

Putting good work on the table

Reforming labour market institutions to improve pay and conditions

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September 2023



Acknowledgements

The authors thank colleagues at the Resolution Foundation for advice and guidance, particularly Torsten Bell, Lindsay Judge and Greg Thwaites.

We are also immensely grateful to the many experts who took the time to discuss this work and/or comment on an earlier draft, including Alex Beer, Kate Bell, Marleze Blignaut, Pawel Bukowski, Beth Goodwin, Steve Machin, Frances O'Grady, Michelle O'Sullivan, Dan Tomlinson, Janet Williamson, Tony Wilson, Chris F. Wright, and officials at the Department for Business and Trade, the Department for Work and

Citation

If you are using this document in your own writing, our preferred citation is:

C McCurdy, H Slaughter & G Kelly, *Putting good work on the table:*

Reforming labour market institutions to improve pay and conditions, Resolution Foundation, September 2023

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The Economy 2030 Inquiry

The Economy 2030 Inquiry is a collaboration between the Resolution Foundation and the Centre for Economic Performance at the London School of Economics, funded by the Nuffield Foundation. The Inquiry's subject matter is the nature, scale, and context for the economic change facing the UK during the 2020s. Its goal is not just to describe the change that Covid-19, Brexit, the Net Zero transition and technology will bring, but to help the country and its policy makers better understand and navigate it against a backdrop of low productivity and high inequality. To achieve these aims the Inquiry is leading a two-year national conversation on the future of the UK economy, bridging rigorous research, public involvement and concrete proposals. The work of the Inquiry will be brought together in a final report in 2023 that will set out a renewed economic strategy for the UK to enable the country to successfully navigate the decade ahead, with proposals to drive strong, sustainable and equitable growth, and significant improvements to people's living standards and well-being.

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Summary

The UK needs stronger labour market institutions

Decent work is a pre-requisite for delivering shared prosperity and improving the lives of the country's 34-million-strong workforce. In this context, the UK labour market has a number of strengths – from high employment to a national minimum wage that is now among the highest in the world. But there are also deep problems in some areas of the labour market – from stagnant real wages (which have only just returned to their 2008 peak), to extensive insecure work (zero-hours contracts reached a new record at the end of 2022) – that have persisted over time and are unlikely to go away on their own.

In other work, we have described how the national framework of employment regulation and enforcement needs to be strengthened to better protect workers. This is necessary but not sufficient to deliver high-quality jobs: some of the challenges we face are specific to particular areas of the labour market and so are less amenable to one-size-fits-all employment regulations acting in isolation. In this briefing note, part of the Economy 2030 Inquiry, we turn to the role of labour market institutions in resolving these remaining problems – examining existing institutions and considering the case for experimenting with new ones.

Trade unions remain important but need strengthening

Trade unions remain an important form of labour market institution – still representing over 6 million workers, shaping workplace practice and participating in national organisations that shape our workplaces. But over the past four decades, union membership has fallen dramatically to less than half its peak in the early 1980s (from 52 per cent in 1980 to 22 per cent in 2022). Alongside long-term structural changes (such as the changing industrial make-up of Britain's economy and the rise in self-employment), policy changes from the 1980s onwards, including direct legislation, reinforced union decline by placing restrictions on their activity. The professed goal of these policy changes was to level the playing field between firms and unions and modernise the industrial-relations framework. But that is not where we have ended up today.

So we recommend making three policy changes that would build on the existing industrial-relations settlement while restoring a level playing field and updating some of our outdated processes. First, to ensure that workers fully understand their options, unions should have a right to enter workplaces to raise awareness among employees. Second, we should adjust union-recognition requirements to bring them more into line with other aspects of democratic life: instead of the current requirement that 40 per cent of the entire bargaining unit must vote in favour of union recognition we recommend a simple turnout threshold (also of 40 per cent). And third, we should make voting

processes more inclusive by introducing an online option for union recognition ballots: requiring postal-only ballots is an antiquated approach unfit for the 21st century.

But that won't be enough in every sector of the economy

As well as a stronger national framework for industrial relations and employment regulation, the UK needs to experiment with new tools. Some of the most pressing labour market challenges in the UK today are specifically sectoral in nature. For example, domiciliary care workers often don't get paid for the time they spend travelling between clients. Meanwhile hospitality workers highlight issues such as extremely long shifts and harassment from customers. Such examples suggest a tailored sectoral approach may be needed to buttress national rules.

The UK is not alone in thinking about how targeted labour market institutions can help improve the quality of work: other liberal-market economies have either long had sectoral bodies (e.g. Ireland and Australia) or have more recently been developing them (e.g. New Zealand) offering the potential for learning. But we must recognise that institution building is difficult in practice and that our precise labour market problems are, in many cases, particular to us – so any new institutions need to be rooted in the UK's own contemporary challenges and regulatory approach, rather than imported wholesale from abroad or excavated from the past.

We need to go further in some key sectors: the case for Good Work Agreements

We therefore propose what we call 'Good Work Agreements' (GWAs) in problem sectors: a framework to bring together workers and employers to collaboratively solve problems and address poor-quality work in specific pockets of the economy, complementing existing national regulation and industrial relations. Worker or employer representatives could apply for the Government to set up a GWA in sectors with material (and specific) problems with labour standards. Broadly speaking, we propose four key areas to be the potential focus for GWAs: training and progression, sector-specific health and safety issues, pay (in cases where there is a clear need for a pay floor above the National Living Wage), and wider terms and conditions (including contractual non-pay aspects of work, like irregular shift patterns and provision of basic materials).

The Government should immediately set up a trailblazer GWA agreement to enhance protections for the 1.7 million workers in the social care sector. This could address urgent issues such as poor pay – likely unlawfully so for domiciliary care workers, once travel time is factored in – inadequate training and unsafe working conditions that are contributing to an acute shortage of workers and poor standards for service users.

GWAs in the warehousing and cleaning sectors should come next, delivering higher standards for 200,000 and 500,000 workers respectively. In addition to high shares of employees on insecure contracts or with volatile hours (28 per cent and 17 per cent respectively), the expansion of the warehousing sector has been accompanied by extensive use of agency workers alongside intense workloads, while there is also evidence of cleaners facing pressure to complete jobs in unreasonably short timeframes (and not being paid for the overtime).

Once the need for a GWA has been accepted and the partners enter the negotiation phase, the leadership should come from the sector themselves (worker and employer representatives). GWAs will also require a mechanism to resolve disagreements between firm and worker representatives; this should take the form of an independent representative to chair the negotiations. Although the negotiations would be sector-led, we also propose that the Government should sign off on the agreement at the end of the bargaining process to ensure the agreement had resolved the problems it set out to address, and because there may be wider public-interest and public-spending considerations.

Good Work Agreements will need enforcement and updating

Once implemented, GWAs should be enforced in the same way as other labour market rights. (Bolstering the labour market enforcement system will become even more vital if it is to oversee GWAs as well.) Finally, GWAs should be regularly assessed and an evidence base should be developed that feeds into the design and negotiating process (for example, with a role for the Low Pay Commission). There should also be a wholesale assessment and renewal of GWAs every three-to-five years to keep them relevant, ensure standards are maintained and to take account of inevitable trade-offs.

The changes we have outlined are not necessarily straightforward to implement: improvements in the framework for union recognition will take time before they feed through into workplace change, and crafting new labour market institutions is always challenging. But the case for pursuing this agenda is strong. Implementing these proposals would help make a reality of regular calls from different political parties for placing 'good work' at the heart of our economy. GWAs could agree on pay rises and greater security for 1.7 million social care workers, for example, that would improve conditions for existing workers and make the sector more attractive for prospective staff. Tackling some of our entrenched labour market challenges, while preserving the strengths of the UK model, requires the UK to embark on a period of measured institutional innovation.

National regulation alone cannot solve all our labour market woes

Good jobs are an essential pre-requisite for delivering shared prosperity, as well as improving the lives of the country's 34-million-strong workforce.¹ Good-quality work has clear intrinsic benefits for workers,² and is a well-established driver of health and well-being.³ And low job satisfaction and workplace stress are linked to absenteeism and lower productivity, harming the economy as a whole.⁴

But while the UK has some major achievements when it comes to using regulation to improve the world of work – the minimum wage has been one of the big policy success stories of recent decades – it is also the case that one-size-fits-all regulation cannot solve all our labour market woes.⁵ Workers in the UK enjoy the many benefits that a flexible labour market can bring (such as high employment), but there remain problems that must also be addressed – from high levels of insecure work⁶ and weak enforcement of rights,⁷ to sluggish earnings growth⁸ and poor employment practices unique to certain sectors.⁹

National policy has (and should continue to have) a major role in ensuring more good work – but there are three important reasons why it cannot do everything.¹⁰ First, national regulation alone is not well-suited to solve some problems – those that are highly sector-specific, for example – which require more bespoke solutions to supplement those that necessarily-blunt national rules can provide. Second, some aspects of work cannot easily be regulated for, such as harder-to-measure issues like a lack of autonomy or voice at work. And third, the UK's labour market challenges go further than just raising standards at the bottom: stagnating median wages, for instance, have driven widening inequality between the middle and top of the pay distribution. Again, this challenge is very hard to 'solve' purely via national regulation.

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- 1 There is, of course, no single definition of what constitutes 'good work'. But there are a series of features which, particularly when viewed together, we can confidently list as 'bad', such as low and volatile pay, intense work, a lack of certainty over when you work, a lack of training, insecure contracts, and poor health and safety, among others. Annex 1 provides analysis of such features. For further discussion, see: N Cominetti et al., [Low Pay Britain 2023, Improving low-paid work through higher minimum standards](#), Resolution Foundation, April 2023.
 - 2 K Handscomb, L Judge & H Slaughter, [Listen up: Individual experiences of work, consumption and society](#), Resolution Foundation, May 2022.
 - 3 A Tinson, [What the quality of work means for our health](#), Health Foundation, February 2020; What Works Wellbeing, [Job Quality and Wellbeing](#), April 2017.
 - 4 K Shah & D Tomlinson, [Work experiences: Changes in the subjective experience of work](#), Resolution Foundation, September 2021.
 - 5 Low Pay Commission, [20 years of the National Minimum Wage: A history of the UK minimum wage and its effects](#), April 2019.
 - 6 Zero-hours contracts reached a new record high at the end of last year. See: N Cominetti & H Slaughter, [Good news in the latest labour market data for the Bank and the Chancellor, but bad news for the general public](#), Resolution Foundation, February 2023.
 - 7 L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.
 - 8 Real weekly earnings have only just returned to their 2008 levels. See: C McCurdy, [Short-term pay pain eases, but long-term legacy leaves scars](#), Resolution Foundation, August 2023.
 - 9 See, for example: N Cominetti, [Who cares? The experience of social care workers, and the enforcement of employment rights in the sector](#), Resolution Foundation, January 2023. We provide extensive examples of sector-specific problems later in this report.
 - 10 We outline our policy proposals for enhancing, and effectively enforcing, national minimum standards, in: N Cominetti et al., [Low Pay Britain 2023, Improving low-paid work through higher minimum standards](#), Resolution Foundation, April 2023; L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.

To help resolve these problems, we must turn to broader labour market institutions and their role in setting a framework for workplace standards, protecting workers and shaping the balance of power between employers and workers. Our starting point is the need to keep the upsides of the UK's flexible labour market, which has helped ensure broadly low levels of unemployment over recent decades; at the same time as we highlight the need to tackle some specific but significant long-term weaknesses of the current set-up.¹¹ We argue that preserving the status quo will lead to a continuation of existing labour market problems that many people recognise: some judicious and incremental policy innovation is badly needed. The UK's recent past has shown us that policy action is required to resolve long-term failings (it took the introduction of the National Minimum Wage to stem the growth in poverty pay pre-1997).¹²

In this briefing note, part of the Economy 2030 Inquiry, we start by examining existing institutions – particularly the framework surrounding trade union recognition – and consider whether it represents a modern and fair approach to industrial relations.¹³ We then consider the case for experimenting with new institutions to resolve acute problems in some targeted sectors where poor-quality work issues are more concentrated. To advance discussion in this area we set out a range of key 'design issues' that need to be worked through if new institutions are to be developed, in each case we suggest a potential way forward. In doing so we seek to learn from developments in other advanced economies, particularly those with relatively flexible labour markets, where policy makers are also grappling with the challenge of securing 'good work'.

[Trade union coverage has declined since the 1980s](#)

Trade unions remain an important form of labour market institution – representing over 6 million workers,¹⁴ shaping workplace practice as well as taking part in national institutions that shape the world of work (such as the Low Pay Commission and Acas).¹⁵ Unions have a long history of boosting their members' pay, with the union wage premium standing at around 6 per cent in 2019 (albeit down from just over 12 per cent in 1983). Unions reduce wage inequality by narrowing pay gaps across skill groups, firms, and regions: indeed, estimates suggest the decline of unions since 1983 accounts for around a sixth of the growth in wage inequality among men over that period.¹⁶ And beyond wages, unions have shown they have an important role to play in helping improve

¹¹ For further discussion, see: Resolution Foundation & Centre for Economic Performance, LSE, [Stagnation nation: Navigating a route to a fairer and more prosperous Britain](#), Resolution Foundation, July 2022

¹² See, for example, Figure 13 of: N Cominetti et al., [Low Pay Britain 2023, Improving low-paid work through higher minimum standards](#), Resolution Foundation, April 2023.

¹³ For more information, see: economy2030.resolutionfoundation.org.

¹⁴ Department for Business and Trade, [Trade union statistics 2022](#), May 2023.

¹⁵ Low Pay Commission, [About us: Who we are](#), accessed 14 August 2023; Acas, [How we are governed](#), accessed 14 August 2023.

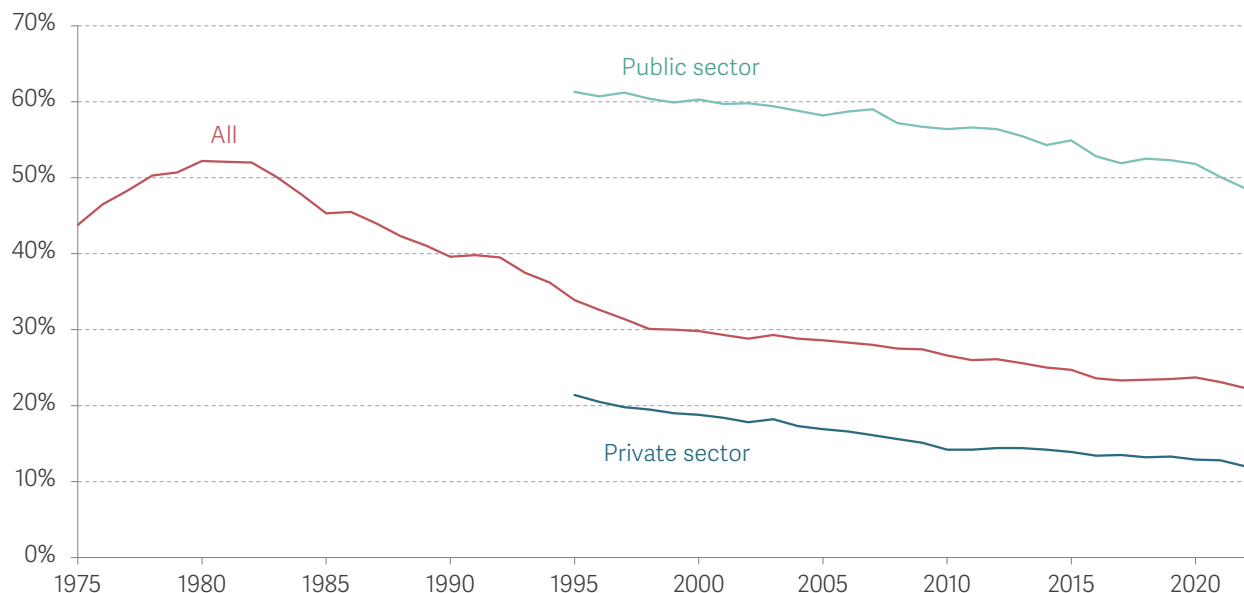
¹⁶ For a detailed discussion of the role of unions, see: U Altunbeken et al., [Power plays: The shifting balance of employer and worker power in the UK labour market](#), Resolution Foundation, July 2022.

workers' access to training, promoting equal opportunities and family-friendly policies, helping to resolve workplace disputes and grievance issues, and bringing a pro-worker perspective to diverse public-policy discussions and public debates within the nation from the future of pensions to ensuring that AI is deployed responsibly.¹⁷

But over the past four decades, union membership has fallen to less than half its peak in the early 1980s. The share of employees who are union members fell from 52 per cent in 1980 to 22 per cent in 2022, with declines in both the public and private sectors (Figure 1). Over the same period, the share of workers whose pay and conditions are set by a collective agreement has fallen from over four-fifths (82 per cent) in 1980 to just over a quarter (27 per cent) today.¹⁸

FIGURE 1: **Union membership has been falling since the 1980s**

Proportion of employees who are union members: UK



SOURCE: Analysis of OECD/AIAS ICTWSS Database; DBT, Trade Union Membership, UK: Statistical Bulletin.

There are several reasons for the decline of unions.¹⁹ The aggregate fall is driven by failure to organise and gain union recognition for workers in new workplaces, rather than unions losing recognition status in existing workplaces or because unions cause workplaces

¹⁷ See, for example: Trades Union Congress, *A stronger voice for workers: How collective bargaining can deliver a better deal at work*, September 2019.

¹⁸ Coverage is defined as 'the proportion of employees whose pay and conditions are agreed in negotiations between the employer and a trade union'. This can include workers who are not union members but who have a union present in their workplace; it can also **exclude** workers who are union members but whose union does not negotiate over their pay and conditions. Source: Department for Business and Trade, *Trade union statistics 2022*, May 2023; OECD/AIAS ICTWSS Database (see also Figure 3 of: U Altunbuken et al., *Power plays: The shifting balance of employer and worker power in the UK labour market*, Resolution Foundation, July 2022).

¹⁹ See, for instance: S Fernie & D Metcalf, *Trade Unions: Resurgence or Demise?*, Routledge, June 2005.

to close (we come back to this later).²⁰ Changes in the industrial composition of the economy contributed to the union decline, as did the anti-union legislation introduced in the 1980s and 1990s that enabled employers to more easily oppose union organisation in new workplaces.²¹

On composition, the direct impact of the falling share of employment in densely unionised extractive industries and heavy manufacturing plants – itself caused by a combination of factors such as technological change, intensified global product-market competition and adverse shifts in the exchange rate in the early 1980s – are all highly relevant.²² Conversely, the steady growth of employment across a wide range of private services posed a challenge for unions who were far less well established in these rising sectors.²³

Other aspects of the compositional shift in the workforce – including the large rises in part-time employment, as well as those working in smaller businesses – are also said to have made it harder for unions to organise.²⁴ More recently, the sustained increase in self-employment during the 21st century (up until the pandemic) will also have contributed to a decline in the share of union members in the overall workforce.²⁵

A clear consequence of these changes means that unions are continuing to rely on their traditional, often declining, strongholds within the economy (such as manufacturing) alongside the bastion of the public sector. Others also point to the role of privatisation in the 1980s, and then the rise of contracting out since, as creating challenges for unions not least in chipping away at parts of the former public sector that could once be relied on for high levels of membership.²⁶

Reductions in the union wage premium over time, which workers must balance with the cost of union dues, may have also undermined the economic incentive for workers to join.²⁷ But on top of these primarily economic explanations, others point to the decline

²⁰ See S Machin, [Union Decline in Britain](#), British Journal of Industrial Relations 38(4), December 2002 (see personal.lse.ac.uk/machin/pdf/bjir2000.pdf for a free working paper version). A version of this analysis was updated in: U Altunbuken et al., [Power plays: The shifting balance of employer and worker power in the UK labour market](#), Resolution Foundation, July 2022, and we return to this below. For evidence of no union impact on plant closures, see S Machin, [Plant Closures and Unionization in British Establishments](#), British Journal of Industrial Relations 33(1), March 1995.

²¹ D Metcalf, The transformation of British industrial relations, in R Barrell (ed.), [The UK Labour Market](#), Cambridge University Press, 1994; W Brown & S.Wadhvani, [The Economic Effects of Industrial Relations Legislation Since 1979](#), National Institute Economic Review 131(1), 1990.

²² Technological change itself – and, more recently, the rise in remote working following the Covid-19 pandemic – has had a more ambiguous effect on trade unions, presenting both challenges and opportunities. See: M Mwamadzingo, S Kisonzo & N Chakanya, [Digitalize, adapt and innovate: Challenges and opportunities for trade unions amidst the COVID-19 pandemic and the recovery period](#), International Journal of Labour Research 10(1-2), July 2021.

²³ For details of how unionisation rates vary by sector, see: Department for Business, Energy and Industrial Strategy, [Trade union statistics 2022](#), May 2023.

²⁴ See, for example: M Ebisui, [Non-standard workers: Good practices of social dialogue and collective bargaining](#), ILO DIALOGUE Working Paper No. 36, April 2012.

²⁵ Office for National Statistics, [Trends in self-employment in the UK](#), February 2018.

²⁶ P Poutvaara & H Jordahl, [Public sector outsourcing](#), IZA Institute of Labor Economics, November 2020.

²⁷ As noted above, the union wage premium fell from 12.3 per cent in 1983 to 6.1 per cent in 2019. See Figure 10 of: U Altunbuken et al., [Power plays: The shifting balance of employer and worker power in the UK labour market](#), Resolution Foundation, July 2022.

in the propensity of workers to unionise even when the opportunity to do so exists (and even after controlling for types of worker and sector).²⁸ This suggested a certain dissatisfaction with unions, a point reinforced by the late 20th century image of them as being ‘male, pale and stale’ institutions which were therefore unappealing to a steadily-growing share of the workforce.²⁹ This also needs to be set against the backdrop of an important but frustrated workers’ demand for collective representation, which cuts across age groups and nations.³⁰

Policy changes from the 1980s onwards, especially the restrictive union legislation, played a significant reinforcing role in union decline by placing constraints on their activity (although these should not lead us to downplay the structural factors above, nearly all of which are highly unlikely to be reversed).³¹

Much of today’s industrial relations framework is now widely accepted and is seen as playing an important role in enabling the labour market to respond flexibly to shocks and shifts in demand and technology. But none of this means it isn’t in need of updating and some re-balancing. Reforms made in the 1980s – such as outlawing the ‘closed shop’, whereby employers could agree to only hire union members as part of a collective agreement – were made on the grounds of modernising industrial relations, the need to adapt to new times and ensuring a level playing field between unions and employers.³² Yet, forty years on, this is not where we have ended up. Today the policy landscape governing union recognition appears to be outdated (designed for a pre-digital world) and unbalanced (imposing tests that don’t exist elsewhere in our democratic life).

Policy changes should restore a level playing field for trade unions

An important dimension of the need to restore a level playing field for unions concerns the lack of unionisation among newer cohorts of workplaces (see Figure 2).³³

The left-hand panel of Figure 2 shows that by 2011, workplaces that were at least 10 years old were 50 per cent more likely to recognise unions than newer establishments (39 per cent and 26 per cent respectively). And the right-hand panel shows that the gap between

²⁸ A Bryson & R Gomez, *Why Have Workers Stopped Joining Unions? The Rise in Never-Membership in Britain*, British Journal of Industrial Relations 43(1), March 2005 (see eprints.lse.ac.uk/20022/1/Why_Have_Workers_Stopped_Joining_Unions.pdf for a free working paper version).

²⁹ TUC, *Reaching the missing millions*, September 2001; TUC, *TUC chooses new General Secretary*, July 2012.

³⁰ A Bryson et al., *Youth-adult differences in the demand for unionization: Are American, British, and Canadian workers all that different?*, Journal of Labor Research 26, December 2005; J Fiorito & I Padavic, *What Do Workers and the Public Want? Unions’ Social Value*, ILR Review 75(2), September 2020.

³¹ For a full summary of changes to trade union legislation from the 1980s onwards, see: D Pyper, *Trade union legislation 1979-2010*, House of Commons Library, January 2017.

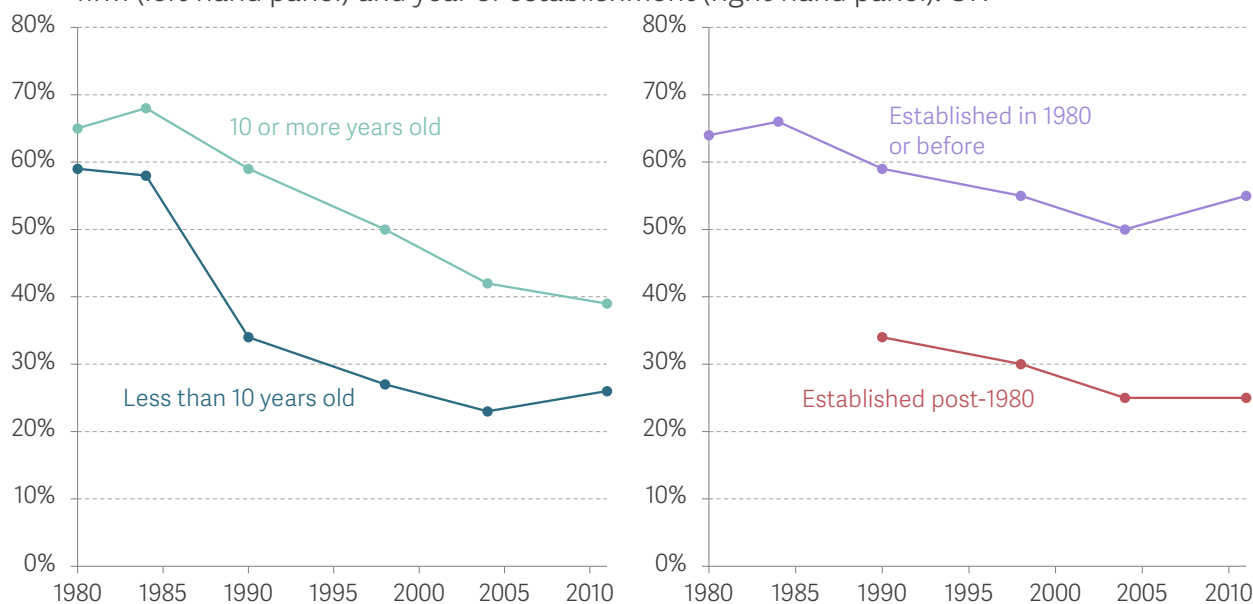
³² S Fredman, *The New Rights: Labour Law and Ideology in the Thatcher Years*, Oxford Journal of Legal Studies 12(1), March 1992.

³³ The data in Figure 2 first appeared in Table 1 of: U Altunbuken et al., *Power plays: The shifting balance of employer and worker power in the UK labour market*, Resolution Foundation, July 2022.

workplaces established before and after 1980 is wider still: by 2011, workplaces that had been around since 1980 were more than twice as likely to have a unionised workforce as newer firms (55 per cent versus 25 per cent).

FIGURE 2: Newer workplaces are less likely to be unionised than more-established ones

Proportion of workplaces with 25 or more employees that recognise unions, by age of firm (left-hand panel) and year of establishment (right-hand panel): UK



NOTES: The survey dates are 1980, 1984, 1990, 1998, 2004 and 2011. The figure for post-1980 establishments in 1984 is excluded due to a very low sample size.

SOURCE: Analysis of Workplace Industrial Relations Survey; Workplace Employment Relations Study.

This suggests that an important consequence of the union-restricting policy measures of the 1980s was to prevent unions from getting a foothold in newly established workplaces. And as we have shown elsewhere, it is this lack of unionisation among new workplaces – rather than existing ones ending unionisation, or unionised establishments closing at a faster rate than non-unionised ones – that has propelled the wider decline in the share of workplaces that are unionised.³⁴

As unions have declined, employers and managers have assumed a dominant role in determining workers' pay and working conditions. In the private sector, unilateral wage-setting by managers has become near universal: among private-sector establishments with 10 or more employees, 87 per cent used this type of wage setting in 2011, up 7 percentage points since 1998 (and compared to only 18 per cent of public-sector

³⁴ U Altunbeken et al., *Power plays: The shifting balance of employer and worker power in the UK labour market*, Resolution Foundation, July 2022.

establishments).³⁵ This further illustrates the significant departure from the traditional British model of collective wage bargaining: not only has the direct involvement of unions declined in importance in firm-level decision-making, but so too have other formal bodies that capture worker voice, such as Joint Consultative Committees (which hold formal discussions between employers and workers).³⁶

We therefore recommend building on the existing industrial relations settlement by making three policy changes to help restore a level playing field between firms and workers, strengthen the British tradition of bottom-up worker voice, and create a more balanced system fit for the labour market of the 2020s.³⁷

Unions should have a right to enter workplaces to raise awareness among workers

First, to ensure that workers have a fair chance to fully understand their options, **unions should have a right to enter workplaces to raise awareness among workers.** Allowing union representatives entry to workplaces – with conditions such as a minimum notice period that the union must give the employer, and ensuring that the visits do not disrupt the work – is often the only way of ensuring that workers get to hear basic information about what unions could offer them. This could also include digital access to workplaces – providing a route for unions to be able to contact workers by email, say – which could be particularly beneficial for raising awareness among remote workers and those without a fixed workplace.³⁸

Allowing unions to enter non-unionised workplaces is an elementary but important way of ensuring these workers know their options as part of an even-handed framework for industrial relations. And it is also the norm in many other countries. In New Zealand, for example, employers ‘cannot unreasonably withhold consent’ for union representatives to enter a workplace,³⁹ and in Australia union officials can enter a workplace to meet with employees as long as they obtain a permit from the Fair Work Commission.⁴⁰

³⁵ A related consequence is that since the 1980s, the UK companies are significantly less likely to share their economic rents with workers, see: B Bell, P Bukowski & S Machin, The Decline in Rent Sharing, *Journal of Labor Economics*, forthcoming (see eprints.lse.ac.uk/119448 for a working paper version).

³⁶ Unilateral wage-setting by managers was used in only 18 per cent of public-sector establishments. See: U Altunbuken et al., *Power plays: The shifting balance of employer and worker power in the UK labour market*, Resolution Foundation, July 2022.

³⁷ Evidence suggests that knowing about trade unions is an important barrier to union membership – although it is by no means the only one. As discussed above, the decline of unions has been attributed to a range of factors, from the changing nature of work to the image that unions have among the general public. For a further discussion of the different barriers to union membership – with a focus on younger workers, where the biggest declines in unionisation have taken place – see: C Coatman, *The missing half million: how unions can transform themselves to be a movement of young workers*, Trades Union Congress, January 2020. Alongside this, it is plausible that in the midst of a cost of living crisis, the cost of paying union dues may present more of a barrier to membership. The recommendations in this paper, however, is limited to the levers over which policy makers have the most control – although policies around industrial action are outside the scope of this note.

³⁸ While some employers have argued that this would be a breach of data protection laws, the European Trade Union Confederation (ETUC) and individual countries’ data protection offices have said that this is not the case. See: ETUC, *GDPR being misused by employers to hinder trade unions*, March 2020.

³⁹ Employment New Zealand, *Unions: Process to access workplaces*, accessed 16 August 2023.

⁴⁰ Fair Work Ombudsman, *Right of entry*, accessed 16 August 2023; Fair Work Commission, *When an official can enter a workplace*, accessed 16 August 2023.

Unduly burdensome requirements for union recognition should be reformed

Having the members is not the only thing that matters for unions: to take part in collective bargaining, a trade union must first be recognised by the employers they want to bargain with. Businesses can recognise unions voluntarily – but if an employer declines to do so, the union can attempt to go through a statutory process to gain recognition.⁴¹

To apply for statutory recognition, at least 10 per cent of the workforce must be union members and the union needs to show that a majority of employees would be in favour of union recognition.⁴² The Central Arbitration Committee (CAC) – an independent government body tasked with resolving collective disputes – then holds a ballot, asking employees if they want the union to be recognised.⁴³ For the union to be recognised, not only must a majority of voters say that they are in favour of union recognition, but at least 40 per cent of all employees eligible to vote must vote in favour.⁴⁴ Requiring 40 per cent of workers to vote in favour is a far stricter requirement than those we impose in other aspects of democratic life. To take the most extreme example, for a ballot to meet the ‘40 per cent in favour’ requirement on a 50 per cent majority result, 80 per cent of potential voters would be required to turn out⁴⁵ – a condition not met in any general election since 1951.⁴⁶

We recommend **changing the requirement that 40 per cent of the bargaining unit must vote in favour of union recognition into a simple turnout threshold (also of 40 per cent)**. Moving to a 40 per cent turnout threshold would still ensure that there was a reasonable level of overall support for any move to recognition at the same time as it uses a threshold that is more in keeping with turnout in other democratic votes: for instance, a 40 per cent threshold would be higher than the turnout in eight out of the last 10 local elections.⁴⁷

The Government should introduce online ballots for union recognition

Finally, there is a clear case to make the voting process more inclusive by **introducing an online option for union recognition ballots**. There are substantive reasons why an online option would be less exclusionary of certain groups of workers: postal ballots

⁴¹ GOV.UK, [Employers: recognise a trade union](#), accessed 21 July 2023.

⁴² GOV.UK, [Employers: recognise a trade union: Statutory recognition](#), accessed 21 July 2023.

⁴³ A ballot may not be needed if at least half the employees are union members.

⁴⁴ GOV.UK, [Employers: recognise a trade union: Ballot on union recognition](#), accessed 21 July 2023.

⁴⁵ At the other extreme, for a ballot to pass on a 50 per cent turnout, 80 per cent of the voters would need to vote yes for the ‘40 per cent in favour’ requirement to be met. Or, as set out in a House of Commons Library research briefing: “if 1,000 members were entitled to vote, requiring 400 members to vote in favour, yet the ballot achieved a 50% turnout (i.e. 500 members), the ballot would require the support of 80% of those voting members”. See: D Pyper & A Dar, [Trade Union Bill](#), House of Commons Library, September 2015.

⁴⁶ E Uberoi, [Turnout at elections](#), House of Commons Library, January 2023.

⁴⁷ Local Government Association, [Percentage of overall turnout for local elections in England](#), February 2023. Indeed, the only years since 2003 where local election turnout has topped 40 per cent have been general election years, when voters were turning out for both the local and general elections simultaneously.

are more likely to exclude younger workers, for example, who move address more often than average.⁴⁸ But more fundamentally, restricting unions to postal-only ballots is an antiquated approach unfit for the 21st century, and goes against the wider government drive to move towards a digital default on everything from tax returns to benefit applications.⁴⁹ It is also at odds with the democratic voting procedures now used by all the main political parties when it comes to electing their own leaders.⁵⁰

But there are serious problems that can't be addressed within the status quo

Trade unions, alongside a national framework of employment regulation, play a vital role in ensuring the effective regulation of our workplaces. But big problems remain that can't easily be solved within the existing system of regulation and protection.

There are some issues – such as those summarised in Table 1 – that are either unique to, or particularly acute in, certain sectors of the labour market. For example, social care workers are in high demand, but their jobs are often of poor quality: workers work under a higher degree of tension than other low-paid jobs (in part linked to staff shortages), and domiciliary care workers often don't get paid for the time they spend travelling between clients, putting many at risk of being paid below the legal minimum wage.⁵¹ Participatory research with hospitality workers highlights issues concentrated in the sector such as extremely long shifts, a high prevalence of unpaid overtime, and abuse and harassment from customers.⁵² And endemic issues in the textile manufacturing sector – such as expectations of quick turnarounds, driven by competition from abroad, and a high prevalence of informal work – came to a head during the Covid-19 pandemic, when some garment factories in Leicester were found to have turned to unlawful practices to meet demand and maximise profits.⁵³

⁴⁸ T Sharp, [Three years of silence – the government's response to electronic balloting must be lost in the post](#), TUC, December 2020.

⁴⁹ HMRC, [Overview of Making Tax Digital](#), December 2022; GOV.UK, [Universal Credit: How to claim](#), accessed 13 July 2023.

⁵⁰ N Johnston, [Leadership elections: Conservative Party](#), House of Commons Library, October 2022; N Johnston, [Leadership Elections: Labour Party](#), House of Commons Library, April 2020; T Durrant & L Wratten, [Liberal Democrat leadership contests](#), Institute for Government, May 2019.

⁵¹ N Cominetti, [Who cares? The experience of social care workers, and the enforcement of employment rights in the sector](#), Resolution Foundation, January 2023.

⁵² E Paesani, ["To help workers, I would tell the Government to..." Participatory Research with Workers in the UK Hospitality Sector](#), Focus on Labour Exploitation, July 2023.

⁵³ Low Pay Commission, [Compliance and enforcement of the National Minimum Wage: the case of the Leicester textiles sector](#), July 2022.

TABLE 1: Different sectors have different employment issues that need solving

Examples of sector-specific labour market issues: UK

Sector	Examples of sector-specific issues
Social care	<ul style="list-style-type: none"> • Unpaid travel time, leading to underpayment of the National Minimum Wage • Staff shortages, leading to high workloads and intensity • Lack of pay progression and training
Agriculture	<ul style="list-style-type: none"> • Work being cancelled at short notice • Lack of awareness around holiday entitlement • Large migrant workforce (including seasonal workers)
Construction	<ul style="list-style-type: none"> • Employers cutting corners to reduce costs, leading to health and safety risks • Lack of clarity of who to report issues to, particularly for self-employed workers or where contractors are used • Poor treatment of women and migrant workers on sites
Security	<ul style="list-style-type: none"> • Personal safety (e.g. risk of being attacked on the job) • Lack of facilities (e.g. personal protective equipment (PPE), communication equipment, and access to food and toilet facilities)
Cleaning	<ul style="list-style-type: none"> • Personal safety (e.g. harassment by clients) • Not being paid for all hours worked (e.g. being paid per job, but being expected to do the job in an unrealistic amount of time)
Hospitality	<ul style="list-style-type: none"> • Unstable hours, long shifts and unpaid overtime • Dangerous working conditions (e.g. in kitchens) • Discrimination, harassment and verbal abuse (including from customers)
Textile manufacturing	<ul style="list-style-type: none"> • Expectations of quick turnarounds, leading to high intensity of work • Prevalence of informal work and unregistered small-scale manufacturers
Couriers	<ul style="list-style-type: none"> • One-sided flexibility in working hours • Lack of transparency in how fees are calculated, making it difficult to decide when / how long to work
Warehousing	<ul style="list-style-type: none"> • Intense workloads • Digital surveillance • Extensive use of agency workers to fill staff shortages

SOURCE: N Cominetti, Who cares? The experience of social care workers, and the enforcement of employment rights in the sector, Resolution Foundation, January 2023; IFF Research, Worker Voices in the Agriculture Sector, May 2020; J Vey, T Barber & N Rahim, Worker Voices in Construction: In-depth research with construction workers, NatCen, May 2020; Workplace Relations Commission, Employment Regulation Orders, accessed 24 July 2023; M Åhlberg, E Paesani & L Granada, "If I Could Change Anything About My Work..." Participatory Research With Cleaners In The UK, Focus on Labour Exploitation, January 2021; E Paesani, "To help workers, I would tell the Government to..." Participatory Research with Workers in the UK Hospitality Sector, Focus on Labour Exploitation, July 2023; LPC, Compliance and enforcement of the National Minimum Wage: the case of the Leicester textiles sector, July 2022; E Paesani, "The gig is up": Participatory Research with Couriers in the UK App-Based Delivery Sector, Focus on Labour Exploitation, November 2021; M Cai et al., Workforce transitions and worker experiences during the pandemic, University of Greenwich Centre for Research in Employment and Work, May 2022.

National employment regulations provide a vital framework of rights and protections that should remain the foundation of our approach to employment regulation – and, as we have argued elsewhere, improved enforcement of existing rules should be a top priority.⁵⁴ We should not create an alternative legal regime that negates national employment policy, but rather recognise that national rules and better enforcement will not be enough to get to 'good work' in the most challenging parts of the labour market.

Some aspects of low-quality working practices are particular to certain sectors. And some of the problems in Table 1, while not completely unique to certain sectors, require bespoke solutions to complement one-size-fits-all national policy due to their outsized prevalence in particular parts of our labour market. For example, national health and safety standards are an important part of our overarching framework of employment regulation. But it would be almost impossible to specify what the standards mean in practice in every sector, and some industries with specific risks – such as the risk of exposure to certain diseases in social care, or the personal safety risks in security – could benefit from more-detailed guidance.

Nor can we assume that unions will necessarily be in a position to resolve these issues in the sectors where they are most likely to occur. A number of the sectors with acute labour market problems are exactly those where workers are least likely to be unionised: only 3 per cent of hospitality workers are union members, for instance, compared to 22 per cent of all employees.⁵⁵ And even if, following the sorts of proposals just outlined for creating a level playing field when it comes to union recognition, membership rates were to rise overall, these specific sectors may not reap the benefits.⁵⁶ If we look back to

⁵⁴ L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.

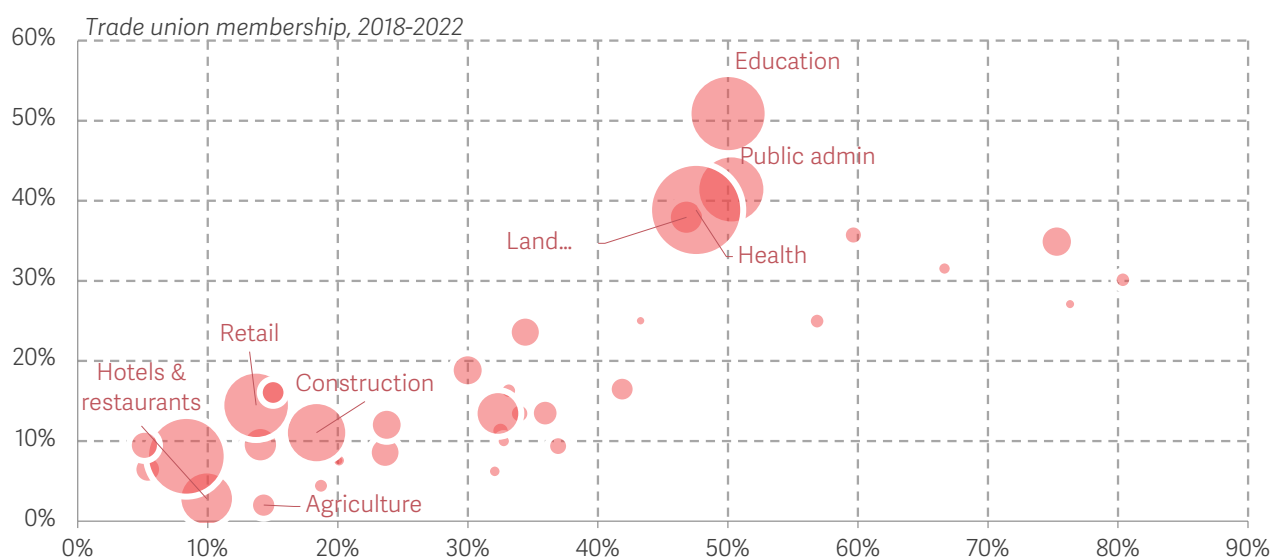
⁵⁵ Department for Business & Trade, [Trade Union Membership, UK 1995-2022: Statistical Bulletin](#), May 2023.

⁵⁶ A sizeable increase in union membership may be unlikely to happen in the short term, given cross-country evidence. Since 2000, only four OECD countries – Costa Rica, Chile, Iceland and South Korea – have seen an increase the share of employees that are union members. The biggest increase over that period was 6 percentage points (in Costa Rica), which in the UK would be equivalent to returning to the union density rate in 2008. Source: Analysis of OECD/AIAS ICTWSS database.

1990, when union membership was almost twice the level it is now,⁵⁷ unions were almost entirely absent in the same sectors as today (Figure 3).⁵⁸

FIGURE 3: The sectors with low union membership today were also under-represented in the past

Trade union membership in 1989-1991 (horizontal axis) and 2018-2022 (vertical axis), by industry division: UK



NOTES: Bubble size indicates the number of workers in that sector in 2018-2022.
SOURCE: Analysis of ONS, Labour Force Survey.

Institutional innovation at the sectoral level: the need for Good Work Agreements

This wider context suggests that more targeted action is required, alongside strengthening national regulation and ensuring a level playing field for trade unions. To solve acute labour market problems, the UK should engage with measured institutional innovation at a sectoral level. In doing so, we should recognise that there are a range of approaches that could be developed that are neither across the board sectoral bargaining (as exists in a number of continental European countries, for example) nor a continuation of the existing hands-off approach.⁵⁹

⁵⁷ Union membership was 40 per cent in 1990, compared to 22 per cent in 2022 (Figure 1).

⁵⁸ Figure 3 uses the earliest data available with a relatively fine-grained industry breakdown. But less-granular data from 1983 (close to the peak in union rates) shows a similar pattern to that shown in Figure 3. For example, 13 per cent of workers in agriculture and 21 per cent of workers in distribution, hospitality and repairs were unionised, compared to 74 per cent of workers in transport and communications.

⁵⁹ For further discussion of the approaches different countries take to sectoral bargaining, see Chapter 4 of: OECD, [OECD Employment Outlook 2017](#), June 2017.

Doing nothing means today's problems will persist...

It is common to decry poor labour standards in problem sectors, but far rarer to see pragmatic proposals on what to do about it. Doing nothing would mean accepting the set up that has led to half a million domiciliary care workers being at risk of falling below the national minimum wage.⁶⁰

Some may argue, or hope, that existing problems with labour standards will simply fade away over time, for instance, if economic growth picks up. It is definitely true that a sustained tight labour market is generally a force for stronger wage growth and improved terms and conditions. It makes 'good work' for all a more viable objective. But experience has taught us beyond any reasonable doubt that a strong labour market is a necessary but not sufficient condition for improvement in the quality of work particularly in challenging sectors. Even when the unemployment rate was close to record lows in 2019 and 2022, for example, zero-hours contracts were at a record high.⁶¹

Another hope might be that exhorting employers to raise standards, or to sign up to purely voluntary kite-mark schemes, would offer a more light-touch approach than formal policy action. Again, there is a case for these approaches. But relying exclusively on them to work in problem sectors ignores the reality of the economic incentives that employers often face: in hospitality, for example, firms gain a competitive advantage from the volatile shift patterns that can be problematic for workers, so there can be little motivation to move away from them. Moreover, the most problematic employers will be precisely the ones who are least likely to take part in schemes.⁶² In the face of acute problems, a purely voluntary approach is unlikely to suffice.

There are also other important policy measures that could, over time, help improve workers' conditions by giving them more power in the labour market. Workers have greater bargaining power in the labour market if they have an extensive range of 'outside options' – the extent to which they can move to another job (or leave work entirely).⁶³

At the time of writing, a tight (albeit gradually loosening) labour market means that Britain's workers have a good quantity of alternative jobs available to them: vacancies are well above pre-Covid-19 levels, and the unemployment rate is low in historic terms (4.2

⁶⁰ In 2021-22, the domiciliary care workforce stood at an estimated 570,000. See: Skills for Care, [Domiciliary care services in the adult social care sector](#), October 2022.

⁶¹ S Clarke & N Cominetti, [Setting the record straight: How record employment has changed the UK](#), Resolution Foundation, January 2019; N Cominetti & H Slaughter, [Good news in the latest labour market data for the Bank and the Chancellor, but bad news for the general public](#), Resolution Foundation, February 2023.

⁶² H Slaughter, [No shame, no gain?: The role of reputation in labour market enforcement](#), Resolution Foundation, November 2021.

⁶³ The Economy 2030 Inquiry's proposals for improving income replacement through the social security system in the event of job loss will be outlined in a forthcoming paper on income insurance, in addition to: M Brewer et al., [Sharing the benefits: Can Britain secure broadly shared prosperity?](#), Resolution Foundation, July 2023. For further discussion of outside options, and individual labour market power more broadly, see: U Altunbukan et al., [Power plays: The shifting balance of employer and worker power in the UK labour market](#), Resolution Foundation, July 2022.

per cent) meaning less competition for the jobs that are out there.⁶⁴ But improving the quality of jobs so that people do not have to risk losing out on job quality if they switch jobs⁶⁵ – and ensuring good jobs are available in all areas of the country – is vital to ensure the options out there are attractive.⁶⁶

Investing in skills, including via workplace training, is an important route to improving the range of jobs that workers could do.⁶⁷ Alongside the wider decline in workplace training, the share of workers doing training to prepare for a future job has fallen by two-fifths since 2010, making the case for more training ever more pressing.⁶⁸ This is especially important for low earners, who are the least likely to get training despite having the highest potential returns from doing so.⁶⁹

Policies to change governance arrangements at the level of individual employers can also help to improve workers' power. Elsewhere in the Economy 2030 Inquiry, we have recommended giving workers a seat on the boards of larger companies, which could help to influence pay and conditions.⁷⁰ And planned legislation to restrict non-compete clauses in contracts (which prevent employees from working for competitor companies for a specified period of time) should directly widen the pool of options that workers have.⁷¹

There is much to be said for these approaches. But we cannot rely on these slower, more indirect mechanisms alone. Problems such as those summarised in Table 1 are too acute and entrenched not to take more targeted action, especially given that the workers at the sharp end of these issues are starting from far lower levels of power to begin with.⁷²

... but nor do we need to completely overhaul our institutional set-up

On the other hand, problems in some sectors does not have to mean an overhaul of all our labour market institutions. It is unrealistic to expect the UK's relatively liberal labour market to transform itself and adopt the institutions long used in continental systems where widespread sectoral bargaining is the established norm. The costs of upheaval

⁶⁴ Office for National Statistics, [Labour market overview, UK: August 2023](#), August 2023.

⁶⁵ For example, previous qualitative research as part of the Economy 2030 Inquiry has highlighted that workers can be reluctant to move jobs for fear of losing the flexible working arrangements they have built up. See: K Handscomb, L Judge & H Slaughter, [Listen up: Individual experiences of work, consumption and society](#), Resolution Foundation, May 2022.

⁶⁶ For policy recommendations to improve the quality of work through national minimum standards, see: N Cominetti et al., [Low Pay Britain 2023, Improving low-paid work through higher minimum standards](#), Resolution Foundation, April 2023. Upcoming deep dives on Manchester and Birmingham will further explore policy levers for creating good jobs at a local level.

⁶⁷ P Johnson, [Lots more people are working, but in jobs that keep them in poverty](#), Institute for Fiscal Studies, May 2023.

⁶⁸ See Figure 4 of: U Altunbuken et al., [Power plays: The shifting balance of employer and worker power in the UK labour market](#), Resolution Foundation, July 2022.

⁶⁹ N Cominetti et al., [Train in vain? Skills, tasks, and training in the UK labour market](#), Resolution Foundation, December 2022. We will set out policy proposals to improve the skills of the workforce in future Economy 2030 Inquiry papers.

⁷⁰ P Brandily et al., [Beyond Boosterism: Realigning the policy ecosystem to unleash private investment for sustainable growth](#), Resolution Foundation, June 2023.

⁷¹ This will primarily benefit higher-paid workers, however: currently, 11 per cent of businesses report using non-competes for (some) 'low-skilled' workers, compared 51 per cent that say they use them for 'high-skilled' workers. See: Department for Business and Trade, [Measures to reform post-termination non-compete clauses in contracts of employment: impact assessment](#), May 2023.

⁷² See, for example: G Giupponi & S Machin, [Labour market inequality](#), IFS Deaton Review of Inequalities, March 2022.

would be high and some of the benefits of the UK's flexible system would be lost. Instead, our focus should be on innovating within the UK system to solve the specific problems we have identified.

In doing so, we can learn from the UK's own experience in institutional reforms. In Box 1, we set out the history of the Wages Councils, which were introduced to solve labour market problems in the early 20th century (although arguably failed to keep pace with the times and were replaced by national employment regulation).

BOX 1: The UK has a history of innovating to solve labour market problems

The UK has in the past recognised it had labour market problems and innovated to solve them. In the early 20th century, the Trade Boards (later renamed Wages Councils after World War 2) were formed in response to acute labour standard problems in specific sectors – known as the ‘sweated trades’ – characterised by powerful employers, little or no effective union organisation and workers with limited choices.⁷³ These boards brought together worker representatives, employer representatives, and third-party representatives appointed by the Government. Wages Councils served the role of ensuring that vulnerable workers got basic forms of protection including a system of sectoral minimum wages.⁷⁴

In the wake of each of the World Wars and the rising expectations that ensued, the coverage of Wages

Councils expanded into more sectors and their powers were extended to include hours and holiday pay in addition to pay.⁷⁵ In their heyday around a quarter of all workers, overwhelmingly women, had their terms and conditions regulated by Wages Councils.⁷⁶

Churchill's and Bevin's creations became increasingly friendless in the post-war era. They were marginalised by Labour and the unions during the 1960s and 1970s (on the basis they acted as an impediment to the expansion of broader collective bargaining); weakened by the Thatcher government throughout the 1980s (on the basis they impeded hiring and represented an infringement of the right to manage); and finally abolished in 1993 by John Major.⁷⁷

Looking back, arguably over time they became ossified: they did not cover some important employment issues,

⁷³ University of Warwick Modern Records Centre, [What were trade boards?](#), accessed 7 August 2023.

⁷⁴ For further discussion, see: G Kelly, [Churchill, the crisis and a better deal for Britain's low paid](#), Resolution Foundation, May 2020.

⁷⁵ E Hughes & T Dundon, [Wage Councils could address endemic pay inequality in the UK economy](#), University of Manchester, September 2018.

⁷⁶ S Deakin & F Green, [A century of minimum wages in Britain](#), CentrePiece, October 2009.

⁷⁷ G Kelly, [Churchill, the crisis and a better deal for Britain's low paid](#), Resolution Foundation, May 2020.

such as training; they did not cover all low-paid sectors; and the uprating of the minimum pay rates was relatively crude.⁷⁸ And ultimately, Wages Councils couldn't make up for a lack of adequate national protections: four years after their abolition, they were replaced by the National Minimum Wage that remains in place today.⁷⁹

The Wages Councils provide some important lessons for policy makers

today. In part they serve to remind us that the UK has a (cross-party) history of creating institutions targeted at improving unacceptable working standards. But their failure to evolve with the times meant that by the 1980s they reflected an industrial structure that had since evolved and weren't relevant to some of the new needs facing low-paid workers.

We can also learn from other targeted sectoral initiatives aimed at improving aspects of the UK's labour market performance from the UK's more recent past.

First, there is a long history of **industry-government partnerships designed to upskill current and future workforces**. In 1964 the Industrial Training Order established 21 industrial training boards, primarily to address concerns about skills shortages (of which only three still exist).

Perhaps the most prominent example is the Construction Industry Training Board (CITB) which still exists today to improve skills and training in the sector.⁸⁰ CITB has a range of roles including identifying skills gaps in the sector and helping to attract people into the industry.⁸¹ The CITB operates a levy system which employers across the industry are required to pay into – with funds then distributed across the industry to develop workforce skills.⁸² Employers who pay the CITB levy are eligible to apply for training grants including apprenticeships, for example. This helps overcome the collective action problem (that is, the funding of specific skills training, which could be expensive and potentially risky for individuals or firms to invest in on their own) by essentially requiring employers to invest in and better utilise their workforce's skills.⁸³

⁷⁸ See, for example: R Dickens, S Machin & A Manning, [The Effects of Minimum Wages on Employment: Theory and Evidence from Britain](#), *Journal of Labor Economics* 17(1), January 1999 (see www.nber.org/papers/w4742 for a free working paper version); S Machin & A Manning, [The Effects of Minimum Wages on Wage Dispersion and Employment: Evidence from the U.K. Wages Councils](#), *ILR Review* 47(2), January 1994. The arguments surrounding Wages Council abolition are discussed in detail in: R Dickens et al., [Wages Councils: Was There a Case for Abolition?](#), *British Journal of Industrial Relations* 31(4), December 1993.

⁷⁹ HM Revenue & Customs, [History of National Minimum Wage and overview of legislation: history of the National Minimum Wage](#), June 2022.

⁸⁰ CITB, [About CITB](#), accessed 25 July 2023.

⁸¹ For example, CITB evidence highlighted that there are major skills gaps when it comes to insulating domestic walls required to insulate the country's housing stock. See: CITB, [Building Skills for Net Zero: Industry insights and analysis](#), March 2021.

⁸² CITB, [How we use the levy](#), accessed 16 August 2023.

⁸³ For example, a 2015 report on training levies published by the UK Commission for Employment and Skills found: "A starting condition [for a sector-based levy] is that there should be evidence of long-term skills shortages and gaps caused by market failure, in particular in terms of poaching externalities, but also informational deficiencies and asymmetries." See: H Gospel & P Casey, [Understanding Training Levies: Final Report](#), UK Commission for Employment and Skills Evidence Report 47, July 2012.

The CITB levy is not the only route the organisation uses to enforce training in the sector. The CITB delivers training via its National Construction College and maintains a range of standards in the construction industry, such as National Occupational Standards, qualification structures and coordinating reviews of apprenticeship standards.

The UK's other remaining skills training boards are the Engineering and Construction Industry Training Board (ECITB) and the film industry's Screen Skills (formerly known as Creative Skillset). Both also operate statutory training levies which again are redistributed in the form of grants to subsidise training costs. In a similar way to the CITB, ECITB designs and develops occupational standards. Likewise, Screen Skills identifies skills gaps across screen industries, providing careers information and supporting professional development.⁸⁴

The security industry has taken an alternative approach: introducing occupational licensing requirements for workers in the sector. In 2001 the Security Industry Authority (SIA) was established to set and improve standards in the private security industry. More specifically, the SIA was set up to deal with unlawful business models, enhance public protection and professionalise the industry by providing clear routes for job seekers to join.⁸⁵ Since then, individuals who wish to work in the industry, such as security guards or door supervisors, require an SIA license. SIA licenses act as official evidence that workers have been trained to minimum industry standards by a government-approved licence-linked training course.

There is, however, limited evidence on the impact of these reforms. A Government review of the SIA published in 2018⁸⁶ suggested that training remains low in the sector (which corroborated earlier evidence that competency requirements to enter the sector were indeed low).⁸⁷ And, a 2022 profiling of the sector indicated that the lack of career pathways and progression opportunities continues to hold back recruitment and retention. Despite important steps to professionalise the sector, problems still remain (such as those shown in Table 1 and Annex 1).

Finally, recent **ad hoc government interventions** have been imposed to resolve safety concerns and inadequate sanitation for construction workers and HGV drivers, respectively.

Health and safety in the construction sector has come under particular scrutiny. In 2008 the Government commissioned an inquiry into "the unacceptable level of fatalities in

⁸⁴ Screen Skills, [What we do](#), accessed 16 August 2023.

⁸⁵ Home Office, [The Government's Proposals for Regulation of the Private Security Industry in England and Wales](#), March 1999.

⁸⁶ Home Office, [Security Industry Authority: triennial review 2016 to 2017](#), June 2018.

⁸⁷ A White & M Smith, [The Security Industry Authority: A Baseline Review](#), Home Office, October 2009.

the construction industry”.⁸⁸ Recommendations from the report were wide-ranging - including extending the remit of the Gangmasters and Labour Abuse Authority (which is tasked with addressing serious non-compliance with labour market rules, and in some cases modern slavery) and asking the Government to take a more active role in preventing deaths in the sector. The change of Government in 2010 took most of the momentum out of implementing the recommendations. In 2013, however, as part of an industrial strategy for the sector the Government increased ambitions around health and safety training and encouraged industry to work with Government to raise standards. As previous qualitative research has highlighted, longer-term improvements in health and safety compliance have also been an important aspect of attracting more workers into the sector.⁸⁹

Similarly, health, safety and other basic conditions for HGV drivers have been brought into the limelight. Truckers and HGV drivers have historically had a raw deal when it comes to decent roadside facilities such as the lack of access to basic sanitation and insufficient overnight lorry parking spaces.⁹⁰ In response to these issues, made particularly prominent by staff shortages, the Government helped to incentivise a coordinated investment in infrastructure from the sector.⁹¹ The investment includes improved security, lighting, toilets, eating services and shower rooms at roadside services. (There was a broader suite of actions announced to reduce HGV driver shortages that included, among others actions, more support and training for drivers and expanding the HGV driver testing capacity.⁹²)

A targeted approach in problem sectors

Going with the grain of the UK’s flexible labour market, but seeking to address the specific challenges that are visible in a number of sectors means crafting **new institutions with the remit and agility to target the most acute problems that appear in our diverse labour market.**

The often-idiosyncratic nature of the employment problems in different sectors means that detailed, granular knowledge of a sector will be needed to solve them, as well as to understand the possible trade-offs from implementing higher standards. This is a core argument for creating oversight bodies that incorporate the sector’s voice, rather than imposing blunt, top-down regulation.

⁸⁸ R Donaghy, *One Death is too Many: Inquiry into the Underlying Causes of Construction Fatal Incidents*, Department for Work and Pensions, July 2009.

⁸⁹ H Slaughter, *No shame, no gain? The role of reputation in labour market enforcement*, Resolution Foundation, November 2021.

⁹⁰ Unite, *World Toilet Day: UK lorry drivers denied toilet dignity*, November 2022; AECOM, *National survey of lorry parking 2022 – Part one, Report for the March 2022 national overnight audit*, Department for Transport, September 2022.

⁹¹ Gov.uk, *£20 million to improve roadside facilities for HGV drivers*, accessed 17 August 2023.

⁹² Gov.uk, *UK government action to reduce the HGV driver shortage*, accessed 18 August 2023.

Intervening in a targeted, bottom-up way – rather than attempting an across the board redesign of the UK's labour market - also facilitates experimentation and learning-by-doing. There will inevitably be a need to test and amend this approach given its novelty, so it is important to avoid long lags between trying an approach, learning from it, and changing course if necessary.

The UK is not alone in considering targeted labour market institutions aimed at improving the quality of work. Other liberal market economies, with labour markets that have some features like our own, have recent experience developing them.⁹³

- Ireland has a system of Joint Labour Committees (JLCs) – bodies with equal numbers of worker and employer representatives – in several low-paying sectors. The contract cleaning, security, and early learning and childcare JLCs have drawn up Employment Regulation Orders (EROs), which agree minimum rates of pay and conditions in those sectors.⁹⁴ Further details are given in Box 2.
- New Zealand has very recently introduced a new system of Fair Pay Agreements (FPAs), bringing together unions and employer associations to agree pay and conditions for workers in sectors with low pay and poor conditions.⁹⁵ Box 3 provides a fuller outline of FPAs.
- Finally, in the US, state-level policies designed to raise standards in particular sectors are gaining traction. Most notably, the Minnesota Nursing Home Workforce Act signed into law earlier this year will bring together workers, employers and government representatives to set minimum workplace standards in the state's care sector.⁹⁶ And in California, a state-wide "Fast Food Council" made up of industry, worker and government partners has been agreed (subject to a local referendum) and would set minimum standards on wages, scheduling stability, safety, holiday pay and training for fast food workers.⁹⁷

Some countries, which also have relatively liberal labour market systems similar to the UK, have long established sectoral bodies. Australia, for example, has long had a system of sector-wide 'awards' – which in 2009 were distilled into 122 'Modern Awards', covering almost all private sector industries and occupations – that set out minimum terms and

⁹³ For further discussion, see: D Tomlinson, [More than we bargain for: Learning from new debates on how institutions can improve worker pay and security in Anglo-Saxon economies](#), Resolution Foundation, November 2019.

⁹⁴ Workplace Relations Commission, [Employment Regulation Orders](#), accessed 24 July 2023.

⁹⁵ Office of the Minister for Workplace Relations and Safety, [Improving the Employment Relations and Standards System: Fair Pay Agreements Proposal](#), Ministry of Business, Innovation and Employment, July 2018.

⁹⁶ S Abrams, [Proposed regulatory board for nursing home workers sparks debate, clears labor committee](#), Minnesota House of Representatives, February 2023.

⁹⁷ S Redmond, [California Enacts Radical AB 257 Restaurant Law](#), US Chamber of Commerce, September 2022.

conditions (including pay, overtime and hours of work).⁹⁸ The Australian government sets and reviews the awards, but considers proposals from unions and employer groups when doing so.⁹⁹ And Germany, among other countries, has a long-standing system of sectoral bargaining over pay, hours and working conditions, building on a strong history of industrial relations more broadly.¹⁰⁰

BOX 2: Institutional innovation in Ireland – Joint Labour Committees

In Ireland, Joint Labour Committees (JLCs) – bodies with equal numbers of workers and employer representatives, plus a chair appointed by the Minister for Enterprise, Trade and Employment – have existed in some form since 1946.¹⁰¹ Like the Wages Councils in the UK, they originated in the Trade Boards of the early 20th century¹⁰² and are targeted at challenging sectors – but unlike the Wages Councils they have evolved to reflect today’s labour market and so have stood the test of time.¹⁰³

JLCs are set up by the Irish Labour Court following an application by worker or employer representatives or the Minister for Enterprise, Trade and Employment.¹⁰⁴ In general, the Labour

Court will approve a JLC where there is either ‘substantial agreement’ between worker and employer representatives that a JLC should be established, or when the Labour Court has concerns about existing pay and conditions.¹⁰⁵

Today, nine JLCs exist in a range of low-paying sectors, from hairdressing and catering to retail (Figure 4). Three of the JLCs – contract cleaning, security, and early learning and childcare – have drawn up Employment Regulation Orders (EROs), which set minimum rates of pay and bespoke conditions in those sectors.¹⁰⁶ The early learning and childcare ERO focuses on setting higher rates of pay for workers who take on extra responsibilities or have

⁹⁸ Most recently, the Australian government has approved multi-employer bargaining. Multi-employer bargaining is a response to the dissatisfaction with current laws that make it “too easy for businesses to opt out of enterprise bargaining and too hard for workers to negotiate new agreements”. See: C Wright, [Why multi-employer bargaining gets better results for everyone](#), Financial Review, November 2022.

⁹⁹ Fair Work Commission, [Agreements and awards](#), accessed 25 July 2023.

¹⁰⁰ S Jäger, S Noy & B Schoefer, [The German Model of Industrial Relations: Balancing Flexibility and Collective Action](#), Journal of Economic Perspectives 36(4), 2022.

¹⁰¹ Labour Court, [Employment Regulation Orders](#), accessed 4 August 2023.

¹⁰² M O’Sullivan & J Wallace, [Minimum labour standards in a social partnership system - the persistence of the Irish variant of wages councils](#), Industrial Relations Journal 42(1), January 2011.

¹⁰³ Most recently, reforms in 2013 included reducing the number of JLCs, amending their powers, and introducing a requirement for the Government to review JLCs every five years. See: MerrionStreet, [Reform of Joint Labour Committees](#), April 2013.

¹⁰⁴ Labour Court, [Employment Regulation Orders](#), accessed 4 August 2023.

¹⁰⁵ Irish Statute Book, [Industrial Relations Act, 1946, Section 37: Restrictions on making establishment orders](#), accessed 4 August 2023. The legislation leaves open exactly what concerns around pay and conditions would lead the Labour Court to decide to implement a JLC. But the Early Years’ Service Sector JLC – the only JLC to have been set up through that channel – was introduced in response to concerns around recruitment and retention of childcare workers. See: Department of Enterprise, Trade and Employment, [Minister English establishes Joint Labour Committee for the Early Years’ Service Sector](#), June 2021.

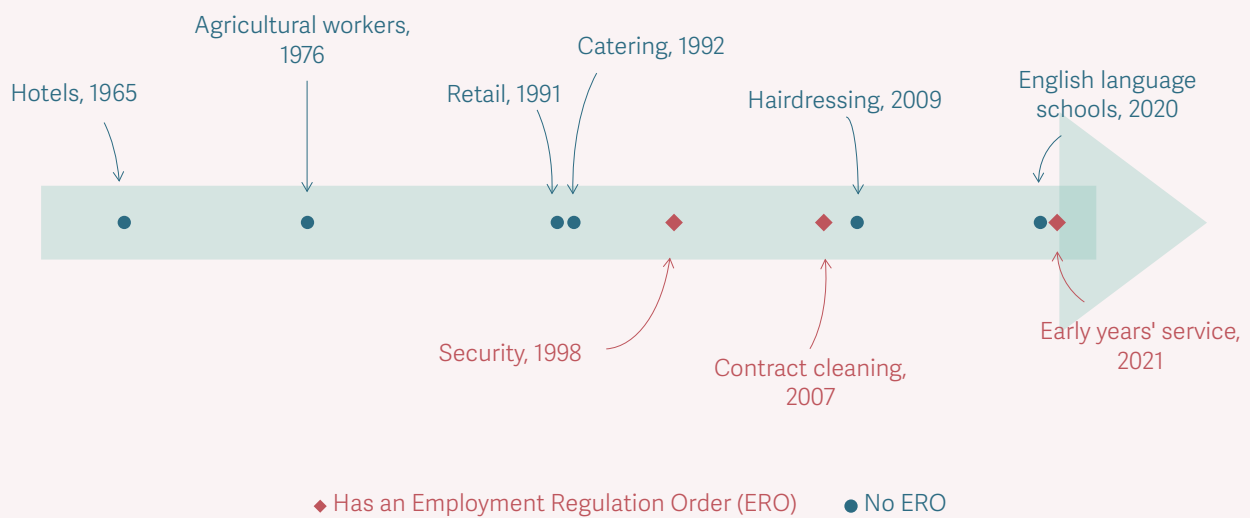
¹⁰⁶ Citizens Information, [Joint Labour Committees](#), accessed 4 August 2023.

earned formal qualifications.¹⁰⁷ On the other hand, the cleaning and security EROs set a wide range of terms and conditions, from pay rates and minimum notice periods to sector-

specific issues such as bullying and harassment procedures (in cleaning) and benefits to be paid in the event of personal attacks or death in service (security).¹⁰⁸

FIGURE 4: Ireland has nine JLCs in a range of low-paying sectors

Establishment dates of current Joint Labour Committees, by whether Committee has an Employment Regulation Order: Ireland



NOTES: Includes current JLCs only. The catering JLC was previously two separate JLCs (one for Dublin and Dun Laoghaire and one for the rest of Ireland) but the two were amalgamated in the Labour Court's 2018 review.

SOURCE: Labour Court, Review of Joint Labour Committees conducted by the Labour Court, April 2018; Labour Court, Establishment Order for English Language Schools, accessed 25 August 2023; Department of Enterprise, Trade and Employment, Minister English establishes Joint Labour Committee for the Early Years' Service Sector, June 2021.

EROs are negotiated over by the worker and employer representatives on the JLC, who then submit their proposal to the Labour Court. (In practice, these representatives are trade unions and employer associations respectively, although in theory they

could be any bodies that the Labour Court is satisfied represents workers or employers.¹⁰⁹) The independent chair facilitates the negotiation and, if the employer and worker sides fail to come to a full agreement, will flag any outstanding issues to the Labour Court.

¹⁰⁷ Workplace Relations Commission, [Employment Regulation Orders: Early Learning and Childcare Sector](#), accessed 24 July 2023.

¹⁰⁸ Workplace Relations Commission, [Employment Regulation Orders: Security Industry](#), accessed 24 July 2023; Workplace Relations Commission, [Employment Regulation Orders: Contract Cleaning](#), accessed 24 July 2023.

¹⁰⁹ Irish Statute Book, [Industrial Relations Act, 1946: Constitution, Officers and Proceedings of Joint Labour Committees](#), accessed 7 August 2023.

Once the JLC submits its proposal, it must be formally approved by the Labour Court: the approval process involves a period of consultation, during which anyone can submit comments on the proposed ERO, and an assessment against criteria such as the economic circumstances of the sector and pay and conditions in similar sectors.¹¹⁰

Once approved, the ERO is signed into law as secondary legislation.¹¹¹ Employers must then comply with the terms of the ERO in the same way as national employment policy – although employers covered by an ERO can seek a temporary exemption if they can prove to the Labour Court that

the business is experiencing ‘severe economic difficulties’ and if agreed with relevant unions or other employee representatives.¹¹²

The Irish government has two further roles in the JLC system. First, it must publish a review of all JLCs every five years, considering criteria such as the impact of the JLCs on pay and conditions and whether they have had any impact on employment to advise on whether each JLC should be maintained in its current form.¹¹³ Second, the state is responsible for enforcing EROs alongside national labour market legislation.¹¹⁴

BOX 3: Institutional innovation in New Zealand – Fair Pay Agreements

New Zealand is currently in the early stages of implementing a new system of Fair Pay Agreements (FPAs), bringing together unions and employer associations to bargain over minimum pay rates and wider terms and conditions in an industry or occupation.

Unions can apply to the Ministry of Business, Innovation & Employment

to initiate a Fair Pay Agreement if they meet one of two tests. The ‘representation test’ requires the union to demonstrate that they have support from at least 1,000 employees, or 10 per cent of those who would be within scope of the proposed FPA. Alternatively, the ‘public interest test’ sets out criteria based on low pay

¹¹⁰ Irish Statute Book, [Industrial Relations \(Amendment\) Act 2012: Employment regulation orders](#), accessed 4 August 2023.

¹¹¹ The framework for the JLC and ERO process is laid out in primary legislation – the Industrial Relations Act 1945 and the Industrial Relations (Amendment) Act 2012 – while each individual ERO is implemented through secondary legislation.

¹¹² SIPTU, [Know your rights: The Industrial Relations \(Amendment\) Act, 2012](#), accessed 26 June 2023.

¹¹³ The full criteria that must be considered in the reviews are detailed in: Irish Statute Book, [Industrial Relations \(Amendment\) Act 2012: Review of joint labour committees](#), accessed 4 August 2023. The reviews to date can be found at: Labour Court, [Review of Joint Labour Committees conducted by the Labour Court](#), accessed 4 August 2023.

¹¹⁴ Irish Statute Book, [Industrial Relations \(Amendment\) Act 2012: Enforcement of employment regulation orders](#), accessed 4 August 2023.

and lack of bargaining power.¹¹⁵ At the time of writing, six proposed FPAs have been given the go-ahead to start negotiations: hospitality, supermarkets, security guards, commercial cleaners, early childhood education, and bus and coach drivers and cleaners.¹¹⁶

It remains to be seen which terms the first tranche of FPAs will choose to bargain over. But the framework provides for a wide range of things to be in scope, including wages and secure hours, pay rise pathways, processes for dealing with bullying and sexual harassment, meal allowances, health and safety and more. Each FPA can also set out variations by region, and could in theory agree conditions under which individual firms could apply for a temporary exemption (for example, if they were in financial hardship). And bargaining sides must also agree how long the agreement will last for, which must be between three and five years.¹¹⁷

Once an FPA has been initiated, unions and employer bodies negotiate bilaterally over the terms of the FPA. If an appropriate union or employer body cannot be found, the 'default

bargaining party' can step in; these are the New Zealand Council of Trade Unions and Business New Zealand, respectively.¹¹⁸ Dispute resolution services are available from the Employment Relations Authority (ERA). If the employer and worker sides are struggling to come to an agreement, the ERA can step in – first to make a non-binding recommendation, and then to fix the terms of the agreement if the parties still cannot agree.¹¹⁹

There are lessons the UK could learn from watching New Zealand deal with the practical challenges that have come up during their design and implementation. One practical consideration is how to define which occupation an individual worker falls under in practice: as one tangible example an employee working at a motel could spend part of their day cleaning and the rest in the motel bar.¹²⁰ (To resolve this, policy makers have decided that an FPA could cover any employee who spends at least a quarter of their time doing the work in scope of the agreement.¹²¹) Another implementation challenge is

¹¹⁵ For further details, see Section Two of: Employment New Zealand, [The Fair Pay Agreements System: A Guide for Participants](#), December 2022.

¹¹⁶ Ministry of Business, Innovation & Employment, [Fair Pay Agreements dashboard](#), accessed 4 August 2023. The coverage of all of the FPAs set in motion so far has been defined using combinations of industry and occupational codes.

¹¹⁷ Employment New Zealand, [The Fair Pay Agreements System: A Guide for Participants](#), December 2022.

¹¹⁸ If the default bargaining party does not agree to step in, the procedure depends on whether the lack of a bargaining side is on the initiating side (i.e. if the union that asked for the FPA steps down) or the non-initiating side (in practice, this would be the employer side given that only unions can initiate). In the former case, bargaining ceases; in the latter case, the worker representative side can ask the Government to unilaterally fix the terms of the agreement. See Section One of: Employment New Zealand, [The Fair Pay Agreements System: A Guide for Participants](#), December 2022.

¹¹⁹ For further details, see Section One of: Employment New Zealand, [The Fair Pay Agreements System: A Guide for Participants](#), December 2022.

¹²⁰ This example is drawn from a discussion with colleagues working on New Zealand's FPAs.

¹²¹ Employment New Zealand, [Overview of Fair Pay Agreements](#), accessed 4 August 2023. An employee also cannot be covered by more than one FPA, so in the event that someone's work could fall under more than one FPA, they will be covered by the agreement that is relevant to the work they do most of their time.

enforcement: once the agreements are in place, FPAs will be enforced by the state in the same way as other labour

market rights, but there has been recognition that some standards will be harder to measure and enforce.¹²²

It is instructive that other Anglo-Saxon liberal economies rely on sectoral institutions to supplement their nationwide employment policies, and there will be clear lessons to learn.

But we must recognise that institution-building is difficult in practice and that our labour market and system of regulation is, of course, particular to us. Any new proposal needs to be rooted in the UK's own challenges and regulatory customs, rather than imported from elsewhere. (As discussed in Box 4, we envisage that any new institution would be UK-wide, although the boundaries are not always clear cut.)

BOX 4: Devolution and labour market institutions

Designing new labour market institutions in the context of the UK's devolution settlement poses some challenges. There are clear advantages to the new institutions we propose being UK-wide. This would align with the broader context of employment policy in the UK, where employment law, industrial relations and the National Minimum Wage (NMW), for example, are all reserved matters. And this helps ensure that the entire country benefits from the higher standards and problem-solving that new institutions can bring while avoiding additional costs that may arise

as a result of competing labour market regulatory regimes.¹²³

But it is also the case that specific aspects of employment policy have differed between the devolved nations, there are some important and highly relevant areas of policy that are devolved, and there may be varying degrees of appetite for different types of experimentation across the nations of the UK that might create opportunities for beneficial learning.¹²⁴

There are already some differences in sectoral labour market initiatives. Wales, for example, has its own

¹²² Ministry of Business, Innovation & Employment, *FPAs: Advice on Enforcement*, February 2021.

¹²³ Employment policy is devolved to Northern Ireland, but in practice, the majority of employment rights are the same across the whole of the UK. See: Labour Relations Agency, *Key differences in employment law between NI and GB - April 2023*, April 2023; CIPD, *Employment law: key differences between Northern Ireland and Great Britain*, January 2022.

¹²⁴ Some city regions and combined authorities have also introduced local schemes and strategies – examples include Greater Manchester's Good Employment Charter and Liverpool City Region's Fair Employment Charter. For a recent overview of the initiatives taking place at local level, see: T Dobbins, *Good work: Policy and research on the quality of work in the UK*, House of Commons Library, June 2022.

Agricultural Wages Board,¹²⁵ which sets an Agricultural Minimum Wage, rates for overtime pay, sick pay, and holiday pay, and wider terms and conditions including bereavement leave, rest breaks, and training.¹²⁶ Each year, a draft proposal is agreed by the Agricultural Advisory Panel for Wales, which is made up of two union representatives, two employer representatives, and three independent experts (including an independent chair). The Panel submits their proposals to the Welsh Government, whose Ministers are responsible for approving the final order.¹²⁷

‘Fair work’ is also a priority for the Scottish Government.¹²⁸ The Fair Work Convention – whose members include representatives from trade unions, businesses, local government, academia and the charity sector – was set up in 2015 to act as an independent advisory body to the Scottish Government.¹²⁹ Recent Scottish Government initiatives have included introducing ‘Fair Work First guidance’, aimed particularly at organisations bidding for public sector funding, setting out a strategy for Scotland to

become ‘a leading Fair Work nation’ by 2025, and introducing a minimum pay rate for social care workers that goes beyond the NMW.¹³⁰

Employment policy is closely linked to other policy areas that are devolved. Education, training and skills, for example, are devolved to Scotland, Wales and Northern Ireland¹³¹ (and some elements are also devolved to combined authorities within England).¹³² Later in this note, we will also explore the specific challenge of enhancing labour standards within the social care sector, given that social care is itself also a devolved matter.¹³³

Clearly, then, a UK government taking forward these sorts of institutional reforms would need to look closely at the precise boundary issues between reserved and devolved areas and work closely with the devolved administrations on how best to balance different policy objectives and ensure mutual learning across the UK (a task which falls outside the scope of this note).

¹²⁵ The Agricultural Wages Board used to cover both England and Wales, but England was brought out of scope in 2013. For further details, see: Department for Environment, Food and Rural Affairs, [Agricultural wages order 2012 and guidance](#), September 2012; Department for Environment, Food and Rural Affairs, [Outdated farm labour laws abolished](#), December 2012.

¹²⁶ Welsh Government, [Agricultural Wages Order 2023-2024](#), March 2023.

¹²⁷ Welsh Government, [Agricultural Wages \(Wales\) Order 2023: integrated impact assessment](#), May 2023.

¹²⁸ There is also a Scottish Agricultural Wages Board. See <https://www.gov.scot/groups/scottish-agricultural-wages-board/>, accessed 29 August 2023.

¹²⁹ www.fairworkconvention.scot, accessed 15 August 2023.

¹³⁰ Scottish Government, [Fair Work First guidance](#), March 2023; Scottish Government, [Fair Work action plan: becoming a leading Fair Work nation by 2025](#), December 2022; Scottish Government, [Adult social care workers minimum pay](#), April 2023.

¹³¹ GOV.UK, [Devolution of powers to Scotland, Wales and Northern Ireland](#), May 2019. The apprenticeship levy is administered at a UK-wide level, but the devolved nations receive their share of the revenue to allocate as they choose. See: HM Treasury, [UK government agrees apprenticeship levy funding deal with devolved administrations](#), November 2016.

¹³² J Brown et al., [Skills devolution in England](#), House of Commons Library, January 2018.

¹³³ E Dodsworth & C Oung, [Adult social care in the four countries of the UK](#), Nuffield Trust, February 2023.

In what follows, we go through some of key the design issues that would need to be grappled with if the UK is to develop what we call **Good Work Agreements** (GWAs) in problem sectors. Essentially, they are an attempt to create a framework that ensures collaborative problem-solving between workers and employers to address poor-quality work in specific pockets of the economy with acute problems. GWAs would work to drive up minimum standards on issues like training and progression, health and safety, pay and wider terms and conditions. The approach taken is intentionally pragmatic and incremental but would also represent an ambitious agenda to help secure better standards in the workplace.

Designing a Good Work Agreement in practice

How would a Good Work Agreement be set up?

Given that we are not proposing a system covering every sector (as Australia's Modern Awards do, for example), we first need to consider how a GWA would be initiated.¹³⁴

We propose that – while the Government (most likely the Department for Business and Trade (DBT)) would set the overall framework – **one or both of worker and employer representatives could apply to the Department for Business and Trade (DBT) for a GWA to be set up**. In doing so, they would need to provide clear evidence of material problems in labour standards in that sector – including working conditions, access to training, and bespoke challenges unlikely to be resolved by national regulations. This is similar to the Irish system discussed in Box 2.

The Government would then have responsibility for reviewing applications, weighing the pros and cons, and ultimately deciding whether to approve the principle of a GWA, based on the scale of the problems identified and an assessment of whether the sector is the right level at which to tackle these issues. In practice, we expect that if both the worker and employer sides wanted a GWA, the Government would be very likely to agree. As part of 'pressing go' on the process of establishing a GWA, the Government would confirm its remit, drawing on the problems flagged in the application. Partners should, however, be able to request amendments to the remit at a later date if both sides agree. (We come back to discussing the sort of issues a GWA would cover below.) Legally, the overall framework for GWAs could be underpinned by primary legislation, with secondary legislation used to establish each individual agreement; this is consistent with what happens in both Ireland and New Zealand.¹³⁵

¹³⁴ Fair Work Ombudsman, [Modern awards](#), accessed 18 July 2023.

¹³⁵ In New Zealand, the framework for FPAs is set out in the Fair Pay Agreements Act (primary legislation), and an FPA notice issued by the Ministry of Business, Innovation & Employment chief executive is secondary legislation. See: Employment New Zealand, [The Fair Pay Agreements System: A Guide for Participants](#), December 2022. In Ireland, the role of a Joint Labour Committee is set out in successive Industrial Relations Acts, which are primary legislation, and the Employment Regulation Orders drafted by JLCs are statutory instruments (i.e. secondary legislation). See: The Labour Court, [Employment Regulation Orders](#), accessed 18 July 2023.

There are, however, some sectors where there are particularly acute problems that make them very strong candidates for immediate action. Annex 1 and Table 1 provide further details on the sorts of measures that policy makers could consider.

We recommend that the Government should immediately set up **a trailblazer Good Work Agreement in the social care sector**. There are a range of well-documented critical issues facing the 1.7 million workers in the social care sector which need a resolution: as discussed above, low pay – probably unlawfully low for domiciliary carers, once unpaid travel time is factored in¹³⁶ – and inadequate training, combined with regularly stressful (and sometimes unsafe) working conditions, are contributing to an acute shortage of workers.¹³⁷ This is leading not only to unacceptable conditions for the staff that remain, but also to major service failings for users.¹³⁸

Social care is, however, different to most other sectors not just because of the pressing labour market issues just described, but also because the sector is heavily government funded and also devolved across countries.¹³⁹ In England, Wales and Scotland, local authorities fund social care via central government grants and local revenues (for example, Council Tax).¹⁴⁰ Individual local authorities are then responsible for the organisation of adult social care. (In Northern Ireland, health and social care trusts have responsibility for adult social care.) Given that social care is administered and legislated for differently across the four countries of the UK, we recommend that the remit of a social care GWA should be agreed on between the four administrations. (As discussed in Box 4, a government undertaking this process would want to conduct a bespoke review of how to incorporate devolution into the GWA system – and this should include a review of the specific case of social care GWA – though this is beyond the scope of this report.)

In light of the experience of establishing a GWA in social care, we propose that **warehousing and cleaning sectors would be the next priorities**, delivering higher

¹³⁶ Clearly, this specific example also crosses over into an enforcement issue. But given the scale of national enforcement that would be necessary to effectively enforce travel time in the domiciliary care sector, setting a higher pay rate across the board is likely to be a more efficient way of ensuring that workers' rights are made a reality. For further discussion, see: N Cominetti, [Who cares? The experience of social care workers, and the enforcement of employment rights in the sector](#), Resolution Foundation, January 2023. More broadly, it is possible that parts of a GWA approach could be boosting enforcement of existing rules if the enforcement issue is highly sector-specific.

¹³⁷ Despite the surprising post-Brexit migration trend of an unprecedented number of overseas (mainly non-EU) care workers arriving, vacancy rates in social care remains high. Moreover, an increased reliance on non-UK care workers also brings fresh exploitation risks for the social care workforce. See: M Sumption & Z Strain-Fajth, [Evidence paper: Migration and the health and care workforce](#), The Migration Observatory, June 2023; N Cominetti, [Who cares? The experience of social care workers, and the enforcement of employment rights in the sector](#), Resolution Foundation, January 2023.

¹³⁸ See, for example: BMA, [BMA warns of social care crisis as current system is 'deeply flawed' and in need of 'urgent reform'](#), June 2022.

¹³⁹ It is difficult to fully capture the split in social care funding between state and private funds. But it's clear the state is a major contributor to social care funds, for example the ONS estimates that from 2022 to 2023 63 per cent of care home residents in England were stated funded. See: S Barrett, [Care homes and estimating the self-funding population, England: 2022 to 2023](#), ONS, July 2023.

¹⁴⁰ E Dodsworth & C Oung, [Who organises and funds social care?](#), in Nuffield Trust, [Adult social care in the four countries of the UK: Explainer series](#), March 2023.

standards for 200,000 and 500,000 workers respectively. This is not an exhaustive list: there is obviously plenty of scope for debate on which sectors might benefit from GWAs.¹⁴¹

Warehousing is a growing sector as a result of the rise in online retail – and one where the risk of poor treatment is often heightened due to the out-of-sight nature of the work compared to many public-facing industries. This is coupled with widespread use of agencies and non-standard contracts (which, among other problems, leads to a high risk of non-compliance with employment law).¹⁴² As Annex 1 shows, the share of employees on insecure contracts or with volatile hours (28 per cent) is also notably high in warehousing and delivery, and a high proportion of the workforce (40 per cent) are migrant workers, a status which has often been associated with poor treatment and even abuse of employment rights.¹⁴³

In the cleaning sector, a high share of employees lack meaningful training opportunities (only 11 per cent receive training to build skills or aid progression), have insecure contracts or volatile hours (17 per cent) or say they work an insufficient number of hours (20 per cent).¹⁴⁴ And, while more difficult to quantify, there are frequent reports of workers experiencing harassment (for example, at the hands of clients) and health and safety risks at work due to a lack of protective equipment or the use of dangerous chemicals.¹⁴⁵

We suggest that the Government should aim to implement the warehousing and cleaning GWAs within two years of the first GWA in social care being established. This incremental but steady approach would allow the Government and the sectors in question to learn from the social care experience. But these second wave sectors should also be encouraged to start informal discussions during this period, for example agreeing some of the issues that might be in scope, so to minimise unnecessary delays in the process.

Perhaps unsurprisingly, these sectors overlap with our international case studies of sectoral innovation described earlier in this note. The US state of Minnesota, for example, focuses exclusively on nursing home staff. In Australia, Modern Awards are widespread, but one of the largest sectors is social community home care and disability services.¹⁴⁶

¹⁴¹ Although the sectors we highlight tend to be low-paid, there may be cases where higher-paying sectors could be in scope. For example, recent staff shortages among HGV drivers – whose salaries can be as high as £40,000 a year – highlighted issues in the sector around infrastructure, security and hygiene/welfare facilities. This was ultimately addressed through coordinated investment by the Government and the sector, but could have been a prime candidate for a GWA. See: National Careers Service, [HGV driver](#), accessed 7 August 2023; Department for Transport, [Up to £100 million boost to improve HGV roadside facilities](#), November 2022.

¹⁴² Director of Labour Market Enforcement, [United Kingdom Labour Market Enforcement Strategy 2022/23](#), HM Government, March 2023.

¹⁴³ See, for example: Focus on Labour Exploitation, [Risky Business: Tackling Exploitation in the UK Labour Market](#), October 2017.

¹⁴⁴ See Annex 1.

¹⁴⁵ See Table 1, in addition to: M Åhlberg, E Paesani & L Granada, ["If I Could Change Anything About My Work..." Participatory Research With Cleaners In The UK](#), Focus on Labour Exploitation, January 2021.

¹⁴⁶ K Yuen & J Tomlinson, [A profile of employee characteristics across modern awards](#), Fair Work Commission, March 2023.

And some of our targeted sectors look similar to those identified in Ireland and New Zealand (see Box 2 and Box 3).

In Ireland and Australia (and imminently New Zealand), negotiations over minimum standards can cover occupations as well as industries. This reflects what we know to be true here in the UK, too: issues such as low pay, insecurity and lack of autonomy at work are often more concentrated in occupations (the type of job someone does) rather than industry (the main activity of the business that employs them).¹⁴⁷ Our choice of sectors also brings home how adopting a purely ‘industry-based’ approach might mean missing problems in roles that cuts across industries: 50 per cent of cleaners do not work in businesses that could be classed within the cleaning industry.¹⁴⁸ Moreover, many low-paid occupations are particularly vulnerable to ‘outsourcing’, working on the premises of one firm while their official employers remain elsewhere, making it challenging to accurately record the industry they work in.¹⁴⁹ As a result, we propose that GWAs should be made available to occupational groups too.¹⁵⁰

Which problems could fall within the remit of a Good Work Agreement, and what levers could help address them?

Next, we consider the remit of a GWA: in other words, which sector issues need to be resolved and what levers are available to address these issues.

We do not seek to be overly prescriptive: we want to allow room for experimentation and acknowledge that employers and workers in the sector will be best-placed to identify pertinent issues and resolutions. (In Ireland, for example, EROs are wide-ranging and include things – such as a contract cleaner’s right to return to the same site after maternity leave, for example – that policy makers would not necessarily be expected to have on their radars.) But broadly speaking, we propose four key areas to be the focus of a GWA:

- **Training and progression.** Work-related training, particularly for progression, tends to be much less prevalent in industries with low pay and labour market standards (see Annex 1).¹⁵¹ Although extensive progression may not be a realistic prospect in every sector, there are a range of sectors where it clearly makes sense to increase training opportunities. For care workers, for instance, more standardised and portable training would increase opportunities and make the job more attractive

¹⁴⁷ N Cominetti et al., *Low Pay Britain 2022: Low pay and insecurity in the UK labour market*, Resolution Foundation, May 2022.

¹⁴⁸ The industry we compare to is ‘Services to buildings and landscape activities’ (two-digit SIC code).

¹⁴⁹ OECD, *The rise of domestic outsourcing and its implications for low-pay occupations*, July 2021.

¹⁵⁰ The quantitative measures we show in Annex 1 are by industry only. But when we overlay occupation – using the Low Pay Commission’s definition of low-paying industries and occupations, as set out in their 2022 report – the picture looks broadly similar in terms of the patterns of poor-quality work between sectors. See: Low Pay Commission, *Low Pay Commission Report 2022*, January 2023.

¹⁵¹ The reverse is true in industries dominated by public sector workers in which bargaining over sectoral minimum standards already exists, which is the case for doctors, nurses and teachers.

– helping with recruitment and retention in the sector – as well as improving the quality of care for users.¹⁵²

There are levers already in use – here and elsewhere – that could address these issues. In the UK, training boards have generally imposed statutory levies to collect training revenues and redistribute funds for sector-wide training – as well as set National Occupational Standards and deliver in-house training (see above). And in the US state of Minnesota, the new sectoral body has the power to set training standards for the nursing home workforce.

- **Health and safety.** Some health and safety risks may require bespoke sectoral approaches – helping prevent problems arising via particular standards and adoption of best practice – building on the framework of national health and safety regulation (see Table 1 for some examples). Investigations into working conditions in the warehousing sector have revealed workers are often forced into buying cheap protective clothing, for example,¹⁵³ and the Covid-19 crisis shone a harsh light on the detrimental impacts of a lack of appropriate personal protective equipment the care sector.¹⁵⁴

Other countries have agreed sectoral approaches to resolve issues like these. Ireland’s ERO for security guards, for example, sets out the protective clothing and communication equipment that employers must provide, and requires employers to provide appropriate physical and psychological support to security guards who are subjected to violence on the job.¹⁵⁵

- **Pay.** Pay could be included where there is a clear reason for a pay floor above the National Minimum Wage (and the Government should pre-decide whether pay would be one of the areas to be bargained over, based on whether there is a clear need for an above-NMW pay floor).¹⁵⁶ In social care, for example, there is a case for a higher wage floor to account for the fact that travel time is often unpaid, which can push care workers’ pay below the legal minimum, and because there is a severe shortage of workers in the sector.¹⁵⁷ (A similar logic has been applied in Australia where many workers in the ‘aged care’ sector will receive a 15 per cent wage increase this year.¹⁵⁸) Pay may also be relevant to addressing supply resilience

¹⁵² M Wilkes, O Gable & T Walker, [Social care: a guide to attracting and retaining a thriving workforce](#), Work Foundation, May 2021.

¹⁵³ G Kik et al., [How has the UK Warehousing sector been affected by the fissuring of the worker-employer relationship in the last 10 years?](#), IFF Research, July 2019.

¹⁵⁴ House of Commons Public Accounts Committee, [COVID-19: Government procurement and supply of Personal Protective Equipment](#), February 2021.

¹⁵⁵ Workplace Relations Commission, [Employment Regulation Orders: Security Industry](#), accessed 1 September 2023.

¹⁵⁶ We expect the National Minimum Wage – especially if bolstered by the future increases we have recommended elsewhere – to be sufficient in most sectors. See: N Cominetti et al., [Low Pay Britain 2023. Improving low-paid work through higher minimum standards](#), Resolution Foundation, April 2023.

¹⁵⁷ N Cominetti, [Who cares? The experience of social care workers, and the enforcement of employment rights in the sector](#), Resolution Foundation, January 2023.

¹⁵⁸ Fair Work Ombudsman, [15% wage increase for aged care sector](#), July 2023.

in sectors that are strategically important for the country: wages for HGV drivers, for example, did not rise quickly enough to bring in additional workers in the aftermath of the Covid-19 pandemic, contributing to damaging staff shortages that had knock-on effects for other sectors.¹⁵⁹ If a GWA sets new training standards in a sector, there may be a case for also including a minimum pay uplift for workers who do this training.¹⁶⁰ Clearly, if pay is included within the remit and has public spending implications then this will need to be agreed by the government (see below).

- **Wider terms and conditions.** Non-wage terms and conditions of work are often highly valued by workers (in some cases above and beyond pay increases).¹⁶¹ Contractual non-pay aspects of work, like irregular shift patterns or irregular hours of work, are particularly acute in some of the sectors that are lead candidates for a GWA (see above and Annex 1). This could also include sector-specific policies for things like equality issues or bullying and harassment (for example, as set out in Table 1, contract cleaners are vulnerable to specific forms of harassment by clients that go beyond the scope of national regulation).

In addition to looking at concerns over the pattern of shifts and hours, GWAs could also set standards for the provision of basic materials and facilities like water, tools and toilets (which are often not provided in security or warehousing and delivery roles). In Ireland, for example, the ERO for security guards stipulates that there are minimum facilities on site including toilets and shelter. The UK Government also has recent experience of improving basic conditions (including security, toilets and lighting) for HGV drivers, as set out above. A GWA would help expedite both the identification of poor terms and conditions and the levers that are in scope to address these problems.

A key point is that these issues are not just important for workers: many impact wider society too. A lack of social care workers – linked to low pay and poor working conditions making it harder to attract staff – obviously affects service users.¹⁶² Similarly, consumers report that they do not want poor working conditions in the businesses where they shop – but nor do they want the onus to be put on them to solve issues via changing their consumption patterns, rather than through policy interventions.¹⁶³ Highly irregular shift patterns can also have pernicious effects on workers' well-being, which will affect not

¹⁵⁹ See, for example: REC, [HGV Driver Shortage – The Causes, the Facts and the Potential Solutions](#), February 2022.

¹⁶⁰ This is somewhat similar to the approach taken by Ireland's Employment Regulation Order for the early learning and childcare sector, which sets higher minimum pay rates for workers with certain formal qualifications (among other things). See: Workplace Relations Commission, [Employment Regulation Orders: Early Learning and Childcare Sector](#), accessed 24 July 2023.

¹⁶¹ N Cominetti et al., [Low Pay Britain 2023, Improving low-paid work through higher minimum standards](#), Resolution Foundation, April 2023.

¹⁶² For further exploration of the impacts of staff shortages on the provision of social care, see, for example: N Cominetti, [Who cares? The experience of social care workers, and the enforcement of employment rights in the sector](#), Resolution Foundation, January 2023.

¹⁶³ K Handscomb, L Judge & H Slaughter, [Listen up: Individual experiences of work, consumption and society](#), Resolution Foundation, May 2022.

just how workers feel at work and their productivity, but also their family relationships and interactions out of work.¹⁶⁴ Moreover, a lack of appropriate protective equipment or access to basic hygiene at work is not only a breach of basic dignity, but it also risks increasing the spread of ill-health (which became particularly apparent during the Covid-19 pandemic).¹⁶⁵

It may well be necessary to create new sector bodies in order to pull the various policy levers described above (this could be agreed in the negotiation process). Bodies like these already exist in some sectors (as detailed earlier). In the construction industry, for example, the CITB collects and redistributes the sector skills levy and delivers bespoke training. And in the security industry, SIA licensing acts as official evidence that security workers have been trained to minimum industry standards.

Finally, it is worth being clear that we see these proposals as complementary to national labour market policies. Indeed, in some cases, GWAs could cover the same ground as – and go beyond – the national minimum standards that already exist.¹⁶⁶

Who would be involved in negotiating a Good Work Agreement?

As discussed above, there would be a tripartite approach to initiating the GWA process: worker representatives, employer representatives, and the Government would be involved. The Government would set the framework for a GWA, confirming the scope and remit of the agreement to be bargained over (drawing on the application from worker or employer representatives, where relevant).

But once the GWA enters its negotiation phase, the key voice – and indeed leadership – must come from the sector themselves. This will ensure that these agreements are considered credible and stand the test of time. We propose, therefore, that **the major actors in negotiating a GWA are worker and employer representatives.**

In practice, the main actors would be trade unions and employer associations.¹⁶⁷ Even though trade union membership remains low by historical standards in some of our ‘problem’ sectors (for example 21 and 18 per cent of the social care and warehousing workforce, respectively, are unionised), an established trade union does exist. That said, if a trade union representative is unavailable, policy makers should leave scope for another form of employee association (if they can demonstrate they have sufficient support from

¹⁶⁴ See, for example: P Ferri et al., [The impact of shift work on the psychological and physical health of nurses in a general hospital: a comparison between rotating night shifts and day shifts](#), Risk Management and Healthcare Policy 9, September 2016.

¹⁶⁵ World Health Organization, [Shortage of personal protective equipment endangering health workers worldwide](#), March 2020.

¹⁶⁶ This is a different approach to New Zealand in which they see the pay aspect of FPAs as replacing future minimum wage increases to some extent.

¹⁶⁷ Likely unions include the General and Municipal Workers’ Union, The Cleaners and Allied Independent Workers Union, UNISON, USDAW, Unite the Union, among others. Sector bodies may include Care England, Skills for Care, The British Cleaning Council, British Institute of Cleaning Science and the United Kingdom Warehousing Association.

workers) to fill the gap.¹⁶⁸ Where employer groups don't exist (or where employers are fragmented), it is likely that some would grow organically (as has happened in Ireland). If an employer or worker representative doesn't exist (or is not willing to participate), a fall-back option could be to ask the TUC or national employer bodies to convene discussions about suitable representatives (the equivalent approach to that in New Zealand and Ireland).

One potential challenge could be getting employer groups to participate: in Ireland, for example, employers have occasionally disengaged with the JLC process.¹⁶⁹ The Government should impose a mechanism that requires employers to engage in negotiations if they don't agree voluntarily (though we are not prescriptive about the precise process). In general, many employers would see GWAs as an opportunity to secure a level playing field between businesses, ensuring that less scrupulous firms cannot undercut their competitors by aggressively reducing labour costs and adopting business models that pile excessive risk onto workers. And given that the GWA process would give employer groups an equal seat at the table to worker representatives, there is little risk of employers having to agree to highly unfavourable terms.

GWAs will also require a mechanism to resolve disagreements – for example, over the right 'level' of sectoral minimum standards – between firm and worker representatives. We suggest that this should take the form of an **independent representative** to chair the negotiations. (In Ireland, an independent chair facilitates negotiations; see Box 2 for further details.) Options for the specific set-up include a sole independent chair casting the final vote on decisions (as is often the case in public bill committees in the House of Commons), or an LPC-style tripartite model in which employer and worker representatives are joined by a set of independent experts (one of whom is the chair). As well as helping the sides to come to a resolution in case of dispute, external input could be used to represent wider public interests: as discussed above, improving working conditions can often have wider impacts on society at large.¹⁷⁰

There may be specific cases where the negotiating table would need to deviate from this standard set-up. Most concretely, we suggest that the Government (including the devolved administrations) should take part in the negotiations for the social care GWA, given the fiscal implications for this publicly-funded sector. And there may be a case for

¹⁶⁸ Examples could include the National Association of Care & Support Workers, the British Institute of Cleaning Science, or the Chartered Institute of Logistics and Transport.

¹⁶⁹ Between 2013 and 2018, several of the JLCs had not met and employer groups argued that the JLCs were no longer needed. See: Labour Court, [Review of Joint Labour Committees conducted by the Labour Court](#), April 2018. In 2011, pushback from the fast food sector triggered a major overhaul of the JLC system, which was ruled to be unconstitutional. See: M Wall & M Carolan, [Court rules for fast-food companies](#), The Irish Times, July 2011.

¹⁷⁰ This is similar to New Zealand in which parties are able to seek advice from external experts. See: Ministry of Business, Innovation & Employment, [Final summary of submissions on the Fair Pay Agreements discussion document](#), February 2020.

client companies of outsourced services to be involved (for example, firms contracting out cleaning services) where additional costs would be likely to fall on them.

Although the negotiations would be led by the sector, we also propose that the Government should sign off on the agreement at the end of the bargaining process to fulfil two important purposes. First, the Government would ensure that the agreement had resolved the problems it set out to address and that were within the agreed remit of the GWA. And second, as discussed above, there are areas where public interest considerations beyond the sector are important, so the Government could ensure that these had been taken into account.

Which workers would be in scope?

A further decision in establishing the scope of GWAs is which employment statuses should fall within their purview. In countries like Australia, Ireland and New Zealand, sectoral agreements cover employees only – self-employed workers are not in scope (as is the case with many other employment regulations). Unlike many other countries, the UK has a third employment status: ‘workers’, who are entitled to some, but not all, of the employment law protections enjoyed by employees over the self-employed.¹⁷¹

We propose that **workers, as well as employees, should be in scope of GWAs**: it is often unclear where the legal boundary lies between employees and workers, and excluding workers could make it all too easy for unscrupulous employers to avoid GWAs by attempting to change their staff’s employment status.¹⁷²

GWAs are intended to address issues within employer-employee (or worker) relationships in sectors with low standards. Therefore, GWAs will generally not be appropriate to cover self-employed workers directly, given that they are their own boss. There are, however, some cases where self-employment could be a pertinent factor in drawing up a GWA. If self-employment is contributing to problems in a sector tipped for a GWA – if employers appear to be making excessive use of self-employed contractors to avoid taking on responsibilities such as the minimum wage, holiday pay and sick pay, for example – then the Government may recommend that self-employed workers should be brought into scope.¹⁷³ (This issue is exacerbated, of course, by the fact that self-employed workers face a lower tax burden than an employee doing the same job. As a result, employers have an incentive to mis-classify workers as self-employed to avoid paying employers’ National

¹⁷¹ See Box 1 of: L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.

¹⁷² For discussion of the wider issues around defining employment status, see, for example: M Taylor, [Good work: the Taylor review of modern working practices](#), Department for Business, Energy and Industrial Strategy, July 2017.

¹⁷³ We discuss the blurry boundary between worker status and self-employment, and some of the associated problems, in: L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.

Insurance.¹⁷⁴ As we have recommended elsewhere, the same work should generally face the same rate of tax.¹⁷⁵)

Which firms would be in scope?

Next, we consider whether there should be any exemptions from GWAs.

Some may argue that small firms should be exempt from higher standards: smaller businesses tend to find it harder to adapt to new regulations – for example, because they are less likely to have designated HR departments to keep on top of obligations.¹⁷⁶ Indeed, there might well be a case for giving smaller firms a longer timeframe to ‘phase in’ the agreements (this could be agreed by the sides during the negotiation process), to give them time to get up to speed with the new rules and ease the transition. But ultimately, **GWAs should cover all businesses irrespective of their size.**

This would be consistent with other areas of labour market legislation (small firms cannot opt out of paying the minimum wage, for example). And universal coverage would also guarantee that a GWA would create a level playing field for all firms in a sector – ensuring fairness not only for workers, but also for employers who would be assured that they were being held to the same standards as other firms in their sector.

In some other countries’ systems, businesses can apply for temporary exemptions if they are struggling financially (often with strict conditions attached), as set out in Box 2 and Box 3. Broadly speaking, our starting point is that we would not want exemptions for specific firms for the reasons described above. But the Government may want to include scope for parties to agree changes to the agreement as a whole in the face of sector-wide shocks,¹⁷⁷ akin to the LPC’s current ‘emergency brake’ for the minimum wage.¹⁷⁸

How would Good Work Agreements be enforced?

Once implemented, Good Work Agreements will only be worth the paper (or screens) they are written on if the terms are enforced in some way.¹⁷⁹ Here, the clear precedent from other countries is to make comparable agreements legally enforceable in the same way as other labour market rights. The terms of both Ireland’s EROs (Box 2) and New Zealand’s Fair Pay Agreements (Box 3) are enforced by the same government bodies that police national regulations.

¹⁷⁴ T Bell & A Corlett, *A caring tax rise? The impacts of a potential increase in National Insurance*, Resolution Foundation, July 2021.

¹⁷⁵ M Broome, A Corlett & G Thwaites, *Tax planning: How to match higher taxes with better taxes*, Resolution Foundation, June 2023.

¹⁷⁶ Better Regulation Executive, *Impact of regulation on small businesses*, November 2010.

¹⁷⁷ This type of flexibility in the face of economic shocks is relatively widespread in Germany’s system of sectoral collective bargaining, and had a cushioning effect against job losses during the financial crisis. See, for example: S Jäger, S Noy & B Schoefer, *The German Model of Industrial Relations: Balancing Flexibility and Collective Action*, *Journal of Economic Perspectives* 36(4), 2022.

¹⁷⁸ Department for Business and Trade, *National Living Wage and National Minimum Wage: Low Pay Commission remit 2023*, April 2023.

¹⁷⁹ For further discussion of the importance of effective labour market enforcement – and how to achieve it – see: L Judge & H Slaughter, *Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond*, Resolution Foundation, April 2023.

In a similar vein, we recommend that **Good Work Agreements are legally binding and enforced in the same way as other labour market rights**. Not only would this help to ensure that the standards are adhered to, it would also symbolically put the agreements on the same footing as rights such as the minimum wage, encouraging employers to take them equally as seriously. The inclusion of GWAs could be incorporated into the overhaul of the labour market enforcement system that we recommended in a report earlier this year.¹⁸⁰

In practice, the ease of incorporating the terms of GWAs into the enforcement system would vary substantially. Terms that build on existing national minimum standards – rates of pay beyond the minimum wage or sector-specific health and safety criteria, for example – could sit within the remit of the enforcement bodies that enforce the national regulations. Things that are new rights, but relatively easy to measure, could be picked up by our proposed new Single Enforcement Body.¹⁸¹ Finally, things that are less easily measured or need to be adjudicated upon would likely need to go through the employment tribunal system.¹⁸² In all cases, non-compliance should be met with financial penalties to provide an effective deterrent against firms that break the rules, while ensuring that guidance is clear to minimise the risk of accidental breaches.

Expanding the remit of the enforcement system – and particularly in ways that may end up varying widely not only between sectors, but possibly between workers in different occupations even within a single firm – will not be straightforward. A phased approach to introducing GWAs, starting with the highest-priority sectors, will help ease the transition as enforcement bodies broaden their capability. But it is also inevitable that expanding enforcement bodies' remit will need to be paired with increasing their resources (including to ensure that workers understand their rights), building on the budget increases we have already recommended to reverse the hollowing-out of the enforcement system in recent decades.¹⁸³

Finally, there may be a role for the labour market enforcement system to rule on whether a worker is covered by a GWA or not. In Box 5 we discuss how the Government could define covered sectors and occupations in practice – including some of the practical problems that need to be worked through (as they have been in New Zealand).

¹⁸⁰ Our recommendations included: introducing a single enforcement body (SEB) that covers all worker rights unless reserved to another enforcement body; doubling the number of labour market inspectors; introducing the power to levy a financial penalty up to four-times any arrears owed for pecuniary rights that can be straightforwardly adjudicated on; and strengthening the employment tribunal (ET) system. For further details, see: L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.

¹⁸¹ L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.

¹⁸² This may require more funding for the ET system to bolster its capacity – although, as we argue elsewhere, strengthening state enforcement should ease some of the pressure on the overburdened tribunal system. See: L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.

¹⁸³ L Judge & H Slaughter, [Enforce for good: Effectively enforcing labour market rights in the 2020s and beyond](#), Resolution Foundation, April 2023.

BOX 5: Defining sectors and occupations in practice

In practice, the scope of a GWA could be defined using the existing system of Standard Industrial Classification (SIC) codes – or in the case of occupations, Standard Occupational Classification (SOC) codes – to help determine which workers would be covered by a GWA.¹⁸⁴ This would help provide a clear framework through which to define coverage, learning from what New Zealand has done.¹⁸⁵

There are, however, practical barriers when it comes to the identification of workers' occupation and industry. SIC codes are self-defined by companies, and it is possible that some employers could misclassify themselves to avoid being in scope of a GWA. And it is not always straightforward to classify a worker's occupation. As outlined in Box 3, a very real example described to us by colleagues working on New Zealand's FPA relates to an employee working at a motel, who spends part of their day cleaning and the rest in the motel bar – two occupations that could, in theory, have different minimum standards (including pay rates).

There are, of course, inevitable boundary issues that need to be resolved which will require pragmatism and learning. But dealing with these issues is now fairly common practice in many countries: in cases where a worker performs several roles, the New Zealand government has taken the approach of deciding which Fair Pay Agreement should apply to them based on the share of time they spend in each one.¹⁸⁶ There may also be a role for the labour market enforcement system to rule on whether a worker is covered; equally, confusion around which sectors or jobs are in scope may require clarifying the exact scope of a GWA further down the line. Again, these practical challenges reinforce the case for a targeted, incremental and pragmatic approach, that evaluates as it progresses, and adapts in the face of experience. And we should continue to learn from the best practice used in other nations that have found ways of making this work.

¹⁸⁴ This would ideally be defined at the most disaggregated levels – five-digit SIC codes and/or four-digit SOC codes – and could combine multiple SIC/SOC codes.

¹⁸⁵ Employment New Zealand, [The Fair Pay Agreements System: A Guide for Participants](#), December 2022.

¹⁸⁶ Employment New Zealand, [Overview of Fair Pay Agreements](#), accessed 4 August 2023.

How would Good Work Agreements be assessed?

Lastly, we consider how best to assess GWAs – before and after their implementation – and balance any trade-offs.

Potential job losses are obviously a very important consideration. But for modest improvements in job quality, large-scale job losses are unlikely: even ambitious increases to the minimum wage show no sign yet of pushing down employment, for example. And a 2011 review of Ireland’s JLCs found that adjusting JLC-specific wage rates was unlikely to have a substantial effect on employment.¹⁸⁷ Being pragmatic, we should not hold back on attempting to improve standards, particularly in those sectors of the labour market with particularly acute problems, due to claims of the potential risk of small employment losses.¹⁸⁸ Equally, however, we should proceed carefully.

Practically, we expect that broader economic and sectoral conditions – including the trade-offs described above – would be part of the considerations when negotiating a GWA. This will require an evidence base that feeds into decisions, both at the negotiation stage and for ongoing monitoring once the agreements are implemented. This should piggyback on the approach already taken by the Low Pay Commission (LPC), which considers the state of the economy and the labour market as part of the process of setting the minimum wage. (Given that low sectoral standards and pay are highly related, some of the contextual work might either exist or be easily produced.) In practice, this would require some LPC input on the labour market conditions of a small number of problem sectors.¹⁸⁹ The real-time evidence base would likely include measures including the share of workers on insecure contracts or who receive training aimed at building skills or progression, but also input from harder-to-measure aspects of work (like those discussed in Table 1).¹⁹⁰

The regular evaluations could feed into short-term adjustments to a GWA – for example, an economic downturn or a spate of job losses in the sector could lead the parties to revisit part of their agreement, as discussed above. But we also propose that a **timeframe for a more-wholesale renewal of agreements should be set** – for example, between three

¹⁸⁷ R Farrelly, [Independent experts call for reform of wage setting](#), Eurofound, October 2011.

¹⁸⁸ Moreover, some sectoral reallocation – and in particular, shrinking some (though by no means all) of the lower-paying sectors – is likely to be necessary in the process of getting to a faster-growing and fairer economy. We elaborate on these arguments in the context of national regulation in: N Cominetti et al., [Low Pay Britain 2023, Improving low-paid work through higher minimum standards](#), Resolution Foundation, April 2023.

¹⁸⁹ To help assess GWAs, social surveys such as the Labour Force Survey or Annual Survey of Hours and Earnings could specifically ask respondents whether they are covered by a GWA. A similar approach has been taken in Australia to assess Modern Awards. See: J Tomlinson & K Yuen, [A profile of employee characteristics across modern awards](#), Fair Work Commission, March 2023.

¹⁹⁰ A range of suitable quantitative indicators of job quality already exist, for example those detailed in Annex 1 and in Box 1 of N. Cominetti et al., [Low Pay Britain 2023: Improving low-paid work through higher minimum standards](#), The Resolution Foundation, April 2023. There may be a case for new questions to be added to the UK’s Annual Population Survey (APS)/ Labour Force Survey (LFS). A similar approach was taken following “The Measuring Good Work final report” recommendations to measure “quality work” using existing and new survey questions. See: G Irvine, D White & M Diffley, [Measuring Good Work: The final report of the Measuring Job Quality Working Group](#), The Carnegie UK Trust & Royal Society of Arts, September 2018.

and five years.¹⁹¹ This would give agreements the space to grow organically and adjust or expand the scope of what is in its remit, ensuring that it can continue to focus on the most salient issues in that sector. Fixed-term agreements also have the benefit of preventing any erosion of sector standards and ensuring that the agreements remain relevant to the modern labour market. (We do not anticipate that GWAs would be axed, as opposed to renewed and revised, however: issues like insecurity and low pay are both pervasive and persistent over time, and other labour market interventions focused on the bottom end of the labour market – like the minimum wage – have certainly stood the test of time.)

Conclusion

The changes we have outlined in this note are not straightforward to implement and will take some time to take effect. Levelling the playing field when it comes to union recognition will inevitably be followed by a lag before it feeds through into any increases in membership rates and improvements in workplaces, and institutional experimentation is always challenging. But these proposals would, over time, leave us with an economy that has good work at its heart (albeit still a liberal market economy, like the countries we draw inspiration from in this note). GWAs could agree on pay rises for 1.7 million social care workers, for example, that would improve conditions for existing workers and make the sector more attractive for prospective staff.

In this note, we have sought to build on the traditions of our liberal labour market, and not tear up the broad labour market structure that has, in many ways, served the UK relatively well even if it has also led to some deep-rooted quality of work problems in certain sectors. Our proposals would complement, rather than supplant, the regulatory and institutional systems that we have today. They are intentionally experimental in nature and should be developed and amended in the light of learning by experience. But the need for change is clear: if we do not pursue the sort of agenda set out in this report we are very likely to be having the same conversation in future decades about problems in parts of our labour market that we are having today. There are no good grounds for believing that the challenge of very poor-quality work will just solve itself. No matter how hard it may be to shift the dial, solving both entrenched and acute labour market challenges must be a priority for improving the world of work.

¹⁹¹ This approach is broadly similar to Ireland's and New Zealand's approach (see Box 2 and Box 3).

Annex 1: Quantitative measures of job quality

The table below summarises a range of quantitative measures of job quality by sector. We identify sectors in which poor-quality work is highly concentrated – for example a high share of employees in low hourly pay or on insecure contracts. Similarly, in some of the sectors we present harder-to-regulate aspects of work or alternative solutions are particularly concentrated – such as lack of autonomy at work and low union membership rates, respectively.

TABLE 2: Aspects of poor-quality work are particularly concentrated in some industries

Proportion of employees reporting that their job has selected measure of job quality, by selected sector groupings: UK, 2015-2022

Sector	Number of workers	Low hourly paid	Insecure contract or volatile hours	Insufficient hours	Pay / condit affected by unions	Union member	Unions present at place of work
Social care	1,748,000	23%	19%	11%	21%	21%	28%
Hospitality	1,729,000	49%	29%	19%	4%	3%	6%
Retail	2,872,000	36%	17%	17%	17%	13%	20%
Warehousing	193,000	25%	28%	10%	26%	18%	23%
Land transport	732,000	13%	20%	8%	42%	26%	33%
Couriers	134,000	21%	23%	12%	27%	14%	45%
Agriculture	273,000	28%	18%	5%	4%	8%	7%
Food manufacturing	370,000	25%	19%	8%	20%	15%	34%
Textile manufacturing	98,000	21%	12%	8%	10%	9%	16%
Security	143,000	31%	24%	13%	15%	13%	14%
Cleaning	496,000	33%	17%	20%	12%	7%	16%
Construction	1,917,000	13%	11%	6%	11%	6%	13%
Leisure, travel and sport	570,000	31%	23%	18%	12%	9%	14%
Childcare	418,000	47%	14%	12%	12%	12%	11%
Other industry	20,820,000	11%	10%	7%	32%	25%	34%
All sectors	32,513,000	17%	13%	10%	26%	21%	28%

Sector	Number of workers	Non-UK born	Training aimed at building skills or progression	No paid holiday entitlement	Little or no autonomy at work	Feels tense about job	Feels miserable about job
Social care	1,748,000	19%	37%	4%	24%	15%	7%
Hospitality	1,729,000	26%	15%	12%	34%	12%	6%
Retail	2,872,000	17%	14%	4%	33%	11%	8%
Warehousing	193,000	40%	18%	2%	37%	10%	8%
Land transport	732,000	27%	20%	5%	49%	8%	6%
Couriers	134,000	33%	10%	5%	53%	10%	6%
Agriculture	273,000	8%	16%	13%	20%	6%	1%
Food manufacturing	370,000	33%	20%	3%	31%	12%	7%
Textile manufacturing	98,000	24%	7%	3%	23%	14%	4%
Security	143,000	33%	19%	7%	42%	10%	5%
Cleaning	496,000	27%	11%	6%	33%	11%	8%
Construction	1,917,000	14%	23%	4%	22%	10%	5%
Leisure, travel and sport	570,000	11%	24%	11%	30%	11%	5%
Childcare	418,000	14%	32%	8%	26%	14%	6%
Other industry	20,820,000	17%	26%	4%	26%	11%	5%
All sectors	32,513,000	18%	24%	4%	28%	12%	6%

NOTES: Measures average across four years of data excluding Covid-19 and show latest years available that allow large sample sizes. Sectors cover the following SIC codes: social care (87, 881, 8899); hospitality (55-56); retail (4511, 4519, 4532, 47); warehousing (521); land transport (491-494); couriers (532); agriculture (1); food manufacturing (10-11); textile manufacturing (13-14); security (801); cleaning (811-812); construction (41, 43); leisure, travel and sport (5914, 92-93); childcare (851, 8891) and other (all other SIC codes). 'Insecure contract or volatile hours' includes workers who: are paid hourly and hours vary; are on a temporary contract involuntarily; agency workers; and workers on a zero-hours contract. 'Insufficient hours' includes workers who want to work more hours; who are working part-time and would prefer to work full-time; or who are looking for a new job for reason of wanting to work more hours.

SOURCE: Analysis of ISER, UK Household Longitudinal Study (Understanding Society); ONS, Labour Force Survey.

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