



## We need a People's Bailout. Now!

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**GMB National Secretary Rehana Azam writes her take on the Government's Employment Support Scheme and what we, trade unionists, need to do in response.**

The Chancellor's Winter Economy Plan essentially announced a mass cull of jobs that it deemed 'non-viable' while imposing a 23% pay cut on all other jobs that had been protected under the furlough scheme.

I've been a trade union organiser long enough to know that in any wage announcements the devil is always buried in the detail, and as I read the small-print of the mass cuts in wages I recognise that far more could be done to support workers and the gaping holes in these plans make me feel depressed and angry in equal measure.

I listened carefully to the Chancellor this week and it appears he hasn't taken any notice of the voices saying the Winter Economy Plan doesn't go far enough.

Here's my take on the Job Support Scheme.

To access the scheme, employers have to be providing at least 33% of an employee's contracted hours. At this level the scheme will guarantee 77% of the employee's wages (so long as they earn under £25,500).

However, this is only if the employer matches the government's contribution by paying 22% extra.



Essentially to access the scheme, employers will have to pay over half of the wages of employees who are working a third of their contracts. The scheme is intended to protect 'viable jobs' but the conditions mentioned leave big questions over what the government counts as 'viable'.

It's without a doubt this new employment support scheme is far inferior to the Furlough Scheme which covered 80% of wages.

Simply to access the new scheme will mean employers paying 22% more in wages. This penalty gradually reduces the more hours employees work, but there is a dangerous incentive for the employer to pass this cost on to the employee in the form of reduced hourly rates.

This could mean tearing up contracts which will probably mean reducing contracted hours, all the more so as the scheme doesn't kick in until the employee is working 33% of their hours (much easier and cheaper to the employer if it reduces the actual amount of contracted hours – we can't let that happen).

Employers will either return everyone to work full time, carry a significant burden in trying to return employees to work, or tear up contracts.

The sharks are circling and I read that one law firm was actively encouraging employers to lay people off, just as we have heard with the Cineworld announcement this week.

The company is temporarily closing down 127 cinemas with 5,500 job cuts and this is precisely why unions need to make the case for jobs to be protected under a people's bailout.

Other likely scenarios might be workers initially having their wages cut by 23% and then finding their employer trying to cut this further through a reduction in hours or hourly rate.

Unscrupulous employers might use the scheme to reduce terms just long enough to benefit from the consequent reduction in the cost of redundancies before laying off staff. And what about the welfare status of workers who have to walk away from contracts that they cannot afford to live on?

It appears that no consideration has been given to the possibility that workers removed from furlough could also be forced out of their jobs they cannot afford to live on.

Then there is the fact that this scheme kicks in at an arbitrary 33% hours worked. This leaves us to question what the scheme does for those workers whose employers can't find 1/3rd of contracted hours or cover the cost incurred in accessing the scheme at this, it's most expensive level.



This scheme shows a singular lack of imagination over how these unworked hours could have been used to help prepare Britain for new economic realities.

A generous interpretation might say that it is an ill-conceived attempt at job retention that perversely incentivises redundancies. A cynical interpretation could be that the wave of subsequent job losses would help hide the true damage of a no-deal Brexit.

It may be a cliché, but the phrase 'too little, too late' could have been invented for this scheme.

Certainly, if unions had been consulted much earlier we could have constructed a scheme that genuinely protects jobs and helps prepare the ground to ease employers through the transition.

The Government appears to think that the test of whether a job is 'viable' or not is whether it can survive this scheme, but there are jobs throughout our economy, in leisure and hospitality, transport, the arts, music and many other sectors, that are clearly viable post-Covid and that we might rely on post-Brexit but that come under threat from this scheme.

A job retention scheme must not disincentivise job retention, and so it cannot be made more expensive for employers to ease workers back into jobs. Government support must take this burden away from employers. It must be made available no matter the hours worked, and must not be more of a burden to implement than the alternative it is intending to avoid.

The furlough scheme was an investment in people, and here is a true test of viability. Can we protect a person's livelihood, their family, their welfare? If the answer is 'yes', it's passed the test. It is argued that taxpayers will not endorse the indefinite continuation of furlough, but this money could be used to invest in the employees it retains and prepare them for a post-Brexit Britain.

The Government already offers free online courses in different levels of skills that it regards as being essential in Britain's transition to a new economy. Using a variation of the structure used in apprenticeships, employers, trade unions and employees could demonstrate that this money is an investment in future jobs.

We've got our work cut out.

### **As a minimum we need to swiftly plan to do the following in response to the Winter Economy Plan:**

1. Call for an immediate suspension or extension of redundancy consultations to assess if jobs under threat can be retained.
2. Mount a campaign to stop the 23% wage cuts. We need the state to underwrite wages including workers on sick pay.
3. Demand a workers' industrial skills and development strategy and for the investment in skills and up-skilling to start immediately, not the pathetic attempt by the Prime Minister to offer courses in April 2021.



4. Unions need to reset the membership offer to workers and organise mass social solidarity that puts every politician on notice if they don't protect the livelihoods of people that drive this economy.
5. In the absence of a Comprehensive Spending Review we have to continue to expose the breath-taking profit being made from our public services and keep making the call to rebuild our services by demanding services are requisitioned back in house and public money invested back into services and workers terms and conditions.
6. Unions need to unite around a demand for investment in infrastructure and in our public services and to make a call for jobs across all sectors that will power the economy post-Brexit.

Unions have worked well together in the early days of the pandemic securing furlough, exposing the personal protective equipment scandal, the indignity of Statutory Sick Pay and more recently exposing the disaster that this Government is calling a Track Test Trace System.

Unions, whilst protecting worker safety, need to include a protection of their livelihoods so a People's Bailout is long overdue.

Let us not forget that we are the custodians of the truth regarding this pandemic. It is our duty to workers, our members, to make sure this is known far and wide, way beyond our memberships.

No politician should be claiming to talk with authority on the impact of Covid if that authority hasn't come directly from us. We owe it to all those that have been let down and to all those that have lost their lives.

We need collective working class leadership because the biggest attack on the lives of working people is upon us.

We can't fail.

**Rehana Azam**  
**GMB National Secretary**

