

WBG submission to Labour National Policy Forum Consultation 2023

The everyday economy: better jobs and better work

1. How can Labour strengthen sectors that make up the everyday economy?

Investing in social infrastructure

We welcome Labour's inclusion of the care sectors in consideration of how to support the 'everyday economy'. The Women's Budget Group has long argued that health, education, childcare and social care should be regarded and treated as *social infrastructure*. Just as investment in physical infrastructure like roads and public transport can create jobs, improve connections between people and places and increase prosperity, social infrastructure creates jobs, improves people's health and wellbeing, increases labour market participation, and so too creates prosperity. The gendered division of labour between these sectors means that recognising the value of social infrastructure is also a means of achieving greater gender equality.

Our modelling has evidenced that investment in early education and childcare creates 2.5 times the number of jobs as the same investment in construction and yields greater tax returns to the Exchequer as well as reductions in spend on social security benefits as it enables more parents – usually women – to work additional hours¹. Investment in care also has a greater multiplier effect on other sectors in the economy, spurred by the expansion of the care sectors and thereby increasing the disposable income of more families.

While there is work to be done to reduce emissions created in the care sectors, they are inherently lower carbon than many other sectors because the work is relational and therefore, along with jobs in the green and digital economy, Labour should promote jobs in these sectors as the jobs of the future. The average job in health and care produces 26 times less greenhouse gas than a manufacturing job, over 200 times less than an agriculture jobs and nearly 1,500 times less than a job in oil and gas².

¹ WBG (2022) Spring Budget 2022: Childcare and gender

² WBG analysis of ONS Emissions Inventory and Business Register and Employment Survey, 2019

The resources to fund social infrastructure should come from a mixture of public borrowing and tax revenues. The exact combination will depend on macroeconomic circumstances but should be guided by the principles of progressive taxation and borrowing for investment (as spending on social infrastructure is an investment with wider benefits beyond its immediate users and into the future).

We would urge the Labour Party to consider greater taxation of wealth as one progressive way of increasing revenue to the Exchequer to contribute to investment in social infrastructure. Under-taxation of wealth reinforces gender disparities since women tend to have lower savings and wealth but rely disproportionately on the public goods that taxes help pay for. Equalising taxes on income from wealth and from work could raise £50bn from 2022/23 to 2026/27³. Rates for taxing unearned income should be the same as, or possibly higher than, those applying to earned income. Capital Gains Tax (CGT) should be charged at minimum at income tax rates and the annual exempt amount and other reliefs should be abolished or significantly reduced. The Office of Tax Simplification estimates that such a move could raise up to £14bn a year.⁴

2. How can Labour ensure its industrial strategy and other policies support creating good, secure work in the everyday economy?

Adult social care

Because adult social care is included in the National Policy Forum's everyday economy and in the Labour's industrial strategy, we set out here our recommendations for this policy area.

In the short-term, Local Government funding needs to be urgently restored to a level which enables councils to meet their statutory obligations as well as providing the preventative, non-statutory services which are vital to the wellbeing of women, children and those in need of care. Adequate funding should come from central government to ensure that local authorities in poorer areas, often with a higher need for services, have the funding that they need.

In the medium term the Women's Budget Group supports the Labour Party's commitment for a National Care Service. This should be fully integrated with the NHS and with provisions for independent living for disabled people. Plans for a National Care Service should:

³ G. Dibb and H. Parkes (2022) [Chancellor's first step to raising tax on income from wealth leaves potential £50 billion untapped, IPPR finds](#)

⁴ Office of Tax Simplification (2020) [Capital Gains Tax Review – first report: Simplifying by design](#)

- **Invest in, and professionalise, the care workforce**, improving its status, the working conditions and pay in paid care, and implementing training programmes and developing career paths
- Ensure that **local authorities are properly funded** to deliver the range of care services required, in line with their legislative and human rights obligations
- **Incorporate the voices of care recipients** into the provision of care and policymaking on care services
- Work to **bring back large financialised care providers into public ownership**

Significant investment is required to create a high-quality universal service that would ensure that people's needs are met in a way that supports their wellbeing, with a well-trained workforce with decent pay and conditions and financial costs shared progressively across society. Costings for such a system, modelled as part of a project with the New Economics Foundation are:

- 'Core' (free care for those with needs as defined by local authorities, improved pay, resulting in higher take-up): £52bn or 2.5% of GDP, which is £32bn above current public spending power;
- 'Transformative' ('Core' plus better training and wider needs): £71bn or 3.4% GDP, which is a further £19bn above the core scenario.

Our modelling suggests that the additional investment required for our 'Core' scenario would generate 928,000 new full-time-equivalent jobs in 2021/22 terms, both in the care sector and more widely through indirect and induced employment, boosting tax receipts by £14bn.

The wider definition of needs and improved quality would lead to higher take-up, which we estimate could cost an additional £18.5bn. This would generate 1,355,000 total jobs and cost a further additional £18.5bn gross annually, 49% of which will be recouped through additional revenues. This would bring UK spending on social care in line with that in Denmark and Norway as a share of GDP.

Even at these increased costs, total social care spending would remain a relatively small fraction of NHS England's budget, which was £152.6bn in 2022/23. However, at least some of the public funding for a universal care service would need to be offset by expanding the tax base elsewhere in the economy⁵. Increasing and improving the taxation of wealth would be a good place to start (see above).

Paid and unpaid work

⁵ WBG and NEF (2022) [Universal Quality Social Care: Transforming adult social care in England](#)

In order to support the creation of good jobs in the everyday economy, Labour will need to address the inequality in distribution of unpaid care and improve support for people doing unpaid care. A crucial point for the development of the gender pay gap is having children. 75% of mothers face pregnancy or maternity-related discrimination⁶ and the overall gender pay gap is most pronounced for the over-40s⁷. Implementing equal parental and caring leave policies is a crucial step to addressing this, alongside tackling occupational segregation.

Automation is rapidly transforming the nature of work, and recent analysis suggests that jobs currently held by women are more likely to be at risk of elimination.⁸ Implementation of enhanced skills training and guidance to respond to technological and other changed labour market opportunities is crucial.

In addition to the policies set out in Labour's New Deal for Working People, Labour should commit to:

- **Restructure publicly funded parental leave entitlements**, to include enhanced pay, equalisation of eligibility for leave, equal and reserved periods of leave in the first year of parental leave, specific parenting support for fathers/partners, and integration with childcare provision. This includes paid caring and parental leave for later stages of a child's life, such as when parents separate, or when care is required to look after a sick child;
- Introduce an entitlement to **paid domestic violence leave**, to support workers experiencing violence, as has been done in New Zealand⁹
- Legislate stronger **protections of employment rights** for self-employed workers, informal workers and temporary workers, including equalising parental leave and pay to that of employed parents,¹⁰ a four-week notice period for shift schedules and full payment for their cancellation¹¹
- Lift the restrictions on work for **asylum seekers**, so that they can work legally¹²

⁶ Equality and Human Rights Commission (2018). Is Britain Fairer? The State of Equality and Human Rights

⁷ ONS (2019). Gender pay gap in the UK: 2019. 29 October. <https://bit.ly/3i0yjmE>

⁸ ONS (2019). Which occupations are at highest risk of being automated? 25 March. <https://bit.ly/2Hwe2ld>; IPPR (2019). The future is ours: Women, automation and equality in the digital age. <https://bit.ly/3mPtWyy>; IWPR (2019). Women, automation and the future of work. <https://bit.ly/3hVUjPC>; see also World Economic Forum (2018). Towards a reskilling revolution. <https://bit.ly/2G7SRMZ>

⁹ Neitzert, E. (2020). Violence against women and girls and women's economic inequality. Briefing paper for the Commission on a Gender-Equal Economy. <https://bit.ly/2FOzJ6X>

¹⁰ Watson, E. (2020). Self-employed women in the UK. Briefing paper for the Commission on a Gender-Equal Economy. <https://bit.ly/365AxPx>

¹¹ Warren, T. (2019). The problems faced by low-income women in the labour market. Briefing paper for the Commission on a Gender-Equal Economy. <https://bit.ly/2FWwKlq>

¹² Reis, S. (2020). Migrant women and social security. Briefing paper for the Commission on a Gender-Equal Economy. <https://bit.ly/2FXI3Fv>

- Ensure **group claims to employment tribunals** regarding equal pay can be made, whereby a union or a lawyer marshals any number of individuals who are all affected by the same pay issue in the same undertaking and runs a representative action in the tribunal
- **Support greater diversity and innovation in forms of business ownership**, such as cooperatives and social enterprises, through legislation to ensure a level playing field in law between different types of ownership; through support such as that provided by Scotland's Cooperative Development Agency; and through support for employee ownership of shares.¹³

3. How can we support businesses and workers in the everyday economy through skills, technology and competition policy?

4. How can we enable public services in the everyday economy to meet current and future challenges?

Beyond Labour's commitment to transition to 100% renewable energy sources by 2030, a central aspect of transitioning to a sustainable economy will be greening the labour market.

All sectors of the economy must be re-valued to ensure jobs are well paid and stable, with good working conditions, including access to a shorter working week, flexible working and acknowledgement of the importance of work-life balance.

In addition, a full transformation of all jobs is required to green them. This will mean that certain sectors will have to contract as our economies will become less reliant on over-consumption of goods, including manufacturing, aviation, and retail. This transition should be included in Labour's industrial strategy.

Attention should be directed to diversifying and de-segregating the workforce, to ensure that opportunities in expanding sectors are extended to all and that the job losses in sectors which need to contract are replaced by good jobs elsewhere. It will be crucial to increase the number of women and marginalised groups in STEM and greening physical infrastructure, as well as encouraging men into currently undervalued and feminised roles in care¹⁴.

¹³ Brett, M. and M. Lawrence. (2020). Gender equity: an economy where we all have a stake. Briefing paper for the Commission on a Gender-Equal Economy. <https://bit.ly/3j0Ta11>

¹⁴ WBG and WEN (2022) [Labour market changes for a green and caring economy](#)

In order to achieve this, girls and BAME students should be actively encouraged to consider STEM subjects and apprenticeships. Labour should work with companies to ensure diversity quotas are built into recruitment and promotion processes. Maintaining a diverse workforce will also necessitate a shift away from a male-dominated work culture, towards flexible working, promotion of work-life balance and gender equality in decision-making¹⁵. As well as removing the barriers for women to train or retrain, it will be crucial for the government to address discrimination and gendered inequalities in employment opportunities, pay and career progression following training and apprenticeships. Currently, young women can expect to earn on average £8,000 less than a young man five years after completion of an apprenticeship¹⁶.

Bringing more people into the care sector will be achieved by greater public investment to revalue care workers, enabling better pay, working conditions and career development. The pace of change required will also necessitate creative and community-led approaches to recruiting, reskilling and innovating. This should be underpinned by a transformative 'just transition', one that not only supports workers in specific transitioning industries, but also undoes existing inequalities in the labour market.

A shorter working week flexibly implemented would mean more people are able to participate in the labour market. This will be crucial as less consumption could mean fewer full-time jobs within the economy. A shorter working week for both men and women could result in unpaid care being more evenly distributed between women and men. We recommend **a shorter working week being implemented flexibly**, enabling individuals to choose their working hours. The success of the global pilot has evidenced the feasibility of implementing a 4-day week across sectors and industries, with 92% who took part in the pilot continuing¹⁷.

- 5. How can we ensure the Government's buying power supports good jobs, small business and the self-employed?**
- 6. What are the specific implications of policy proposals in this area for (a) women, (b) Black, Asian and minority ethnic people, (c) LGBT+ people, (d) disabled people and (e) all those with other protected characteristics under the Equality Act 2010?**

¹⁵ Littig (2018) Good work? Sustainable work and sustainable development: a critical gender perspective from the Global North. Globalizations. Vol. 15

¹⁶ WBG and Young Women's Trust (2021) Covid-19 and economic challenges for young women

¹⁷ 4 Day Week Global (2023) [A global of the overview 4 day week](#)

Investment in social infrastructure including adult social care and policies to support a more equal distribution of paid and unpaid care would have a positive impact on women's equality and in particular for those with additional protected characteristics. The gender pay gap is larger for women who face multiple structural inequalities: for instance, disabled women earned 25% less per hour than non-disabled men in 2018¹⁸ and Pakistani women earned 28% less per hour than white British men.¹⁹

Care workers, most of whom are women, and many of whom are migrants or from Black, Asian and Minority Ethnic groups, are paid very low wages; many are on zero-hours contracts and receive very little training.

As well as a distinct gender pay gap, there is also a gap between Black, Asian and minority ethnic (BAME) and White British workers. Across all industries, BAME workers are paid an average of 5.7% less than White British workers (£0.90 less per hour).²⁰ There is currently no mandatory ethnicity pay gap reporting in the UK to match the gender pay gap requirement and we support Labour's commitment to mandatory ethnicity pay gap reporting.

7. What consideration would need to be given to policy proposals in this area when collaborating with devolved administrations and local governments in England, Scotland, Wales and Northern Ireland?

Adult social care is devolved across the 4 nations. Employment law is currently reserved to Westminster, but in order to give the devolved governments the ability to support their economies, we would recommend devolving this legislation as well.

Further insights on social infrastructure and green jobs from WBG:

- [Labour Market Changes for a Green and Caring Economy](#)
- [WBG Commission on a Gender-Equal Economy](#)
- [Spring Budget 2023 pre-budget briefing – Social care and gender](#)
- [Universal quality social care: transforming adult social care in England](#)
- [Spring Budget 2023 pre-budget briefing - Women and employment](#)

¹⁸ ONS (2018). Disability pay gaps in the UK: 2018. 2 December. <https://bit.ly/2R6RQHF>

¹⁹ Figures apply to Britain only (not Northern Ireland). ONS (2019), Ethnicity pay gaps in Great Britain: 2018. <https://bit.ly/330onW3> Figure 7.

²⁰ Resolution Foundation (Dec 2020) Ethnic minorities in the hospitality sector (<https://bit.ly/2MtFREL>)



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