

Restructuring the Economy:

**TOWARDS A NEW
ALTERNATIVE STRATEGY**



**with a foreword by
JOHN McDONNELL MP**

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About this booklet

Obviously this pamphlet does not claim to offer anything like a comprehensive economic strategy. Rather, we are offering a series of “conversation starters” about some critical themes which would need to be developed by any government serious about delivering real change. Each could easily be the subject of a whole book, or even series of books. Here, as a group of 11 national trade unions with members in a wide variety of sectors, we begin to reflect on the basis of our various experiences on some essential ways that the post-Thatcher changes to our economy need to be pushed back.

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FOREWORD

A Dangerous International and Domestic Backdrop

John McDonnell MP

When Rachel Reeves, the Chancellor, gave her Spring Statement to Parliament, the central theme of the statement was securing stability in the economy, overcoming the shocks to the system from the chaotic budget decisions of the short lived Liz Truss administration and the political instability of the brief period of the Rishi Sunak government.

Within 24 hours of her claim to securing economic stability the world turned upside down.

Donald Trump's war on Iran had, absolutely predictably, set the Middle East alight. The impact of not just the missiles and drones but, more

importantly for the rest of the world, the closure of the Straits of Hormuz began to be appreciated.

The report published on the day of the Spring Statement by the Office of Budget Responsibility, analysing and assessing the UK economy was rendered virtually irrelevant with its calculations and predictions about economic growth thrown up into the air.

As oil prices have soared the question has become how hard will people, already enduring a cost of living crisis, be hit especially as inflation rises and interest rate cuts are postponed.

Even the most optimistic forecasts of the timescale of the duration of the war and its effects on the global

economy recognise that even a limited disconnection of the supply chains of basic goods risks causing significant harm to living standards, especially in external energy dependent countries like the UK.

The threat of recession even in the short term is real.

We have learnt from the past that economic downturns can produce extremely dangerous political moments when far right demagogues can seize the opportunity to exploit peoples' insecurity.

Our country is especially vulnerable to this political opportunism because this threatened economic crisis comes after a decade of austerity in which wages have been frozen, public services dismantled and the welfare state savagely cut.

The far right has already been at work for some time promoting division within our society, this time targeting asylum seekers and the Muslim community.

For the first time in our history the far right is no longer just a minor street movement, it has moved into local councils and Parliament with the realistic fear that they could form a Trump like government.

This makes it even more important that there are voices that cut through this prejudice and offer an alternative analysis of the way our economy operates and promote a readily implementable alternative policy programme that can respond effectively to the

needs of our people.

Above all else it is critically important that it is not working people who are forced to pay for this emerging crisis.

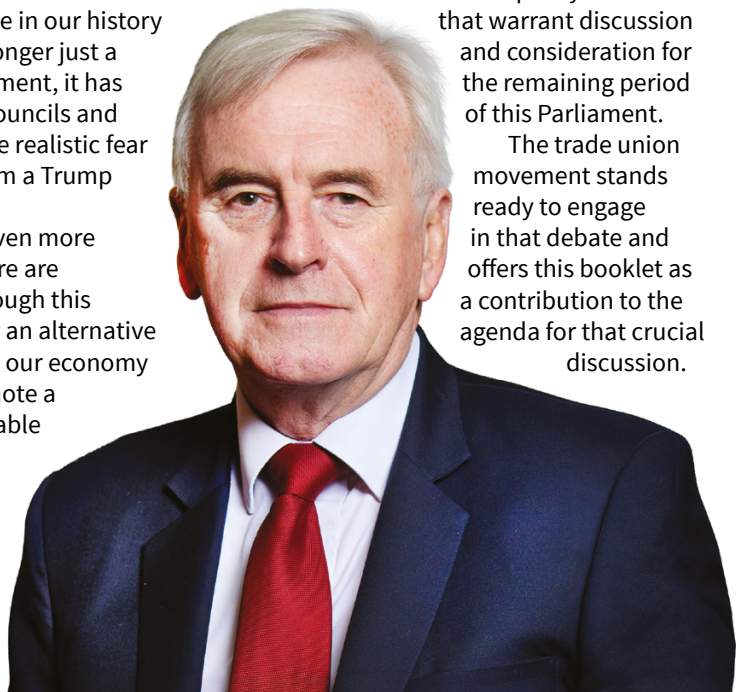
This booklet demonstrates how the wealth and resources of our country can be redistributed and harnessed to tackle the high levels of poverty and inequality in our society and invest in the key public services that form the foundations of a community in which people can enjoy the quality life we all aspire to.

The booklet reasserts that this will not be achieved unless there is also a redistribution of economic power, especially in the workplace so that workers can secure decent wages and working conditions and through the democratic public ownership of critical sectors of our economy.

As this Labour government enters its mid term it is the ideal time to stand back and assess its progress on tackling the issues we face as a community but also to offer policy alternatives

that warrant discussion and consideration for the remaining period of this Parliament.

The trade union movement stands ready to engage in that debate and offers this booklet as a contribution to the agenda for that crucial discussion.



Tax Justice and Wealth Taxation



After more than a decade of austerity and underinvestment, the UK faces a profound social and economic crisis. Living standards are falling at their fastest rate in generations, while millions of people have been pushed into poverty. Public services – from schools and hospitals to local councils – have been hollowed out by sustained cuts, placing additional pressure on already struggling institutions.

These challenges are not the unavoidable result of economic decline. Rather, they reflect political choices about how the nation's significant wealth is taxed and distributed. The UK remains one of the richest countries in the world, yet its tax system is outdated and riddled with loopholes. These loopholes allow the richest households and corporations to pay proportionally less tax than ordinary workers, enabling wealth to accumulate at the top while basic services deteriorate. The PCS union, whose members include tax officers at HMRC, have argued that the official government estimate of a tax gap (the difference between taxes owed and taxed collected) of £46.8bn is a serious underestimate¹, and point to expert evidence that the real figure could be more than double that.

In their report “Tax Justice: There is an Alternative”, PCS demonstrate how a fairer and more modern approach to taxation – one that appropriately taxes extreme wealth, closes costly avoidance schemes and ensures that the

richest individuals and multinational corporations pay their fair share – could unlock tens of billions of pounds each year. This revenue could reverse cuts, rebuild public services, lift families out of poverty and fund urgent climate action.

Public support for such reforms is overwhelming. Polling from YouGov shows that 77% of the British public would prefer the government to raise taxes on the richest people rather than impose further cuts to public services. Remarkably, this sentiment is shared by much of the wealthy elite itself, with 65% of UK millionaires indicating they would be more likely to vote for a party that commits to taxing high wealth to fund public services². Experts, unions, development NGOs and leading economists all argue that serious reform of wealth taxation is both feasible and essential. A

The UK remains one of the richest countries in the world, yet its tax system is outdated and riddled with loopholes

¹ PCS, *Tax Justice: There is an Alternative* (2025)

² <https://neu.org.uk/sites/default/files/2025-06/NEU3960%20Fund%20Fair%20Pay%20briefing%20v6.pdf>

comprehensive set of tax reforms is proposed below, which would restore fairness, strengthen the economy and help build a sustainable and prosperous future.

A Wealth Tax on Ultra-Rich Households

One of the most transformative proposals is the introduction of a modest annual wealth tax on individuals with assets exceeding £10 million. Supported by PCS along with Tax Justice UK³ and leading economists, this administratively feasible, economically justified, and socially necessary policy would affect only around 20,000 people – roughly 0.04% of the population, yet it could raise as much as £24 billion per year.

Under the proposal, individuals would pay a 2.5% tax on wealth above the £10 million threshold. Because the ultra-wealthy typically hold diverse asset portfolios, they would be able to pay this tax without selling property or dramatically altering their lifestyles. Administering the tax would be relatively straightforward due to its narrow scope and the small number of taxpayers. A wide coalition supports this reform, including former political advisers, journalists and 138 NGO leaders in the international development sector. Public opinion is also favourable: 72% of citizens surveyed support a tax on £10 million of assets and 65% of millionaires back the proposal. The groundwork for implementation is already established through CenTax's detailed operational framework.⁴

Taxing Income from Wealth like income from Work

Meaningful tax reform must start by treating income from wealth in the same way as income from work, by increasing taxes on unearned income and ending avoidance strategies such as gifting assets to spouses or spreading gains over multiple years. Reintroducing the investment income surcharge – levying 15% on income above £10,000 deriving from wealth – would also prevent high-income individuals from escaping their responsibilities to society.

Perhaps one of the most glaring inequities in the current system is that National Insurance contributions (NICs) apply only to income from work, not to income from investments. As a result, landlords, shareholders and high-wealth individuals often pay proportionally less tax than working people. Extending NICs to investment income could raise up to £10.2 billion per year⁵ while simplifying the tax system and treating all forms of income more consistently.

Capital Gains Tax (CGT), which taxes profits from the sale of assets, remains riddled with inefficiencies and loopholes that overwhelmingly benefit the wealthiest. Even after the 2024 rise in rates, the UK still has the lowest CGT in the G7. Properly reforming the tax – equalising CGT rates with income tax, closing avoidance opportunities such as the death uplift and introducing an exit tax – could raise at least £12 billion per year. These reforms would make the system fairer while also supporting economic growth, especially

³ <https://taxjustice.uk/blog/how-to-raise-60-billion-for-public-services-our-ten-tax-reforms/>

⁴ <https://centax.org.uk>

⁵ <https://taxjustice.uk/blog/how-to-raise-60-billion-for-public-services-our-ten-tax-reforms/>



Capital Gains Tax (CGT), which taxes profits from the sale of assets, remains riddled with inefficiencies and loopholes that overwhelmingly benefit the wealthiest

if combined with targeted investment allowances, as recommended by institutions including the Institute for Fiscal Studies and the IPPR⁶.

Financial Transparency

Profit shifting by multinational corporations costs the UK an estimated £15 billion a year in lost corporation tax revenue. Requiring companies to publish public country-by-country reports (pCbCR) detailing where their profits are generated and taxed would dramatically improve transparency, reduce avoidance and rebuild public trust. Several jurisdictions – including the EU and Australia – have already adopted pCbCR with positive results⁷. The UK has previously expressed support for this reform; now it must finally implement it.

⁶ Ibid.

⁷ Ibid.

As PCS have demanded, the government must exert political and financial pressure on the UK's Overseas Territories and Crown Dependencies – well-known secrecy jurisdictions – to ensure full disclosure of assets held by non-residents. At home, the tax returns of large companies and individuals earning over £1 million should be made publicly available to strengthen scrutiny and reduce opportunities for avoidance.

National Insurance

Currently, earnings above the Upper Earnings Limit are taxed at a lower NIC rate, benefiting the highest earners. Abolishing this limit and requiring partnerships – including private equity firms – to pay employer NICs on shared profits would ensure that high-income partners contribute at rates comparable to ordinary workers.

Reforming VAT

It is crucial to reform VAT, particularly regarding online sales and fulfilment houses, and introduce targeted reductions on essential goods alongside higher rates on luxury items.

Reforming Tax Reliefs

The UK has 1,180 tax reliefs, many of which are poorly monitored and disproportionately benefit large corporations. Non-structural tax reliefs alone cost £204 billion in 2022–23 – more than the entire NHS England budget⁸. Proper auditing, evaluation and reform of reliefs would restore fairness and free up significant revenue for public services.

The nation faces mounting social, economic and environmental challenges, yet it also possesses extraordinary wealth and resources

Taxing Private Jets and Luxury Aviation

Private jets emit up to fourteen times more carbon per passenger than commercial flights, yet they remain lightly taxed. Even after the recent 50% increase in Air Passenger Duty (APD) on larger private jets, the tax still comprises less than 2% of the average flight cost, making little difference to the ultra-rich who use them. Extending the higher APD rate to all private jets, while applying

⁸ Ibid.

VAT, fuel duty, and charges on landing and departure slots, could raise an estimated £1.2 billion annually⁹.

Towards a Fair and Productive Tax System in the Age of AI

The rise of artificial intelligence underscores the urgent need for modern, progressive taxation. Without reform, AI-driven productivity gains risk further concentrating wealth among corporations and high-income individuals, exacerbating inequality. Equalising capital gains and income tax rates, taxing excessive bank profits and incentivising investment in labour-augmenting technologies are essential steps to ensure that technological progress benefits society rather than deepening disparities.

Properly Funding HMRC and Ending Unfair Tax Reliefs

The UK's tax gap – the difference between what is owed and what is collected – is estimated by HMRC at around £40 billion, although a number of independent tax experts estimate the figure as closer to £100 billion. While planned increases in HMRC funding are expected to yield £6.5 billion in 2029–30, far more investment is needed to address avoidance, evasion and errors effectively. Without adequate resources to record, investigate and collect what is owed, even the best-designed tax system will fail. PCS, which represents HMRC staff, has called for a redistributive tax system “based on more than just subsisting,

but providing and maintaining a decent quality of life for everyone” through a wealth tax, increasing taxes on unearned income, changes to VAT and NICs and the disclosure of assets held in UK Overseas Territories/Crown Dependencies, underpinned by an adequately resourced HMRC¹⁰. The people who enforce tax law know that fairness depends not just on policy but on capacity.

Conclusion

Britain is at a crossroads. The nation faces mounting social, economic and environmental challenges, yet it also possesses extraordinary wealth and resources. The problem is not scarcity – it is distribution. A fairer, modernised tax system can raise the revenue required to rebuild public services, improve living standards, strengthen communities and fund a just transition to a sustainable future. These reforms are credible, achievable and widely supported by experts, unions, economists and the public. By taxing wealth fairly and closing costly loopholes, the government can avoid destructive cuts and instead invest in the prosperity and wellbeing of everyone who calls Britain home.

Britain does not lack the tools to build a fair tax system – what it lacks is the political will to use them effectively.

Further Reading

PCS, Tax Justice: There is an Alternative

⁹ Ibid.

¹⁰ <https://mypcs.my.salesforce.com/sfc/p/#1t000000oksc/a/SI00000Bru5m/BCiu7djs9b.towSm1Wfcl45lTmQg.XwsYVvqm2RK5l>

Investment in Public Services



Investment in public services is not an optional extra for a well-functioning society, it is the foundation upon which social wellbeing, economic growth, safety and opportunity depend. When governments fail to fund essential services properly, problems do not simply pause or go away, they compound. Classrooms grow larger, hospitals more strained, probation more dangerous, prisons more overcrowded, fires more deadly and care more precarious. The evidence set out across education, social care, emergency response, criminal justice, broadcasting and the civil service is clear: underfunding has not saved money. It has shifted costs into the future – costs paid not only in pounds, but in outcomes, safety and lives.

A renewal of investment is not only necessary, it is urgent. The case is compelling, and the returns – in economic activity, productivity, workforce strength, community wellbeing and national resilience – would be profound.

Schools as a Cornerstone of a Fair and Prosperous Society

Education sits at the heart of the economy, yet it is here that years of austerity have bitten deepest. Seventy per cent of schools in England now have less funding in real terms than they did in 2010, and many are struggling simply to remain operational. Class sizes are among the highest in Europe, with one million children learning in classes of 30

or more. Teachers are clear about what this means: nine in ten say large classes are harming progress, attainment and behaviour¹. These outcomes are not abstract – they shape the opportunities of a generation.

The pressures are not financial alone. One in four teachers leaves the profession within three years of qualifying, and the real value of pay has fallen by around 20 per cent since 2010². Education cannot function if it cannot recruit and retain the people who deliver it. The profession needs a fair national pay structure, automatic progression and the removal of performance-related pay, which has increased workload and deepened inequality³. A recruitment and retention crisis in teaching is not just a crisis for workers – it is a crisis for the future of our society.

Schools are not only short of staff but increasingly unsafe environments in which to learn and work. Rainwater leaks affect more than two-thirds of teachers, with 29% reporting sewage or wastewater leaking into their workplace. The presence of RAAC in buildings has highlighted deeper structural neglect. The government is investing, but nowhere near enough: capital budgets remain drastically below what is needed to ensure that schools are safe, warm and fit for purpose. It is difficult to describe education funding at less than 4% of GDP as anything other than a failure when 5% or more has previously been achieved⁴.

The result is not only deteriorating

¹ <https://neu.org.uk/sites/default/files/2025-06/NEU3960%20Fund%20Fair%20Pay%20briefing%20v6.pdf>
² Ibid.

³ <https://neu.org.uk/sites/default/files/2025-10/Joint%20union%20evidence%20to%20STRB%20October%202025.docx>

⁴ <https://neu.org.uk/sites/default/files/2025-06/NEU3960%20Fund%20Fair%20Pay%20briefing%20v6.pdf>



investment in cognitive development, health and attainment⁶. Every child deserves to learn unhindered by hunger, and every school deserves funding to deliver the full, rich curriculum our society depends upon.

Higher Education in Crisis

Universities, too, are under strain. The current funding model – largely dependent on tuition fees – has produced instability, over-recruitment and unsustainable workloads. Half of all universities are cutting staff and courses, with ten thousand jobs at risk and staff facing being fired and rehired on inferior terms. When academic staff vanish, so do the very subjects and expertise that drive research, innovation and

buildings, but the narrowing of education itself. A majority of primary and almost all secondary schools will be forced to make cuts next year, losing staff, subjects and support for the most vulnerable learners⁵. Food insecurity has reached such levels that one in five schools now run a food hub or pantry, and millions of children experience hunger each year. Extending free school meals to all primary pupils would be both a moral necessity and an

productivity. This is not efficiency – it is erosion. Tuition fee income cannot offer long-term stability. Boom-and-bust financing encourages recruitment strategies that overwhelm staff one year and collapse departments the next. Institutions have taken out loans for capital projects while slashing teaching jobs, weakening governance and accountability. Emergency funding is urgently required to stabilise the sector, but sustainability will only come

⁵ <https://neu.org.uk/stop-school-cuts>

⁶ <https://freeschoolmealsforall.org.uk/take-action>

through a shift back to substantial public investment and regulation of student numbers⁷. A future-focused economy cannot be built on universities permanently at risk of financial failure.

The Fragile State of Social Care

If education reveals the cost of political neglect, adult social care shows its consequences with brutal clarity⁸. Funding cuts since 2010 have left councils struggling to meet demand, with 81% overspending their care budgets and more than 410,000 people waiting for assessments or support. Delayed hospital discharge – 24% of patients waiting for home-based care and 16% awaiting residential places – clogs NHS beds and drives pressure across the healthcare system. When care breaks down, the NHS pays the price.

Workers, too, are stretched beyond endurance. More than three in five earn less than the real living wage, many are unpaid for travel time and zero-hours contracts are widespread. Turnover sits at 24.2% per year – equivalent to 350,000 staff leaving annually. This is not only unsustainable – it is dangerous. The link between worker wellbeing and care quality is well established; a workforce in poverty cannot provide world-class practice.

The economic case for investment is unambiguous. A £15 minimum wage for care workers would stimulate £7.7bn in economic activity, expanding tax revenue and reducing universal credit and in-work benefits. For every £1

invested in social care, £1.75 is returned to the wider economy. Social care is infrastructure. It enables people to live, to work, to contribute. Investment here is not a cost – it is a multiplier.

A fully funded National Care Service with nationally bargained pay, conditions and training would stabilise the workforce, safeguard quality and relieve NHS pressure. The cost of inaction is already visible. The cost of action is one we can no longer afford not to pay.

Fire and Rescue: Safety Cut to the Bone

Firefighters save lives, homes and communities, yet one in five firefighter jobs have been cut since 2010⁹. Over 8,000 wholetime roles have disappeared,

One in every two universities is cutting staff and courses, with ten thousand jobs at risk and staff facing being fired and rehired on inferior terms

⁷ <https://committees.parliament.uk/oralevidence/15730/html/>

⁸ <https://www.tuc.org.uk/sites/default/files/2024-12/Adult%20Social%20Care%20Reform%20The%20Cost%20of%20Inaction%20Inquiry.pdf>

⁹ <https://www.fbu.org.uk/sites/default/files/publications/FRS%20Matters%20-%20July%202024%20%284%29.pdf>; <https://www.fbu.org.uk/sites/default/files/publications/February%202024.pdf>

alongside one in three control room staff – the people who answer emergency calls and deploy crews. Fire services are being asked to do more with less, while facing worsening climate emergencies with storms, floods and wildfires rising year after year.

Funding increases in recent years have been welcome, but they barely scratch the surface of a system hollowed out by austerity. Without national investment, prevention reduces, response times lengthen and communities face greater danger. England remains the only UK nation without a statutory duty to plan for floods – despite floods becoming one of the fastest-growing emergency risks. Investment protects life, disinvestment does the opposite.

Justice in Crisis

The misnamed Ministry of Justice, better described as the Department for Courts, Prisons & Probation, suffered especially badly from austerity as an unprotected department. Shielded by a lack of public interest, over half the courts were closed, a quarter of prison officers were fired, and our world-class probation service was broken up and part-privatised under the guise of saving money – a disastrous experiment that even the Tories realised had failed when they renationalised the service five years later. The consequences have been devastating, with the new Labour government inheriting a justice system in crisis. Record court backlogs leading to trials delayed by years; chronic prison squalor and overcrowding, with record levels of violence, widespread drug-addiction and a complete absence of rehabilitation; a risk-averse probation

service buckling under intolerable pressure and unmanageable workloads for frontline staff – all this and much more prove justice can't be done on the cheap.

And with offending – roughly 80 per cent of which is now reoffending – costing the taxpayer upwards of £20 billion a year, it's clear that cutting corners in criminal justice has been a false economy. But despite limited extra investment in prisons and probation by the new government, ministers are still following Tory plans to cut prison education budgets, making a mockery of their much-repeated pledge to reduce reoffending. Over 100,000

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years of cumulative prison officer experience have been lost since 2010 and resignations are through the roof – yet the Treasury still refuses to negotiate a fair pension age. Restricting the right to jury trials is presented as a solution to the courts backlog but the truth is it's simply another example of ministers undermining justice to save money.

In July 2025, the incoming Labour government warned that a lack of prison spaces risked an imminent breakdown of law and order – but the problems run far deeper than that. There is no quick fix for our broken

justice system and the consequences of all this underfunding will be felt on our streets and in our communities for years to come, but any government that really cares about protecting the public would do everything possible to improve our courts, prisons and probation services – whether there are votes in it or not. At a bare minimum, the billions of pounds stolen from these critical services in the name of austerity must be returned to have any chance of stabilising the system. But in the longer term, we need radical reform that sees ongoing investment in courts, prisons

and probation – and especially the staff who keep these services running, often dealing directly with violent criminals so the rest of us don't have to – as a social good that will cut crime and keep the public safe, which is the first duty of any government.

Public service broadcasting

The media cannot be left to the vagaries of the market. The light-touch legislative approach to market competition has failed, resulting in a national and local media landscape typified by amalgamation, consolidation and concentration of ownership. Media moguls Lord Rothermere and Rupert Murdoch control around three quarters of the national media market through the Daily Mail General Trust and News Corp respectively. Meanwhile tech tycoons control access to online news with Google commanding over 90% of search engine traffic, Meta accounting for half of advertising spend, and X remaining the fifth most used source of news.

The National Union of Journalists (NUJ) has called for new market share rules to restrict private firms from owning more than 25% of the media market. Firms that own more than 15% should be required to divest or establish public trusts or accountable structures. It also argues for a 6% windfall tax on the tech giants who continue to profit from the theft of journalists' work without contributing their fair share to the preservation of the sector, while facilitating the spread of disinformation and discrimination.

The government must also invest in public service broadcasting. Since 2010 the BBC's funding has been cut by 30% in real-terms. This has resulted in job cuts, low morale, fewer freelance opportunities and the loss of skilled, experienced staff. The government must recognise the BBC's inherent value as an essential public service. The BBC must remain universally accessible and universally funded, rejecting any form of commercialisation or political interference. The current Charter Renewal process must deliver a secure, sustainable funding agreement that guarantees the BBC's future, workers' jobs and quality programming and public interest journalism.

Civil Service Capacity and the Cost of Cuts

Government itself cannot function when civil service capacity collapses. Planned cuts of £2bn to departments represent not efficiency but fragility¹⁰. Back-office functions are infrastructure – payroll, processing, administration and policy development all enable frontline services to operate. Cutting them undermines everything built upon them.

The core pay remit of 3.25% represents another real-terms reduction, worsening recruitment and retention when government desperately needs staff to deliver vital services. Inflation, rising living costs and declining pay have eroded workforce sustainability. More staff, not fewer, are needed to meet complex public need – and investment is essential to secure them¹¹.

¹⁰ <https://www.pcs.org.uk/news-events/blogs/cuts-will-have-consequences>

¹¹ <https://www.pcs.org.uk/news-events/blogs/budget-threat-clear-we-will-keep-fighting>

Unions have argued for new market share rules to restrict private firms from owning more than 25% of the media market

Conclusion: A Path Forward

Across schools, universities, social care, fire services, probation, prisons, broadcasting and the civil service, one truth emerges: underfunding does not reduce need. It displaces it, magnifies it, and returns it later – multiplied.

The UK must choose whether it wants a low-wage, low-skill, low-investment economy or one powered by education, public health, safety and human potential. The choice is ideological, but the evidence is empirical. Public services generate social and economic return far greater than the cost required to fund them. Investment in social care and education drives growth, mobility and productivity. Emergency services protect lives, property and economic stability.

Probation and prisons protect the public and reduce reoffending. Civil service investment enables delivery across the state.

Squeezing the pay of workers in the public sector is a false economy – not only does it limit demand in the wider economy, it also produces crises of recruitment and retention, undermines morale, and impacts on the quality of the services provided. False comparisons with average earnings in the private sector frequently mask the impact of outsourcing many of the lowest-paid workers skewing the figures. Nor should public investment be saddled to private sector interests in a new wave of Private Finance Initiative (PFI) projects. Services should be run for the public interest not private profit.

Ultimately, investment is not simply expenditure, it is strategy. A renewed national settlement built on fair pay, restored capacity, capital investment and secure long-term funding would not only repair years of damage, but generate the foundations of a more prosperous, fair and resilient country. The government is finding billions for extra defence spending, but why can't it find money for the services essential to our quality of life? Public services are not a cost to minimise, they are the engine of our whole economy and society, and investing in them is investing in the public good.

Further Reading

Daniel Button and Anna Coote, *A Social Guarantee: The Case for Universal Basic Services* (New Economics Foundation)

The Case for Insourcing



For decades, the UK has experienced a deep shift in the organisation of public services. What was once delivered through accountable public institutions has become increasingly fragmented into commercialised markets governed by corporate profitability, not public need. The consequences now confront us across schools, universities, railways, the justice system, adult social care, local government and the civil service: widening inequality, degraded service quality, entrenched precarity and the leakage of vast sums of public money into private profit.

The spread of outsourcing did not happen by accident. It has been a political project – one that has systematically weakened public capacity while strengthening the structural power of private contractors. The result is a system in which the interests of workers, service users and the public purse are persistently subordinated to the pursuit of shareholder returns.

The recent catastrophic performance of Capita to deliver the Civil Service Pensions Scheme – leaving thousands of workers who had given their whole careers to public service facing hardship owing to lengthy delays in paying their pension entitlements – is only the latest in a whole catalogue of failures. It should have come as no surprise since the same company had also failed to deliver the Teachers Pensions Scheme. Unbelievably, the Government has chosen instead to reward Capita for his debacle with a further contract worth £700m over ten years, this time to

administer the payroll for workers in four major departments and a host of “arms-length” bodies.

Yet the current moment presents a turning point. The Labour government’s commitment to the “biggest wave of insourcing for a generation¹”, were it to materialise, would represent a potential reversal of a forty-year orthodoxy. The evidence across multiple sectors is unequivocal: outsourcing undermines service quality, drives down pay and conditions, embeds racial inequality and wastes hundreds of millions of pounds that could be reinvested into frontline provision. By contrast, insourcing provides the foundation for fair work, democratically accountable services and sustainable public value.

The Marketisation of Education and the Extraction of Public Funds

The case for insourcing is sharply illustrated in England’s supply teaching sector, where an unregulated agency-driven model has taken root. Commercial agencies now operate in 93 per cent of schools, creating “a fragmented, opaque and exploitative system diverting public funds away from classrooms and into corporate profits”. With schools spending £1.25 billion on supply teaching in 2022–23 – and more than 80 per cent of this flowing to agencies – the leakage of public money is enormous.

Agency mark-ups routinely exceed 90 per cent, meaning supply teachers receive as little as £110 per day, while schools pay more than £200

1 <https://labour.org.uk/wp-content/uploads/2024/07/NPF-Final-Policy-Doc-2023.pdf>

The idea that new private providers should “step in to plug the market” does not benefit students

for the same work. This is not simply inefficiency, it represents a deliberate transfer of resources away from children’s education into the profits of a small number of dominant agencies. These firms have reported dramatic increases in gross profits, in some cases accounting for half of all agency spending in England.

The human consequences are equally stark. Supply teachers are routinely paid below national pay scales, sometimes even on support-staff rates, despite doing skilled teaching work. They are denied access to the Teachers’ Pension Scheme, placing them at an institutional disadvantage to colleagues doing identical work. Insecure and

inconsistent pay is now generating shortages of supply teachers, mirroring the recruitment crisis in permanent posts. Finder’s fees, often amounting to thousands of pounds, lock teachers out of permanent employment – turning a supposed “flexible market” into a structural trap².

Marketisation has also seeped into higher education, where proposals to expand private providers are a further attempt to plug gaps created by underfunding and market failure. As UCU’s Jo Grady argues³, the idea that new private providers should “step in to plug the market” does not benefit students and does nothing to address the systemic issues already created by decades of marketisation.

Yet alternatives exist. Publicly run supply systems in Scotland and Northern Ireland already ensure fair pay, transparency and pensions for supply teachers. Local authority pools and multi-academy trust initiatives show promise – if properly funded and regulated. The evidence is clear: de-marketisation, fair pay and the creation of publicly managed registers can restore fairness and ensure public investment supports education rather than enriching corporate intermediaries⁴.

Outsourcing in Rail: Exploitation, Inequality and Public Waste

Nowhere is the corrosive impact of outsourcing more visible than on Britain’s railways. Cleaning services, catering, security, station staffing and

² https://neu.org.uk/latest/library/stop-agency-rip-report?_locale=en

³ <https://committees.parliament.uk/oralevidence/15730/html/>

⁴ https://neu.org.uk/latest/library/stop-agency-rip-report?_locale=en

infrastructure work have been carved up by giant facilities-management firms, whose business models depend on driving down labour costs. As the RMT notes, companies like OCS, Mitie, ISS, Carlisle and Churchill win contracts by setting the lowest possible prices and extracting profits by cutting jobs, pushing up workloads and degrading conditions.

The result is predictable yet shocking. In both 2022–23 and 2023–24, six in ten rail franchises saw outsourced cleaning fall below benchmark standards. Even these benchmarks are artificially easy to achieve: in nine out of ten train operating companies (TOCs), cleaning requires the lowest percentage score of any service measure. Regulatory relaxation has been routine, with targets lowered by the Department for Transport to ensure

contractors secure their performance-related fees. Meanwhile, cleaners report that inspections are a “tick box exercise” that masks the reality on the ground.

Conditions for outsourced workers are equally unacceptable. 75% report rising workloads, over 85% come under pressure to take on more work and 80% feel compelled to cut corners. More than 80% struggle to make ends meet, regularly work while sick and worry about retirement. Infrastructure workers experience the same insecurity: 75% of agency workers surveyed by the RMT struggle to make ends meet⁵.

This is not simply a labour rights issue – it is a question of racial justice. Outsourcing has created a segregated workforce in which Black and minority ethnic workers are disproportionately trapped in the lowest-paid and least-



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5 <https://www.rmt.org.uk/news/public-document-library/rmt-report-why-a-clean-railway-must-mean-an-end-to-outsourcing/>

secure roles. While BME workers make up 25% of TOC staff, they make up 58% of outsourced cleaning and catering workers; people of African origin are 22% of outsourced cleaners but only 5% of the TOC workforce. On some London and South-East franchises, 75–80% of outsourced cleaners are BME compared to 40% of the TOC workforce. These workers overwhelmingly perform duties that go beyond their roles – customer service, fault reporting – yet have no access to progression, training or career development. This is systemic racism embedded by structural outsourcing⁶.

The public cost is enormous. Outsourcing drains more than £100 million a year in profits from rail cleaning, catering, security and gateline services alone⁷. RMT estimates that £400 million leaks out annually through outsourcing and sub-contracting – money that could cut fares by nearly 4%⁸.

Worse still, the risks to safety are profound. The Carmont derailment in 2020, which killed three people, followed Carillion's unilateral decision to alter drainage installation without Network Rail's knowledge. RAIB investigations have repeatedly warned that zero-hours contracts and casualisation undermine safety, contributing to fatigue, reluctance to report risks, and – in some cases – fatal accidents).

Public ownership of train operations through Great British Railways is a vital step, but unless outsourced layers

are brought in-house, exploitation and inefficiency will persist. Workers overwhelmingly support insourcing: 83% believe passengers would benefit if services were run directly by GBR⁹. The evidence is clear: insourcing would deliver better jobs, safer railways and improved value for money.

Justice Outsourced is Justice Failed

Prisons and probation have suffered greatly at the hands of privateers and the politicians who enable them. The most high-profile privatisation failure of recent years has been the Transforming Rehabilitation disaster, which saw Chris “Failing” Grayling split the probation service into two parts – one for “high risk” offenders, who would continue to be supervised by the state, and the other for everyone else, to be managed by one of 21 regionally based companies owned by the private sector. This artificial divide caused numerous problems, especially with continuity of service as clients moved through the system, while the profit motive led directly to staff cuts, unmanageable workloads and a deeply damaging tick-box culture, problems that have persisted or even worsened since reunification and renationalisation.

The failures of outsourcing are also apparent throughout the prison service, from maintenance to education, communications to the canteen – and whole prisons themselves. Guardian research from 2019 shows that private

6 <https://www.rmt.org.uk/news/public-document-library/rmt-report-outsourcing-and-racial-inequality-in-rail/>

7 <https://www.rmt.org.uk/news/public-document-library/rmt-report-profits-of-outsourcing-firms-from-rail-contracts/>

8 <https://www.rmt.org.uk/news/public-document-library/end-outsourcing-leaflet/>

9 <https://www.rmt.org.uk/news/public-document-library/better-jobs-better-services-end-rail-outsourcing/>

Workers overwhelmingly perform duties that go beyond their roles – customer service, fault reporting – yet have no access to progression, training or career development

prisons are almost 50 per cent more violent than public jails, yet the Labour government is continuing its predecessors' programme of building still more of them, with only one of three new prisons set to be run by the public sector.

Labour is also continuing with Tory policies of outsourcing prison maintenance and education, handing out new contracts that were prepared by the last government. Pre-privatisation a decade ago, repairs and general prison upkeep were mostly taken care of in-house, with prisoners often learning new skills and taking pride in maintaining decent living conditions. That changed when the Coalition started paying Amey and Carillion to do this instead, with Carillion's contracts taken over by a corporate-style government company, GFSL, when the outsourcing giant

collapsed in 2018. Unsurprisingly, costs soared while service quality collapsed, leading to widespread squalor and numerous cells and training spaces falling out of use. In 2024, the NAO warned that a quarter of prison places did not meet fire safety standards, while the maintenance backlog had doubled to £1.8 billion from £0.9 billion four years previously – adding that it would cost £2.8 billion to bring the whole estate into a “fair” condition. In short, any headline savings offered by private contractors' low bids are far outweighed by the extras that come after and the ever-growing backlog of repairs, with the taxpayer picking up the tab – a classic false economy.

Similar failure can be seen across prison education, with contracts for the new Prison Education Service – another Tory idea, first floated in their 2019 manifesto – recently dished out by the Labour government. With the number of providers reduced from four to three under the new system and despite numerous denials by ministers, it is clear that budgets in every prison have been cut, with reports ranging from 5 to 50 per cent. Hundreds of prison educators have been made redundant, while the curriculum has narrowed, with cuts to functional English and maths, as well as reading, hospitality, catering and IT vocational courses. Unions are calling for a comprehensive and independent review of prison education, an urgent investigation by the Inspectorate into the provision of prison education linked to funding cuts and redundancies, the transfer of prison education from the MoJ to the Department for Education, and a national contract for prison educators, ensuring parity with further education



teachers and professional respect. But where is the “wave of insourcing” that prisons so urgently need?

Social Care: The Cost of Private Profit

Adult social care is another sector hollowed out by corporate extraction. More than 85% of care homes and 88.7% of registered beds in England are now run for profit. This model diverts money needed for wages and frontline services into shareholder dividends. Even during the first year of the pandemic, six of the ten biggest private providers saw profit margins widen.

Quality suffers: public and third-sector providers consistently outperform private operators, which face more frequent closures and cancellations by the CQC. Simultaneously, the ballooning cost of Social Care is straining council budgets

to breaking point and leading to cuts to other services. The TUC is right to call for reducing and phasing out the fragmented for-profit model to stop public money leaking into private hands¹⁰.

It is clear that private provision delivers poor outcomes while siphoning off money that should be reinvested

¹⁰ <https://www.tuc.org.uk/sites/default/files/2024-12/Adult%20Social%20Care%20Reform%20The%20Cost%20of%20Inaction%20Inquiry.pdf>

Building control and fire safety

Building control provides a further example of the dangers of marketisation. After privatisation, the Building Research Establishment “lost sight of scientific rigour and independence,” sacrificing these principles in pursuit of financial sustainability. This erosion of independence contributed to the regulatory failures exposed in the Grenfell Inquiry¹¹. This is a stark demonstration of how the profit motive can degrade fundamental public protections.

Outsourcing in the Civil Service

PCS members on outsourced contracts have shown through sustained collective action how privatisation drives down pay, embeds precarity and undermines the very services the public relies upon. From jobcentre security to work experience schemes and employment programmes like Restart, it is clear that private provision delivers poor outcomes while siphoning off money that should be reinvested into frontline staffing and safe working environments¹². The government should therefore keep its pledge to deliver the biggest wave of insourcing in a generation, as bringing work back in-house is essential to restoring fair pay, rebuilding departmental capacity and ensuring democratic accountability across the civil service¹³.

A Path Forward: Insourcing as Economic and Democratic Renewal

Across all these sectors, a consistent pattern is visible: outsourcing creates precarious work, embeds inequality, degrades service quality and wastes public money. It also fragments accountability, making it harder for workers and unions to defend standards.

Insourcing reverses this logic, prioritising public need over private profit, strengthening workers’ rights and rebuilding public capacity. Examples like rail catering and cleaning in Scotland and Wales and free travel for outsourced rail workers in London show that insourcing works, creating better jobs, better services and better value for money¹⁴.

If the government is serious about rebuilding public services and tackling inequality, insourcing must be central to its strategy. The evidence from education, rail, justice, social care, building control and the civil service all point in the same direction: the market experiment has failed. A renewed commitment to public delivery is not nostalgia – it is a pragmatic response to the realities of our economy and the needs of our society.

Insourcing is not merely administrative reform. It is the foundation of a fairer, safer and more democratic future.

¹¹ <https://www.fbu.org.uk/sites/default/files/publications/October%202024.pdf>

¹² <https://mypcs.my.salesforce.com/sfc/p/1t000000oksc/a/SI000000DNdch/74jIBtnCXFEnCDzKLbVQ1XBkAWJX..IKdFhav1pJnql>

¹³ <https://www.pcs.org.uk/news-events/blogs/cuts-will-have-consequences>

¹⁴ <https://www.rmt.org.uk/news/public-document-library/better-jobs-better-services-end-rail-outsourcing/>

Strengthening Workers' and Trade Union Rights



The cartoon image of the 1970s painted by the tabloid press aims to scare people about what happens when trade unions are strong. But whilst far from perfect, the '70s was a decade in which most British workers had a realistic prospect of finding secure and reasonably well-paid work on regular hours and could access affordable housing. The idea that working households would need aid from foodbanks to feed their families because of "in-work" poverty would have been unimaginable.

It's no coincidence that the neoliberal attacks on the strength of the organised working class waged by Thatcher and her successors for over four decades now has paved the way to a world in which jobs are increasingly low-paid, precarious and casualised – subject to bogus "self-employment" and fire-and-rehire. Only by legally undermining the structural power of the unions has the way been opened up to rampant exploitation and the steady erosion of working class living standards.

As the billionaire U.S investor Warren Buffet once confessed to the New York Times, "there's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning"¹. Critical to this smash-and-grab raid on working people was the undermining of trade union strength and workers' rights. Thatcher introduced a barrage of anti-union legislation, tying up organised workers with legal restrictions around balloting, notice periods,

The '70s was a decade in which most British workers had a realistic prospect of finding secure and reasonably well-paid work on regular hours

picketing and prohibiting "secondary" (solidarity) action.

Falling coverage

These attacks resulted in a fall in overall trade union membership and density, leaving workers increasingly isolated, lacking coverage by any collective agreement negotiated by their trade unions. As the TUC has highlighted:

Union coverage in the UK has declined significantly from its peak 40 years ago. In 1979 union density was 54 per cent and collective bargaining coverage was over 70 per cent; in 2018, they were 23.4 per cent and 26 percent respectively, with just 14.7 per cent of the private sector protected by a collective agreement. Over this period the scope of the bargaining agenda has narrowed significantly – by 2011 pay was the

¹ <https://www.nytimes.com/2006/11/26/business/yourmoney/26every.html>



only issue still covered in a majority of collective agreements².

In effect, the anti-union legislation has been deployed in order to undermine the structural influence and collective power of organised workers across the economy. Significantly, coverage by sector-wide collective bargaining agreements, which was commonly accepted by governments of all political persuasions from the end of the First World War through to the Thatcher government, has now been stripped away. Such agreements provided a floor for pay and conditions across whole sectors of the economy, negotiated between the relevant employers and unions. While this did not prevent individual unions organising

workers employed by a particular company to win a better deal, it helped to insure against a race-to-the-bottom where the most unscrupulous employers could gain a competitive advantage.

In a minority of sectors, company-level agreements are sufficiently common in a given sector to provide substantial overall coverage. Yet whilst there is currently debate between experts over the exact figures, estimates suggest that anywhere between 60% and 75% of the workforce (at least 19 million and possibly significantly more) are not protected by any collective agreement at all³. This situation is far from inevitable. In a number of other European economies (such as the Nordic countries, France, Belgium and Austria) collective bargaining coverage stands

² <https://www.tuc.org.uk/sites/default/files/2019-09/Astrongervoiceforworkers.pdf>

³ Lord John Hendy KC, *Industrial Law Journal*, forthcoming

at over 75-87%, whereas in neoliberal Britain coverage is just 38%⁴. The pay, terms and conditions of employment are effectively determined by the employer and imposed on relatively powerless individual workers, subject only to the very limited legal framework of employment rights.

The erosion of collective bargaining can have perverse and unintended consequences for some employers. Take, for example, the civil service. Rather than organising the various government departments, bodies and arms-length institutions into one comprehensive bargaining arrangement, pay bargaining for civil servants is fragmented over 200 separate units. This not only results in inefficiency, generating needless duplication and administrative costs, but also leads to a situation in which differentials between departments lead to different rates of pay for the same job (exacerbating the danger of gender and ethnicity pay discrimination) and frequently to difficulties recruiting and retaining staff, as people are forced to compare their pay and terms with those elsewhere in the civil service.

Pay Review Bodies

Not infrequently, governments have sought to head-off demands for collective sectoral bargaining by introducing or imposing Independent Pay Review Bodies, which now exist for teachers, prison officers, NHS workers, the armed forces, police, doctors and dentists. Typically, the “independence” of such bodies is only nominal, with the unions structurally excluded

The way been opened up to rampant exploitation and the steady erosion of working class living standards

from being represented, the Chairs frequently coming from management backgrounds, with little experience of the issues faced by workers, and the overall deliberations constrained to take place within an overall fiscal “envelope” set by the Treasury⁵. The unions can make submissions but are not present around the table to “bargain” or respond to the representations of employers. At the end of the whole process, there is no requirement for the Secretary of State to accept PRB recommendations anyway. A government committed to the restoration of collective bargaining would recognise that PRBs fail to give voice to the real “experts” on pay and conditions in our public services: trade union members themselves.

The Labour government’s

⁴ <https://www.uni-europa.org/old-uploads/2021/04/CB-Systems-in-Europe-EN.pdf>

⁵ https://www.ier.org.uk/wp-content/uploads/IER_A4_PRB_Rep.pdf

Employment Rights Act represents a step in the right direction, even if the legislation finally enacted is a significant dilution of the original New Deal for Working People green paper espoused by Sir Keir Starmer and Angela Rayner and which took its inspiration from the the publications of the Institute of Employment Rights, which identified:

stronger trade unions and collective bargaining [as a] key to tackling problems of insecurity, inequality, discrimination, poor enforcement and low pay, and a renewed belief that:

...strong collective bargaining rights and institutions are key to tackling problems of insecurity, inequality, discrimination, enforcement and low pay. When workers are empowered to act as a collective, they can secure better pay and conditions.

There is no excuse for a Labour government to be upholding a Tory ban on the right to strike

The proposal for a Fair Pay Agreement in social care is a welcome, if limited, first step (assuming the details of its implementation are along lines sought by the unions and that the government is prepared to put the necessary funding arrangements in place). Regrettably, however, the Act does not embed the further rolling out of sectoral bargaining agreements across the economy. Given the precarity facing workers in many other sectors, this represents a huge missed opportunity.

Whilst some positive measures are taken in relation to access to workplaces and the procedures around recognition and certification, the overall thrust of the Bill is about enhancing the rights of individual workers and extending their ability to seek redress when treated unfairly. But although these steps can be welcomed, they are certainly no replacement for actively enabling and strengthening the collective power of workers to defend their own interests and prevent abuses arising in the first place.

Still failing to meet international labour standards

Although the Act takes away some of the most egregious anti-union legislation passed under the last Tory government – scrapping the power to impose “minimum service levels” and revisiting obstacles to electronic balloting and arbitrary turnout thresholds – this still leaves the essential framework of Thatcher-era anti-union legislation on the statute book. This means the UK will still fail to meet our International Labour Organisation and European Social Charter obligations on trade union



rights because, for example, secondary action (in solidarity with other groups of workers) will still be unlawful, the procedural restrictions on organising industrial action are excessive, and prison officers and police continue to be deprived of their right to take any form of industrial action while barred from collective bargaining on pay. There is no excuse for a Labour government to be upholding a Tory ban on the right to strike.

It is also far from clear that the implementation of the Act will be effective in stamping out practices such as zero hours contracts or “fire and rehire”. As it stands, for example, the RMT feel that the lack of sufficient pre-emptive injunctive relief powers mean the Bill will not prevent the repetition of another P&O scandal, where 800 seafarers were summarily sacked by video message and replaced by low-

paid agency staff. Significantly, too, the absence of any steps to provide a single legal definition of “worker” leaves an employee vulnerable to simply being re-designated as a self-employed contractor to evade new day-one rights to sick pay and holiday pay. Given the extensive precarity which has come to prevail across whole sectors of the economy, there is clearly enormous scope for an Employment Rights Bill 2.0 to deliver the further changes we need to defend working class living standards and help put an end to exploitation for good.

Further Reading

Visit the Institute of Employment Rights
www.ier.org.uk
 and Campaign for Trade Union Freedom
www.tradeunionfreedom.co.uk

An Alternative Approach to Social Security



Social security is for all of us, from the cradle to the grave, and each and every single one of us will encounter the system at some point in our lives.

Any worker can become unemployed, ill or disabled without warning, and we all deserve the security of knowing that there is a safety net to catch us in those circumstances, to help protect ourselves and our families. That is why it is in all our interests to ensure social security provides genuine social security.

This is a long way from the current political narrative, from the right, which dictates that everyone on welfare is a burden, that welfare spending is out of control, is too generous, and serves as a magnet for those seeking sanctuary. This divisive rhetoric seeks to divide those in work against those who are not, attempts to divide working people against asylum seekers, and those with disabilities. In this parallel universe, people should be left behind, are a burden to economic growth and should be punished as a result.

The reality is of course different. The facts tell us so. What is required is an energetic and ruthless campaign to expose the present-day right-wing narrative as false and have the confidence to use the facts to present our vision of a better society. It is our belief based on those facts that poverty, discrimination and lack of opportunity restrict growth, and stifling human potential hurts us all.

The “generosity myth”

As research in the report “Social Security: There IS an Alternative” from the PCS union shows, for the last 15

years at least, UK spending on social security has been consistently between 10% to 12% of GDP depending on economic circumstances. In 2024, UK social security was 10.8%. Compared with other comparable countries (such as France, Germany and Italy), the UK spends less on social security.

Far from the generous system that others claim, compared with most other countries in Europe, the rate of key UK benefits – such as unemployment benefit or the basic state pension – is incredibly low. The UK benefits system is one of the least generous among economically advanced democratic nations. Unemployment benefit in the UK is now worth just 14% of average weekly earnings, down from 24% in 1980.

What is required is an energetic and ruthless campaign to expose the present-day right-wing narrative as false

The standard allowance of Universal Credit for someone who is unemployed currently equates to just £92.05 per week (or £72.90 for those under-25). According to the Joseph Rowntree Foundation (JRF), “a single person needs to earn £28,000 a year to reach a minimum acceptable standard of living in 2024”. Unemployed workers in countries such as Ireland, France and Germany are entitled to more than double what UK workers get if they become unemployed.

Currently, the government’s projected annual spending on Housing Benefit is approaching £40bn. But who is really “benefitting” from these sums? With 5.4 million people privately renting across the UK, the reality is that this represents a huge subsidy to “buy-to-let” landlords, artificially keeping rents high which hardly benefits those claiming

Housing Benefit. If the government were serious about cutting the overall spending on benefits without causing direct hardship to millions of families it would be looking to implement rent controls and reduce this escalating bill.

Despite frequent claims that our so-called ‘generous’ benefits act as a magnet for asylum seekers, those claiming asylum cannot access the UK’s paltry social security system. Those accommodated in hotels are entitled to just £9.95 per person per week if their meals are provided with their accommodation. For those not accommodated within hotels or detention centres (often in B&Bs or low-quality private rents) they are entitled to £49.18 per week (£7 per day) to cover food, travel, toiletries and clothing.



We must robustly challenge the right-wing narrative on this in our workplaces, and in our communities. We are being deliberately and intentionally misled on these issues by those on the right. Scapegoating migrants won't boost pay, improve public services or better your local community. It is a distraction to divide us while we continue to be ripped off by those with wealth and power.

Disability often means poverty

Being disabled in the UK means you are more likely to be living in poverty, more likely to be discriminated against in the workplace and face higher living costs because of your disability. The proportion of families with disabled children living in poverty rose by nearly one-third in the last two years.

However in 2016, the UN's Special Rapporteur for Disabled People found that the UK Government was committing "grave and systematic" violations of disabled people's rights. The UK has the shameful distinction of being the first ever country found to have breached the United Nations Convention on the Rights of Disabled People. In a follow-up report in 2024, the UN found the government is still "demonising" disabled people through its "traumatising" benefits system. The UK treatment of disabled people leaves us as a pariah on the world stage.

Too many disabled people find the social security system a very stressful, difficult and demeaning experience. It is important to stress that disability benefits are paid to people who are in work as well as those out of work.

Too many disabled people find the social security system a very stressful, difficult and demeaning experience

The recent debate around disability benefits saw an attempt to frame the debate between those in work and those who were unemployed. This is simply nonsense. Disability benefits assist many disabled people in meeting the additional costs of travelling to work and meeting the additional costs to meet their daily needs.

Access to Work is a public scheme that funds reasonable adjustments for disabled people in work – with the aim of helping keep people with physical or mental disabilities in the workplace. It currently costs around £0.25 billion, but in 2025 there are record backlogs with 62,000 disabled workers waiting for their claim to be assessed.

The Access to Work scheme enables tens of thousands of disabled workers to stay in work, paying taxes rather than claiming out-of-work benefits.

Yet successive governments have been attempting to cut Access to Work grants and have increased backlogs in the system in a form of rationing. This is counterproductive.

According to Carers UK, carers save the taxpayer £162 billion a year (in England and Wales alone), by reducing demand on the state care system. That state care system is stretched beyond capacity. Age UK currently estimates that 2.6m adults over the age of 50 have unmet care needs, and the care sector has an estimated shortage of 165,000 care workers.

For many claimants, the DWP's jobcentre closure programme has left them more remote from support, and more at risk of sanction for arriving late or missing appointments

Child poverty

Today in the UK, 4.5 million children are growing up in poverty. This is a national scandal. More children and adults are growing up destitute: deep in poverty; without the means of clothing, feeding, washing or housing themselves. One million children in the UK are now classified in this condition: destitute.

That's a 148% increase on 2017. We welcome therefore the ending of the two child limit as an effective preventative spending measure that should raise people out of abject poverty.

In Scotland, child poverty rates are lower than in England, because different political and policy choices were made – using devolved powers – to raise children out of poverty, introducing the Scottish Child Payment. As a result, child poverty in Scotland is 24%, while in England it is 33%. Over 70% of children growing up in poverty today live in a household where at least one adult works.

The household benefit cap also plays a significant role in increasing child poverty and poverty in general creating a postcode lottery and effectively cleansing certain geographical areas of benefit claimants, forcing people out of the communities they have grown up in.

Tackling child poverty also requires tackling insecure and low-paid work, as well as the costs of living – primarily housing and fuel costs. This demonstrates that child poverty cannot be significantly reduced without tackling adult poverty – driven by low pay, insecure work and high housing costs.

A less supportive system

Social security staff are dedicated public servants who want to help unemployed workers into employment and provide

support. But too often that role is undermined by a draconian system of sanctions and conditionality that erects barriers between claimant and work coach. For many claimants, the DWP's jobcentre closure programme has left them more remote from support, and more at risk of sanction for arriving late or missing appointments.

Over the last 20 years legislative changes have made the system less supportive and more punitive. This has hindered job centre staff in building relationships with claimants. The DWP's own internal research shows that benefit sanctions "have a small negative impact" on claimants entering work. Sanctions and low benefit levels do not promote wellbeing and are not conducive to a person remaining physically or mentally healthy, yet there is an expectation on those receiving benefit to remain prepared for work.

A National Audit Office report in March 2025 found: "DWP has reduced the level of support it offers to Universal Credit claimants due to a shortage of available work coaches at jobcentres". How can this square with Government



rhetoric to get people back into work? As a result of a punitive adversarial approach dictated by politicians, poverty-levels of benefits, and lack of support, jobcentres have become less safe places for workers and claimants alike.

Punishing low-paid self-employed workers

The Minimum Income Floor (MIF) in Universal Credit applies to claimants who i) identify themselves as self-

employed to any extent and ii) are deemed 'Gainfully Self-Employed' (GSE). The MIF is not designed to reflect the realities of those self-employed people working in low-income and unconventional positions. Its impact can be significantly worse than the harshest sanctions imposed on some out-of-work claimants under Universal Credit.

After a 12-month start-up period, claimants deemed GSE are subject to the MIF. The MIF is subject to an assumed level of earnings, based on a calculation of 35 hours a week at national minimum wage. This assumed level of earnings is then deducted from any UC award the claimant may be entitled to. In effect, this reverses the income support system, with low-income claimants penalised through an expectation to be earning a minimum amount each month.

From April 2025, the MIF for a single person aged over 25 with a 35 hour expected hours week will be £1642.11 per month, (calculated as 35 hours × £12.21 national minimum wage × 52, weeks in a year, divided by 12, months in a year, = £1851.85, less notional tax and NICs).

For example, if a self-employed claimant's MIF is calculated at £1642.11 per month, and they earn £800 that month, the Department for Work and Pensions will calculate financial support based on the assumption that the claimant should be earning £1642.11 and will only provide financial support

above that amount.

For those working in low-paid, or sporadic work, the MIF can leave them without financial support just when they need it most. As highlighted in the Not Here to Help report from Equity UK, the MIF had forced claimants to go without food or utilities (41%), leave their homes (5%) and consider leaving the industry in which they work (48%).¹

The government must abolish the MIF for self-employed claimants and rely on the test to decide whether a worker is gainfully self-employed as robust enough to ensure that bogus self-employment cannot be claimed.

Insecurity in old age

It is estimated that 700,000 pensioners who are entitled to Pension Credit are failing to claim it. Even the full state pension falls well short of what the Joseph Rowntree Foundation estimated would be a minimum income standard for a single pensioner – £17,200 a year. The state pension age in the UK is rising from 66 to 67 between 2026-2028 and to 68 by 2024-2046. However, for the last 15 years in the UK, increases in life expectancy have stagnated and for people on lower incomes life expectancy has gone backwards. Particularly for physically demanding and stressful roles played by workers like prison officers, 68 is simply too late.

The years of austerity followed by the pandemic have had a devastating impact. There is no case to raise the

¹ H. Ashton, *Not Here to Help – Equity members' experiences of UC and the Minimum Income Floor*, Equity UK, 2024

For those working in low-paid, or sporadic work, the MIF can leave them without financial support just when they need it most

state pension age further, because life expectancy is not rising. Even when life expectancy has been rising it does not necessarily mean people are fit to work for longer, especially for those doing physically demanding jobs. The rise in the numbers of people claiming disability benefits is at least in part linked to the rise in the state pension age.

As we get older many of us are just not fit enough for full-time work. ONS data currently suggests we can only expect 61 years of life “in good health”, though in the poorest parts of the country that falls to 51 years. In taking account of what age should qualify for

the state pension, there is a failure to distinguish between life expectancy and working life expectancy.

Women born between April 1950 and April 1960 expected to retire at age 60 and paid National Insurance all their working lives on that basis. The legislation to change the state pension age for women was introduced in 1993, but there was virtually a twenty-year gap before any personal letters were sent. The government gateway still showed retirement at 60 in 2016. Letters giving details of individual retirement dates were not sent out initially as address data could not be verified.

Also, several leaflets issued by the DWP on pensions did not include the pension change date. In 2024, the Parliamentary and Health Service Ombudsman ruled that the DWP was guilty of “maladministration”, and recommended compensation be paid to the #WASPI women affected. The government’s decision to refuse WASPI women compensation, after the ombudsman told parliament to pay compensation, is an insult and yet another injustice, and sends a signal to businesses, and others to ignore ombudsman and regulatory rulings.

All in all, the challenges facing society as outlined in this booklet call for a robust, well resourced, and well financed social security system from cradle to grave, to eliminate poverty and provide a safety net fit for all.

Further Reading

PCS, Social Security: An Alternative Vision for Supporting our Communities

Climate Action – For a Worker- Led Just Transition



Ahead of successive rounds of COP UN climate change talks, the 11 trade unions which comprise the Trade Union Coordinating Group (TUCG) have united in calling for “radical, urgent and far-reaching action to cut dangerous greenhouse gas emissions”. As the climate and ecological crisis deepens, so do the cost of living and energy crises.

At the same time, we have seen continued erosion of pay, terms and conditions, and job security across every sector.

TUCG member unions believe that the climate crisis is not just an environmental problem, and the roots of the solutions are the same as those which would ensure fair pay and work for our members along with democratic accountability. As such, it is a problem of justice – social, economic, and environmental – and a fundamental working class issue.

We are clear that pressure for the necessary action must be maintained not least because of the thus far hugely disappointing outcomes of the United Nations COP process. Geo-political instability presents an additional challenge to achieving a worker-centred just transition to a fairer, greener social and economic system.

Against the background of war in Ukraine and the cost of living crisis, we recognise that workers and their families are anxious about rising energy bills and that there are renewed fears around energy security. Now more than ever we need to combat corporate interests seeking to profit from the energy crisis, by making the collective case for a massive expansion in publicly owned renewable energy and domestic

Geo-political instability presents an additional challenge to achieving a worker-centred just transition to a fairer, greener social and economic system

manufacturing capacity.

Sector-wide agreements in offshore wind and new, developing sectors of sustainable/green energy production and manufacturing, are central to a just transition that guarantees re-employment and protection of pay and conditions and other forms of support to all workers, particularly those in supply chain roles. Such changes are necessary to combat the catastrophic, life-threatening impact of man-made climate change.

Delivering high-quality, well paid climate jobs

Whilst the election of a Labour government committed to meeting net zero targets and investing in renewable energy means that opportunities in this direction are at least opening up, the creation of GB Energy as a public



company does not go far enough in bringing the energy and other utilities under public ownership and control. The pace and scale of investment must also be escalated. At the same time, many would question how the expansion of aviation capacity is compatible with

A dangerous political agenda threatens to undermine the public consensus around the importance of climate action

climate commitments.

The TUCG unions stand united in maintaining their call for a radical agenda based around public ownership of the big energy providers and key sectors such as transport, redirecting funds from paying out lucrative shareholder dividends to subsidising energy bills for low- and modest-income households, and a significant programme of public investment for the future, through developing renewable energy sources and new green technologies.

We not only need to create a new generation of good quality, high-skilled and well-paid jobs but, for a genuinely Just Transition, we also need wider economic and social transformations that address the inherent inequalities of neo-liberal economic and social systems.

With Donald Trump's "drill, baby, drill" approach threatening to rip up

global climate agreements, and far right parties like Reform UK openly ridiculing what they call “net stupid zero”, a dangerous political agenda threatens to undermine the public consensus around the importance of climate action in favour of policies favourable to the corporate profits of extractive industries. This puts the interests of short term shareholder dividends before the lives and livelihoods of generations to come, as the frequency of catastrophic climate events throws the planet into turmoil.

The trade union movement and our allies must therefore ensure that the voice of workers, nationally and internationally, is at the centre of debates over the shape of the transition towards a net zero economy, and the TUCG unions are united in calling for maximum solidarity and practical action to ensure that we deliver the systemic change necessary to protect our lives and livelihoods together with those of generations to come.

Consequently, the TUCG unions pledge to work together on a permanent basis around climate change issues and will explore the possibility of holding annual conferences in conjunction with progressive movements to set out clear campaigning goals for the period ahead.

Our key principles

The TUCG unions remained committed to the following principles:

1 Green jobs must be skilled, well paid, safe, and secure jobs – not “greenwash” – this will require investment and training to support yet-to-be developed sectors and technologies. Workers should be guaranteed retraining and a new,

unionised job on equivalent terms and conditions.

2 Public ownership and investment must play a central role in sectors such as energy and transport, as well as in supporting the transition across other sectors to progress adaptation to climate change.

3 Education and training must be universal and central to developing and enhancing learning and skills to support workers through the changes required by the climate crisis.

4 The commitment to sustainability and the net zero transition requires deep change across every aspect of our lives, beginning with the way we educate our children. Sustainability and environmental education must be embedded throughout the curriculum and must focus beyond simply transferring knowledge. Young people should feel confident about what they have learned in school to help bring about change, with educators free to support the widest and most open discussions.

5 Workers themselves must have direct involvement in decisions about changes to production and services, and in processes to determine what a genuinely Just Transition looks like.

Further Reading

Campaign against Climate Change,
Climate Jobs: Building a Workforce for the Climate Emergency

New Technology, Artificial Intelligence and the Future of Work



The rapid expansion of artificial intelligence (AI) and digital technology is reshaping work, production and human interaction at a pace few could have predicted. While its champions tell us that innovation holds extraordinary potential – increasing efficiency, enhancing creativity, improving public services and reducing drudgery – many workers are experiencing quite the opposite and also profound questions about ownership, rights, accountability and the dignity of labour. As AI systems increasingly carry out tasks previously done by humans, the challenge is how to shape a just and equitable digital future, while defending workers in the creative, educational and journalistic sectors.

It is important at the outset to define AI. What exactly is it? Much public discussion assigns human-like qualities to these systems, but AI does not think, comprehend or interpret the world. As the National Education Union (NEU) has stressed, generative AI functions like an advanced predictive text system: it anticipates probable patterns rather than producing original understanding. It can be fluent, even persuasive (yet often hallucinates – fabricating facts with total confidence), but it cannot come up with new solutions to the problems of the real world as it does not understand the objects or social concepts that underlie the language used in what it generates¹. Understanding this limitation is crucial to designing policy. AI can be a tool for human work, but it cannot replace the judgement, ethics, empathy or

contextual intelligence that educators, journalists and creators provide.

Education: Potential and Risk in the Classroom

For teachers, AI enters a sector already under strain from workload intensification, funding pressures and growing pastoral demands. The NEU sees claims of workload reduction through AI as often masking the opposite outcome: work shifts towards administration of the technology rather than away from bureaucracy². Instead of freeing time, AI risks pushing teachers into routine monitoring, curation and verification tasks, while professional expertise is devalued. No algorithm understands a child's needs, background or emotional state; no machine can replace the relationship at the heart of learning.

AI must not be used to drive staffing cuts, increase pupil-teacher ratios or impose standardised pedagogy. Its purpose must be to enhance the profession, not undermine it. Digital systems should support equality and inclusion, not replicate biases embedded in the data they ingest. Teachers require protected preparation time and the right to evaluate whether new technologies meaningfully improve education. Decisions must involve staff and their unions at every stage – design, procurement, implementation and review – with ongoing monitoring of workload impacts.

Social media presents a parallel challenge. Every day, teachers see the cost to young people of algorithm-driven platforms: sleep deprivation, anxiety,

¹ <https://neu.org.uk/advice/classroom/artificial-intelligence-education>

² Ibid.

damaged self-esteem and addictive reward systems tuned for profit, not wellbeing. Students compete not with classmates, but with multinational engagement engines. The NEU proposes raising the digital age of adulthood to 16, a windfall tax on social media firms to fund youth mental health support, the embedding of media literacy in schools and a requirement for ethical watermarking to sever profit from harmful content³. Teaching cannot counteract digital harm without structural intervention.

Creative Industries: Copyright, Consent and Control

For creative workers, the threat is economic as well as cultural. AI companies are training models on vast quantities of copyrighted work – scripts, performances, voice archives and images

– often without consent, transparency or remuneration. In effect, labour is being extracted to build systems that may one day replace the workers who created it. UK law enforcement, Equity argues, has failed to keep pace⁴. Proposed opt-out mechanisms are unenforceable because artists may never know their work has been taken. Those companies scraping performance data are likely to be in breach of data protection law as well as copyright. Without strong protection and enforcement of the law, creative livelihoods could collapse under the weight of automated imitation.

The TUC AI Manifesto for Creatives⁵ proposes the foundation of a fair digital economy. Workers must hold the right to opt-in, not opt-out, to data mining. If their work trains commercial AI models, they must be compensated. Though the existing law should be sufficient



vecstock on Freepik

³ Ibid.

⁴ <https://www.equity.org.uk/news/2025/equity-calls-for-stronger-ai-protections-for-creative-workers>

⁵ https://www.tuc.org.uk/sites/default/files/2025-02/AI_Manifesto_Creative_Workers_2025_AW.pdf

to clamp down on illegality by AI companies, new personality rights would be a huge help in protecting artists voice and likeness from exploitation without their consent and from the appearance of pernicious deepfakes. Content must be continuously labelled to distinguish human craft from machine synthesis. An independent regulator and industry-wide taskforce could embed democratic governance and end the era of technological extraction without consent.

Ultimately our societies must decide to defend human artistic expression against the tidal wave of artificial AI ‘slop’. Our shared capacity to imagine and interpret is one of the threads which binds humanity together, we cannot allow those capacities to be outsourced for private gain.⁶

Journalism: Truth, Trust and the Value of Human Work

Few sectors face more immediate disruption than journalism. Generative AI can produce fluent copy, but accuracy remains fragile, ethics non-existent and accountability unclear. The National Union of Journalists (NUJ) warns that scraping journalistic work to train models constitutes mass copyright violation, with profits flowing to developers while writers endure collapsing incomes⁷. Median annual earnings sit at just £17,000⁸, a figure incompatible with sustaining a skilled profession central to democracy.

For the NUJ, regulation must enforce licensing of training data, ensure AI-

Without strong protection and enforcement of the law, creative livelihoods could collapse under the weight of automated imitation

generated content is always labelled and allow unions to take collective legal action on copyright breaches. Developers should record, disclose and licence the material they use. Without transparency, misinformation will proliferate, trust in media will erode and the profession risks losing talent permanently. Journalism is not simply content production – it is verification, human judgement, context, courage, ethical accountability. No system can replicate this without the people who do the work.

A Union Vision for Pro-Worker Technology

We need a wider architecture for managing technological transition. AI should be harnessed for good work, not

⁶ https://www.tuc.org.uk/sites/default/files/2025-02/AI_Manifesto_Creative_Workers_2025_AW.pdf

⁷ <https://www.nuj.org.uk/asset/C21AD9B2%2DE5A2%2D415C%2D9792F42ECE714B55/>

⁸ <https://www.nuj.org.uk/asset/250834EF%2D9A7C%2D436D%2DA3C98C2350079BFF/>

Reskilling strategies are needed across every sector – not after disruption occurs, but in anticipation of it

just market efficiency. Public funding must prioritise technologies that create or improve jobs, with unions embedded in research, design and rollout. Public services should default to developing systems in-house, with procurement used only to fill capacity gaps and never at the expense of quality work or union access. Public money must drive public value – not dependency on private technology firms.

Collective bargaining is central to securing a digital dividend. Training, deployment of automation and technological restructuring must fall within bargaining scope at sectoral level. Workers should be represented on company boards, and directors must consider the workforce in strategic decisions. Regulation must shift from consumer-only protection to worker

protection, extending oversight to algorithmic management, data rights and platform work.

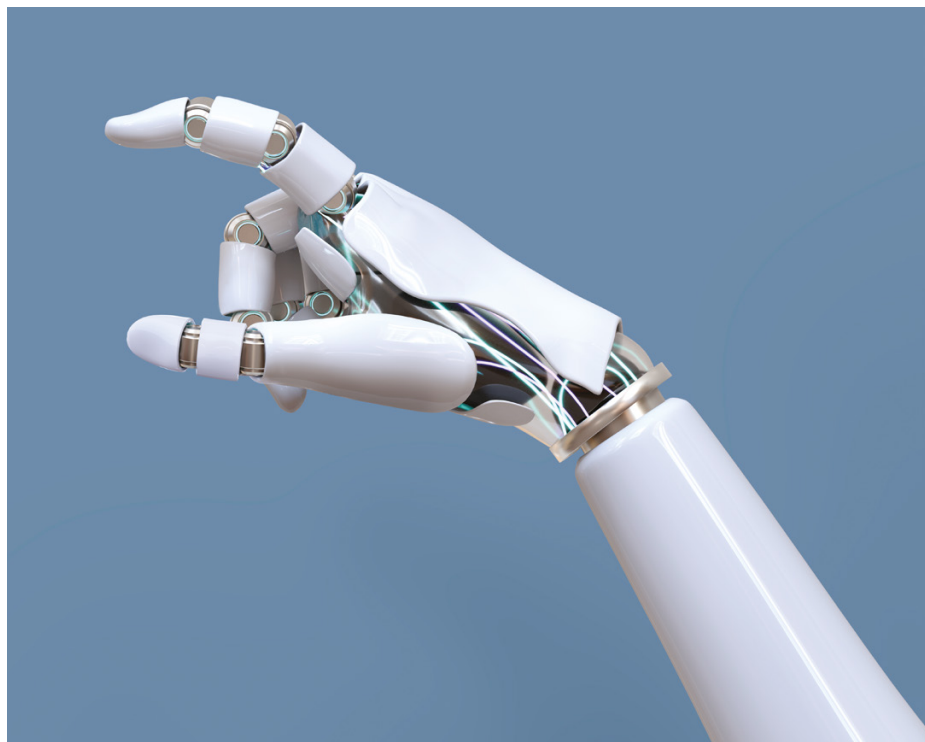
The TUC's proposed AI Regulation and Employment Rights Bill⁹ offers a pathway. Under this framework, employers would be legally required to assess risks before deploying AI. Workers and unions would hold the right to consultation, transparency and human review. Companies would maintain registries of AI systems, explain how high-risk decisions are made and provide routes to challenge discrimination. Emotion-recognition technology detrimental to workers would be banned. There would be a statutory right to disconnect and unfair dismissal by AI would be explicitly prohibited. Regulation should not hinder innovation – but it must ensure innovation supports human welfare rather than automating exploitation.

Supporting workers through transition is equally critical. Skills initiatives, training entitlements and social security must enable people to retrain without falling into poverty. Union Learning Reps could play a vital role if properly resourced. Reskilling strategies are needed across every sector – not after disruption occurs, but in anticipation of it. Government must prepare for multiple scenarios and act adaptively, prioritising good jobs over rapid deployment.

Conclusion: Technology Must Serve People, Not the Reverse

Technology offers transformative potential. AI could expand access to

⁹ https://www.tuc.org.uk/sites/default/files/2024-04/AIBillProject2024_0.pdf



public services, personalise education, accelerate creative experimentation and strengthen democratic engagement. But this future is far from automatic. Without strong rights, transparent governance and collective voice, automation risks deepening inequality, undermining public trust and eroding the professions that sustain society – teachers, journalists, artists and public servants.

There is a different path: a future where work is creative, autonomous and meaningful; where technology supports rather than replaces; where copyright and data rights protect the worker, not the corporation; where public services are strengthened through democratic innovation, not hollowed out through private capture; where the digital future

is designed with workers, not imposed upon them.

The task ahead is political as much as technological. AI must be shaped deliberately, fairly and publicly. Technology should work for people – not the other way around. Only through union power, collective regulation and a whole-government strategy grounded in rights and dignity can society move into the next technological era with confidence, creativity and justice.

Further Reading

ITUC – Artificial Intelligence: What are the implications for Trade Unions?



The Trade Union Co-ordinating Group (TUCG) brings together eleven national unions to co-ordinate campaigning activities in parliament and beyond.

www.tucg.org.uk



EQUITY



Disclaimer

Whilst the broad outlines of the approach sketched here are shared by all unions affiliated to the TUCG, the chapters are summaries and should not be taken to represent the agreed policies of every individual affiliate.

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www.tucg.org.uk