ensure 'good work for a good wage'. But the role of workers is almost entirely absent from the strategy itself. It contains a cursory discussion of skills policy and barely any mention of job quality or worker voice.

Meanwhile the Labour party has the ambition but perhaps lacks the detail. Labour's shadow minister for industrial strategy Chi Onwurah is right to say that Labour's core

purpose is 'seeing value in people rather than just economic surplus.' But Labour's alternative industrial strategy – despite important ambitions on decarbonisation and innovation – does not yet map out how a Labour government will drive up the quality of jobs or make lifelong learning a reality for workers across the country.

As we think about the challenges faced by our economy in the coming decades – such as the climate crisis and the challenge and opportunity of new technology – we need to remember that people and place are the most crucial building block for our future success. This report is packed with policy ideas that will help politicians develop concrete plans, from revolutionising the school curriculum to tackling low pay. But there are also several core principles that emerge that must sit at the heart of any government's industrial approach.

The first is the happiness of the workforce. Every worker in this country should be able to enjoy a good quality job, where there are clear routes for progression and a chance to have their voice heard. It is a choice rather than an inevitability when companies race to the bottom on conditions and pay. Government must challenge employers with the evidence that good jobs and high employee engagement lead to better business results.

Second, everyone in our country should benefit from the proceeds of economic growth. Shifts over recent decades have too often seen wealth and opportunity concentrated in the hands of fewer peo-

ple. There is a growing body of evidence that this rising inequality is bad for the economy, undermining growth in GDP. Matthew Taylor and Becca Antink argue that politicians have adopted the language of inclusive growth, but continue to use traditional economic development strategies that do not deliver results. A people-focused industrial strategy must turn warm words into action, recognising that growth is meaningless if prosperity and opportunities are not widely shared.

Third, we need a much more proactive approach to lifelong learning. Lorna Unwin argues that this must start with better support for business. A 'continuous stream of short-lived, top-down' skills policies have left companies confused and unclear about the benefits of upskilling their workforce. This also applies to workers themselves. Government policy assumes that people will see the benefits of training, and take the steps to access it. But, as David Hughes argues, government must do more to make the case for lifelong learning and embed it as the norm as people go through their working lives.

The success of our economy in the future will depend on workers themselves. Above everything else, we should prioritise their happiness, their skills and their ability to share in the proceeds of growth. It has become a cliché to say that people voted Leave in the EU referendum to 'take back control'. But by putting people at the heart of industrial strategy, politicians will find a perfect way to place power and opportunity into the hands of the many. **F**

