



The Centre for Economic Justice

# THE COVID SHIFT

WORKING TIME IN  
MANUFACTURING,  
ENGINEERING,  
SHIPBUILDING AND  
AEROSPACE AFTER  
THE PANDEMIC

**Carsten Jung,  
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# FOREWORD

The global Covid-19 pandemic has turned our lives upside down and the world of work has faced huge upheaval and rapid change. We have seen unprecedented levels of government intervention to keep businesses alive and millions of workers have benefitted from the state furlough scheme, designed to stave off redundancies in the face of huge economic shock. Meanwhile, companies have consulted intensively with their trade unions to arrive at new, safe ways of working. Working from home has become the new normal for millions while others have adapted to part-time working, new shift patterns or alternating attendance.

Many people have started to ask themselves whether their lives will have been changed forever by this pandemic or whether things will slowly return to the way they were before Covid. The question of working time and whether the changes we have seen will be temporary or long lasting could and should form a central part of this debate. That is why we are delighted to have worked with IPPR, helping them undertake the research that has led to this report – looking for examples of changes in working time in our manufacturing and engineering industries that are the beating heart of our economy.

Working time is built into the DNA of the Alex Ferry Foundation - our legacy was the gift of millions of pounds raised by working men and women in pursuit of a shorter working week as part of the CSEU 35 Hour Week Campaign in the 1990s. We are interested in good work, including a better work-life balance for workers, and the role of trade unions as a critical component in driving lasting change. With this in mind, we were interested to see what changes have happened in working time across the economy due to the pandemic and whether there are perceptible differences in our manufacturing industries. We want to learn lessons from this period of crisis and apply them to change things for the better.

I am proud to present this report as I believe the work that IPPR have carried out will make a valuable contribution to the debate over what happens next in our workplaces, particularly in the field of working time. The case studies in this report reflect the real-time, real world responses to the pandemic and there is much to be learnt from these experiences. Many of the old arguments against improvements to working time have been swept away by the new reality faced by companies and workers. Indeed, an encouraging sign, highlighted in this report, is the way in which in which trade unions have been essential in driving change and winning the support of workers for radical solutions to the challenges employers face. Trade unions were also central to agreeing the terms of the government furlough scheme in a clear example of the benefits of social dialogue alongside the employers.

Across the nation and the rest of the world, there is a growing appetite for a new 'normal'. This report will, I hope, contribute to that debate and help workers and their trade unions frame the arguments for lasting change.

**IAN WADDELL**

*Director, Alex Ferry Foundation*

# SUMMARY

Covid-19, and the government's policies to slow its spread, have caused huge disruption to the economy, and brought about very rapid changes to how most workplaces function. How we work: where, when, for how long and on what terms, is in flux.

There is a risk that high unemployment will further embed a culture of insecure work and low pay in the UK labour market. But the experience of the pandemic may also hold lessons for how work could be arranged more effectively in future, with greater agency in the workplace, and with more time for the important parts of our lives outside of paid labour. So too, learning the lessons from this crisis could have important implications for how policy should respond to the challenges of the coming decades, from automation to the climate and nature emergencies, which will also disrupt the economy and could reduce paid work available.

This paper sets out both how working time is organised, and the number of hours we work has changed during the pandemic. We examine the risks and opportunities presented by the coronavirus outbreak for a progressive vision of working time in the UK: the steady reduction of working hours with no loss in income, and greater autonomy and flexibility in relation to how and when work is performed. We focus on manufacturing and engineering roles, sectors often left out of the working time debate, but that bring different challenges to a progressive vision of working time than sectors that are primarily office-based.

We find that before the pandemic, 20 per cent of workers in manufacturing reported that they made use of some form of flexible working, contrasting with around 40 per cent of workers in public administration, education and health. Across manufacturing, working time is skewed towards a full-time model, and long working hours above a standard full-time contract on average. Despite this dominant model, two in five workers in the manufacturing sector would rather work shorter hours, with nearly a third of those surveyed reporting they would prefer shorter hours even if it meant less pay.

The pandemic has precipitated a shift in how and when work is performed. Increased trust between workers and middle management and revived strength of the relationship between unions and senior management has allowed innovative thinking to drive flexible practices in some workplaces. In response to social distancing requirements, manufacturing businesses that continued operating have introduced changes in shift patterns. For instance, in 'blue collar' job roles, some firms have increased the number of shifts or changed working hours in order to maintain social distancing and avoid workplaces becoming too crowded. Others that already operated some forms of flexible working, such as annualised hours contracts, have enabled working time to be concentrated on fewer days of the week, allowing for others to come in on other days.

In 'white collar' desk-based jobs, working from home has become commonplace. Especially for people with caring responsibilities, more flexible working hours (eg logging in early and/or late in the day) have become widespread and many anecdotal reports suggested that this had no negative effect on productivity, often even improving it.

Most firms in manufacturing industries have not, as a result of the crisis, introduced major reductions to working hours. Firms tended to either put workers on furlough

or keep working hours constant while introducing new flexibilities. With the part-time furlough scheme having begun on 1 July, this is now likely to change. As demand picks back up, firms will ask workers to return, but on a part-time basis.

We're now nearing a pivotal moment in which a new chapter of working time practices could be opened. This moment of innovation could be used to plan, test and implement new working time models. The coronavirus pandemic severely endangers the livelihoods of many workers in manufacturing sectors and related industries; and supporting businesses and workers through this will be critical to prevent long-term unemployment and hardship. But the crisis can also serve as an opportunity to learn and build a better work environment in the future.

To grasp these opportunities, we recommend the following.

- **Recommendation 1: The UK government should extend the flexible furlough scheme to facilitate short-time working while the economy is subdued and until a recovery has been achieved.** This would see employers continue to access wage-subsidy support for workers, with the scheme ending when economic conditions allow, rather than an arbitrary cut-off date. The scheme should be extended to new applicants, including new employees, to protect against job losses and share available work, keeping a greater number of people out of unemployment and connected to the workplace. This reformed scheme could form the basis of a more permanent offer to firms struggling from economic shocks, as in Germany.
- **Recommendation 2: during short-time working, businesses and the UK government should support workers to use spare hours to take up training opportunities.** While workers are working reduced hours, their productivity and skill set could be enhanced through a drive towards upskilling and, where appropriate, retraining. This could be done via introducing a temporary 'Personal Learning Credit' worth up to £700 a year linked to the part-time furlough scheme (Dromey et al 2017). The training programmes suitable for this could be developed between management and unions, and in line with national and local economic strategies. They could also ensure that retraining equips employees for jobs of the future, in line with a clean recovery (Jung and Murphy 2020).
- **Recommendation 3: Businesses should work together with unions, through 'reduced working time task forces' to gauge whether reductions in working time, including a reduced working week, are possible and desirable** for the situation in which businesses find themselves. Often it might not be possible to judge the success of such a scheme before it has been proactively considered in some detail for the firm. These task forces should consider examples of where productivity was enhanced through a shorter work week.
- **Recommendation 4: Collect examples from the crisis on how flexible working and reduced hours have been made possible.** As the flexible furlough scheme kicks in, it is more likely that work will be shared and people will work reduced hours. In this unusual period of innovation, it will be important that experiences and learning are captured, including how changes are organised, how organisational challenges are overcome and how productivity is affected. We set out a framework for collecting learning from workplace innovation, in which data collection could be led by unions, businesses, research organisations or government.
- **Recommendation 5: Introduce a new bank holiday in recognition of the contribution of key workers through the pandemic.** Next year will be the 150th anniversary of the original Bank Holidays Act. We recommend that government consider introducing a new bank holiday, to celebrate the health and care workforce – both in reaction to Covid-19, and their wider contribution to society. This should be the first step in a longer-term plan to increase bank holiday and more flexible annual leave entitlements.

# 1. INTRODUCTION

Covid-19, and the government's policies to slow its spread, have caused huge disruption to the economy and brought about very rapid changes to how most workplaces function. The government has established a wage replacement scheme which has supported 9.3 million workers, and offices around the country remain shut as those who can work from home, do. The president of the AA has predicted that investment in broadband could be more useful to an economy with greater home-working than investment in roads (Harrabin 2020). Those workplaces that have continued and which are now reopening have had to do so with stringent social distancing measures in place. With no effective, mass-produced vaccine in sight, it is unclear when these measures will be totally lifted.

Some have – fairly – criticised the government for not acting quickly enough to place the UK under lockdown. But compared to the pace of policy-making and social change prior to the pandemic, the changes have been made at breakneck speed. In many ways, the government response to the crisis has served to demonstrate the power of the state to intervene in our individual and collective lives, and has reshaped the scope of what is seen as feasible and legitimate government intervention.

Studying social and economic change in real-time is both challenging and necessary, both to inform rapid policymaking and to ensure that the seeds of positive changes can be identified and nurtured. Crises – whether wars, economic shocks or public health emergencies – can precipitate rapid transformations in how we live and in the values we hold as a society.

It is in this context that the research for this paper was designed. How we work: where, when, for how long and on what terms, is currently in flux. Without support for positive nascent change, it is perfectly feasible that working patterns and practices will revert to their pre-crisis state, or worse, that a labour market scarred by high unemployment will further embed a culture of insecure work and low pay. But the experience of the pandemic may also hold lessons for how work could be arranged more effectively in future, with greater agency in the workplace and over working hours, and with more time for the important parts of our lives outside of paid labour. So too, learning the lessons from this crisis could have important implications for how policy should respond to the challenges of the coming decades, from automation to the climate and nature emergencies, which will also disrupt the economy and could reduce the amount of paid work that is available.

The research for this paper seeks to understand how working time is organised, and the number of hours we work has changed during the pandemic. We examine the risks and opportunities presented by Covid-19 for a progressive vision of working time in the UK: the steady reduction of working hours with no loss in income, and greater autonomy and flexibility in relation to how and when work is performed. We focus on manufacturing and engineering roles, high-contact sectors often left out of the working time debate, but that bring different challenges to a progressive vision of working time than sectors that are primarily office-based.



The research explores how firms have changed working practices to operate in a pandemic, including challenges encountered in the transition, how the changes have been experienced by workers, and whether attitudes amongst employers or workers have shifted to facilitate more long-term fundamental change. We explore how this varies between different types of workplace, with a particular focus on industrial work settings with high levels of in-person and on-site work.

To inform the work, we carried out:

- analysis of the Labour Force Survey to assess the prevalence of flexible working practices in manufacturing and the desire for change
- fresh survey analysis of working practices in the defence sector
- case study analysis of how work has changed within manufacturing
- interviews with representative business organisations, employers, and unions.

Building on this evidence base, we assess the lessons and implications of Covid-19 for achieving a reduction in working time, and increasing flexible work, in such a way that benefits all workers. We propose high level policies to realise these opportunities as the economy emerges on the other side of this crisis.

## 2. WORKING TIME AND WORKING PRACTICES IN MANUFACTURING PRE-COVID-19

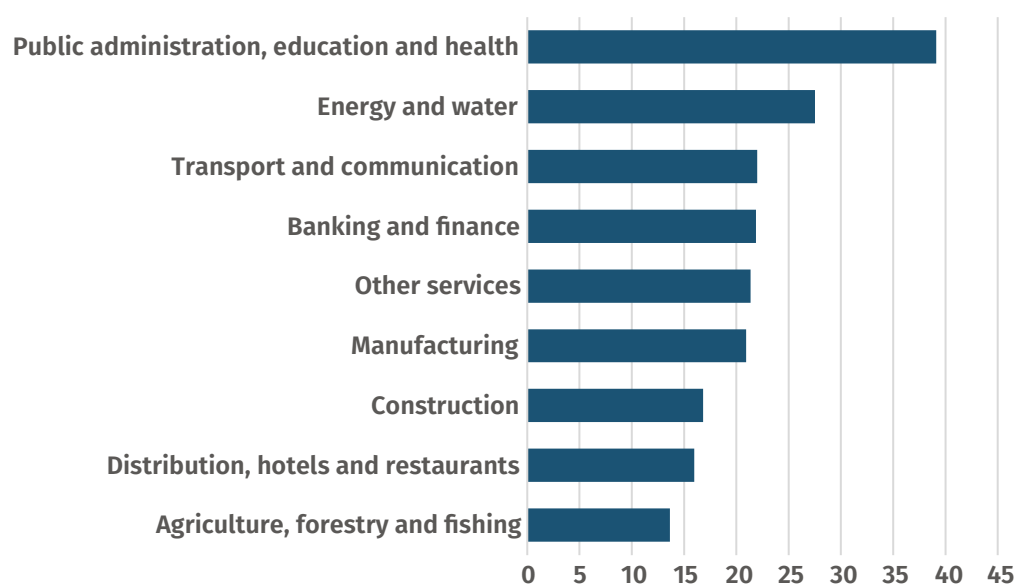
### 2.1. WORKING TIME AND WORKING PRACTICES ACROSS THE MANUFACTURING SECTOR

Here, we establish an overview of working time and working practices across the manufacturing industry, before exploring both blue- and white-collar roles in shipbuilding and aircraft engineering in closer focus. As this data is from 2018/19, our analysis provides an overview of working time on the eve of the pandemic. Through our analysis of this data, we find that part-time and flexible working patterns in manufacturing remained far behind other major sectors, and a norm of full-time working with limited flexibility.

First, we find that there had been some take-up of flexible working across the sector, including flexitime, annualised hours contracts and reduced working weeks. In manufacturing, 20 per cent of workers reported that they made use of some form of flexible working. This contrasts with around 40 percent of workers in public administration, education and health (figure 2.1).

**FIGURE 2.1: ONE IN FIVE WORKERS IN MANUFACTURING USE FLEXIBLE WORKING PRACTICES**

Share of employees with flexible working arrangements by sector (%)



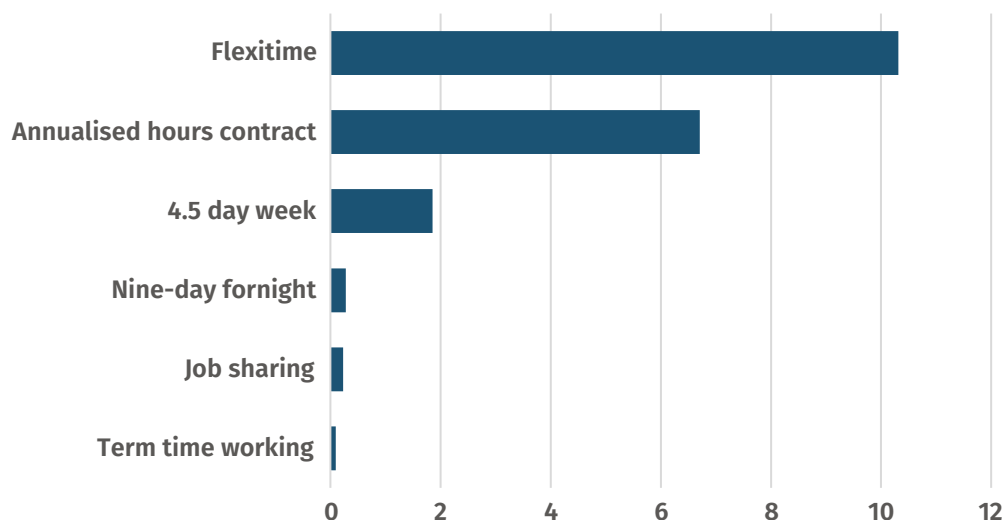
Note: Excludes zero hours contracts.

Source: IPPR analysis of ONS 2020

Looking at what forms of flexible working are most prevalent in manufacturing, we find that most of the flexible working arrangements reported are in the form of flexitime rather than reduced working weeks (figure 2.2). Less than 2 per cent of workers in manufacturing made use of a reduced work week or schemes such as job sharing. In fact, a substantial majority of workers across the manufacturing sector are on full-time contracts, with a significant proportion working long hours (over 39 hours a week; figure 2.3).

**FIGURE 2.2: FLEXTIME IS THE MOST COMMON FLEXIBLE WORKING ARRANGEMENT IN THE MANUFACTURING INDUSTRY**

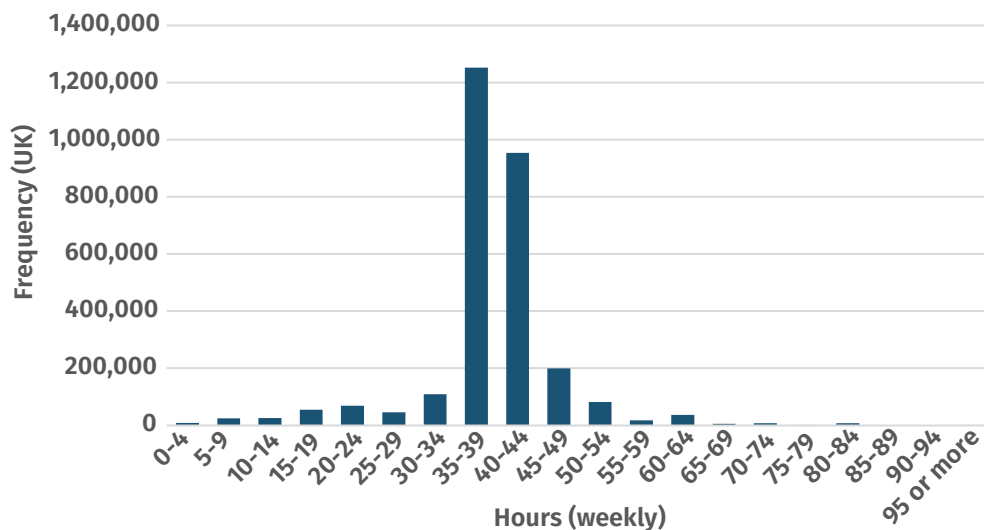
Share of employees in the manufacturing industry in each type of working arrangement (%)



Source: IPPR analysis of ONS 2020

**FIGURE 2.3: ACROSS THE MANUFACTURING INDUSTRY, WORKING TIME IS SKEWED TOWARDS A FULL-TIME MODEL, AND LONG WORKING HOURS**

Usual number of weekly hours worked in manufacturing

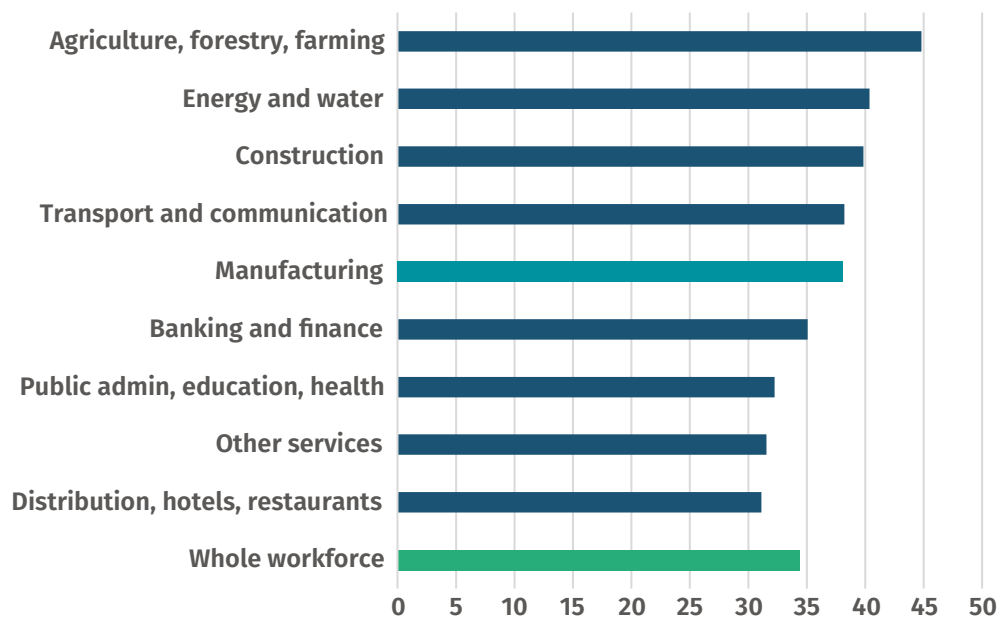


Source: IPPR analysis of ONS 2020

These working hours figures are longer than for other major industries. Usual hours in manufacturing are just over the standard full-time contract in the UK (of 37.5 hours), and average hours are longer than in banking and finance; public administration, education and health; other services; or the distribution, hotels and restaurant sector (figure 2.4).

**FIGURE 2.4: AVERAGE USUAL WORKING HOURS IN MANUFACTURING ARE LONGER THAN IN OTHER MAJOR INDUSTRIES**

Average number of hours worked per week by industry



Source: IPPR analysis of ONS 2020

## 2.2. DEEP DIVE INTO SHIPBUILDING AND AIRCRAFT ENGINEERING

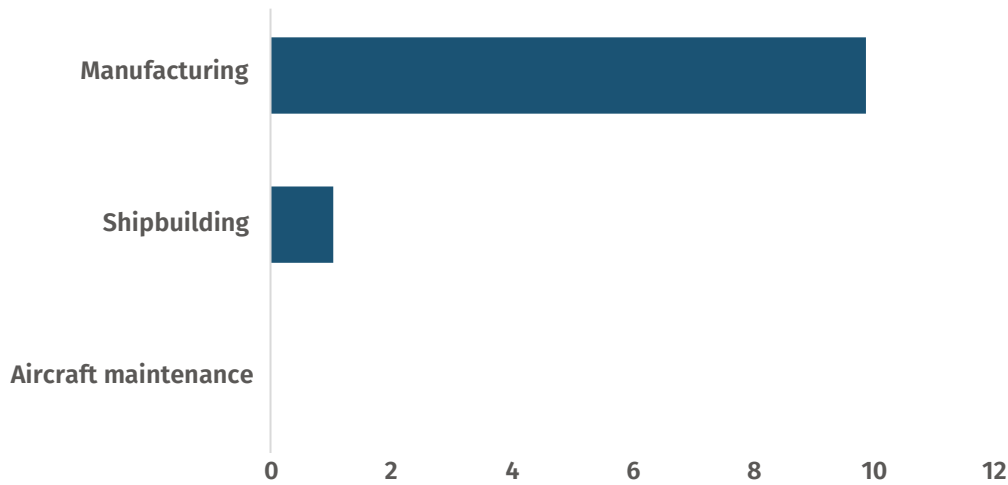
### Working time in shipbuilding and aircraft engineering

Next, we turn to look at working time in key sub-sectors of the manufacturing industry: shipbuilding and aircraft maintenance and repairs, to provide a more focussed picture on workers in these sub-sectors. Using data from the Labour Force Survey (LFS), we compare working time and practices in these particular job roles, and the manufacturing industry as a whole.

Figure 2.5 shows the proportion of workers in the manufacturing industry, and in shipbuilding and aircraft maintenance and repairs roles, who reported working part-time in 2018/19. While almost one in 10 workers across the industry now work part-time, this pattern has not been reflected in shipbuilding and aircraft maintenance roles, where only very small proportions of workers report working part-time. In aircraft maintenance roles, no worker surveyed for the LFS in the period studied reported working on a part-time contract. Full-time working patterns are clearly the persistent norm in these roles, which could be perceived as a barrier to establishing working practices that support greater flexibility, or a reduction in working hours.

**FIGURE 2.5: SOME PART-TIME WORKING HAS BEEN ESTABLISHED IN MANUFACTURING**

Workers in manufacturing, shipbuilding or aircraft maintenance working part-time (%)

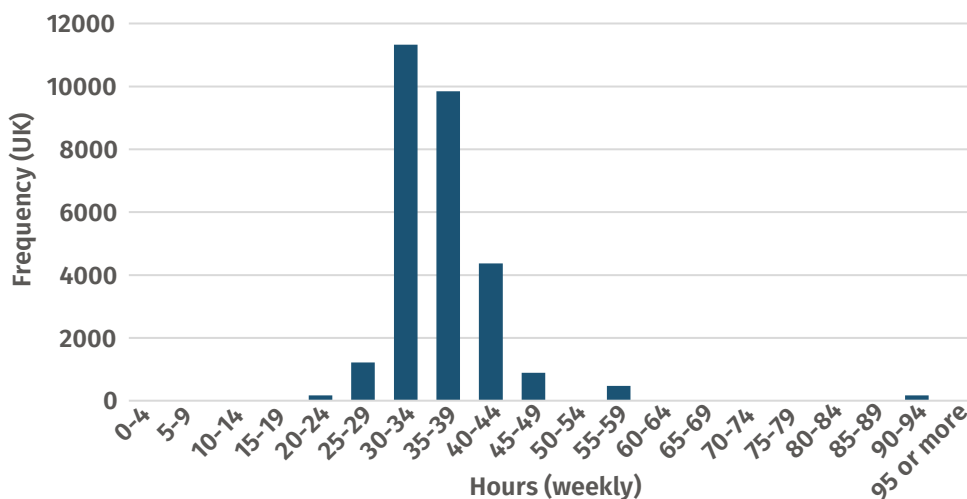


Source: IPPR analysis of ONS 2020

Looking at the distribution of usual working hours shows that work is concentrated on a full-time working pattern. In aircraft engineering, this is particularly concentrated, with a majority of workers surveyed working 35-44 hours in a standard week (figure 2.6).

**FIGURE 2.6: MOST WORKERS IN AIRCRAFT MAINTENANCE ROLES ARE WORKING 35-44 HOURS IN A USUAL WEEK**

Usual number of weekly hours worked by employees in aircraft repairs and maintenance

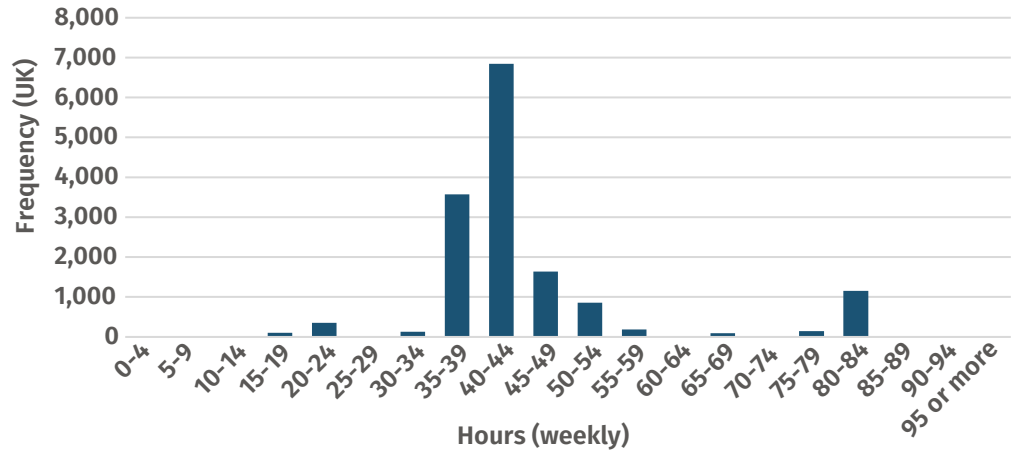


Source: IPPR analysis of ONS 2020

In shipbuilding roles, most workers surveyed report working 40-44 hours in a usual week (figure 2.7). Here, working hours are more widely distributed than in aircraft engineering, but remain skewed towards long working hours.

**FIGURE 2.7: MOST WORKERS IN SHIPBUILDING ROLES ARE WORKING 40-44 HOURS IN A USUAL WEEK**

Usual number of weekly hours worked by employees in shipbuilding roles

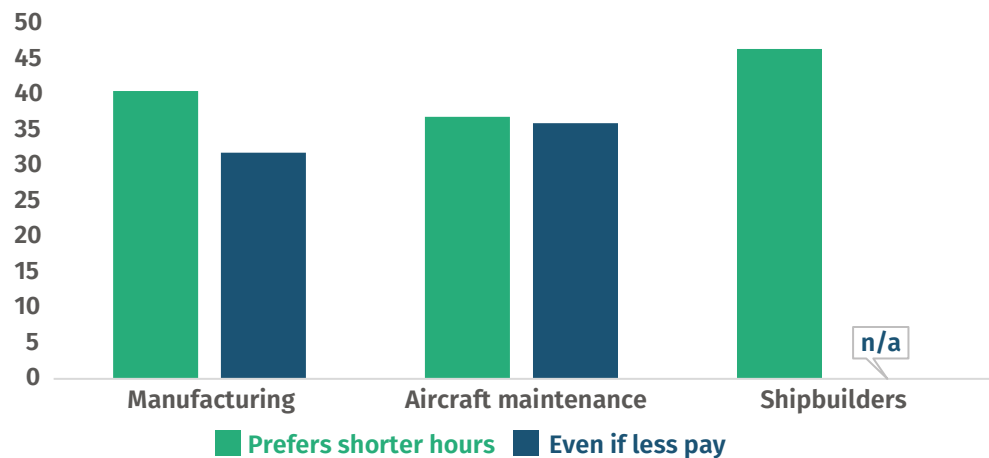


Source: IPPR analysis of ONS 2020

The full-time norm does not suit everyone in these sectors. When asked if they would prefer to work shorter hours, two in five workers across manufacturing agree, with nearly one in three reporting that they would prefer to work fewer hours, even for less pay. In shipbuilding roles, an even greater share would prefer to work fewer hours; nearly half of all respondents would like to see a shorter working week, with two in five stating that they would prefer to work shorter hours even if it meant a reduction in pay. In aircraft engineering, more than one in three workers agreed they would prefer shorting working hours.

**FIGURE 2.8: TWO IN FIVE WORKERS IN MANUFACTURING SAY THEY WOULD PREFER TO WORK SHORTER HOURS**

Share of employees who would prefer shorter working hours, even for less pay (%)



Note: Data for the share of workers in shipbuilding roles who would prefer shorter hours even with less pay is not shown due to limited sample size.

Source: IPPR analysis of ONS 2020

### 3.

## HOW ARE WORKING TIME AND PRACTICES CHANGING AS A RESULT OF COVID-19?

To gather more information on how working practices have changed during this crisis, we conducted interviews with business organisations, individual businesses and unions. These included: Prospect Union, Unite, CBI, Make UK, CIPD. This section outlines some of our key findings from these conversations, and distinguishes between changes in blue-collar and white-collar jobs.

In response to social distancing requirements, many manufacturing businesses that continued operating introduced changes in shift patterns. For blue collar jobs, firms introduced additional shifts, reduced the number of workers being on site at the same time. Others adjusted working time by staggering shifts in order to avoid too crowded workplaces.

Most firms in manufacturing industries have not, as a result of the crisis, introduced flexible working patterns. Firms tended to either put workers on furlough or keep working hours constant while introducing new flexibilities.

There are some notable exceptions to this. One manufacturing firm introduced *de facto* part-time working, by introducing three-week cycles. They did so by putting half of their workers on furlough for three weeks (the minimum requirement) and then switched it around, putting the other half on furlough for three weeks. The justification for this were fairness grounds: they recognised the importance of people being able to work and wanted to give this opportunity to their full workforce, rather than putting half of staff on furlough leave and letting the other half work. This suggests potential demand for a part-time scheme that in the first stage of the pandemic has gone unmet.

In white collar jobs, working from home has become commonplace. Especially for workers with caring responsibilities, more flexible working hours practices (eg logging in earlier and/or later in the day) were widespread. Reports we heard suggest that this shift has had no negative effect on productivity, and often even improved it. Other workplaces with existing flexible working practices, such as annualised hours contracts, have enabled greater concentration of working time.

### 3.1. A NEW ERA OF EMPLOYEE-MANAGEMENT RELATIONS

Across the board, interviewees emphasised that the union-employer relationships are at a high point. Many of the innovations around working time made in recent weeks and months were made possible through close collaboration between the two. Interviewees reported employers' recognition of the value of unions and their insight in navigating new working patterns and practices and retaining trust and dialogue. As one interviewee put it, with regards to white-collar jobs:

***“Could you believe that people could have two kids at home and the employer would be happy for them to work from home? ... Everyone gets it. People are making sure that employees are ok. It's managing upwards as well. Some of the junior people telling their managers that they need some time off ... I think it has brought people closer together ... It's almost like everyone's human now.”***

In one example, this sense of trust was essential where people did not have their contracts changed, but where there was an understanding that people were going to work 6am to 10am and then take a four-hour pause before logging back on.

We also heard about increased trust and recognition between those working on the frontline and those working from home:

*“While everyone is at home, they know how difficult is. There is more of a thank you attitude. That they are going to work. They are keeping it going. These people came in.”*

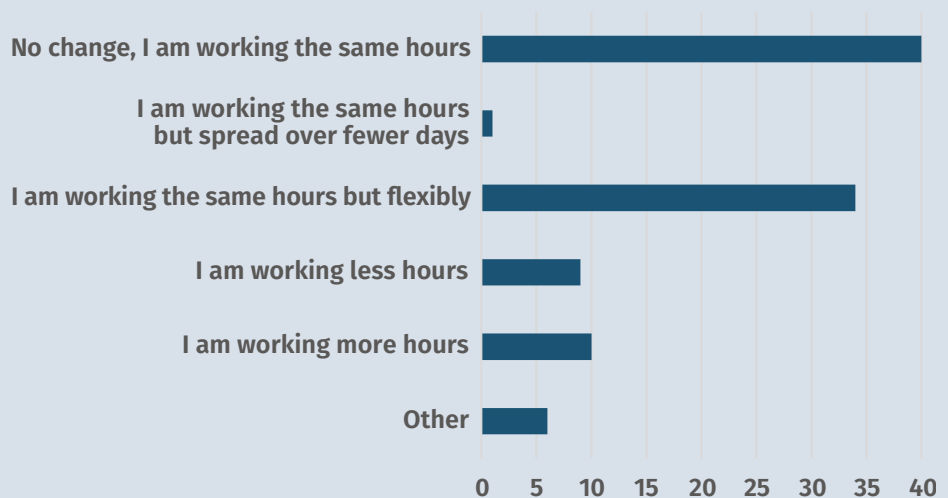
### BOX: QUANTITATIVE EVIDENCE ON WORKING TIME INNOVATION AS A RESULT OF THE COVID-19 CRISIS

Our case studies and interviews suggest that the Covid-19 crisis has significantly changed many work processes, but has not yet led to reductions in working time where previous reductions have not already been achieved. To test this, we analysed data collected during the crisis from members of Prospect Union, working in the defence sector. We assessed how working time practices had changed. Data was collected in May and June 2020.

More than four in five Prospect members surveyed reported changes to working practices in their workplace as a result of Covid-19, while just two in five reported that they were working their usual hours (Figure 3.1). 9 per cent reported that their hours had fallen, while 10 per cent said they were working more hours. The most common change was for workers to work the same hours, but more flexibly. More than one in three workers reported this adjustment. This shift to working more flexibly chimes with the accounts of our interviewees. The reported reduction in hours, however, is somewhat at odds with our interviewees’ reports that they were not aware of cases where hours had been reduced as a result of the pandemic. It might be that survey respondents responded by including being furloughed, or working shorter hours informally as a result of childcare commitments, for example, as a form of reduced hours.

**FIGURE 3.1: MOST CHANGES DUE TO COVID-19 SAW THE ADOPTION OF FLEXIBLE WORKING PRACTICES RATHER THAN A REDUCTION IN HOURS WORKED**

Responses to: "Have your working hours changed because of the Covid-19 crisis?" (%)



Source: IPPR analysis of Prospect survey of members in defence sector, May 2020. N=1141.



### 3.2. THE NEXT PHASE OF INNOVATION

With the flexible furlough scheme in operation since the beginning of July, which permits employees to be on furlough leave for some of their hours (eg part-time), working patterns could change, especially for those who have been furloughed. As demand picks back up, firms will ask workers to return, but this is likely to be on a part time basis. As with the first phase of the crisis, this will likely spark new innovations. It will be key for unions, management and policy makers to track how these practices evolve and what lessons can be learned.

Of particular interest will be whether businesses use the furlough scheme to share work between workers while the economy remains subdued. This could help ensure job security and business continuity, by keeping workers attached to the firm and sharing work around. The scheme could help encourage this for workers that have already been furloughed, but because eligibility is limited to this specific group, it is unable to incentivise reduced hours for workers who have not yet been furloughed.

### 3.3. AUTOMATION

The trends towards more flexible working and reduced working time have important implications for another trend, of automation. One interviewee in manufacturing described a new factory that had been built, that is virtually fully automated. Such trends may continue or even accelerate in manufacturing industries and elsewhere, as firms seek profitability in a time when social distancing is increasing the costs of employing workers. The people interviewed for this research, however, did not see evidence of an increase in automation as a result of the Covid-19 crisis. This was partly due to the huge uncertainties triggered by the crisis meaning that firms are holding off making big investments in new systems.

## 4.

# CASE STUDIES ON THE IMPACT OF THE COVID-19 CRISIS ON DIFFERENT MANUFACTURING INDUSTRIES

Here we explore the immediate impact of the Covid-19 crisis on firms in naval shipping, rail and manufacturing, including automobile manufacturing. The interviews were conducted over the course of June 2020, while the lockdown was still relatively stringent but was starting to be eased.

### CASE STUDY 1: BAE SYSTEMS NAVAL SHIPBUILDING PLANTS, GOVAN AND SCOTSTOUN, GLASGOW

At the Glasgow Govan and Scotstoun sites, BAE systems had altered shift patterns to spread work over day, night and weekend shifts, and introduced greater flexibility for start and finish times. These changes were made to comply with social distancing requirements and accommodate individual circumstances, including changes to public transport schedules. Our interviewees reported that collaboration between management and unions has been important to navigating the new challenges Covid-19 has posed to working practices and health and safety from day one.

Given the defence sector's reliance on long-term government contracts, naval shipbuilding workplaces had not made use of the Job Retention Scheme, with operations continuing as far as possible and all employees remaining on full pay. By the start of June most people were back to work, excluding those shielding under government advice, after a brief pause and a phased return to an adjusted workplace over the last three weeks of May. Workers on the manufacturing side were working their full contracted hours on adjusted shift patterns, with staff spread across staggered shifts to facilitate social distancing. New health and safety measures include one way walk systems, ground markings to ensure social distancing is maintained, new site induction processes and the trebling of cleaning staff. Only externally contracted staff had been furloughed, and staff in non-manufacturing roles such as catering had been largely redeployed to increase capacity in cleaning services as canteens remain closed.

In 2017, the Unite and GMB Unions won a four-day working week for naval shipbuilders working for BAE Systems, with a reduction in hours (from 37 to 36 hours per week) without a loss of pay. This saw a shift in working practice from a standard working pattern of four full days and a half day on a Friday, to condensed hours over a shorter working week. Alongside union organising and negotiating, this shift has been attributed to senior management's recognition that a shorter working week would not risk reducing productivity levels – and in fact, that a condensed four-day working pattern may well be better for a workforce productivity than more hours stretched over a longer week. The introduction of a four-day week at other firms, such as Babcock International, provided evidence of a shorter working week in practice, in an example of working time innovation spreading across the sector.

Prior to the crisis, BAE systems operated a form of flexible working called 'smart working' on the office side of their naval ships workplaces. This saw flexible working realised for office staff through measures that enabled staff to design their own working patterns and manage their working hours around 'core hours' of 10am-2pm. Hours were managed over a rolling four-week period, allowing greater flexibility around busier or less intense periods of work, or time pressures outside the workplace. In response to Covid-19, working practices on the office side have shifted to allow full flexibility for employees to work around childcare or other commitments. Employees covered by these arrangements have largely been working from home through lockdown.

### **CASE STUDY 2: HS2 AND THE RAIL SECTOR<sup>1</sup>**

Some parts of the rail sector have seen a limited impact from the Covid-19 crisis. Much of the essential maintenance work on rail has continued, and projects like HS2, driven by long-term government contracts, have seen no drop in demand. However, non-essential work, such as building works around stations, have largely stopped during the height of the crisis.

For those jobs in rail that continued, social distancing measures had to be implemented. Many infrastructure-related jobs have a high degree of health and safety requirements. Interviewees stressed that in many ways social distancing requirements were a manageable add-on to these. Most maintenance and construction work is conducted outdoors, making the spread of the disease less likely. Social distancing measures were introduced on-site, combined with designated staff to oversee that they are adhered to. Travelling to sites – in buses and cars – was often the activity associated with highest risk of the spread of the virus, which was addressed through introducing more journeys with fewer people in each vehicle.

There was some flexibility introduced around shifts. In order to allow for social distancing, in some teams, more shifts were introduced to accommodate fewer staff being able to be on site at one time. However, none of our interviewees reported a shift towards reduced hours.

For those areas where work had halted, innovation around working practices is yet to come. Social distancing will be more difficult to implement on indoor sites (such as train stations) and flexible shift patterns may have to be introduced here too.

### **CASE STUDY 3: MANUFACTURING INCLUDING AUTOMOBILE MANUFACTURING<sup>2</sup>**

The manufacturing sector, including automobile manufacturing, in the UK has been relatively hard hit by the crisis. In many instances, production was stopped or significantly reduced. Therefore, in contrast to the above-mentioned sectors where cash flow was relatively robust, there was less emphasis on keeping work going in a socially distanced way. Instead, uncertainty about future demand dominated our interviews, for instance, with announcements about job losses at Bentley taking place during our research.<sup>3</sup>

In line with the findings of the previous section, interviewees said there were relatively few examples of a four-day working week and limited discussion of reducing it from 40 hours. This was not because of lack of openness to flexibility, but more due to the requirements on the assembly line, one interviewee said.

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1 This case study is based on interviews with HS2 and McGinley.

2 This case study is based on interviews with Make UK, CBI and CIPD.

3 See: <https://www.theguardian.com/business/2020/jun/05/bentley-to-cut-nearly-a-quarter-of-its-workforce>

From 18 May onwards, a lot of staff went back to work in automobile manufacturing. In one company, some people had been working on an eight-week plan, with gradually increased shifts. But many firms are not back to their normal shift patterns.

Some interviewees thought that the part time furlough scheme could be useful in keeping people at work while demand is weak. One interviewee voiced concern that the window for applying for this scheme had now closed. Workers that are not yet signed up to the scheme will thus not be eligible for part time work support, even if new economic circumstances mean firms would like to use the scheme.

## 5. RECOMMENDATIONS

The Covid-19 crisis has altered work in different ways for different sectors and workers. We believe there should be three important goals in relation to the working time agenda.

- First, it is critical that public policy supports businesses and the people who work for them through this crisis, such that incomes are protected and to avoid long-term unemployment with all its impacts on mental health and living standards. Keeping people connected to the workplace is an important part of achieving this goal.
- Second, policymakers, unions and businesses should capture and learn the lessons of the crisis, so that better working practices can be developed going forward, building on the forced innovation that has taken place.
- Third, and relatedly, this crisis should act as a pivot in how we organise, arrange and relate to work. Our society – including manufacturing industries – did not settle on a 38-hour working week by chance: it was achieved through union bargaining, legislation and productivity improvements (Roberts et al 2019). So too, the power of employers over how and when we spend our time working is socially constructed. There is clear appetite amongst workers for reduced working hours, particularly where pay levels are maintained, and changed working practices through the pandemic are likely to trigger a more general questioning of our relationship to the paid workplace, and one of our most treasured possessions – our time. So too, the prominent role of trade unions in negotiating national and business-level schemes offers an opportunity. Previously, major reductions in hours have happened during periods of union strength (Skidelsky 2019). Clearly unions have a large role to play in any shift towards a more progressive vision of working time.

Rather than a slow and steady decline, previous reductions in working time have happened through ‘rapid major adjustments’ (Scott and Spadavecchia 2011). We’re now nearing a pivotal moment in which a new chapter of working time practices could be opened. This moment of innovation could be used to plan, test and implement new working time models. If successful they can improve the wellbeing of workers, adapt to novel trends such as automation, and be profitable for the bottom lines of firms. The Covid-19 crisis severely endangers the livelihoods of many workers in manufacturing sectors and related industries. But it can also serve as an opportunity to learn and build a better work environment in the future.

With these goals in mind, we make the following recommendations.

### **Recommendation 1: Extend the Job Retention Scheme to bridge the demand gap and share work around while the recovery is under way.**

The Job Retention Scheme – including its flexible version which allows for part time work – is set to end in October. Ahead of that, from August, businesses will gradually start paying employers’ national insurance contributions and pension costs. They will also have to start paying 10 per cent of furloughed employees’ wages from September, rising to 20 per cent in October.

The Job Retention Scheme was initially open only to people placed on furlough leave full-time. This is likely to have led to some workers who could have performed some economic activity to stop working altogether – with negative effects both for the economy as a whole and for individuals. The design has also risked gender equality gains, by requiring workers needing time for caring responsibilities to temporarily leave the workplace entirely (McNeil et al 2020). The scheme, up to July, has therefore actively prevented the reduction of working time and sharing of paid work around the workforce.

From July, employers have been able to make use of the furlough scheme on a part-time basis - a welcome development. It will allow firms to slowly bring back workers from furlough as demands starts to recover. Under the scheme, workers are paid their normal wage by their employer for their worked hours and paid via the furlough scheme for the hours not worked (CIPD 2020).

However, the tapering of the schemes may be reducing employment support too quickly to avoid significant lay-offs (Gregg 2020). Much of the demand for workers might only return gradually over the course of the year. Therefore, reducing the support too early in this transition to meet an arbitrary cut-off date could drive furloughed workers into unemployment, who could have otherwise been retained in work if the scheme had been in place for longer.

In order to prevent a sudden spike in unemployment between August and October, and to enable the sharing of available working hours between workers, government should consider the following changes.

- **Make the employer contribution in the flexible furlough scheme conditional on the state of the recovery**, rather than time dependent. This would encourage firms to keep more workers on, on a part-time basis, rather than keeping fewer workers on a full-time basis, reducing overall unemployment.
- **Extend the time period during which firms can apply to access the scheme.** The deadline has now passed for firms to apply for the part-time furlough scheme, meaning that no worker who hasn’t previously been furloughed can now be furloughed part-time. Re-opening this would allow firms to dynamically respond to the evolving economic situation and enable greater sharing of work between workers.
- Expand both the part-time and full-time furlough scheme to **also include newly employed workers**. Firms that have already made lay-offs should be incentivised to hire new workers and take old ones back on. This could be targeted at specific groups, although doing so would add to the complexity of the scheme.
- **Consider creating a permanent ‘short-time working scheme’ based on the part-time Job Retention Scheme**, to be used in the event of economic downturns or sector-specific shocks. This could be based on the German model, and would increase resilience to long-term unemployment for workers in sectors likely to be impacted by shocks such as automation or action on climate change. The parameters of the scheme could be more flexible than in the German model, in order to be able to tailor the response to the economic situation at hand.

### **Recommendation 2: During short-time working, support workers to use spare hours to take up training opportunities.**

While workers are working reduced hours, their productivity and skill set could be enhanced through a drive towards upskilling and, where appropriate, retraining. This could be done via introducing a temporary 'personal learning credit' worth up to £700 a year linked to the part-time furlough scheme (Dromey et al 2017). The training programmes suitable could be developed between management and unions, and in line with national and local economic strategies.

### **Recommendation 3: Businesses should work together with unions, through 'reduced working time task forces' to gauge whether reduced working time, including a reduced working week, is a possibility and desirable for the current situation in which businesses find themselves.**

Often it might not be possible to judge the success of such a scheme before it has been proactively considered in some detail for the firm. Indeed, most people interviewed found that reduced work week schemes had not been considered at all, but said that in principle there were no immediate barriers to such an arrangement being considered. These task forces should consider examples of where productivity was enhanced through a shorter work week.

### **Recommendation 4: Collect examples from the crisis on how flexible working and reduced hours have been made possible.**

As the part-time furlough scheme kicks in, there is likely to be a plethora of examples in which work is shared and people work reduced hours. In this unusual time of innovation, it will be important that experiences and learning is captured, including how changes are organised, how organisational challenges are overcome and how productivity is affected. We set out a framework for collecting the learnings from these innovations. It is these case studies that can form a baseline for future innovation, providing employers and unions with examples on which to draw and a bedrock for our knowledge on how to change working time. Data collection could be by unions, businesses, research organisations or government.

The draft framework for collecting information on working time reduction schemes could include the following.

#### **Core qualitative questions**

- What was the working time reduction scheme?
- If the scheme was devised but not implemented, explain the reasons for not going ahead with it
- How much flexibility was there in the scheme?
- Was pay reduced and if so by how much?
- How much state contribution was there (eg through the furlough scheme)?
- How was the scheme planned and implemented? Was there collaboration between unions and management? Were there any obstacles that had to be overcome?
- Was this tied to some form of training?
- What was the perceived success of the scheme, including amongst workers?

#### **Quantitative analysis**

- How large is your workforce?
- How many people partook in the work reduction scheme?
- What was the average pay of the people that part took in the scheme?
- How much was hourly pay affected for workers involved?
- To what level of average hours was worktime reduced?
- How was output per worker affected?

**Recommendation 5: Introduce a new bank holiday in recognition of the contribution of key workers through the pandemic.**

Next year will be the 150th anniversary of the original Bank Holidays Act. IPPR has previously recommended that government consider introducing a new bank holiday, to celebrate the health and care workforce – both in reaction to Covid-19, and their wider contribution to society. A new bank holiday would be one step towards the gradual reduction of working time across the economy, and recognise both the extraordinary contribution of key-workers through the pandemic, as well as the desire to spend more time with family at home that many have expressed as a result of the lockdown. Our polling shows that nearly two-thirds of the public would support a new bank holiday for this reason (Thomas and Quilter-Pinner 2020).

This could and should later be built upon with additional bank holidays, or more flexibly used annual leave, at a pace that could both drive and be supported by productivity improvements (Roberts et al 2019).



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