FIGHTING FOR THE FUTURE OF UK MANUFACTURING

An Industrial Strategy Published by the Unite Manufacturing Combine

JUNE 2020
Foreword

MEETING THE CHALLENGES OF THE FUTURE

Steve Turner, Unite Assistant General Secretary, Manufacturing

Unite represents over 300,000 manufacturing workers across the economy, from automotive and aerospace to chemicals, pharmaceuticals, steel, packaging and general engineering. As a result, I have seen first-hand the collective talent, experience and industrial knowledge our members bring to the negotiating table with both employers and government. I am incredibly proud of our fantastic army of officers, shop stewards and activists who tirelessly build the powerful, confident union organisation we need at work while taking our demands for investment in research and development, new technologies and future product beyond the workplace to corporate decision makers. This skill, experience and dedication has been put to the test in a way that none of us could have foreseen in recent times with the outbreak of the global coronavirus pandemic. It has been Unite’s priority throughout to protect people’s lives, jobs and livelihoods – achieving safety in the workplace and to win government support for our jobs and industries.

We have always understood the need for an interventionist government and political action to deliver a cross-departmental, integrated industrial strategy supporting the future of local communities, industries and country. Recent events have shown this is needed now more than ever. Unite’s ‘Manufacturing Matters’ campaign is leading the way in the development of this strategy, building an alliance with industry and our communities to deliver our demand to Build Local: Buy UK at every level of our political establishment - from local councils and devolved assemblies to the Westminster government and opposition benches.

The ideas contained in this publication outline such an industrial strategy and give a vision of what we can win, as we recover and rebuild a better future for all of us, together.

The Tory government rediscovered the phrase ‘industrial strategy’ a few years ago, but what did we see? The cancelling of the Swansea Bay Lagoon project and hostile acquisition of GKN by Melrose, the closure of Brush Electrical Machines at Loughborough, Cummins at Stamford and the Appledore shipyard alongside the announced closures of Honda in Swindon and the Ford Bridgend engine plant. Further, we’ve seen British Steel fall into administration and the threatened closure of Tata’s Orb operations - the UK’s only electrical steel manufacturer. The government’s record on manufacturing reads like a charge sheet.

Despite the lack of any joined up government action, we saw an inspiring nine-week occupation by the workforce of Belfast’s iconic Harland & Wolff shipyard and strike action to save shipbuilding jobs at Cammell Laird. We launched successful campaigns to secure the long-term future for General Electric in Rugby and Bombardier and Wrightbus in Northern Ireland alongside a future fighter programme (Tempest), safeguarding thousands of skilled air defence jobs across the UK. And it was our union that secured government funding via the Official Receiver for British Steel, keeping the furnaces burning and the plant producing as a going concern until a buyer can be secured. Time and time again the fight for survival of British manufacturing has been led and won by Unite members.

During the pandemic examples such as the urgent need for PPE and the ventilator challenge have demonstrated that our manufacturing industries remain critical for all of us. As we urgently face the threat of climate breakdown manufacturing has a central role to play in transitioning our economy as a whole. We have seen that
government can, when necessary, intervene in our economy to help us face social challenges collectively. That lesson should not be lost from what has been a difficult and distressing time for millions of people.

Now at the beginning of what could be the severest economic slump we have ever experienced the country stands at a crossroads over our future. We live in a critical moment in Britain’s history, with the country’s place in a globalised world uncertain. New free trade deals and the prospect of trade wars threaten to make the industrial uncertainty of Brexit a permanent feature, further destabilising our manufacturing heartlands. And of course, all of this comes after our class has already experienced the longest slump in living standards in history and spiralling wealth inequality, alongside facing the challenges of automation, artificial intelligence and other technological advances. These will all require collective action from government, industry and trade unions for the benefit of the whole of society – not just those at the very top.

The challenges are great, but without a trade union-led industrial strategy it will be workers and their communities who will once again be expected to pay the price. The 2008 financial crisis and the austerity offensive which followed tells us a recovery cannot be built on site closures, job cuts or simply trying to make work more intensive in the name of ‘competitiveness.’

That is why we have called for a National Recovery Council and Regional Development Councils, not only to answer this crisis by bringing the expertise of the trade unions to the highest levels of decision making, but to influence the long-term rebuilding of manufacturing.

The ideas in this industrial strategy, developed by Unite shop stewards across all five of our union’s manufacturing sectors, send out one clear message. The era of free market ideology, uncontrolled short termism and allowing markets to run riot without consequence has ended. No longer will we allow governments to simply tinker around the edges of the economy. We desperately need a new economy, a new politics. The reality is that our members, industries, families and communities and our climate simply cannot afford more of the same.

The solution to all these problems will only be found by putting well paid, secure, highly skilled and unionised manufacturing jobs at the heart of an economy which works for us all. To achieve this, our strategy cannot be limited to defensive actions or to thinking only of the plan for next year or the fight for a replacement model, as important as that is. Our aim must be to proactively shape and transition the world of work to protect and advance the interests of our members, families and communities for the next five, 10 and 30 years.

That means our strategy must take on current challenges and answer big questions about the future of work. We must find solutions to the challenges we face created by decades of de-industrialisation and short-termism by taking a lead in innovative, sustainable, advanced manufacturing. We must ask ourselves how a progressive, interventionist government can support, nurture and grow UK manufacturing in a globalised economy for the benefit of all working people, not just the boardroom.

Ultimately it means answering the very question trade unions were created to answer. Who will own, control and profit from rapidly developing new technologies, and the power and wealth generated from our work? How do working people and local communities use the collective power of organised labour to secure our stake in the economy?

State led investment, positive public procurement, the development of new skills and harnessing of new technology will all play a key role, alongside new ethical corporate governance structures backed up by the strong collective bargaining power of trade unions and new models of public and shared ownership. This structural shift alongside industrial initiatives and changes to work organisation must provide shorter working time, early retirement and opportunities to job share, a more diverse workforce and a better working life for all, without loss of pay.

Manufacturing matters, now more than ever. These are the tools with which we can shape the future.
Introduction

AN INDUSTRIAL STRATEGY THAT BUILDS AN ECONOMY FOR ALL

Tam Mitchell, Unite Manufacturing Combine Chair

Unite's Manufacturing Combine brings together senior shop stewards from the automotive, shipbuilding, aerospace, pharmaceutical, steel, engineering, print and energy industries. Together we are publishing this strategy document as a step forward in our industry-wide fight for the future of UK manufacturing at the critical time.

To achieve that our manufacturing strategy must take on the deep and systematic problems which plague the British economy, even before the impact of the pandemic. This means ending the age of austerity and the rule of the free market asset strippers. They have led us to uncertainty, falling investment and an era of wage stagnation unsurpassed since the Napoleonic wars.[1]

Any progressive government committed to reshaping the economy must first acknowledge the indispensable role of trade unions, working in partnership to end the crisis of underinvestment and endemic short-termism which puts our industries and jobs at risk and in creating safe working conditions.

As Rebecca Long-Bailey, then Shadow Business Secretary, told the Labour Conference in 2019, the solution to these problems are “quality, unionised, green jobs, a proper industrial strategy, public ownership of our water and energy, and intervention in the economy, to make sure that the technologies of the future are manufactured, assembled and installed here”.

For too long the state has hidden behind a vandalising free market ideology, but Unite supports new ways of looking at the role of how the state can intervene and support industry in a globalised world – even more necessary as we face such uncertain times.

That must mean strategic public investment to stimulate demand or safeguard a strategic manufacturing asset. It must mean developing ideas seen abroad such as when 500,000 manufacturing jobs in Germany were saved during the financial crisis of 2008.[2] It must mean new tripartite institutions within which trade unions can support and democratically oversee intervention in industries. It must mean state-back protections and enhanced trade union rights which give us a genuine and democratic say over how our industries are run, and in whose interests.

The ideas outlined in this document, from investment to positive public procurement, a new programme for skills, the harnessing of new technology, the ending of corporate short-termism and new collective bargaining rights will not just be handed to us.

It is our task as trade unionists, as leaders in our workplaces and communities, and as experts in our respective industries, to go out and win them. That means building our collective industrial strength and it means political action at local, regional and national levels.
EXECUTIVE SUMMARY

Unite is taking forward its campaign to protect and expand the UK’s crucial manufacturing sector with a series of ideas and policies covering industries ranging from automotive and steel to shipbuilding and communications. The union has 300,000 members in manufacturing, so it knows better than anyone that manufacturing matters – for jobs, skills, decent pay and conditions, regional economies as well as union rights.

Unite’s national and local officials work every day to make companies successful, win contracts and deal with the changing world of work fuelled by new technology and automation.

The union has often had to lead the fight to save companies and jobs, but is now going further with a new set of ideas as the basis for a proper industrial strategy – vital to help us recover and rebuild a better future as a country.

A 10 point plan has been drawn up to ensure that the UK has an industrial future.

Recommendations include strategic state investment to support the country’s manufacturing base, spending the multi-billion pound public procurement budget in this country and bringing back offshored work. All of these recommendations are geared towards creating and sustaining good jobs in this country and in transitioning our country to one that is more equal and meets our climate goals.

Investment in the UK’s creaking infrastructure is desperately needed, as well as meeting the growing challenge of climate breakdown through a green industrial revolution.

New battery factories, recycling facilities, carbon capture and hydrogen production, and the transition and reshoring of supply chain manufacturing, all need a step change in government support.

Workers must be given the chance to improve their skills, be offered quality apprenticeships, and have a say over their working lives through collective bargaining.

The UK can learn valuable lessons from other countries which have intervened to transition or defend manufacturing, such as the multi-billion stimulus package to electrify the French automotive industry, or the ‘short time working’ scheme which saved 500,000 manufacturing jobs in Germany.

For example, using more of the UK’s annual £292 million public procurement budget in this country could transform manufacturing, but so many opportunities are being missed.

From car fleets to fleet support ships, the decision to award contracts to the lowest bidders is part of the same economic thinking which has fragmented manufacturing across ever more complex supply chains, seen the outsourcing of design and staff jobs, and drives the constant competition between workers in the same multinationals in a race to the bottom for investment. This is not just an issue for devolved and national governments, but must be taken up as a collective bargaining issue in the workplace.

Unite knows that the ambitious programme it is setting out, from investment in public procurement, a new skills programme, embracing new technology, ending corporate short-termism, and new bargaining rights, will not be easy to achieve.

This document spells out a powerful message to the government and employers about what is needed to protect and develop manufacturing in these difficult times. This is a message Unite will be spreading across the country, in workplaces from our members up to company boardrooms, in local communities, with campaigning organisations and in Parliament.
TEN POINT PLAN FOR THE FUTURE OF MANUFACTURING

The Manufacturing Matters ten point plan is the basis of our ambitious, long-term industrial strategy. Our strategy is rooted in trade union values and has as its aim the delivery of a strong, diverse economy providing skilled, secure, jobs and world beating, sustainable manufacturing at its heart.

1. **Investment:** The state has a role in the globalised world to intervene strategically in support of our manufacturing base and transform our economy. Supporting a diverse, sustainable regional and national economy, manufacturing is at the heart of an economy that works for us all.

2. **Defend Foundation Industries:** Public ownership of industries such as steel, transport, communications and energy which form the foundations of an industrial strategy. Protection for UK manufacturers from below cost dumping of products in international markets, with appropriate trade remedies.

3. **Build Local | Buy UK:** To ensure that the UK’s public sector procurement budget is used to support communities dependent on UK manufacturing and its supply chain. New legislation must compel public bodies to prioritise ‘social benefit and value/economic impact’ not simply lowest price when awarding contracts, maximising UK content in procured goods and services.

4. **Reshoring Jobs:** Remove the barriers to reshoring manufacturing jobs, including access to affordable energy, skills and finance. Provide financial support, both centrally and regionally, to investment projects while providing access to credit and equity for SMEs and the wider manufacturing supply chain to invest in the UK.

5. **Just Transition to Sustainable Jobs and Society:** Workers must be leaders in transforming our industries, from steel to the electrification of automotive and new forms of energy generation. From construction materials supply through to advanced manufacturing, trade unions must be at the forefront of the green industrial revolution.

6. **Apprenticeships:** Guarantee and expand high quality apprenticeships, with a guarantee of work, as genuine alternatives to solely academic qualifications and ensure a diversity of learners. Encourage large manufacturers to support highly skilled apprentices who can be released or seconded throughout the wider supply chain.

7. **Continuous Education:** Workers must have the opportunity to up-skill and re-skill as our jobs and technologies develop. Large manufacturers can partner with local education institutes and support their supply chains to allow the development of skills during downtimes, with new wage protected short time working provisions supporting on-going learning during market downturns.

8. **Automation:** Artificial Intelligence and other technological advances will only benefit the whole of society if linked to strong protections and advances for workers. This includes job security, shorter working time, job sharing without loss of pay, opportunities for reskilling and democratic oversight over information gathered about us.

9. **Give Every Worker A Say:** Sectoral collective bargaining and new models of ownership, alongside strong, collective bargaining providing real collective influence over the decisions shaping the future of advanced, sustainable manufacturing.

10. **Changing the Rules of the Game:** End the reign of the asset strippers! Abolish quarterly reporting, introduce collective share ownership and industrial democracy, reign in excessive executive pay. Give workers the ability to oversee and intervene in strategic decision making, investments and takeovers of their businesses.
SUSTAINABLE JOBS: A GREEN DEAL FOR MANUFACTURING

We need our whole economy to transition to one that is sustainable to meet our global environmental obligations and tackle climate breakdown. We will need to transform it to one that has equality, social justice and sustainability at its heart. Manufacturing has a crucial role to play – to transition our existing industries to develop the industries of the future that will create and produce the goods that the transition of our whole society will rely upon. There is an opportunity for Britain to become a world leader, if only the government seizes that opportunity.

At the 2019 Labour Conference, Unite championed the demand for a green new deal, or ‘green industrial revolution’, whereby a Labour government would commit to the objective of a net zero carbon goal for 2030, in partnership with trade unions, far more ambitious than the Conservative government’s legal target of 2050.

The idea of a ‘Just Transition’ is at the heart of this approach. This means workers in key and impacted industries, from energy to manufacturing, must be directly involved and leading the change.

The creation of a million ‘green jobs’, a central aim of efforts to meet wider social policy and climate change commitments, will come from a recovery plan with manufacturing at its core. That means supporting the manufacturers of products we need to transition our economy as well as the army of installers and maintainers necessary to reshape our nations to meet the challenges ahead. This will require a recognition of the role of strong, strategic state intervention and purposeful direction in collaboration with industry and trade unions, our regions and devolved governments, mayoralties and local authorities.

We need a large-scale investment to support the transition of existing industries. High energy users such as steel, construction materials and ceramics as well as energy generation will require particular support, while the automotive industry’s transition to electrification and the development of lighter materials and design innovation (e.g. laminar wing and ultra-fan engines) in aerospace will similarly require state investment and resources to flourish.

The lack of such an industrial strategy which prioritises sustainable manufacturing jobs was most starkly seen with the threat to Orb steel works in South Wales. Orb is the only electrical steel site of its type in the UK and, given the appropriate investment, would be perfectly placed to service a growing demand for electric vehicles and increased power generation. Instead the site suffers from decades of under investment and now Tata Steel has decided that they are unwilling to pay the £50 million which would be required to develop the site. This closure must be seen in the context of the planned Joint Venture between Tata and Thyssenkrupp which collapsed last June. Orb is a viable site with the potential to be a plant of strategic significance but lacks the support from an owner compelled to consider only the shorter-term commercial future. Once again, the question of ownership and long-term strategic planning for our foundation industries is not separate, but is central to, a green industrial revolution.

Our strategy must also mean the creation of new sustainable manufacturing jobs. These will be found in new industries such as the production of new and clean public transport vehicles in an expanded network and the retrofitting of our homes to meet the new environmental standards that will make all homes decent homes. This must also include the installation of an in-home national high speed, fibre optic broadband network, owned as a public asset.

New green jobs can be created in existing industries, for example by supporting investment in Small Modular Reactor development, with risk and reward funding to UK manufacturers to bring it to a global market; and support such as asset-based loans for energy efficient blast furnaces for steel and aluminium production, carbon capture and storage, heat pumps, the street-level charging infrastructure for electric and hybrid vehicles, and
removal of natural gas from our homes, alongside the safe decommissioning of North Sea oil platforms when they come to the end of their working lives.

Like the Lucas Plan of 1976 before it, the speed at which manufacturing sites were able to produce PPE, ventilators, and other urgent equipment for the health crisis, shows the potential for successfully transitioning sites for new products when shop stewards are at the fore.

Our industrial strategy must take full advantage of opportunities from new manufacturing technology linked to clean energy generation, such as hydrogen. Investment in hydrogen electrolysis plants, which produce 1,300 tonnes of hydrogen annually, could create 26,000 jobs, and provide clean energy for alternatively powered road vehicles, ships and aircraft.

In the UK, hydrogen currently costs about £12 per kg, which means a 62-mile (100km) journey in a family car would cost £11.40. However, in countries where hydrogen is supported, such as Norway, the same 62-mile journey costs just 80 pence.

This is significantly cheaper than home charging a plug-in electric vehicle, which at 16p per kWh would mean the same journey would cost about £2.28. Similarly, a petrol-powered car (5.6-litres/100km) would cost around £7.11 for that 100km.

Despite the vast potential, the Department for Transport has spent only £8.8 million to improve access to hydrogen infrastructure in Britain. The result is only 12 refuelling stations in the UK.

This lack of public investment means only Toyota has invested heavily in hydrogen, mostly for the domestic Japanese market. Toyota expects 30% of vehicles to be hydrogen powered by 2050. The Toyota Mirai is expected to retail in the UK for £66,000, which speaks to the cost barrier in developing this new technology for the mass market. In fact, only 12 hydrogen vehicles were sold in the UK in 2018.

A green industrial revolution must also support our foundation industries, including steel and base metals. In the UK the sector currently emits 12 million tonnes of CO2 each year, around 3% of the UK total domestic emissions. While progress has been made, with 40% less energy required per tonne of steel production compared to the 1970’s, it is clear that underinvestment presents a barrier to further progress.

Such investment should include carbon capture technologies or even completely new forms of steel making which are not yet commercially viable.

As UK Steel observes: “... neither the UK nor the EU has yet devised a workable policy framework that will deliver the vast amounts of investment that decarbonisation will require whilst ensuring industry remains competitive. Instead policy makers have almost exclusively relied on the EU Emissions Trading System (ETS) that gradually increases the carbon costs to EU industry, whilst those elsewhere continue to operate without such costs”.

The UK must look beyond narrow ‘market-based solutions’ like carbon trading schemes or a simplistic target-driven approach and commit to working on a tripartite basis with trade unions and industry to devise a more effective strategy.

Rather than a narrow focus on UK territorial emissions, such a strategy must consider the entire supply chain of the industry. For example, every 1,000 tonnes of UK steel saves 150 tonnes of CO2 compared to imported EU steel and 560 tonnes of CO2 compared to Chinese steel.

Unite backed Labour’s National Transformation Fund aimed at allocating £6.2 billion to jumpstart a home-grown renewable industry and deliver an £83 billion investment and strengthen our manufacturing sector by using public buying power to support local businesses, re-shoring thousands of jobs to coastal towns.
Case Study: A Green Industrial Revolution in Electric Vehicles

The bold industrial ideas raised in this document and the potential for trade unionists to work in partnership with a progressive state are shown in the new policies developed jointly by Unite, the Labour Party and industry experts for the transition of the automotive sector.

As an example of advanced manufacturing, the automotive sector supports 823,000 workers in assembly, manufacturing and supply chain plants across the country, and many more in foundation industries including steel and aluminium.

Since 2016 investment in the sector has stalled, falling by over 70%, meaning the UK has fallen behind Germany, the United States, Norway and the Netherlands which have invested public funding into the promotion and development of electric cars and associated infrastructure. In Germany government subsidies made the vehicles affordable, in Norway government investment resulted in over 5,600 public charging stations, making the country a leader in e-vehicles.

Unite wants to work with industry, the government and opposition to help the UK become a leader of both global industry and British manufacturing’s green transition. We supported Labour’s 2019 manifesto commitments and believe they remain vital under the present government. These are:

**Investment:** 2.5 million interest free loans of up to £33,000 for low income households, SMEs and drivers in rural areas for the purchase of electric cars. The government should cover the £1,500 cost of interest on a loan, with individuals saving up to £5,000 over time. As incentives increase uptake, there should be investment in infrastructure to install 72,000 charging banks, in towns and along motorways.

**Manufacturing Capability:** £1.8 billion is needed to build three battery production facilities in Stoke, Swindon and South Wales, bringing thousands of jobs to these areas.

At least £3 billion of equity finance should be made available to the automotive sector to invest in electrification of manufacturing and assembly plants. New investment in plant and machinery should be exempt from business rates and £500 million should be available for new automotive technologies, allowing R&D to catch up and overtake competitors.

**Foundation Industries:** £500 million is needed for investment into four metal reprocessing plants to reprocess cobalt and minerals used in batteries, and a further £50 million should be invested into drop-off points and battery collection sites.

**Procurement:** 100% of the government car fleet must be electric by 2025, while a waiver on the excise duty surcharge would reduce the costs of private fleets to go electric. For companies that transition their entire fleet by 2025, the government should commit to installing charging stations in workplaces and depots.

From the construction of new infrastructure, to the retro-fitting of homes, the safe transportation of lithium-ion batteries and the development of lighter metals, this strategic investment in one sector can have a beneficial knock-on across our interlinked manufacturing industries. These are the potential shared benefits which can be had when workers lead from the front.
RECOVER, REBUILD & TRANSFORM

Investment is the engine of sustainable economic growth, but under successive governments, state investment has been drastically cut and ‘strategic intervention’ in the eyes of ideological free marketeers has been a non-starter. The result has been decades of underinvestment and a failure of government to develop a clear cross-departmental industrial strategy to support UK manufacturing. The impact of this has been stagnant and sluggish growth, stalled private investment and a UK manufacturing sector, with a small number of notable exceptions, lagging far behind in innovation and new advanced manufacturing techniques.

The brutality of government policy supporting precarious work and economic austerity over the last decade has seen a rapid acceleration of trends that have been present since the 1980’s – financial and labour market deregulation, a prevalence of short-term, profit driven acquisitions by hedge funds and private equity, the dominance of financial and other ‘services’ as drivers of our economy and a long-term political project to weaken the collective voice of working people through their trade unions.

Investing in our country’s creaking and underfunded infrastructure – council housing, public transport, communications, utilities and energy needs – is desperately needed to support sustainable and diverse economic growth across our regions and nations as well as to create well paid, unionised, high quality, skilled work. Work that supports families and communities so often left behind by globalisation. It is now crucial to meet the challenge of climate breakdown and launch a green industrial revolution, developing the industries of the future while upskilling and transitioning an existing workforce and offering world class apprenticeships for future generations.

Our strategy calls for state investment and intervention in our economy, a procurement strategy to support our country and new models of ownership alongside a programme of economic activity that supports a radical transformation of our approach to infrastructure investment. We must aim to go far beyond simply undoing the damage inflicted by government under-investment. There must be a commitment to identifying, intervening and investing in opportunities for the benefit of all and across our economy.

This includes large scale public works projects which create jobs and sustain a strong, stable internal UK manufacturing sector. Projects such as HS2, HS3 and HS4, the Swansea Bay Tidal Lagoon and Hinkley Point C power station, are all integral to such an approach. Further, investment in public transport, retrofitting homes with appropriate insulation, triple glazing and heat pumps and building more homes, the removal of domestic natural gas and establishment of a UK infrastructure supporting electric vehicles are just some of the essential elements of a state-led just transition to net zero carbon.
Unite is calling for massive investment in wind, solar and hydro power generation, alongside Gigawatt battery factories, recycling facilities, carbon capture and hydrogen production, sustainable public transport and housing. Some £250 billion of direct public investment should be delivered through a National Transformation Fund, while another £250 billion should be available for developing Research and Development (R&D) and supporting developing industries, including reshoring supply chains through a National Investment Bank.

Small and Medium Enterprises (SMEs), which includes manufacturing supply chains, have long been underserved by the commercial banking sector. Overcoming this problem and ensuring that SMEs can access the finance facilities they need are incorporated into other countries’ versions of a National Investment Bank, such as Germany’s state owned development bank the KfW.

Like the KfW, a National Investment Bank can provide financing support for SMEs as part of its role in building a strong, diverse UK manufacturing sector alongside an integrated supply chain fit for the future and supporting our service industries.\[^{[4]}\]

Our approach to industrial strategy is informed by precedents set abroad, perhaps surprisingly including the United States of America. Silicon Valley may be held up as a bastion of free enterprise and entrepreneurship, but in reality 80% of inventions, from GPS to touchscreens, voice activation software and autonomous vehicles, either originated from public sector research or were carried out with government funding.\[^{[5]}\] Silicon Valley serves not as a model of unfettered entrepreneurship, but rather as an example of ‘the entrepreneurial state.’\[^{[6]}\]

Public Support for Foundation Industries

The government must identify and support ‘foundation’ or ‘strategic industries’, such as steel, defence manufacturing, transport, energy, utilities and communications, including the development of digital networks and the national installation of fibre optics to support a UK wide 5G roll out.

The steel and base metals industry, the very definition of a foundation industry for an advanced manufacturing sector, shows the huge potential for sustainable growth possible with government support. Currently 4.5 million tonnes of steel is supplied to the UK market. Predominantly this goes to the construction, automotive, engineering and packaging industries. As an example of the interconnectedness of our industries, the UK steel industry is integral to the automotive sector, producing for global exporters including Jaguar Land Rover, Nissan and Honda. Electrical steel is central to battery and powertrain manufacture, transformer and wider power generation projects.

Government research shows the potential to increase revenue by up to £3.8bn a year by 2030 by stimulating demand within key manufacturing sectors and displacing imports.\[^{[7]}\]

### Opportunities to stoke demand from UK sectors breakdown as follows:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>£2.2 billion</td>
</tr>
<tr>
<td>Automotive Industry</td>
<td>£293 million</td>
</tr>
<tr>
<td>Machinery &amp; Engineering</td>
<td>£194 million</td>
</tr>
<tr>
<td>Packaging Sector</td>
<td>£136 million</td>
</tr>
<tr>
<td>Oil and Gas Sector</td>
<td>£129 million</td>
</tr>
</tbody>
</table>

The government estimates that in order to meet 82% of these future opportunities the industry will have to invest significantly in both capabilities and production capacity.
But state support must go further than stimulating demand. State intervention is urgently needed now as crisis intervention – but it has to be intervention that is strategic, puts us onto a sustainable, long term footing and is part of a broader proactive industrial and economic policy to limit the economic damage, recover and rebuild better.

This work must be supported by new, democratic corporate governance structures that include trade unions representing workers in those industries.

**Unite proposes four tests for the identification of industries which need such support:**

- **Strategic impact:** Industries which form the bedrock of a nationwide, cross-sectoral and integrated industrial strategy will include steel, energy, defence, digital technology, utilities, communications, transport, food and agriculture, health and social care. The collapse or removal of one of these primary industries would undermine wider industry, necessitating direct support.

- **National economic security:** As with the banking bailout of 2008, some primary industries are simply too important to be allowed to fail due to the wider damage collapse would cause to the economy as a whole. Such damage would prove more expensive to the taxpayer than the short term cost of intervention.

- **Community security:** From British Steel in Scunthorpe to Harland and Wolff in Belfast and Appledore shipyard in North Devon, many parts of the UK rely on manufacturing. Direct support can be provided where the cost of unemployment and its associated multiplier impact to businesses and the community outweighs the cost of intervention.

- **Regional impact:** Related to the previous point, some UK regions are reliant on manufacturing and suffer disproportionately from offshoring and relocation. Ballymena in Northern Ireland following the closure of Michelin Tyres in 2018 is just one ongoing example. The ability to offer subsidies, tax incentives and other forms of support should be devolved to the regions where such examples can be identified.

It is clear that even recent UK governments that have been ideologically opposed to public ownership, have seen the economic necessity of such action. This includes bringing the East Coast Mainline and Northern Rail into public ownership through Directly Operated Railways, the use of the official receiver to protect British Steel as a going concern while in administration and the ongoing work of UK Financial Investments, which manages the government's investments in the Royal Bank of Scotland (RBS), Lloyds Banking Group (Lloyds) and UK Asset Resolution Ltd (UKAR).
**Lessons from Germany: Kurzarbeit and Mittelstand**

Direct support does not simply mean ‘bailing out’. Manufacturing can be supported by increasing demand through procurement and infrastructure projects, affordable credit, loans, equity and grants via a state investment bank, capital allowance tax credits, subsidies for affordable energy, R&D grants or incentives and investment supporting recruitment and skills.

Direct support for industry must also include protections for the workforce, not just the employer. For example, the political uncertainty of Brexit which has stalled the automotive industry has exposed the lack of support given to UK workers compared to European governments.

Take the example of Vauxhall. The French government owns a direct 14% stake in PSA (Vauxhall’s parent company), while the German Opel factories in Eisenach and Rüsselsheim benefit from the Federal government’s short-time working scheme (Kurzarbeit). Kurzarbeit was significantly expanded by the Federal government during the crisis of 2008. The scheme’s short-time allowance fund pays workers up to 60% of their foregone net wages if production is temporarily cut.

In addition, the Federal Employment Agency provides financial support for further education measures during short-time working. Employees can therefore take part in further education programmes and acquire important additional qualifications and enjoy upskilling opportunities during short-time work.

The scheme allows employers to temporarily cut production without cutting jobs and is credited with saving 500,000 jobs during the 2008 financial crisis and holding unemployment to 7.5%, a rise of just 0.2% by 2009. The government must investigate a similar short-time working scheme for the UK which will offer concrete assurances to workers.

In contrast to the UK, the German government answered the 2008 financial crisis with an industrial strategy which protected and grew its manufacturing base. Germany’s manufacturing sector is now twice the size of Britain’s – 23% of national GDP, compared with 11%, according to the World Bank.

The post-financial crisis stimulus package of 2009, entitled *Pact for Employment and Stability in Germany to secure jobs, strengthen the forces of growth and modernization of the country* resulted from the German partnership model and incorporated both the interests of industry and the trade unions.

The package included a car scrapping scheme similar to the UK’s and public investment spending of €14 billion in kindergarten, school and university buildings, hospitals and urban infrastructure, as well as a credit package for small and medium enterprises.

While short-time work was expanded as production slowed, the German government budgeted €5.1 billion to replace the lost income of over 1.4 million workers. The OECD has reported that this measure saved 500,000 jobs during the years of recession, a move which helped retain experience, knowledge and skills within industry.

While this ‘social partnership’ approach helped to protect strategic German industries, it also provided support for the bedrock of the economy, the so-called Mittelstand companies. These firms are highly focused and export-oriented small to medium sized manufacturers which benefit extensively from Germany’s apprenticeship system. Typically, Mittelstand companies work closely with universities and researchers, and cluster themselves around big manufacturers.

Many of the most successful Mittelstand companies combine a cautious and long-term-oriented approach to business, placing an emphasis on long-term profitability in contrast to larger, publically-listed firms which chase quarterly targets.
The UK can take much from the German approach of working with industry and the trade unions to support strategic industries, while also encouraging the development of SMEs, particularly in the supply chain.

One example of this integrated industrial policy in action is that of apprenticeship schemes. The Federal government gives incentives to large firms such as BMW and Volkswagen to train more apprentices than they need so that young, skilled workers can be released to Mittelstand companies throughout the supply chain.\[16\]

Tripartite bodies such as the Automotive Council, which includes Unite, have already begun to take these lessons on board by supporting a ‘clearing house policy’ to help young people obtain skilled apprenticeships in the automotive industry and the supply chain. Our industrial strategy should use this successful precedent to replicate such bodies across manufacturing.

**Unite is calling for:**

- Public investment to upgrade infrastructure, support foundation industries, and promote research and development.
- The establishment of a National Investment Bank to support £250 billion worth of investment, including finance to re-shore supply chains and reduce the global carbon footprint of manufactured goods.
- A new commission, involving trade unions, to democratically oversee the nationalisation and support for foundation industries.
- A green industrial revolution to support our net zero carbon target with trade unions and a just transition for working people and our communities at its heart.
- New models of collective ownership and industrial democracy.
- Government joint ventures in key manufacturing capability, such as new ‘Gigawatt’ battery factories and hydrogen production facilities.

New tripartite bodies for each manufacturing sector, which include trade unions, to help democratically oversee and direct investment to where it is needed, such as supply chains or on skills.
LEARNING FROM COVID-19: HEALTH AND SAFETY

The Covid-19 health crisis, negotiations with employers over the use of the government’s Job Retention Scheme, and the subsequent return to work, all underlined the invaluable role of Unite Shop Stewards in keeping our workplaces safe.

Our shop stewards, officers, and health and safety reps engaged constructively at every level of industry as well as with government, Public Health England (PHE) and the Health and Safety Executive (HSE) to ensure that the millions of workers who continued to work throughout the pandemic could do so as safely as possible, while those furloughed were able to return to a safe place of work.

While many Unite-organised manufacturers already provided critical and structural products to the health service, others were able to speedily transition to produce ventilators and PPE. As our industries recover in the months and years ahead it is important that lessons from the crisis are learnt, including:

• The importance for all employers to recognise the role of Health and Safety reps and union-recognised risk assessments in collective bargaining agreements.

• Working with Unite on a programme of roving Health and Safety reps, particularly where they can be released from large plants and OEMs down throughout the supply chain.

• Improving government procurement of essential equipment, learning first from the rushed, mass purchasing of substandard PPE equipment from Turkey, compared to the 450 jobs secured by contracting 70 million masks from domestic manufacturers following pressure from Unite.

• Learning from the Ventilator Challenge by working with trade unions to develop UK manufacturing capability. This should include supporting the rapid transition of supply chain firms so urgent material, such as testing equipment, can be made in the UK.

• That state-backed financial assistance, such as asset-based loans, are provided rapidly, especially to SME and supply chain firms, with strict oversight and conditions to prevent redundancies, ensure union-recognition and prevent the loss of public money through offshoring and dividend pay outs.
The UK’s annual public procurement budget is worth around £292 billion, accounting for 33% of total public spending and 14% of GDP.[17] This can and should be used to create a stable, internal market to support UK manufacturing with targeted procurement resulting in clear social value, creating jobs, sustaining industry and reviving communities.

Public procurement spending is essential for the continued prosperity of UK manufacturing and for the rebalancing of our economy both sectorally and geographically. It means UK tax money being spent in a way that maximises social benefit. Supporting UK shipbuilding, automotive, print and steel making, protecting and creating secure, highly skilled, well paid employment. It is fundamentally essential to the growth of the UK economy and the stability of our communities.

The shameful approach by recent governments driven by economic and ideological austerity, has seen public money used as part of a procurement policy supporting the lowest upfront cost. This needs to be replaced by one which proactively supports UK manufacturing over the long term while also investing in its sustainability, supporting communities and its skills base. The economic and social benefits over the medium and longer term are far higher than the short term approach of immediate lowest cost.

**Unite proposes a new criteria for companies taking public contacts. In our view, companies must:**

- Be based in Britain, with a strong UK manufacturing footprint and actively developing local and ethical supply chains.
- Recognise trade unions and have a proven record on support for collective bargaining, worker rights and good employment practices and transparency with executive pay.
- Implement best practice equality policies, such as actively increasing the diversity of their workforce at all levels, implementing equal pay and undertaking union recognised gender and equality audits.
- Provide quality apprenticeships and training throughout careers.
- Pay their fair share of tax.
- Have a record of paying suppliers and freelancers on time.
- Have a transparent pay ratio of no more than 10:1.
- Have a proven environmental record and best practice standards, not ‘corporate greenwashing’.
The government’s woeful record is exposed by their own ‘Steel Procurement Pipeline,’ which shows that of the £158 million of steel product procured by the public sector less than 43% – or £68 million – was actually produced in the UK.

Again, the government’s own figures show how easily this could be improved. The same ‘Pipeline’ shows that the government intends to use a minimum of three million tonnes over the next decade, worth £2.5 billion in value. Unite is a signatory of the UK Steel Procurement Charter and has supported cross-sector lobbying work alongside workers in the aerospace, shipbuilding and automotive sectors of our union.

Similarly, the automotive industry is indicative of the missed opportunity of public sector procurement. From electric cars at Sunderland to vans built at Luton and the hydrogen-hybrid buses made in Falkirk, Scarborough, Guildford and Ballymena, the UK automotive sector can provide vehicles suitable for all UK public bodies. Yet data collected by Unite reveals that 74% of vehicles procured by public bodies in the UK are not produced in the UK.

- Local authorities have the best statistics for the use of UK produced vehicles – 52% of vehicles used by local authorities have been produced in the UK, the next closest country is Germany, which supplies 10%.
- The ambulance services have the worst statistics for the use of UK produced vehicles. Some 92% of vehicles used by the ambulance services are produced abroad, with just 8% coming from UK producers. Germany supplies 40% of ambulance service vehicles, followed by France at 33%.
- The police service also procures a large number of vehicles from non-UK producers. 85% of police vehicles are produced outside of the UK, 42% of these vehicles are produced in Germany and 13% in France. 75% of fire service vehicles are non-UK produced – 28% are produced in Germany and 14% in Sweden.

It is clear that the decision to award procurement contracts to the cheapest bid is another example of ‘race to the bottom’ economics. ‘Article 26’ of European-wide procurement directives and guidelines can be interpreted to allow public bodies to award procurement contracts based on what they call ‘Social Value’ – but is about how much society and local communities benefit from better practices by contractors, particularly to meet local job creation, equality and environmental ambitions.[18] Local authorities, NHS Trusts and other local bodies should seize on this chance and introduce clear social value policies for their own procurement work. At a time of urgently needed economic and social recovery and rebuilding this is a common-sense approach to take – to not do so will simply inflict more of the damage we have seen from recent government decisions.

In the rail industry the impacts of the government’s short-sighted decision making was starkly exposed in the awarding of the contentious 2011 Thameslink contract. This was awarded to German-based Siemens to manufacture 1,200 new train carriages instead of Bombardier, a company with manufacturing facilities in the UK. Soon after the announcement Bombardier announced that half of its workforce in their Derbyshire facility would become redundant.[19] A similar Transport for London contract to supply new deep line Tube replacement carriages was again awarded without UK content protection in the contract to Siemens and is being supplied from outside the UK.

Similarly, the government’s decision to award the printing of post-Brexit UK passports to a company in France rather than De La Rue cost 170 print jobs at Gateshead and Basingstoke. It showed that a Tory government had zero intention of supporting the future of British manufacturing, irrespective of Brexit.

The aerospace and shipbuilding sector reveals the sheer scale of the government’s shameful record, even when it comes to procurement spending linked to national security. The social benefits of commissioning shipbuilding from UK yards have been acknowledged in the government commissioned review of Naval Shipbuilding which concluded: “Probably the lowest cost and the fastest time of build can be done by building it in a distributed way across the country and also, of course, distribute prosperity and highly skilled jobs”.[20]
Naval procurement benefits specialist steel mills, shipyards and nationwide supply chains of both industries, and the government can choose to use its powers to exempt open competition to keep manufacturing ‘onshore’ for reasons of national security. This protects both the UK’s ‘Operational Advantage’ and ‘Freedom of Action’.

The government could immediately intervene to bring forward existing commitments on Tempest alongside naval and land fleet renewal, including the three FSS naval supply ships. Purchasing ‘off the shelf’ rather than developing and supporting UK led alliances, is a false economy with a devastating impact on UK capabilities and capacity as well as our wider ability to act in the national interest with freedom of action. Commitments should be obtained from publicly funded private sector companies that the best use of technological transfer from military to civil benefits UK design and manufacture, allowing new global products to be brought to market from the UK.

The 2017 National Shipbuilding Strategy (NSS) committed to designing and constructing Type 26 and Type 31e frigates in the UK, but also invited foreign shipyards to compete to build three Fleet Support Ships (FSS) in their entirety and partner in the building of T31e. The FSS ships, which lend themselves to a distributed block build in the UK, as per the Type 45 destroyers and QE class carriers, are being put to international competition. The reason for this, according to the NSS, is because they’re considered ‘non-warships’. This is somewhat bizarre, given the FSS ships will hold considerable ammunition and be equipped with a Phalanx weapon system operating in war and other conflict zones in support of our Royal Naval fleet.

With a potential value of £1bn for three ships, this could sustain over ten thousand jobs across shipyards, benefiting UK prosperity with £285 million returned to the taxpayer through income tax, NI contributions and lower welfare payments.

If the work was kept onshore the UK would benefit not just from the build, but also the supply of steel, electrical cabling etc. However, the government’s present policy is to put the contract to international tender. The then chair of the commons defence committee, Julian Lewis, wrote to the government saying: “Our allies, such as both France and Italy, classify equivalent ships as warships.” Thus they’re not put to international tender.

Open tendering and off-the-shelf defence procurement contributes nothing to our local communities or future of our country, with reports suggesting ‘the UK is set to become the fifth largest market for defence imports, despite being traditionally outside the top ten importers’. The UK’s lowest possible cost industrial policy ‘is now set to see the UK’s aviation sector lose large segments through lack of domestic offset from foreign manufacturers’, with Brexit likely to accelerate this. This is why Unite continues to campaign for fleet support contracts to be awarded to UK yards to secure a long term future for the industry, workers and UK defence.

Unite is calling for:

- An expanded Social Value Act to instruct all public bodies to introduce measures that ensure the social and economic benefits of procurement are captured. This should include the recognition of the ‘multiplier effect’ when costing contracts and tax returns to Treasury stemming from UK employment, supplier and wider community spend.
- Every local authority to have an effective Social Value policy to support manufacturing.
- Goals and regulation for public bodies to use procurement to advance social, equalities and environmental agendas.
- A new criteria to be adopted for all companies taking public contracts to ensure procurement supports secure, unionised and fairly paid work supported by collective bargaining.
- A Defence Industrial Strategy which includes a balanced scorecard to consider UK employment, industrial and economic factors when awarding MoD contracts.
Developing Skills for the Future

Britain’s highly skilled workforce is often cited as a reason for manufacturing to locate or re-shore operations in the UK. However, under-investment in apprenticeships has created a skills gap which threatens investment and the future of whole industries.²⁴

The government must plug the skills gap by increasing investment in apprenticeship schemes. The example of Germany should be emulated, where firms such as BMW and Volkswagen are given incentives to train more apprentices than they need so young, skilled workers can be released to jobs throughout the extended supply chain.²⁷

For an industrial strategy to have real meaning for young workers it must be a guarantor of ‘gold standard’ vocational apprenticeships which are a real alternative to solely academic qualifications. Professional careers advice must also be re-introduced into secondary education with knowledgeable teams promoting engineering and manufacturing as world class opportunities and alternatives to further academic study.

Apprenticeships must have a nationally recognised qualification in a recognised occupation as the outcome, with the necessary underpinning technical knowledge and assessment of competence through colleges and work-based learning in combination. There has to be a diversity of people accessing these apprenticeships with targets for a greater recruitment of women, black and Asian minority ethnic and other under-represented people in these industries as part of breaking down barriers and achieving equality.

Major employers must be partnered with local further and higher education institutions providing workers with re-skilling and up-skilling opportunities, particularly in times of short time working and economic downturn. These also need to be geared to the skills we need now and in the future as we transition to a green and sustainable economy.

Unite has worked extensively on what constitutes high quality apprenticeships, with Unite stewards having secured such schemes at firms including Rolls-Royce, BAE Systems, Vauxhall and Bentley Motors (VW). Building on this work, trade unions must be recognised as an integral part of Sector Skills Councils, where Unite has already worked to promote good quality apprenticeships such as those provided through the Technical Apprenticeship Service (TAS).

Unite’s work through Sector Skills Councils also includes SEMTA (Science, Engineering and Manufacturing Technologies Alliance) in engineering and COGENT in the chemicals, polymers, pharmaceuticals, petroleum and science sector (which runs the Technical Apprenticeship Service). In contrast, the Tory government has disgracefully excluded trade union representation on the recently established Institute for Apprenticeships.

Trailblazer Apprenticeship Scheme

Another Unite success story which an industrial strategy can develop across manufacturing is the Trailblazer Apprenticeship Scheme. Employers revamped the printing and paper industry’s standards in partnership with trade unions, to agree the requirements needed for workers to adapt their skills for the technology of today, and to ensure these were deliverable by training providers. The paper industry took on its first apprentices under this new model in 2016, with print apprenticeships coming on stream in 2019.

Both paper and print industries now have a strong commitment to training and have ensured that the skills acquired are future proofed, and at a consistent standard to make sure they are transferable within the various companies, guaranteeing a level of career progression.

In publishing, Unite has led the way in tackling the growing trend of unpaid internships, ensuring that opportunities to enter the industry are not only open to those students who can afford not to work whilst studying or those fortunate enough to be able to tap up the ‘bank of mum and dad’. In 2019 a survey by The
Bookseller found that 78% of respondents who were working class said their background had adversely affected their career, from lack of ‘middle class’ networks to the ability to attend interviews or take part in unpaid internships.

Unite has taken the campaign for decent internships and apprenticeship schemes directly to authors and publishers, lobbying events like the London Book Fair. Now, major employers such as Penguin Random House no longer require job applicants to have academic qualifications and they have separated out all personal data when reviewing applications.

The Institute for Fiscal Studies has warned against bogus apprenticeship across manufacturing industries whereby short (sometimes one-day) training schemes are badged as apprenticeships. Similarly Unite is aware of many employers who use apprenticeships as a source of cheap labour and do not offer a guaranteed job at the end of the programme.

Unite has a record of encouraging women into science and engineering-based industries including producing ‘Thinking about an apprenticeship? Women who work in science and engineering talk about their jobs’ and has organised events promoting apprenticeships for women. As a union we will continue to lead in this area, as part of our commitment to equality, ending discrimination and winning equal pay through the enforcement of legal rights and addressing the occupational segregation that continues to plague our society. Our union will continue to remove any barriers to full participation in our own structures so that we represent, and are the true voice of, modern manufacturing.

As an illustration of the link between parts of an integrated industrial strategy, the construction of the new nuclear power station at Hinkley Point will generate thousands of jobs in the south west, including 500 much needed apprenticeships for young people. To win these Unite negotiated a ground-breaking template with EDF for decent working conditions and employment practices.

The skills gap for advanced manufacturing and engineering continues to grow year-on-year. SEMTA has shown that on current trends this gap will reach 800,000 this year. This is supported by Engineering UK, which estimates the UK will need 182,000 new skilled engineers each year in order to close the growing skills gap. This is the challenge for the future of manufacturing and, as Unite continues to prove, only an ambitious, worker-led strategy can meet it.
Unite is calling for:

- Provision of high quality apprenticeships, resulting in a nationally recognised qualification with a guaranteed job at the end.
- Reworking of the apprenticeship levy to ensure it cannot be used for ‘bogus’ skills schemes and is available in a flexible way to upskill and retain skills as well as fund apprenticeships beyond its current limited scope and ability.
- Apprenticeship schemes to be attached to procurement contracts and direct public projects (e.g., council house building and other infrastructure projects).
- Reintroduction of professional careers advice into secondary schools and FE Colleges.
- Banning of unpaid internships which deny opportunities.
- Free education for all further and higher education routes and lifelong learning.
- Trade union involvement on national skills bodies.
- Provision of a nationally co-ordinated, cross sectoral ‘skill/talent retention scheme’.

HARNESSING TECHNOLOGY AND INNOVATION

The speed and nature of technological developments has led to talk of a new wave of automation, increasingly termed ‘Industry 4.0’. Advances in technology, especially in robotics, sensors, Artificial Intelligence (AI) and cloud computing, are helping to drive the current wave of automation.

It took 50 years for the world to install the first million industrial robots – introduced in 1961. The second million will take only eight years.

In The Future of Employment: How susceptible are jobs to computerisation? Dr Michael Osborne and Dr Carl Benedikt Frey state that automation could lead to 35% of UK jobs being lost within the next two decades. The Bank of England has claimed that up to 15 million jobs in the UK could be at risk of automation over the same time period. Now, the global pandemic has accelerated our use of technology in a range of areas and this is likely to continue as we ensure safe workplaces and working practices. We have to make sure new technology, from ‘collaborative’ robots to biometrics, is not simply another route to greater ‘competitive gains’ at workers’ expense.

Unite is clear that to avoid the worst-case scenarios, workers and their trade unions must play a central role in the implementation of new technology and share of rewards. The crucial role of labour bargaining power is missing from today’s debate about the ‘march of the robots’.

Continued government inertia on this very important issue is squandering a unique opportunity to implement a comprehensive industrial strategy that plans for the 21st century workplace.

Our industrial strategy must ensure that technology is implemented in a planned and mutually beneficial way to both working people and society. While it is agreed that automation will change the nature of existing work, Unite does not accept that it must result in inferior work, growing insecurity or unemployment.
A new package of trade union and employment rights is needed so that our collective bargaining and legal provisions keep pace with technological change (ie platforms like Uber and Deliveroo). This should include:

- The extension of collective bargaining in the workplace to include the introduction of new technology and the use of shorter working time, early retirement and job share to ensure a fair distribution of the productivity gains and wealth created by technological advances.

- New models of industrial democracy which provide for collective representation by trade unions of workers at every level of a business, including at board level. To be involved in all decisions impacting on workers and those specifically relating to the introduction of new technology in the workplace.

- Regulation for how employee information and knowledge can be gathered, stored and disclosed.

- A Future of Automation Commission involving trade unions, employers, research councils and academics, tasked with finding potential solutions to genuine concerns over the increasing use of automation.

- Social and economic impact assessments to accompany government investment in new technology such as autonomous or electric vehicles.

- A commitment to a programme of re-skilling and up-skilling existing workforces.

- The creation of new training and apprenticeship schemes reflecting changing job roles.

Unite supports worker-led campaigns for a shorter working week without a reduction in pay, such as that won by Bentley workers in 2018. A new approach to working time allows workers to share in the gains in productivity which could be made possible by automation. This must also be an approach that means workers have security over their hours and earnings to allow them to plan and enjoy their lives.

Early retirement and job share should also be included in discussions on fair distribution across society of the wealth created by our labour and the introduction of new technologies.

This would greatly improve work life balance and leisure time for UK workers, recognise currently unpaid work in wider society such as family care and allow a more equal distribution of that care amongst men and women, enable people to take part in more activities such as community volunteering and be an economic boon for consumer, tourism and creative industries.
The productivity gains of automation could allow workers to share jobs without loss of pay. This would allow for phased retirement so that an older worker can job share with a new entrant as part of a high-quality apprenticeship.

Our industrial strategy must also examine the potential to diversify current manufacturing capabilities and for the UK to become a hub for the manufacture of Industry 4.0 technology.

Manufacturers in the UK are already starting to operate so-called ‘smart factories’, where networked machines and computers work together to enable organisations to digitally plan and project the entire lifecycle of products and production facilities. Experts in Germany, where investment in automation is high, expect widespread adoption in factories around the world in the next decade.

Unite notes the increased use of robots and ‘cobots’, which are collaborative robots, in sectors such as automotive and aerospace. In Germany cobots are already well established in the Ford factory in Cologne and the Volkswagen factory in Wolfsburg for handling ergonomically challenging production tasks, such as overhead assembly, and are currently being introduced into the UK automotive sector. In the United States automotive employers spent over $718 million on cobots in 2015 and 2016. Any industrial strategy must acknowledge the potential market for building and maintaining both robots and cobots.

It is Unite’s view that an industrial strategy must have the ambition of making the UK a global leader in the ‘Industry 4.0’ revolution. This must include:

• An examination of the potential for current manufacturing capabilities to diversify through automation.
• Sector-by-sector study into viability of future investment in R&D.
• Government investment in R&D and wider investment in design and engineering capabilities to ensure the UK is well positioned to become a leader in robotic production and aftersales upgrade, repair and maintenance programmes.

Across industry, digital technology, including online platforms, offers employers new methods of surveillance and monitoring workers and work organisation. When new technology goes unchecked and unregulated, it can lead to greater levels of exploitation at work and the greater use of precarious contracts. This is not inevitable. Strong, confident trade union organisation will prevent this and our overall industrial strategy must ensure automation does not merely exacerbate any existing ‘race to the bottom’ in wages, terms and conditions. While automation will change the nature of existing work, Unite does not accept that it must result in unemployment. Unite is calling for employers to create new training and apprenticeship schemes which reflect changing job roles and commit to a programme of re-skilling and up-skilling existing workforces.

Unite is calling for:

• The creation of a Future of Automation Commission.
• New mechanisms to ensure the fair distribution of our common wealth as well as the economic and productive gain from the deployment of technology. Recognising currently unpaid work in the home, society and our communities as valuable and to be rewarded.
• Support initiatives promoting the use of shorter working time, shared work, in-job flexibility and early retirement.
• A new package of trade union and employment rights, introducing sectoral collective bargaining and new legal protections that keep pace with technological change (ie platform working).
CORPORATE GOVERNANCE: PUTTING WORKERS FIRST

It must be a fundamental aim of any UK industrial strategy to help workers gain genuine control over their working lives – that means decisions made on the shop floor and in the boardroom. This can be achieved by improving working rights, promoting and advancing trade union freedoms, supporting collective and sectoral bargaining and seeing workers directly elected to director positions in modified corporate structures.

Fundamental changes are needed in the laws which govern how businesses are run, how markets are regulated and in whose interests the rules work. This has been pushed to the fore by the pandemic, along with how secure earnings has been denied to a growing number of people. Yet these should be considered basic human rights.

In manufacturing, a bold approach to reforming corporate governance must mean the interests of workers are not subsumed by others such as shareholders or investors.

This means taking head on the dangerous short-termism which is endemic across UK business by recognising that it is a systemic problem built into law. Bosses such as Richard Branson, Tim Martin and Philip Green are not simply ‘bad apples’, they are high profile outliers who expose the rotten state of UK business culture and the feebleness of the laws and regulations meant to protect workers and the wider economy.

For example, all too often company quarterly reports and announcements are used in a cynical bid to push up short-term share prices. This is done without any real consideration for long term consequences to corporate sustainability and, in many cases, without any proper consultation with workers and their representatives.[41]

There is no doubt short-termism is encouraged not simply by the provisions of company law, but by the UK having some of the weakest protections for workers in Europe.

Strong trade unions and meaningful collective bargaining arrangements are essential to ending short-termism and promoting a longer-term perspective that benefits organisations, workers and, ultimately, the wider UK economy.
Unite believes some of the changes that could help change corporate short-termism are:

- New models of corporate ownership and accountability which give workers a genuine say over decision making.
- New models of company ownership should include collective shareholdings held by trade unions on behalf of workers and co-operative ownership more widely available.
- Stronger promotion of workplace and company level collective bargaining.
- Legislation to introduce sectoral level collective bargaining.
- Extending the scope and range of collective bargaining, both in terms of issues and those workers covered, including vicarious liabilities for those in extended supply chains.
- Pension fund performance to be looked at on a long to medium timescale, rather than on an immediate moment in time or short-term basis.
- More transparency in relation to costs, charges and remuneration structures of fund managers, and full disclosure of fund managers’ voting records.
- Abolition of quarterly reporting.
- Greater attention paid by asset managers and analysts to employment relationships when assessing a company’s performance.
- Better definition of trustees’ fiduciary duty in respect of long-term investment and environmental, social and governance (ESG) issues.
- Reform of the takeover regime so that mergers and takeovers are subject to a long-term company interest test.
- Amendment to directors’ duties under the Companies Act to make directors’ primary duty to promote the long-term success of the company.
- Voting and engagement rights to be subject to a minimum period of share ownership and ‘added value’ shareholding provisions awarded to long-term investors.

The union movement has long been concerned about the scale of executive pay in the UK. We are particularly concerned about the gap between executive remuneration and average worker pay, both within companies and throughout the economy as a whole. We believe that the current gap between executive and average worker pay is much too high.

Unite believes that remuneration reports should include the distribution of pay throughout the company by grade and should provide for each company director the ratio between his or her total remuneration and median and lowest worker pay. A 10:1 maximum pay ratio to the lowest should be introduced. Companies must be compelled towards transparency, which can be achieved with legal obligations for pay, equalities and tax transparency, overseen by strong trade unions providing democratic oversight from workers.

Equality pay audits are invaluable for exposing unequal pay between men and women in the workplace, identifying the reasons for the discrepancies and using the information to negotiate for equal pay.

Unite has been calling for detailed and mandatory equal pay audits in the public, private and voluntary sectors as a way of addressing unequal pay. In our experience organisations that carry out regular audits have a much more transparent and fairer pay system.

Unite is clear that conducting such audits must be legally mandated with a framework for enforcement. Unite proposes the Equality and Human Rights Commission should be strengthened and tasked with the regulation and investigation of pay audits to ensure compliance.
Corporate Governance and Public Ownership
In large parts of our manufacturing industries the de-regulation and short-termism described above has led to a crisis of ownership. Nowhere is this seen more starkly than in the steel industry.

The case of private equity firm Greybull is the most extreme example of the crisis of ownership in the steel industry. British Steel operations were purchased from Tata Steel by Greybull capital for £1 but collapsed into insolvent three years later.

This was partly due to the impact on the order book of Brexit uncertainty and tariffs from the United States, but also the significant debt piled onto the business by Greybull. Despite going into receivership Greybull attempted to register itself as a primary creditor and bid for its former British Steel operations in France and the Netherlands, following their purchase of a separate steel plant in France to supply them from within the European Union.

This would have led to the disgraceful position of a private equity firm who had effectively accepted £120 million from the UK government – after already having extracted up to £9 million from the business in ‘management fees’ – endangering thousands of UK jobs by forcing the business into administration and then being allowed to ‘cherry pick’ assets in order to emerge with a profitable continental operation.

Similarly, Tata Steel has been in negotiations with Thyssenkrupp on a joint venture (JV), which appeared to be more of a takeover of Tata. The collapse of JV plans following an EU Commission competition inquiry, now places a question mark over the long-term ownership of the UK’s Tata Steel operations.

As has already been raised in this strategy, Unite sees public ownership as an important way of ending this crisis of ownership. To highlight our argument, the publicly owned British Steel Corporation (BSC) was heralded as “the biggest turnaround story in UK industrial history”.[42]

An important role for a commission to oversee industries being taken into public hands is to ensure these workplaces are democratically and transparently run. Taking lessons from BSC, this would mean new ownership models with collective worker representation at all levels of the business. It is vital that we see greater accountability of the boardroom to both government and the workforce as well as public scrutiny and involvement of workers, via their trade unions, at every level of management.

Unite supports the ideas laid out in Labour’s Alternative Models of Ownership,[43] which considers co-operatives, worker buy outs, shares and other forms which allow the workforce to run their workplace on a democratic basis. These ideas should form the basis of a manufacturing strategy in parallel with public ownership and stronger regulation of private sector businesses.

Workers in the boardroom
Placing workers onto company boards has been suggested in the past; however, Unite is clear that this could only be successful as part of a radical reshape of corporate ownership, coupled with reform to the legal responsibilities of directors (as enshrined in Companies Act 2006), and whistle-blower legislation.

Unite notes the proposals of the TUC[44] that worker representatives should comprise a minimum of one third of the board, with a minimum of two worker representatives per board. Unite believes that workers’ representation at board level could only be an auxiliary to the influence and control which can be secured through strong collective bargaining. Unite is committed to the objective of half of unitary company boards being comprised of workers’ representatives. These ‘worker directors’ must be accountable to the workforce through independent trade union. Trade union oversight, by shop stewards, should be extended to remuneration, supervisory and other oversight committees where they exist.
Emergency investment versus bailouts

Covid-19 has only made the need for new investment in our industries more urgent. The crisis exposed the structural weaknesses in UK manufacturing which come from the decades-long drive to lean working and complex supply chains. Many manufacturing sites were closed, not because of the direct health risk, but due to supply chain disruption. Similarly, businesses reliant on lean and Just in Time production were plunged into a cashflow crisis.

In France the government has launched a seven billion (EUR) automotive sector stimulus to defend domestic production and transition the industry to electrification. While the Tory government has failed to match such initiatives, Unite has led calls for emergency funding, for example with the *Flying into the Future.*[^45] blueprint for aviation, which is also vital for the recovery of downstream aerospace and base metals manufacturing.

Recovery must be built on investment, not consolidation and cuts. Public funding must be linked to clear obligations and standards in corporate behaviour while addressing structural problems. A lesson from the banking bailout of 2010 is that rather than bailouts leading to a sovereign debt crisis and renewed austerity, emergency investments including asset-based lending should be used to create a public stake, and public wealth, in the UK’s strategic manufacturing capabilities.
Unite argues companies receiving emergency investments should:

- Immediately end dividend payments for the duration of public funding/loans.
- ‘Open the books’ to demonstrate that public funding is being invested and not offshored.
- Immediately agree a moratorium on all redundancies or job cuts.
- Actively seek to re-shore the supply chain or increase UK-made content.
- Demonstrate that taxes are paid in the UK.
- Meet agreed pay and gender targets, to union-recognised standards.
- Meet agreed environmental aims, including emission reductions, investment in ‘green’ technology and the transition to sustainable jobs.
- Guarantee trade union recognition, with the ‘right to access’ for all sites and strong collective bargaining arrangements which guarantee workers a direct say on restructuring or similar post-Covid strategies.

The health crisis revealed just how interconnected our industrial sectors are and any recovery plan must heed this lesson. For example, the aerospace sector is intrinsically linked to the fate of the wider aviation sector, a reopening of global air travel, confidence and volumes in both business and tourist numbers. Demand for new aircraft collapsed by some 40% and along with it demand for airframes, aerostructures and supply chain components.

In engine manufacture, not only a return to volume build but a return of flying hours is desperately needed to support its business model based on maintenance repair and operating (MRO) in-service. Specific support will therefore be required beyond the Job Retention Scheme and business loans arrangements for both individual companies and the sector overall.

Linked to this is a requirement that any financial commitments to the aviation sector must lead to support for aerospace and an aircraft scrappage scheme to replace existing older fleets with greener, quieter, more fuel-efficient aircraft. Further, government support is needed for research, development, engineering and the UK manufacture of projects such as the Airbus ‘wing of the future’ programme and in support of proven UK based innovation such as the world beating composting technologies at Spirit/Bombardier, airframes and aerostructures and the development of synthetic fuels and carbon zero power systems.

Mergers, acquisitions and takeovers
Unite is the trade union for members in many multinational firms across the economy. Company mergers, acquisitions and consolidation is an accelerated trend across our industries. Any takeover of or between these companies must be transparent and in the best interests of the workforce. It is vital that companies demonstrate that they have a long-term agenda to develop their new acquisition, rather than short-term asset stripping.

For example, Unite supported intervention to prevent the planned Pfizer takeover of UK-based pharmaceutical company AstraZeneca and the takeover of GKN by Melrose, on the grounds that a running down or further sell-off of UK manufacturing sites would not be in the workforce’s interest.

Similarly, Unite opposed the hostile takeover of Cadbury by Kraft as it was clear that the conglomerate’s plan of growth through acquisition would shoulder the UK manufacturer with crippling levels of debt, in turn endangering jobs. Despite reassurances from Kraft, Cadbury’s Somerdale plant was closed just one year after the takeover, with machinery and production offshored to Warsaw, Poland.

Our industrial strategy must ensure future takeovers are transparent and that safeguards are provided to defend jobs. While the UK does have a public interest test to examine potential takeovers, the example of Kraft/Cadbury demonstrates that it must be strengthened to take into account the long-term interests of the company, wider economy, employees, suppliers and local communities.
Unite also proposes:

- Workers and their representatives should be informed and consulted on the business and financing plan of any takeover prior to the acquisition. The information is required to enable employee representatives and their trade unions to assess the impact of the bid on employees. The company letter to shareholders about the bid must accurately reflect the outcome of these discussions and the collective views of employees.
- Changes to legislation to prevent the acquisition of vote bearing shares during the course of any hostile bid.
- Any takeover which significantly increases the level of debt increases the risk of the company and is, de facto, a deterioration in terms and conditions. Through their trade unions, workers should have the right, equivalent to that of pension fund trustees, to seek fair compensation and protection should substantially greater levels of leverage be part of a takeover.
- Reform of the Takeover Code which includes the removal of barriers to companies sharing non-public information with trade unions and employee representatives, including bid documents and negotiate safeguards and guarantees with employee representatives for employees’ jobs and terms and conditions.
- The facility for the Takeover Panel to intervene during the course of a bid if employee representatives make a complaint about breach of any of the above in order to compel the parties to comply.
- A Mergers and Takeovers Commission, with trade union representation, to oversee the reforms stated above.

In Northern Ireland Unite has proposed a Viking Clause, to prevent the 'plunder' of local economies through takeovers and asset stripping. This would ensure transparency, protect workers and mitigate the economic impact of corporate takeovers. This must include the right for a recognised trade union to scrutinise a takeover bid, extended consultation periods, provide protections for workers’ terms and conditions, and guarantees of continuous employment to prevent asset stripping.

Unite is calling for:

- An end to corporate short-termism by abolishing quarterly reporting and changing corporate law to end the ‘primacy of the shareholder’.
- Establishment of a Mergers and Takeovers Commission.
- Reform of the Takeover Code and a ban on vote bearing share trading from the launch of a bid and provide preferential shares to long-term shareholders.
- Improved worker representation through introduction of a co-determination framework and legislation to ensure a genuine and meaningful voice for workers.
- Legislation for trade union and directly elected worker representation on unitary boards.
- Legislation for a general anti-avoidance principle to strengthen UK tax law.
- Introduction of a 10:1 maximum pay ratio.
- Monitoring and enforcing compliance of pay audits by the Equality and Human Rights Commission.
ADVANCING WORKER AND TRADE UNION RIGHTS

Any successful strategy for growing our manufacturing industries must be based on a highly skilled and respected workforce, earning good pay with secure conditions. Trade union representation underpinned by strong collective bargaining is vital to achieving this.

Unite supported and developed Labour’s plans to repeal the Trade Union Act, roll out sectoral collective bargaining and make it easier for trade unions to gain access to workplaces and recognition. The need for trade unions to access workplaces to ensure safe working conditions and to discuss with workers their pay, terms and conditions and security at work has never been clearer.

These measures would have addressed the UK’s yawning wealth and income gap, which is clearly linked to the decline in collective bargaining. The UK is now the 6th most unequal country in terms of income, with a fifth of the population owning 60% of the wealth. Creating decent work based on a solid foundation of employment and trade union rights is essential to building a more equal society.

The importance of collective bargaining

Collective bargaining is vital to ending the imbalance in power that exists between employer and worker including the ability to negotiate on pay, benefits, terms and conditions and health and safety in the workplace and in resisting the drive we have seen to make work even more insecure.

Workers in workplaces that recognise trade unions have better terms and conditions than in non-unionised ones. Research shows that workers in unionised workplaces earn on average £4,000-a-year more than workers in comparable non-unionised workplaces with greater job satisfaction and job security. Recognition also means a safer workplace. There are 50% fewer accidents in unionised workplaces than comparable non-unionised ones. With a recognition agreement Unite members can elect their own health and safety reps, trained by Unite tutors to monitor health and safety in the workplace.

Unite has been at the forefront of protecting our members from exploitative employment practices. For example, Unite has negotiated agency agreements that enshrine regular consultation between the elected shop steward’s union and the company on the use of agency workers.

New trade union rights must include a guaranteed right to access workplaces, rights for workers to meet trade unions collectively at work, legislation to permit secure online and workplace balloting and legally recognised rights for trade union equality reps.

Ending the race to the bottom

Proper regulation of the labour market, in partnership with the trade unions must end bogus self-employment, social dumping, the use of zero hour and other forms of exploitative contracts and close the loopholes of fake subcontracting, all of which result in wage cutting.

TUC analysis shows that up to 3.2 million UK workers are in insecure work. This includes 1.7 million workers in low-paid self-employment, the fastest growing sector. What is clear is that becoming ‘self-employed’ might be a choice for some, but it is also a way for employers to avoid their legal obligations – in terms of both pay and conditions. This is a danger for previously secure manufacturing jobs as we witness the rise of the ‘platform economy’ and the increased use of ‘click workers’ and as the economic crisis resulting from austerity and the pandemic grips.

Creating new trade union rights and freedoms

We need stronger collective trade union freedoms and individual employment rights that ensure trade unions can access workplaces and negotiate on behalf of workers effectively to achieve secure and safe work and earnings. This includes introducing statutory rights for equality representatives and allowing ‘roving’ health and safety representatives who can check multiple workplaces.
Unite is also calling for the government to bring legislation around balloting into the 21st century by allowing secured workplace ballots and e-ballots, alongside postal ballots. The restriction of trade unions to postal paper ballots is a politically motivated barrier aimed at lowering turnout and member participation.

New rights and freedoms have to include repealing the pernicious Trade Union Act of 2016 and a wider dismantling of and overwriting of the anti-union legislation introduced from 1979 onwards, including the ending of restrictions to secondary picketing and sympathetic strike action.\[^{[55]}\]

The need for such trade union freedoms is being quickly exposed as the UK leaves the European Union. Many of the working rights won by trade unions throughout our history are enshrined in European law, which grants an extra level of protection. This meant that employers attacking working conditions were forced to fight ‘with one hand tied behind their back’ thanks to EU law. If this protection is removed, trade unions must use every option at our disposal to organise workers to defend themselves.

**Zero hours contracts**

Zero hours contracts are formally contracts without a minimum number of guaranteed hours each week. They represent the latest in a long line of attacks on workers’ rights and dignity. The number of workers on zero hours contracts reported in official government statistics increased to 974,000 in the last three months of 2019 – more than five times the number when the Tories took power in 2010. The government must commit to a ban on zero hours contracts, emulating the precedent set by New Zealand in 2016\[^{[56]}\], and introduce a legal ‘assumption of employee’ to ensure all workers receive the rights and protections they are entitled to. This would end the scourge of bogus self-employment.

**Sectoral collective bargaining**

A strategy for manufacturing must include rebuilding national sector bargaining for the 21st century\[^{[57]}\]. The break-up of sector wide collective bargaining has resulted in a decline in economic planning and the collective power of workers. Sector wide collective bargaining, along with proper employment protections, are vital to ending undercutting and exploitation in labour markets and the unfair treatment of migrant workers and agency workers.

Unite is calling for:

- The creation of new trade union rights and freedoms including the repeal of the Trade Union Act (2016) and the rolling out of new collective bargaining rights including:
  - A new Trade Union Act based on the IER Manifesto for Employment Law, which called for wholesale reform of the UK’s labour laws.
  - A new system of sectoral level collective bargaining for baseline negotiations.
  - Universal day one rights for all workers and a right of access for trade unions.
- Abolish zero hours and other exploitative contracts, including bogus self-employment.
- Introduce new rights to access workplaces and for workers to collectively meet with trade unions at work.
- Increase resources for enforcement and introduce a right to bring enforcement action for trade unions.
THE DEVOLVED COUNTRIES

Wales: Support the Foundations of UK-Wide Manufacturing

Manufacturing is at the heart of the Welsh economy, from the foundation industries of steel in Port Talbot, Newport, Trostre and Shotton to the advanced manufacturing centres of Airbus in Broughton, Aston Martin at St Athens and Toyota’s battery plant in Deeside.

Wales is forecast to be the worst exposed part of the UK to the economic fallout of Covid-19, due to the higher proportion of workers in industries hit by the lockdown compared to the rest of the UK. The country’s manufacturing base was already reeling from major closures, such as the reverberation of the planned closure of Honda Swindon on the Welsh supply chain - Wales is home to over 150 tier one and two automotive supply chain firms. This was followed by the closure of Schaeffler in Llanelli and the announced closure of the Ford Engine Plant in Bridgend.

As in the rest of the UK, manufacturing does not exist in isolation in Wales but is hit by crises upstream in the economy. The importance of the aerospace sector to Wales and its interconnected industries of aviation and defence is undeniable, with thousands of people employed across the industry. It has an annual turnover of £6 billion, with nine out of the ten of the sector’s largest companies in the world based in Wales. Within aerospace there are several identifiable clusters in Wales: Airbus Wing Manufacture, Maintenance, Repair and Overhaul (MRO), Interiors and Defence. To further illustrate the importance of the sector to Wales, UNITE members working at Airbus Broughton, part of its pan-European production system, produces 800 sets of wings a year. The MRO cluster, mainly situated in South Wales, employs approximately 6,000 people and includes British Airways Maintenance Cardiff, Avionics, as well as GE in Nantgarw. BAE Systems, General Dynamic and Airbus Defence at Newport are also key players within the defence sector.
Unite is working with the Welsh Government to prevent Covid-19 turning into an unemployment crisis. That must mean using all the devolved powers in Cardiff to intervene in defence of Welsh manufacturing, while continuing to lobby central government to support infrastructure projects such as the Swansea tidal lagoon. Support must begin with the foundation of UK manufacturing - steel. This has to mean securing the long-term future of the Tata-owned steel works and related sites. Unite is calling for investment in new energy efficient blast furnace operations, with financial support and relief for electricity costs and business rates linked to long-term job commitments.

**Scotland: The Potential for a Low Carbon Future Must be Realised**

The Scottish government in Holyrood has shown it is prepared on occasions to go beyond Westminster, most recently responding to pressure from Unite to support PPE procurement from domestic manufacturers and to support ‘roving health and safety reps’.

Similarly, Holyrood has shown the ability to intervene directly in the economy. For example, the Scottish government nationalised the Ferguson shipyard in Port Glasgow on the Lower Clyde in 2019 to secure its immediate future, and took a 28% equity stake in the BiFab fabrication works that same year. With manufacturing centres such as Alexander Dennis, Britain’s biggest bus maker, in Falkirk, Scotland has the beginnings of a low carbon economy. However, the government’s interventions must be part of a coordinated strategy across sectors to ensure this potential is delivered.

For example, the Seagreen 1 project to build a 114-turbine wind farm off the Angus coast will provide electricity for about one million homes. However, while the project has the potential to sustain hundreds of high-quality green jobs, these opportunities are not being taken.

Turbines for the wind farm will be built in Denmark, meaning fabrication yards in Scotland like the BiFab yards at Methil and Burntisland in Fife and near Stornoway may be left to lie idle. BiFab, now a Canadian-owned firm, was only saved from closure when the Scottish government took an equity stake.

Similarly, blades for the wind turbines are expected to be built at the Vestas factory on the Isle of Wight which was itself mothballed in 2009. Such projects should not pit workers in green manufacturing firms against each other, no matter where in the UK they are. The approach taken to building the new Royal Navy aircraft carriers, which were built in sections across six shipyards from Rosyth to Portsmouth, should serve as a precedent.

As Seagreen 1 demonstrates, Scotland may be the world’s sixth largest producer of wind power but there can be no ‘green recovery’ if public money is going into the pockets of energy giants, private financiers and sovereign wealth funds. Such public investment, and equity stakes, must be leveraged to create and sustain jobs.

The need to grasp these opportunities is made all the more urgent by the ‘crisis within a crisis’ hitting Scotland’s oil and gas industry, which supports 101,000 jobs.

Unite is part of the Offshore Co-ordinating Group, which reports that 3,500 workers are immediately at risk through redundancies or furloughing in 2020. This report was followed by warnings from the sector’s trade body, Oil and Gas UK, that over the next 18 months up to 30,000 jobs could be lost. During the Covid-19 lockdown the price of oil fell to $20 a barrel, down from $70 in 2019, a slump which followed 20,000 job losses between 2017 and 2018.

The Offshore Co-ordinating Group questions whether the industry can be sustained when dramatic fluctuations in activity are driven by the major oil companies pulling the plug the moment things get tough.

Unite is calling for urgent investment in projects to sustain jobs and valuable skills. The state should not act as an operating partner or simply hand out tax breaks, but must take and use equity, using this public stake to make sure companies working in the sector support the Fair Work agenda, commit to collective engagement with trade unions, and invest in retaining jobs.
Unite the union

Northern Ireland

Aerospace is a vital element of Northern Ireland manufacturing and has a global footprint. Every major commercial aircraft programme in the world depends on structures, components and services sourced from Northern Ireland. The devastating impact of the Covid-19 pandemic has decimated the demand for aerospace goods and services as the spread of the coronavirus has all but ended air travel. Our aerospace sector is fighting to survive.

Unite, the biggest union in aerospace and aviation, believes government intervention is vital to safeguard tens of thousands of jobs and the communities in which they exist. We are calling for government intervention to provide the financial and strategic support that this sector urgently needs.

The aerospace sector in Northern Ireland is a strategic part of the UK’s manufacturing economy. There are 40 manufacturers and 180 MROs, operating across 225 workplaces in Northern Ireland and the region is home to over 5% of the total number of aerospace companies in the UK.

Aerospace jobs provide significant revenue to the region, generating one of the highest levels of Gross Value Added among all the sectors of the economy. Aerospace in Northern Ireland supports over 10,000 jobs, providing a significant contribution to government revenues and to the wealth within our local communities. The weekly wage of an average aerospace worker is £780, equivalent to 1.5 times the UK average and the total amount of wages paid out by aerospace companies in Northern Ireland is more than £500 million, every year.

The income for households from aerospace employment provides a significant injection of cash into our local economies through household spending and will be drastically reduced if redundancies continue at their current rate. The sheer scale of potential job losses will devastate the region's local economies. In terms of output, the region's aerospace workforce generates almost £50 for every hour they work, one of the highest levels to be found across UK manufacturing.

The sector is made up of many small companies that are without the financial resources needed to get them through this difficult period.

Aerospace contributed 4% to UK exports in 2019, and exports are vital to aerospace in Northern Ireland, providing £1.4 billion in output a year. The industry is a pillar of our economy but its future hangs in the balance as order books have collapsed on the back of the Covid-19 shutdown.

Estimates show that the 1,100 jobs lost in the sector in the last three months will reduce the region’s output by £500 million and the drop in household spending will remove an estimated £10.5 million in wages from the local economy. Jobs will be lost in the supply chain and elsewhere as the economic shock ripples through communities. It is estimated for every job lost at an aerospace company like Bombardier, three more are lost within the supply chain. Further, there will be a negative knock-on effect in the local community economies as the service sector loses customer spend.

All of this could happen at the precise moment Northern Ireland’s economy is reeling from the impact of the Covid-19 pandemic and requires business investment and consumer spending to breathe economic life into the region.

There is need for decisive and urgent action by government both regionally and nationally. The French government has taken the initiative and brought forward a €15 billion intervention to protect French aerospace and aviation skills and jobs, while also delivering on climate change commitments. Significant investment alongside moves to enforcing a transition to higher fuel economy planes will significantly stimulate demand and sustain jobs while helping lower emissions of greenhouse gases.

The UK government and NI Executive need to move quickly to bring forward a similar support package for aerospace in this region. Such a programme should include measures such as an aircraft scrappage scheme to save thousands more jobs in Northern Ireland and our region’s standing as a global leader in aerospace.
CONCLUSION

This industrial strategy has been developed in consultation with our representatives and is a living document outlining the potential for UK manufacturing to flourish under a progressive, interventionist and supportive political regime. The role of government is key to the success of our country in the world and while we will always develop, argue and fight for corporate investment and a long-term company plan for our industries, this strategy argues correctly that government must act to create the right legal and regulatory environment for this discussion to take place between equals.

Each of the areas covered in the strategy have clear objectives for Unite and our representatives to follow up with decision makers at every level of political society. Local authorities and regional governments, including the Scottish Parliament, Welsh and Northern Ireland Assembly, all have a role to play in supporting our local communities and creating and sustaining high quality work through our manufacturing industries, whether through procurement strategies that support our ‘Build Local | Buy UK’ strategy or using public contracts to ensure that good employment standards including trade union recognition and collective bargaining are supported.

We will now be working with each of our industrial sectors to develop a sector plan to win the changes, commitments and actions we need in the political field while continuing to develop our industrial plans to protect our companies and individual sectors industrially. These strategies run in parallel and this document is simply the start of the process.

We trust that in a rapidly changing world and given the demands we face for a transformation of our industrial base and society to meet the challenge of climate breakdown this strategy provides our representatives with the evidence, argument and confidence to lead the demand for change politically as well as industrially in the fight to support and develop sustainable, advanced manufacturing across all regions of the UK.

Our members, their families and our communities demand nothing less.
REFERENCES

[18] Procurring 'social value' – can we make it work? TUC Touchstone Blog.
[23] Ibid.
[25] Ibid.
[34] Carl Frey, Michael Osborne, “The future of employment: How susceptible are jobs to computerisation”, Oxford Martin School, 1 September 2013.
[38] Human-robot collaboration – co-worker made of steel, Automica Munich.
[40] Unite submission to the Business, Innovation and Skills (BIS) Committee: Inquiry into Corporate Governance, October 2016.
[41] Ibid.
[46] AstraZeneca unions tell board to resist Pfizer takeover, ITV, 8 May 2014.
[49] Income inequality, OECD.
[50] The Scale of Economic Inequality in the UK, The Equality Trust.
[51] It’s time for a collective bargaining renaissance, Left Foot Forward, 7 March 2014.
[52] One resolution, twenty good reasons to join a union, Work Smart.
[54] Living on the edge: The rise of job insecurity in modern Britain, TUC, 15 December 2016.
[56] The real heroes of the end to zero hours, Unite New Zealand, 11 March 2016.
[57] It’s time for a collective bargaining renaissance. (As 51)
Unite would like to thank all of the manufacturing national sector committees, regional industrial sector committees and shop stewards who contributed to this document.

Steve Turner
Assistant General Secretary
Manufacturing

Tam Mitchell & Cliff Bowen
Chair / Vice Chair: Unite Manufacturing Combine

@unitemanufactur
For further information and to join Unite please go to
www.unitetheunion.org