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**A blueprint for  
good work:**

**Eight ideas for a new  
social contract**

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## About the RSA

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes in a world where everyone is able to participate in creating a better future. Through our ideas, research and a 30,000 strong Fellowship we are a global community of proactive problem solvers, sharing powerful ideas, carrying out cutting-edge research and building networks and opportunities for people to collaborate, influence and demonstrate practical solutions to realise change

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# Foreword

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‘Good Work’, the report of the Commission on Modern Employment was published in 2017. The establishment of that Commission by the then Prime Minister, Theresa May, was doubly significant. It signalled a recognition that new forms of employment, such as platform-enabled gig work, and growing practices like zero-hour contracts might require new forms of regulation. It also showed that after three decades of advocating greater labour market flexibility, even a Conservative government was willing to acknowledge the need for greater fairness for workers.

The recommendations of Good Work were designed to command support from the government and to have an impact in improving the protection for vulnerable workers. It was particularly important to establish the principle that work quality should be a focus of public policy. Many recommendations of the Commission have been implemented, while some still await the Employment Act to which the current government has committed.

Good Work has made a difference, but the world has changed since 2017. Too many poor working practices have persisted and public concern about unfairness and insecurity has grown. This was why the RSA decided in 2019 to explore the basis for a new social contract. Then, with our work well advanced, Covid-19 struck.

The pandemic has cast a bright and unforgiving light on the weaknesses of our labour market and employment system. In the early stages of the pandemic there was public anger towards high profile employers who treated their staff unfairly. In contrast, good employers have fully engaged staff from the outset. At lock down the vulnerabilities of temporary and self-employed workers soon became apparent. The role of key workers, from care staff to delivery drivers has reminded us of the disparity between the social value and market values of occupations. Now, as work starts up again in many parts of the economy, there are concerns about the health and safety of workers and the prospects of the millions who face unemployment or underemployment. The public’s awareness of the scale of unfairness and insecurity has grown along with its appetite for change.

Updated and refined to address the impact and ramifications of Covid-19, ‘A blueprint for good work’ could not be more timely. Its authors combine thorough analysis, a wide range of important ideas and a credible and sophisticated model of change. It is just the kind of framework we need to address the issues exposed by the crisis and to respond to the desire for a new settlement for a post-pandemic world. When it comes to fairness and security in the labour market, we now have a chance to build back better. This excellent report shows how.

**Matthew Taylor**  
Chief Executive

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# Executive summary

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The RSA Future Work Centre began as an exploration of how technology and public policy could be harnessed towards the pursuit of good work, outside of crisis conditions. That remains our mission, but with the arrival of Covid-19 we now find ourselves in the grasp of a social catastrophe. As the pandemic has spread, the ensuing crisis has shone an unforgiving light upon systemic vulnerabilities that already lurked within our economy and society.

Recent years have seen atypical employment arrangements such as zero-hour contracts and gig economy jobs proliferate. For some workers these arrangements provide much needed flexibility, enabling them to fit their jobs more easily around their lives and other responsibilities, such as caring. Yet far too often the flexibility offered is ‘one-sided’ with employers seeking to transfer risk onto the shoulders of workers in ways that make their lives much more insecure. These employment arrangements have added a new layer of insecurity onto a labour market already reeling from low wages, stagnant productivity and rising in-work poverty. Most worrying of all this ‘age of insecurity’ has coincided with a labour market which has excelled at job creation. That a labour market operating at near full employment capacity is not enough to secure broad-based prosperity is a significant and troubling historical departure.

The other pressing challenge is that posed by transformative technologies - such as artificial intelligence, the internet of things (IoT) or additive manufacturing - and the widespread fear they could further aggravate economic insecurity and inequality. The pandemic is likely to accelerate this dynamic across some industries, such as retail, creating new patterns and losers in the months and years to come.

Put alongside the moral urgency of the pandemic, we argue that the twin challenges of economic insecurity and labour-market transforming technologies requires a new blueprint social contract for good work. We define the social contract for good work as the underlying rights and responsibilities associated with all institutions responsible for delivering work. Furthermore, we draw upon the classic definition of ‘social contract’ in political philosophy to help identify five good work principles, consistent with our values and research findings, that should be enjoyed by all:

### Box 1: The good work principles

1. **Security** – all should enjoy work that provides enough economic security to participate equally in society;
2. **Wellbeing** – all should enjoy work that grows and develops their capabilities;
3. **Growth** – all should enjoy work that grows and develops their capabilities;
4. **Freedom** – all should enjoy work that provides freedom to pursue a larger life;
5. **Subjective nurture** – all should enjoy work that nurtures their subjective working identity.

These five principles serve as our moral foundation and a vision for good work for all. Drawing upon our wider two year enquiries, we took this starting point and developed a process for designing a new blueprint social contract to meet these ambitions (full details of our methodological approach are provided in the introduction):

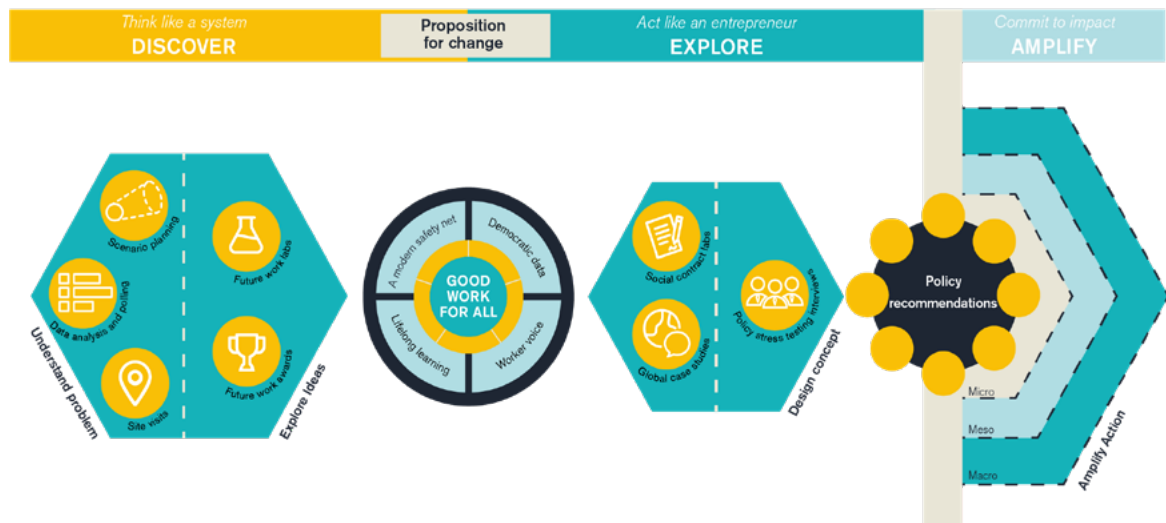


Figure 1: The blueprint social contract design process

As part of this design process we drew in particular on our 2019 report, *The Four Futures of Work*. Using a morphological approach, this report developed four distinct scenarios for the future of work:

### **Box 2: The *Four Futures of Work* scenarios**

- 1. The Big Tech Economy:** Technology develops rapidly, leading to widespread automation, with tech companies tightening their grip on traditional industries.
- 2. The Precision Economy:** Technological progress is moderate, but sensors are widely adopted by businesses. Workers are subject to new levels of algorithmic management as gig platforms break into new sectors.
- 3. The Exodus Economy:** Another economic recession causes technological progress to stall. Alternative economic models gather interest as people give up on consumer capitalism in search of more sustainable lifestyles.
- 4. The Empathy Economy:** Technology is stewarded responsibly. While dirty, dull and dangerous jobs are automated, technology augments human capabilities and emotional work becomes more important.

These scenarios, explored in-depth in chapter two of this report, allowed us to define the problems the new blueprint social contract must tackle with precision. These converge into four systemic policy challenges:

- **Stronger worker voice:** How can we support trade unions to innovate and reverse the long-term decline in membership? What other mechanisms are needed to give workers more stakeholder power over how technology is adopted in the workplace?
- **Democratic data:** What rights should people have over the data that is collected on them at work? Can we reign in the power tech companies have over markets by regulating their power over data?
- **A modern safety net:** How can we support workers financially during potentially long periods of unemployment and retraining? How can we create parity of esteem between employees and independent workers, including those in the gig economy?
- **Lifelong learning:** How can we reskill workers for the jobs of the future, particularly those at risk of automation? Can we elevate the status of low-skilled work by creating opportunities for upskilling within these occupations?

Insights from two systems theorists, Donella Meadows and Frank Geels, helped us constrain our search for policy ideas that respond to these challenges. From Meadows, we took the importance of dynamic ‘self-organisation’ to long-term system resilience. From Geels, we took the importance of intervening within systems at three distinct levels in order to give social change deep roots. This led us to make recommendations at a distinctive micro, meso and macro level of intervention for each policy idea we identified as pivotal for good work:

Transition level	Can include
Micro (niches)	New ideas, experiments, pilots, entrepreneurial developments.
Meso (regimes)	Organisations, markets, institutional behaviour.
Macro (landscapes)	Frameworks, values, laws, paradigms.

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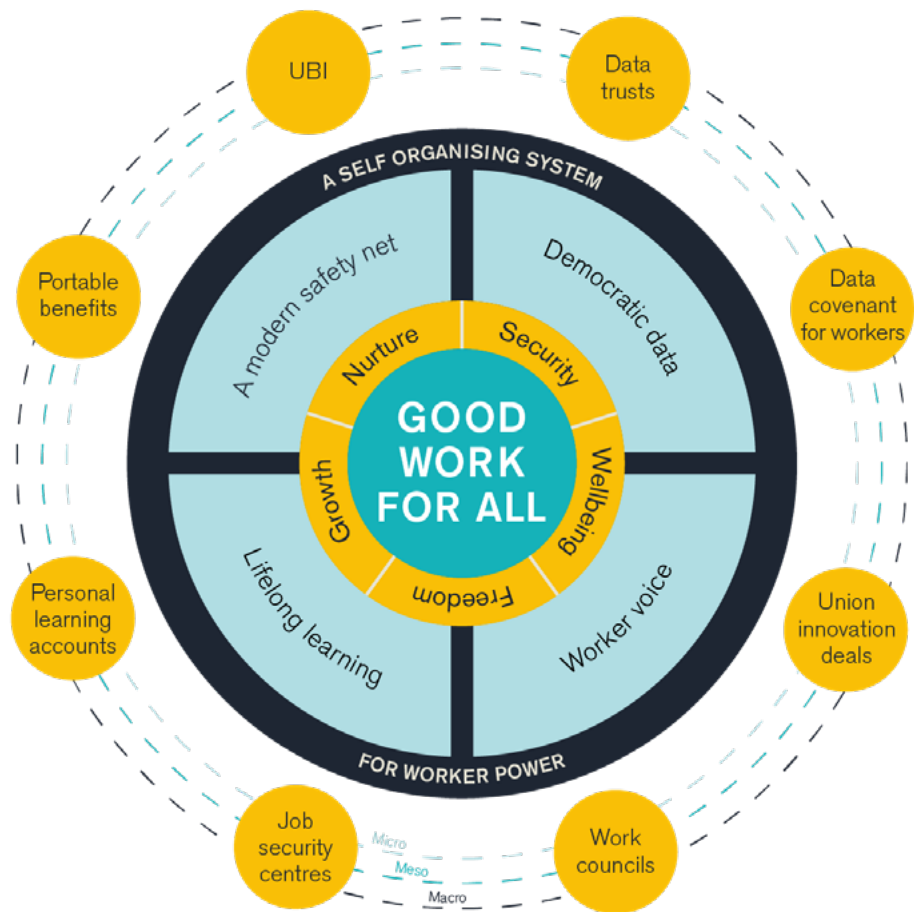
**Table 1: An RSA adaption of Frank Geels’s Multi-level perspective on systems change**

After following this design process, we identified the central aim of our new social contract to be a transfer of responsibility away from individuals. We believe individuals should enjoy good work as a right and that it is the responsibility of all the other institutions involved in work – the state, trade unions, employers and civil society - to secure them. In the long run we believe the lion’s share of this responsibility should lie with worker voice organisations, principally trade unions. Throughout our enquiries we have come to view the decline of trade union strength in the UK as a systemic brake on good work. The parlous state of good work in the UK is not just about bad policy or longstanding socio-economic vulnerabilities, it is also institutional. Mitigation of these vulnerabilities – in other words, securing good work – is outsourced almost entirely to one body, the state (and a highly centralised one at that). We should not always have to rely on the blunt, sector-blind instrument of state legislation. Trade unions and other worker voice organisations should be strong enough to ensure workers enjoy the freedom they want alongside the security they need.

This shift is not just about amplifying worker power. Stronger worker voice organisation can also lead to a more flexible and dynamic capitalism. A more ‘corporatist’ model of capitalism, grounded in a stronger stakeholder relationship between workers, unions and employers, can lead to a social contract that is both more resilient and where firms face less regulatory red tape. Therefore, our long-term social contract objective is to shift, shock and cajole our employers and unions towards responsible stakeholder stewardship, whilst transferring responsibility for securing good work away from individuals and the state, and towards worker voice organisations.



We advocate eight ideas - two for each challenge area - that we hope can form the basis of a new social contract for good work:



**Figure 2: A blueprint social contract for good work**

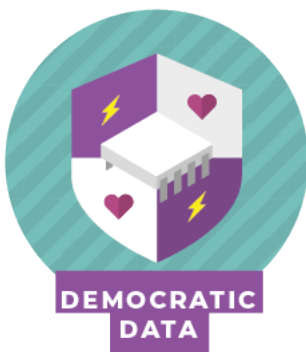
For all eight ideas we have made three recommendations – one for each level of intervention set out in Geels’ multi-level perspective for systems change – in order to articulate a credible theory of scaling ideas that has deep roots:



## Stronger worker voice

A union innovation deal	
<b>Micro</b>	Trade unions should experiment with new forms of organising and pilot new kinds of support services for insecure workers. An independent commission on barriers to entry for these workers should be set up.
<b>Meso</b>	The government should establish a union innovation fund worth £10m through the Industrial Strategy Challenge Fund. This should be administered through a partnership between BEIS, the TUC and civil society organisations with expertise in innovation.
<b>Macro</b>	The government should overturn legislation designed to restrict trade union activity such as the ban on digital balloting and physical access to workplaces for union organisers.

Works councils	
<b>Micro</b>	The government should ensure that elected works council or employee representatives are entitled to attend company board meetings.
<b>Meso</b>	The government should ensure that any business with more than 20 workers which requires a government bailout as part of the Covid-19 pandemic sets up a work council.
<b>Macro</b>	The government should develop a British model of co-determination and legislate so all firms with more than 20 workers must set up a works council.



## Democratic data

A data covenant for workers	
<b>Micro</b>	The ICO should work with BEIS and trade unions to pilot a platform that operationalises the GDPR, for workers.
<b>Meso</b>	The ICO in partnership with the Single Enforcement Body for employment rights should commit to actively enforcing the rights workers should have over their data.
<b>Macro</b>	The government should introduce a mandatory disclosure framework for employers to explain how worker data is collected and processed.

Data trusts	
<b>Micro</b>	The Cabinet Office should set up a challenge prize for data trust proposals that seek to deliver social value from and enhanced rights over workplace generated data.
<b>Meso</b>	The government should nurture a series of city-level data trust experiments that seek to develop systems for protecting and exploiting smart city data. These pilots could be integrated into the renewal of city deals.
<b>Macro</b>	The government should explore the need for a Data Bank of England – an institution that can monitor and regulate systemic risk in the data economy.



## A modern safety net

A universal basic income (UBI)	
<b>Micro</b>	The DWP should work in partnership with local authorities to roll out UBI pilots that test its impact on people's propensity to work, their wider wellbeing and other activities such as caring and volunteering.
<b>Meso</b>	The government should fund a transition model of £2,500 UBI a year to run alongside Universal Credit (UC) at a sufficient territorial scale – eg regional or devolved administration.
<b>Macro</b>	The government should establish a universal basic income of £5,000 a year, funded by replacing Universal Credit, modifying existing tax break entitlements such as the personal allowance and new, redistributive taxes on Big Tech.

Portable benefits	
<b>Micro</b>	Gig platforms should work with a consortium of partners to pilot a portable benefits system. It could initially be trialled on a voluntary basis with delivery drivers and provided by a third party fintech provider.
<b>Meso</b>	A system for portable benefits could be scaled across different sectors through collective agreements between trade unions and platforms. There is a need for a single operator to pool together smaller amounts from different employers.
<b>Macro</b>	The government should introduce laws that mandate portable benefits for all self-employed workers on the basis that the contractor of labour should pay.



## Lifelong learning

Personal learning accounts	
<b>Micro</b>	BEIS, DfE and other partners should work together to pilot personal learning accounts in a sector such as retail to evaluate their impacts on participation in lifelong learning.
<b>Meso</b>	The government should scale personal learning accounts through future industrial strategy sector deals that develop skills frameworks and experiment with new technologies such as digital badges.
<b>Macro</b>	The government should explore the scope to reconfigure the apprenticeship levy into a general skills levy to finance personal learning accounts.

Job security centres	
<b>Micro</b>	DWP, BEIS and DfE should work with Jobcentre Plus to pilot a range of new transition services including those that make use of new technologies. Pilots should take place in a local authority predicted to be adversely affected by automation.
<b>Meso</b>	A job security centre could be scaled to provide an end-to-end transition service via the national retraining scheme.
<b>Macro</b>	The government should explore introducing a reskilling levy on employers, move statutory redundancy notice periods in line with Sweden and introduce a mandatory notice system to support early intervention.

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# Introduction

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In history's rear-view mirror, it often seems easy to identify hinge moments in our political economy – periods where new sensibilities, new norms and even new types of people emerge to overturn established orthodoxies. One thinks immediately of 1945 and the post-war construction of a welfarist mixed economy. Or, alternatively, of 1979 and its overhaul by freer markets, monetarism and Mrs Thatcher. The underlying hypothesis seems to be that radical change happens quickly and in conditions of crisis, or not at all.

In reality of course the march of ideas is far messier. Yes, seismic events and great leaders really can change the world; it is impossible to imagine the realisation of that 1945 settlement without either the war or the genius of figures like Keynes, Beveridge and Bevan.

But Beveridge's welfare state, for example, did not emerge as an intellectual bolt from the blue. It built upon decades of prior thought, practical experiments and institutional learnings – from the fledging cooperative 'divi' of the 1840s, through to Lloyd George's 1911 National Insurance Act and the disastrous experience of means-tested 'assistance' during the Great Depression. The crucial lesson here is that systems change of this magnitude requires certain conditions *even in a crisis*. You need top-down reforms and bottom-up innovations but arguably most of all, you need entrepreneurial institutions able to bridge these two perspectives and achieve impact at scale.

The RSA Future Work Centre began as an exploration of how these forces could be nurtured outside of crisis conditions and harnessed towards the pursuit of good work. That remains our mission, but with the arrival of Covid-19 we now find ourselves in the grasp of a social catastrophe that on many tragic measures already bears comparison with the war and preceding depression. Moreover, as the pandemic has spread, the ensuing crisis has shone an unforgiving light upon systemic vulnerabilities that already lurked within our economy and society. As a response, the call for a new social contract that, as in 1945, better reflects a moment of 'collective sacrifice' has grown louder. As a recent *Financial Times* editorial argued:

“Beyond defeating the disease, the great test all countries will soon face is whether current feelings of common purpose will shape society after the crisis. As western leaders learnt in the Great Depression, and after the second world war, to demand collective sacrifice you must offer a social contract that benefits everyone.”<sup>1</sup>

1. Financial Times Editorial Board, (3 April 2020) Virus lays bare the frailty of the social contract. London: *Financial Times*. [www.ft.com/content/7eff769a-74dd-11ea-95fefcd274e920ca](https://www.ft.com/content/7eff769a-74dd-11ea-95fefcd274e920ca)

The purpose of this report is to explore the contribution a new social contract specifically for good work can make to this broader task. We define this objective throughout to be **the reimagination of the institutions responsible for work and a redrawing of their respective rights and responsibilities**. Our vision is of a future where good work is enjoyed by all and we are hopeful, despite the tragedy of the pandemic, we can still accelerate towards it. It is true that many hoped the 2008 financial crash might also usher a new social contract into being but that crucial bedrock of experiments, ideas and innovations – in the WorkerTech field, certainly - was not there in the way that it is today. But equally the rapid reconfiguration of work we have all experienced during the pandemic is likely to catalyse existing technological forces – many of which we have researched at length over the past two years – transforming the future of work. And whilst Covid-19 has undoubtedly exposed social deficiencies that go way beyond work, history also shows that when work changes society tends to follow.

In short, good work is both end and means in the task of creating a better future. Across five chapters, this report sets out eight ideas we hope can form the basis of a blueprint social contract that enables and leverages it.

**Chapter 1** sets out the good work principles that underpin our social contract and argues that it is rising economic insecurity, when combined with work-transforming technologies, that demands a new blueprint.

**Chapter 2** introduces the *Four Futures of Work*, our four distinctive 2035 scenarios for the future of work, which we explore to identify the systemic policy challenges the blueprint must answer; stronger worker voice, democratic data, a modern safety net, and lifelong learning.

**Chapter 3** draws upon key lessons from systems thinking methodologies to help identify the best ideas and intervention points that respond to these four key social contract challenges.

**Chapter 4** synthesises these learnings into the eight ideas for action and 24 associated recommendations that make up our blueprint for good work.

### Box 3: Our approach

The RSA conducts all action and research through the prism of our unique approach to change, 'think like a system, act like an entrepreneur'. This encourages us to first think deeply about the nature of social problems and understand the complexity of the surrounding system, before identifying where there are opportunities and energy for change.

The RSA Future Work Centre was launched in the summer of 2018 to embody this philosophy and explore the different ways future of work trends could play out. This report concludes the first phase of our enquiries, presenting our summative findings alongside a blueprint for a new social contract for good work. In developing this blueprint, we have therefore drawn upon insights gathered over the last two years, using a range of methodological approaches, to define the nature of good work and challenges it must overcome (see Figure 1). These include:

- The *Four Futures of Work*, a report that used a morphological approach to scenario planning in order to explore the different ways that future of work trends play out and model how the labour market, a complex system, might evolve over time.<sup>1</sup>
- A series of Future Work Labs where we have used the Four Futures scenarios to explore the future challenges and opportunities facing specific sectors and places. Our labs also utilise a range of design-thinking methodologies in order to co-produce either prototype new solutions, or practice and policy recommendations, with the respective attendees. These workshops have been conducted with and for major high street retailers and the BEIS Retail Sector Council team; Skills Development Scotland and practitioners from the Scottish skills system; Carnegie UK Trust and businesses from a range of sectors to explore the relationship between productivity and job quality.
- A global deep-dive that identified the leading social entrepreneurs in the future of work field as part of the RSA's Future Work Awards.
- In-depth site visits, including visits to a major fast food restaurant chain and an NHS hospital where we spoke directly to workers, managers and HR representatives to learn first-hand how technology is transforming their working lives (these visits were conducted as part of our enquiries with Carnegie UK Trust).
- The production of the Future Work Archive, a set of real and speculative artefacts which symbolise the shift between our current reality and the futures embodied by the Four Futures scenarios. The Archive was created in collaboration with experience design agency GLIDER and further informed our Lab workshops.
- A workshop convened with a group of business leaders, policymakers, trade unions and leading thinkers on the future of work, that utilised the 'Four Future' scenarios to help define the key social contract policy challenges and explore ideas around potential solutions.
- An original survey of 2,000 nationally representative UK citizens conducted with Opinium into the policy challenges that necessitate a new social contract.
- Interviews with several experts involved in some of the most pioneering future of work innovations to better understand how they work and what conditions need to be in place for them to scale.
- A series of stress-testing interviews with policymakers to refine the policy and practice recommendations associated with our eight ideas.

1. Dellot, B. Mason, R and Wallace-Stephens, F (2019) *The Four Futures of Work*. London: RSA.

### Box 3 cont'd

- This approach, coupled with insights from the RSA's systems thinking expertise, helped us define the contours of the blueprint and the recommendations which underpin it.
- Two original surveys of 2,000 nationally representative UK citizens conducted with Populus into the nature of economic insecurity and how it affects the labour market.

To develop the blueprint outlined in this report we also conducted additional research. This includes:

- A workshop convened with a group of business leaders, policymakers, trade unions and leading thinkers on the future of work, that utilised the 'Four Future' scenarios to help define the key social contract policy challenges and explore ideas around potential solutions.
- An original survey of 2,000 nationally representative UK citizens conducted with Opinium into the policy challenges that necessitate a new social contract.
- Interviews with several experts involved in some of the most pioneering future of work innovations to better understand how they work and what conditions need to be in place for them to scale.
- A series of stress-testing interviews with policymakers to refine the policy and practice recommendations associated with our eight ideas. This approach, coupled with insights from the RSA's systems thinking expertise, helped us define the contours of the blueprint and the recommendations which underpin it.



Figure 3: The RSA approach

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# Good work under stress: Why we need a new social contract

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## What do we mean by a new social contract?

It is widely argued that there have been two substantial shifts in the UK's political economy since the Second World War. The first, emerging almost directly from the war itself, attempted to move on from the institutions, ideas and values that had responded so ruinously to the Great Depression of the 1930s. Following the Labour Party's first majority victory in the 1945 election, a new cross-party consensus formed for a mixed industrial economy, full employment, Keynesian demand management and a welfare state that would protect its citizens "from cradle to grave".<sup>2</sup>

The second turning point is seen as 1979, when Margaret Thatcher was elected Prime Minister for the first time following the culmination of nearly a decade's worth of stagflation crises and industrial disputes. Gradually, the post-war settlement was overhauled and replaced by freer markets, lower taxes, monetarist inflation management, curbs on union militancy and the privatisation of previously nationalised industries – measures which largely endured beyond her administration's conclusion.

The elevation of these two hinge moments can sometimes give a misleading impression that our political economy has remained largely static outside of them. Yet when policymakers talk about changing the social contract it is this level of institutional and even normative change they often have in mind. Drawing on this understanding and the wider policy literature, we define the social contract for work as **the underlying rights and responsibilities associated with all institutions responsible for delivering work**. We see our task as reimagining those institutions, redrawing their respective rights and responsibilities, in order to pursue good work for all.

Our definition presumes that the future of work is central to any hopes for a fairer, more inclusive society. We make this assumption for two reasons. Firstly, it is widely shared in the current public policy debate about the need for a new social contract, which typically focuses upon the importance of changing the rules that govern the institutions involved in work and welfare provision.<sup>3</sup>

2. Beveridge, Sir W (1942) *Social Insurance and Allied Services*. London: HM Stationery Office.

3. See for example, Bussolo M. and Fluerbaey M (2019) Do we need a new social contract [Blog] Brookings. Available at: [www.brookings.edu/blog/future-development/2019/04/11/do-we-need-a-new-social-contract/](http://www.brookings.edu/blog/future-development/2019/04/11/do-we-need-a-new-social-contract/)



More importantly, many of the greatest minds in the history of political economy have likewise concluded that when work changes, society also tends to change. Indeed, as the philosopher Roberto Mangabeira Unger has argued, both Karl Marx and Adam Smith believed the nature of work to be central to “understanding the workings and prospects of the economy.”<sup>4</sup>

However, the idea of an implicit social contract governing civil society has a long philosophical lineage too. For Hobbes – arguably the most famous social contract exponent – it was “the mutual transferring of right”; an exchange of individual liberty for common security that allowed man to escape the brutal and war-like state of nature.<sup>5</sup>

For Rousseau it was “the real foundation of society” – only through a social contract could the exercise of political authority over equal citizens be justified.<sup>6</sup>

Meanwhile, for John Rawls, it describes the principles of justice and fairness all would agree to when placed behind a theoretical “veil of ignorance” that momentarily obscured any knowledge about their individual luck, standing and capabilities.<sup>7</sup>

All these definitions, indeed all theories within the cannon of social contract political philosophy, share some common features that can help us define our task with more precision:

1. **They are all contracts based on reciprocal obligations.** Social contract agreements are based on mutual obligations between all parties. This shows that responsibility for delivering good work must be spread evenly across all institutions within the good work system – the state, firms, finance, civil society, trade unions and individual workers themselves.
2. **They are all universal.** Social contract agreements apply equally to all individuals in their respective civil societies. This shows that the core ambitions we hold for a good work social contract should be applicable to all workers.
3. **They are all moral in nature.** Social contract agreements are underpinned by norms that all parties agree upon – for Hobbes, it was self-interest and survival, for Rawls, fairness in the pursuit of liberal justice. This shows that our new blueprint must begin by being explicit, at a first principles level, about what we mean by good work.

### **Behind the veil of ignorance: Five principles for good work**

From the inception of the RSA Future Work Centre, we have always understood good work primarily in the terms set out by the *Taylor Review of Modern Working Practices*, the government-commissioned report on modern work authored by the RSA’s chief executive, Matthew Taylor.<sup>8</sup>

4. RSA (2019) We change ourselves by trying to save the world (interview with Roberto Unger). London: RSA Journal. [medium.com/rsa-journal/we-change-ourselves-by-trying-to-change-the-world-a-conversation-with-roberto-mangabeira-unger-ed200ecbfa66](https://medium.com/rsa-journal/we-change-ourselves-by-trying-to-change-the-world-a-conversation-with-roberto-mangabeira-unger-ed200ecbfa66)

5. Hobbes, T (1651) *Leviathan*. Oxford: Oxford World Classics Edition (2008).

6. Rousseau, J (1762) *The Social Contract*. Ware: Wordsworth Classics Edition (1998).

7. Rawls, J (1999) *A Theory of Justice: Revised Edition*. Cambridge MA: Harvard University Press (2005 reissue).

8. Taylor, M et al (2017) *Good Work: The Taylor Review of Modern Working Practices*. London: Department of Business, Energy and Industrial Strategy.

That report defined good work as work that is “fair and decent with realistic scope for development and fulfilment” and remains the practical definition used by the UK government in its own pursuit of good work.<sup>9</sup>

Building on this, we have also worked alongside colleagues at Carnegie UK Trust to translate this definition into a measurable framework, drawing upon available job quality data streams.<sup>10</sup> This framework can track good work outcomes across seven job quality measures: terms of employment; pay and benefits; health, safety and psychosocial wellbeing; job design and the nature of work; social support and cohesion; voice and representation; and work-life balance.

The *Taylor Review* definition and Carnegie-RSA framework remain apt and effective as a basis for current policy development and measurement, respectively. But the guiding principles for a new social contract should be universal in all policy circumstances and their moral purpose need not be concerned by the practical constraints of measurement. Therefore, for our new blueprint social contract we have evolved the insights and ethos of the *Taylor Review* definition into five good work first principles that should be enjoyed by all:

**Box 4: The good work principles** (*duplicate of Box 1*)

- 1. Security** – all should enjoy work that provides enough economic security to participate equally in society;
- 2. Wellbeing** – all should enjoy work that grows and develops their capabilities;
- 3. Growth** – all should enjoy work that grows and develops their capabilities;
- 4. Freedom** – all should enjoy work that provides freedom to pursue a larger life;
- 5. Subjective nurture** – all should enjoy work that nurtures their subjective working identity.

Some of these principles can easily move from behind this theoretical veil of ignorance and be applied into a practical working context. The **wellbeing principle**, for example, responds to the basic idea that work should not harm our health; the **growth principle** to the idea that all work should support the development of our skills and capabilities. Similarly, the **security principle** we see embodying the idea that work – and its relevant supportive institutions – should be the guarantor of economic security, though we define this latter concept broadly to include psychosocial definitions of security as well as the purely material.

The other two principles, however, require a little more conceptual clarification. On the **freedom principle**, we mean positive freedom – or the capacity and power to act (rather than the negative freedom from interference). This principle therefore includes many concepts that often

9. See for example: Department of Business, Energy and Industrial Strategy (2018) *The Good Work Plan*. London: Department of Business, Energy and Industrial Strategy.

10. Irvine, G. White, D. and Diffley, M (2018) *Measuring Good Work*. Dunfermline: Carnegie-RSA.

characterise the good work policy debate, such as ideas about workers' flexibility, control or agency. Finally, on the **subjective nurture principle** we seek to reflect the idea that good work should be viewed as an important expression of personal identity whilst at the same time trying to avoid a thickening out of this principle into a judgement about what that expression might legitimately look like. Too often definitions of good work neglect this subjective dimension altogether and therefore miss the more elusive role that work plays in our lives. Or, alternatively, they make implicit or explicit judgements that project professional white-collar values onto what legitimately constitutes meaningful work. Throughout our research, we have found that what people want and need from work at this subjective level varies greatly – for many the opportunity to support their family life is what gives their work its meaning, for some it provides community standing, whereas others perceive a dignity in particular types of craft or labour. We see all of these and more as valid expressions of identity and meaning through work. A social contract for good work should provide a platform for their pursuit.

### **An age of insecurity**

Yet if these five principles set out the possible contours of a new social contract, good work for all currently remains a fairly distant dream. The reality of the contemporary British labour market is that all five principles are insufficiently fulfilled at present. But what our workers lack most of all is broad-based economic security.

This in itself represents a profound shift in the underlying social contract. For most of the 20th century - including across both those distinctive hinge moment political economies - the role of work as the effective guarantor of economic security was constant. Sadly, and remarkably, that no longer applies today. According to the Joseph Rowntree Foundation, around four million workers now live in poverty – a trend which has been growing steadily.<sup>11</sup> In 2018, 56 percent of people living in poverty lived in a household where at least one person had a job, up from 39 percent 20 years ago.<sup>12</sup> Wages have flatlined for roughly the same period – from 2011 to 2019 average weekly earnings grew by just 0.1 percent.<sup>13</sup> And perhaps worst of all, this glut of low pay can be very difficult to escape. Research in 2014 by the Resolution Foundation found that three quarters of employees who were low paid in 2001 were still stuck in low pay a decade later.<sup>14</sup>

Even during the turmoil of the 1970s, such levels of in-work poverty (rather than out-of-work variants) would have been unthinkable. This rising material insecurity has been accompanied by a visible growth in inequality – regional, intergenerational and, between the bottom and very top of the earnings distribution curve, in income too.<sup>15</sup> Just as important

11. Joseph Rowntree Foundation (2020) UK Poverty Statistics [Blog] JRF. Available at: [www.jrf.org.uk/data?f%5b%5d=field\\_taxonomy\\_poverty\\_indicator:867](http://www.jrf.org.uk/data?f%5b%5d=field_taxonomy_poverty_indicator:867)

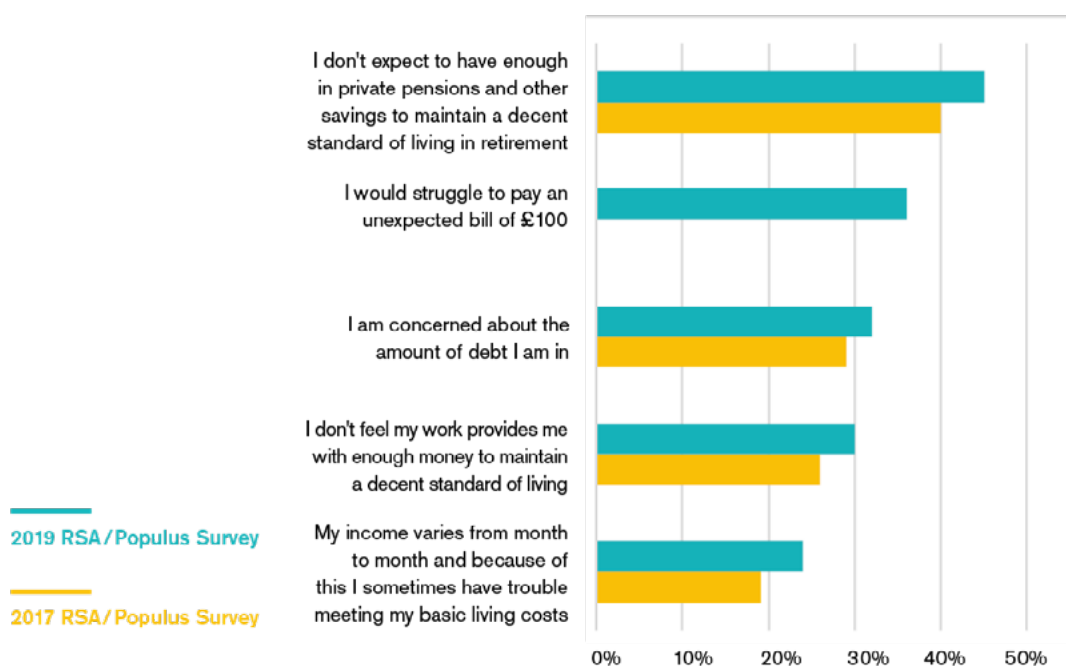
12. Innes, D (2020) What has driven the rise of in-work poverty. York: Joseph Rowntree Foundation.

13. Office of National Statistics (2020) Labour Market Commentary: January 2020. London: ONS.

14. D'arcy, C. and Hurrell, A (2014) Escape Plan: Understanding who progresses from low pay and who gets stuck. London: Resolution Foundation.

15. Though income inequality by Gini coefficient has remained largely stable.

however, is the psychosocial impact of economic insecurity. People feel hemmed in on all sides – according to a survey we commissioned last year, 30 percent of all workers do not feel they earn enough to maintain a decent standard of living, up from 26 percent in 2017. A staggering 36 percent would struggle to pay an unexpected bill of just £100 (see Figure 4).<sup>16</sup>



**Figure 4: Percent of workers reporting problems relating to their financial circumstances (RSA / Populus Survey 2017/2019)**

Furthermore, recent years have also seen atypical contract arrangements – from conventional self-employment to gig economy, agency or zero-hour workers – proliferate. Today just under one million workers are employed on zero-hours and 1.4 million on temporary contracts. The number of self-employed workers has been growing steadily since the 2000s, with 5 million people (one in seven workers) now working for themselves (see Figure 5).<sup>17</sup> For many workers, such arrangements can provide much needed flexibility, enabling them to fit their jobs more easily around their lives and other responsibilities, such as caring.

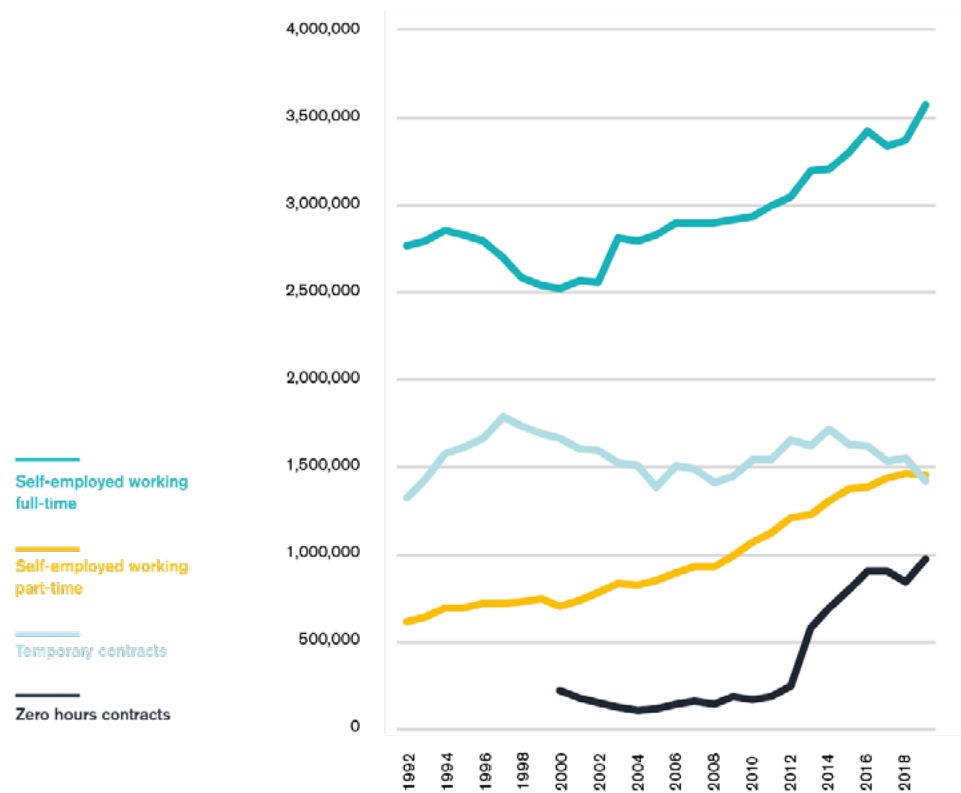
Yet far too often the flexibility offered is one-sided with employers seeking to transfer risk onto the shoulders of workers in ways that make their lives much more insecure. Often the flexibility is entirely illusory - according to previous RSA survey work, just 34 percent of atypical workers have freedom and control over when they start and finish work, compared to 77 percent of self-employed people.<sup>18</sup>

<sup>16</sup> Wallace-Stephens, F (2019) *Economic Insecurity: The case for a 21st century safety net*. London: RSA.

<sup>17</sup> All figures taken from Labour Force Survey (2020). London: Office of National Statistics.

<sup>18</sup> Wallace-Stephens, F (2019) *Economic Insecurity: The case for a 21st century safety net*. Op Cit.

All told, for many workers, atypical contract arrangements have added a new layer of insecurity onto a labour market already reeling from low wages, stagnant productivity and rising in-work poverty.



**Figure 5: Changes in self-employment and atypical contracts since 1992 (RSA analysis of Labour Force Survey)**

Perhaps most worrying of all, perversely, is the fact this age of insecurity has coincided with a labour market that has excelled at job creation. This is a significant historical departure – socio-economic crises in the UK have typically stemmed from worklessness. In the past decade however, even a labour market operating at near full employment capacity has not been enough to secure broad-based prosperity. The huge spike in unemployment as a result of Covid-19 should, quite rightly, focus policy minds once again upon the pain and dislocation that come with high levels of worklessness. But we should remember that even before the crisis, plentiful work could not provide security. That fact alone should warrant a radical response from the institutions tasked with delivering good work.

### The technology test

But this fact is not alone. Alongside it, there is also the urgent challenge posed by transformative technologies and the fear their impact upon the labour market could further aggravate insecurity and inequality. For some commentators, such as the academic Nick Srnicek, the critical mass of technologies close to widespread adoption – advanced robotics, additive manufacturing processes (such as 3D printing), the internet of things, artificial intelligence – could herald a new and bleak phase of

“platform capitalism” dominated by the big tech firms.<sup>19</sup> Others, such as Daniel Susskind, go further and suggest we have already exited the “age of labour” into a world where there will eventually be no need for human work whatsoever.<sup>20</sup>

The impact of technology on the present and future labour market has been the RSA Future Work Centre’s primary research question over the past two years. Over the course of our enquiries we have drawn upon a range of methodological approaches, but our findings have consistently shown that technology’s impact upon work is both more subtle and significant than the narrow debate about automation sometimes allows. Take the UK’s retail sector, for example. In the shape of self-service check-outs automation has had a clear impact upon the retail labour market in recent years. But far more significant has been the growth of e-commerce – itself a new source of consumer demand generated by networked digital technology – which has transformed supply chains, business models, management practices and the sector’s labour market. Consequently, the sector’s occupational profile has changed dramatically, with a huge shift away from customer service roles and towards logistics and distribution jobs. As our previous research has demonstrated, this has tilted the gender profile of jobs in the industry more towards male employment, thus further entrenching gender inequality.<sup>21</sup>

The retail example underlines two key lessons about how technology affects work and the wider political economy:

1. The deployment of new technology always creates new sources of disadvantage both within and between different sectors and regions of the economy.<sup>22</sup>
2. The labour market is influenced at least as much by business models and consumer demand, as it is by the possibilities for tech deployment.

Indeed, few futurists would have predicted in 2010 that technology would turn ‘van driver’ into one of the fastest growing jobs of the decade. And yet, driven by the demand shift within retail from high street to online, only three occupational classes (programmers and software developers, private sector administrative roles, and financial managers and directors) saw stronger jobs growth between 2011 and 2019.<sup>23</sup>

Drawing on these insights and more, our Four Futures of Work report

19. Srnicek, N (2017) *Platform Capitalism*. Cambridge: Polity Press.

20. Susskind, D (2020) *A World Without Work*. London: Allen Lane.

21. Wallace-Stephens, F and Lockey, A (2019) *Retail Therapy: Towards a future of good work in retail*. Op Cit.

22. Already there is emerging evidence that the rise of an ‘intangible [investment] economy’ has contributed to the clustering of opportunity in large metropolitan areas – see for example, Haskel, J and Westlake, S (2017) *Capitalism without Capital*. Princeton: Princeton University Press.

23. Wallace-Stephens, F (2020) What new jobs will emerge in the 2020s? [Blog] RSA. Available at: [www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/01/new-jobs-2020s](http://www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/01/new-jobs-2020s)

developed a ‘tech taxonomy’ to describe the main ways technology currently impacts the future work:



**Figure 6: the Future Work Centre’s tech taxonomy**

However, arguably it is the cumulative effect these four forces have upon power dynamics within the economy that truly underline how imminent technological deployment might require a new social contract. The combination of enormous network effects, eye-watering levels of capital investment and the low marginal cost of reaching new customers seem to have created a class of big tech firms that not only aspire to monopoly status, but in some cases might actually achieve it. Moreover, so adept are these firms at monetising the increasingly valuable digitisation element of our taxonomy that at times it can feel less like technology is becoming a more dominant industrial sector than it does the technology sector taking over the entire economy. There are plenty of examples throughout history of where economic power has been heavily concentrated in a handful of overly powerful firms – from the railroad and oil barons of early 20th century America, to the East India Company of Britain’s imperial past. However, in nearly all such cases, the upshot has been a direct

confrontation with the political system of the time. Indeed, as the technology journalist Jamie Bartlett has argued, economic power on such a scale inevitably threatens the authority of democracy itself.<sup>24</sup>

Therefore, the debate about the tech sector's outsize economic impact is one that goes beyond technocratic discussions of competition policy and raises larger questions about power that feel essential to securing good work for all. After all, realising our five good work principles for individual workers must surely depend upon a social contract that can also provide more stakeholder power for workers over and within the economy. That, in both the current and future world of work, likely means confronting the power of those who currently control technology's potential.



24. Bartlett, J (2018) *The People Versus Tech*. London: Ebury Press.



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# The Four Futures of Work: Challenges for the new social contract

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## The science of scenarios

Like many of the best-known quotations, Thomas J Watson’s infamous assertion, allegedly when CEO of IBM in 1943, that there is “a world market for maybe five computers” is probably apocryphal. Nevertheless, the story captures something essential about our collective ability to predict the future. Namely, that we are utterly useless at it and especially so when it comes to technology.

This predictive fog pervades the future of work policy debate, posing obvious challenges for designing our blueprint social contract. Even on the most widely researched issues – automation, for example – predictions vary wildly. One on hand PwC estimates that 30 percent of jobs in the UK are at high risk of automation;<sup>25</sup> on the other, the OECD argues the figure is just 12 percent.<sup>26</sup> Throughout our enquiries, the RSA Future Work Centre has used a methodology known as morphological analysis to address this problem. This approach draws on expert opinion to identify high impact, highly uncertain drivers of change, before exploring the different ways these critical uncertainties evolve and interact with each other over time. The main output of this approach was our *Four Futures* scenarios; four distinct futures of work for 2035 that divert depending on the differing balance of those critical uncertainties.<sup>27</sup>

Scenario-planning in this way overcomes some of the limitations associated with more predictive approaches. Unlike, for example, quantitative modelling of likely job losses, our scenarios consider a broader range of the effects technology can have on jobs (see chapter 1 for our taxonomy). Crucially, our scenarios factor in technological diffusion, considering not only how technologies could develop in controlled environments, but also the pace and breadth of adoption by businesses. They also recognise other influential forces at play, such as the health of the global economy and the future of the trade union movement.

25. PwC. (2017) UK Economic Outlook March 2017 - Will robots steal our jobs? London: PwC.

26. Nedelkoska, L. and Quintini, G (2018) Automation, skills use and training. Paris: OECD.

27. Dellot, B. Mason, R and Wallace-Stephens, F (2019) Op Cit.

The obvious question is ‘which is most likely?’. However, the scenarios are not designed to have probabilities assigned to them. Rather, it is plausible to suggest that the future of work in 2035 will probably have some characteristics of all four futures. After all, the science fiction writer William Gibson once said, “the future is already here – it’s just not very evenly distributed”.<sup>28</sup> This is already true in the sense that you can see signals for the different scenarios at the peripheries of the economy today. But equally, as we look to the future, different geographical regions or sectors of the economy may evolve to bear a stronger resemblance to one scenario in particular.

This chapter is divided into two sub-sections. The first introduces the scenarios themselves, whilst the second draws upon the key insights from the numerous workshops and Future Work Labs where we have utilised the scenarios to help define the different problems a new social contract must overcome. These converge into four systemic policy challenges – present, albeit in a different manifestation, across all four futures – that our blueprint must confront.

<sup>28</sup>. Rothman, J (2019) How William Gibson keeps his science fiction real [Article] The New Yorker. Available at: [www.newyorker.com/magazine/2019/12/16/how-william-gibson-keeps-his-science-fiction-real](http://www.newyorker.com/magazine/2019/12/16/how-william-gibson-keeps-his-science-fiction-real)



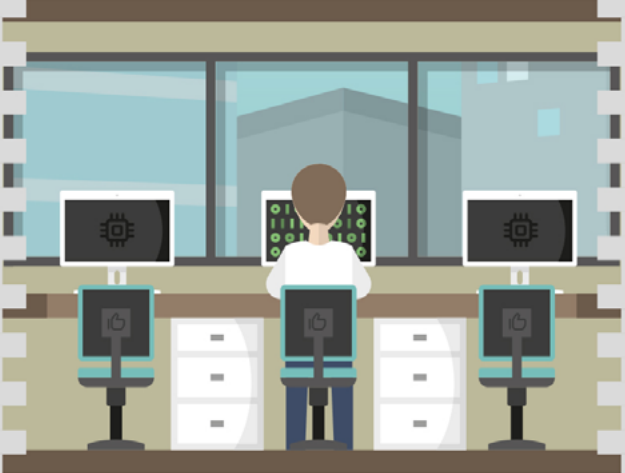
# BIG TECH

E C O N O M Y

TECH CO. TECH CO.



P I X E L I N C



V R L O U N G E



P I X E L P L A Y



FUTURE STORE



HELP



# The Four Futures of Work

## *The Big Tech Economy*

The **Big Tech Economy** describes a world where technologies develop at a rapid pace and lead to widespread automation.

Breakthroughs in computing power and machine learning, in combination with the unfathomable amounts of data produced by a global network of IoT devices, provide the conditions for stunning leaps ahead in integrated technologies. Though some doubted that Moore's law could continue, breakthroughs such as the quantum chip ensured it did, and the pocket devices of the 2030s now outmatch the supercomputers of the 2010s. Over time, even the trickiest technical problems yield to the raw strength of computing power, and the promises of many a technodreamers finally come to pass.

Self-driving buses, vans and bin lorries have reserved lanes in major cities. Versatile robots, capable of complex tasks and human interaction, are ubiquitous, particularly in retail, service and healthcare environments. Local high streets have all but disappeared to e-commerce, with delivery drones serving even the most remote rural areas. Meanwhile in construction, additive manufacturing processes like 3D printing have enabled high density housing to be built quickly and cheaply, pushing down property and rental costs.

The technology powering this transformation is proprietary and highly concentrated. In the 2020s the giants of Silicon Valley, along with their Chinese counterparts, complete the capture of the technological arena. Would-be competitors are either crushed or acquired, in a 'winner-takes-most' global economy now beyond the control of national regulatory action. The giants steadily enter new sectors. Apple is the second biggest provider in a largely privatised health service. For small civil cases, Google Lawyer now represents as many clients as traditional solicitors. On the plus side, this sees the UK economy enjoy unprecedented productivity gains. However, less and less of the wealth generated reaches the pockets of British workers, as multinational companies continue to stay comfortably ahead of national tax regimes.

Labour-displacing tech sweeps through the economy, displacing blue and white-collar work alike. Workers clock on for an average of 20 hours a week and job stability is increasingly hard to come by. In the main, an increasingly atomised workforce competes for piecemeal work which cannot be automated or offshored. However, a minority have never had it so good: those with the most in-demand technical capabilities command excellent pay and working conditions. Demand for software developers and engineers has risen steadily (though not nearly enough to replace the jobs lost).

The other big winners are a similarly small number of talented scrum masters, coaches and transformation specialists, trading on their '4th industrial revolution' skillsets. Flexible schedules, self-organising practices and remote working, enhanced by VR communication, are the norm for these workers.

Society reaches a new equilibrium. Extreme inequality and economic insecurity are tempered by obvious and widely felt lifts in living standards. As demand for labour has evaporated, so too has the labourist work ethic. People now spend their considerable leisure time pursuing their own purposeful projects, or else taking advantage of the huge advances in consumer goods, entertainment, and free, high-quality public services. Public opinion towards tech and tech companies remains contested, but periodic backlashes are kept in check by well-funded lobbying and high-visibility social responsibility programmes.

Some call it fully automated luxury capitalism.

# PRECISION

## E C O N O M Y



# *The Precision Economy*

The **Precision Economy** portrays a world of hyper-surveillance. Technological progress is moderate, but workers are subject to new levels of algorithmic oversight.

In the years leading up to 2035, billions of IoT devices are gradually installed across society. From supermarkets to energy companies, businesses have installed sensors across their supply chains, enabling them to spot the potential for vast efficiency improvements. Machine learning plays a critical role in helping organisations to make decisions on their increasingly large pools of data. However, there have been little in the way of significant productivity improvements in this technology, which has somewhat stymied the development of other technologies, including robotics and autonomous vehicles. Blockchain and smart contracts, on the other hand, have become more useful thanks to the prevalence of connected devices and are now used to facilitate transactions and maintain records in many sectors.

In some ways, the **Precision Economy** does not appear markedly different to 2020. IoT sensors are contained within the things people buy and the buildings they work in - the robots promised by science fiction are still out of reach. But towns and cities have become much 'smarter' and this has made life more convenient. Homes connected to e-commerce accounts automatically replenish household essentials. Meanwhile transport authorities deliver personalised bus services based on smartphone GPS data. The low cost of this technology has enabled firms to fend off competition from the tech giants. On the other hand, the Chinese hardware firms developing this infrastructure have seen their valuations skyrocket.

The impacts of automation are modest and mostly contained to routine occupations. Administrative roles have experienced the greatest decline, with blockchain eliminating many back-office jobs in finance, insurance and real estate. Managerial roles continue to experience growth, alongside newer occupations such as big data analysts, behavioural scientists, gamification experts and online reputation managers.

However, workers are increasingly subject to workplace monitoring and algorithmic management. On the shop floor in retail, for example, in-store sensors collect data on footfall while wearables track staff activity, including time spent inactive and sales conversions. Manager-analysts then review metrics following shift completion and assign ratings (1 to 5 stars) following shift completion. Ratings are pervasive in the **Precision Economy** and are in fact supported by many workers who believe they benefit from the accompanying performance related pay, enhanced progression opportunities and a crackdown on free-riding co-workers.

The ability to precision-manage the supply of labour sees gig economy platforms enter new sectors as firms have a better picture of who they need, at what times and at what skill level. Equipped with predictive algorithms and real time organisational data, employers embrace these on-demand labour strategies. Waves of 'Uberisation' ripple across the economy. The winners are those with 'in demand' talents who can more

optimally allocate their labour. Work-life balance and pay are improved for some professionals, with doctors and nurses now able to charge surge prices for anti-social hours. Even in low paid sectors, workers with the highest ratings get priority shift scheduling and command a modest pay premium. However, large segments of the workforce are left to battle it out for piecemeal work that doesn't pay well and offers little control over working hours or task discretion. Competition for shifts via apps has reduced workers' bargaining power, placed downward pressure on wages and created a culture of fear and subordination. Clever user experience, gamification and the promise of upward mobility keeps many people logged in.

Society becomes increasingly divided. While some remain critical of what they regard as 'surveillance capitalism' others happily trade their data for cheaper prices, greater convenience and more tailored services. Big data also has wider positive social and environment impacts. People are provided with insights on how to nudge themselves towards healthier lifestyles, based on their unique physiology. Air quality improves, with cities more able to identify and sanction major polluters. And more efficient resource use goes some way to mitigate climate change risks. The **Precision Economy** may have squeezed more out of workers, but so too has it reined in waste and excess.



# EXODUS

E C O N O M Y

CO-OP CENTRE



CLOSED

FOR SALE

FOR SALE



OPEN



# *The Exodus Economy*

The **Exodus Economy** is characterised by an economic slowdown. A black swan crash even bigger and more unforeseen than that of 2008 causes technological progress to stall.

The much vaunted fourth industrial revolution envisaged by the Silicon Valley gadflies of 2019 is contained to a handful of the most gilded professions. Most firms have only meagre technology budgets, which they spend on tried and tested innovations, avoiding high risk hardware (eg robotics, drones and autonomous vehicles) in favour of low risk software (eg machine learning) that can be rented on demand. ‘Fauxtimation’ becomes an increasingly popular term, as businesses seek to retain a veneer of innovation while behind the scenes making extensive use of cheap human labour.

Domestic, middle-sized firms struggle to weather the economic storm. Many household names, once captains of industry in the 20th century, go under or are subsumed in a flurry of mergers and acquisitions. Markets become increasingly concentrated, with sectors including retail, energy, logistics and entertainment morphing into oligopolies and duopolies. Tech giants seize the opportunity to enter new markets by buying out weakened rivals. Apple becomes a major player in healthcare, Google in transport, Facebook in banking and Amazon in what is left of bricks and mortar retail. Chinese behemoths similarly make an entrance into UK markets, with Alibaba and Tencent becoming household names.

Forces conspire to trap UK workers in a low-skilled, low paid and low productivity paradigm. Although many are given a reprieve from the threat of automation, unemployment has soared, reaching nearly one in ten workers. Most of the job losses felt in industries underpinned by consumer spending (eg retail and hospitality). The government, faced with plummeting tax receipts, has tried to balance the books through further rounds of austerity. Many middle-skilled workers have also lost their jobs in healthcare, policing education and central government. Job quality also takes a turn for the worse. With the bargaining power of workers weakened, firms begin to ask more of their staff: higher workloads, wage freezes and, occasionally, wage cuts. Contingent working practices proliferate as firms try to save costs and keep their heads above the water; agency work and zero-hour contracts edge upwards. Having only just left a decade of dearth from 2008 to 2018, people’s patience with the prevailing economic system starts to wear thin.

This is an age of resentment. Resentment at tech companies for sitting on enormous wealth as the rest of world scrapes by. Resentment at national leaders for cutting back on public services when waiting lists are already stretched from a burgeoning and ageing population. Resentment at Chinese investors who are buying up the UK’s once prestigious businesses. And resentment at technology itself for being the source of oppression, surveillance and cyber threats. Some channel this anger into protest. Strikes become more common, aided by a new breed of unions with a renewed mission to represent the interests of low-paid workers.

Mass walkouts and road blockages bring many industries grinding to a halt, while collective ‘log offs’ by gig workers frustrate the ambitions of tech platforms.

Others plough their energy into creating alternative economic institutions, from platform cooperatives to community-owned energy companies. More people leave the big cities in search of a different lifestyle, one more rooted in self-sufficiency and shaped by an awareness of our environmental limits. Some view this as a journey they have been forced to take against their will. Others, however, view the economic downturn as the push they needed to break free from jobs they rarely enjoyed, living a lifestyle that, in the words of economist Tim Jackson, saw them spending ‘money [they] don’t have, on things [they] don’t need, to create impressions that won’t last, on people [they] don’t care about’.

Those who join this exodus, in both the literal and figurative senses, find themselves materially poorer but spiritually richer, with more time for leisure and caring for loved ones. The exodus also breathes new life into some UK regions outside of London and the South East, as an educated and talented workforce sets out for a more meaningful life elsewhere.

# EMPATHY

E C O N O M Y



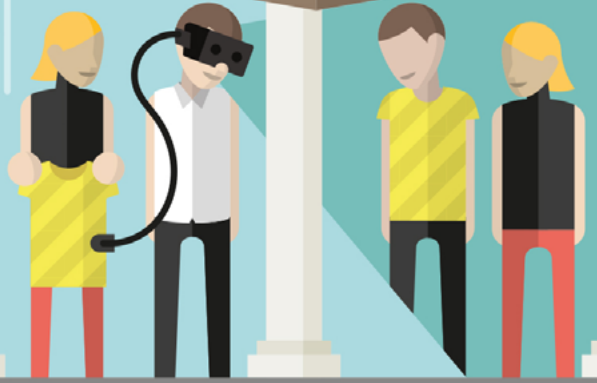
OSTEO  
OSCAR'S



MARTHA'S  
BOUTIQUE



HEIDI  
HUGS



# *The Empathy Economy*

The Empathy Economy envisages a future of responsible stewardship. Emotional work becomes more important as technology augments human capabilities.

Technology advances at a clip. Autonomous vehicles begin to ferry passengers and goods on dedicated motorway lanes, algorithms deployed in healthcare lead to new treatments for previously intractable conditions, cashier-less stores pop up in every corner of the country, and virtual reality seamlessly integrates into most workplaces, altering what it means to communicate.

During the early 2020s, these breakthroughs are welcomed as a sign of progress. Consumers are promised an abundance of cheap goods, while workers are told that a life of leisure is around the corner. But by the middle of the decade, feelings of excitement turn into trepidation as the threats posed become more apparent. Cyber-attacks on financial institutions compromise people's savings. Past transgressions exposed on social media undermine people's search for work. And the spread of platforms into more sectors further undermines job security. Public resentment grows, the pain of a new machine age spreads, including among the middle classes. Acts of vandalism on technology become more commonplace, while populist parties offer assurances to outlaw the trading of US and Chinese firms in the UK. Tech companies face their own internal challenges, as employees participate in frequent walkouts and whistleblowing.

Faced with deepening public hostility, tech companies and their investors embark on a journey of soul-searching. Self-regulate or be regulated, is the ultimatum issued by the government. A series of public promises follow suit: to pay more in tax, to end contracts with military departments and political parties, to shelve the development of 'black box' algorithms, and to share valuable pools of training data with upstart competitors. Non-tech firms follow suit with similar commitments to steward technology responsibly. Business leaders outdo each other to claim their ethical tech credentials.

Technology continues to be deployed at scale but the worst economic effects are contained. Workers retain their privacy, hold onto their autonomy and continue to see real wage growth. Employers now work hand in hand with unions to deploy innovations on mutually beneficial terms. Dirty, dull and dangerous parts of people's jobs are automated as technology augments their capabilities: from virtual reality being used by retail workers to role play customer interactions to personal trainers using wearables to create bespoke training regimes for their clients.

A prosperous domestic tech industry ensures that the spoils of innovation's are largely retained in the UK. This, combined with a Fordist effort on the part of firms to keep workers employed, helps to stabilise consumer demand. Disposable income flows into sectors and services that still retain strong interpersonal connections: care, education, entertainment, hospitality, tourism and other sectors underpinned by empathy, attention and a personal touch. While much of the job growth is seen in traditional occupations (eg care workers, teaching assistants and therapists), several

new job types emerge. Personal PR assistants, narrative specialists, digital detox planners, and social media infomoters become highly sought-after careers. Independent businesses thrive in this new economy by serving people's desire for the authentic and the artisan. Consumers do not struggle to find new outlets for their income.

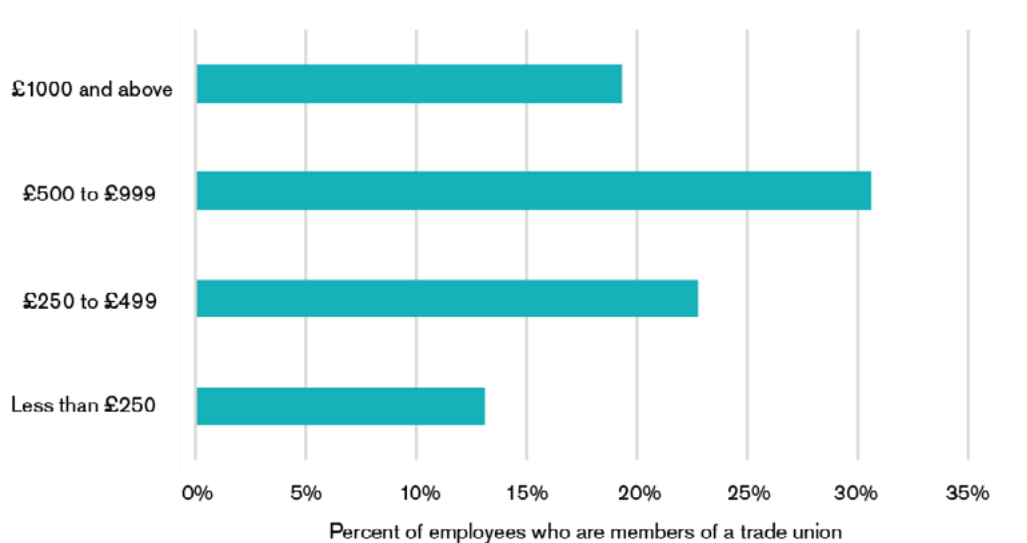
Yet there is a dark underbelly to the Empathy Economy. Outside of care work, few empathy industries thrive in small towns and cities, which don't have the demand to support niche occupations, and whose tradeable industries, such as agriculture and manufacturing have, been gradually automated. Moreover, work can at times be emotionally exhausting, with empathy becoming increasingly commodified and workers judged not only on their abilities but their online life and personal brand. Come 2035, there is no shortage of empathy. But whether it is genuine or manufactured is another question.

# The Four Futures policy challenges

## Futures challenge #1: Stronger worker voice

Throughout the Future Work Centre’s enquiry, the impact of the UK’s low unionisation rates – particularly when compared to comparable high union density countries in Germany or Scandinavia – has increasingly felt like a systemic brake on our ability to deliver good work. Not just for the obvious impact upon workers’ stakeholder power either – also, for the important institutional contribution unions play in those countries enabling a more flexible, sector-specific approach to regulation and the safety net.

Unfortunately, the UK’s low level of union density is not a fact that appears likely to change any time. Despite the most recent statistics showing a small uptick, the trend is towards long-term decline.<sup>29</sup> In the 1970s more than half of all workers were members of a trade union. Today, density is closer to one fifth and membership is skewed towards older, middle to higher earners and public-sector workers.<sup>30</sup> Low paid workers are much less well represented, meaning union coverage is arguably weakest where it is most needed. Thirty-one percent of those earning between £500-1,000 a week are members of a trade union, compared to just 13 percent of those earning less than £250.<sup>31</sup>



**Figure 7: Trade union membership by weekly earnings (BEIS, trade union statistics)**

29. Roper, C. (2019) Trade union membership rises by 100,000 in a single year – but challenges remain [Blog] TUC. Available at: [www.tuc.org.uk/blogs/trade-union-membership-rises-100000-single-year-challenges-remain](http://www.tuc.org.uk/blogs/trade-union-membership-rises-100000-single-year-challenges-remain)

30. While 52 percent of workers in the public sector are members of a trade union, just 13 percent of workers in the private sector are.

31. Department for Business, Energy & Industrial Strategy (BEIS). (2020) Trade union statistics 2019 [Dataset]. Available at: [www.gov.uk/government/collections/trade-union-statistics](http://www.gov.uk/government/collections/trade-union-statistics)

Reversing this decline is an important good work objective. As a reinvigorated force for worker voice, unions could play a critical role in shaping how firms adopt radical technologies – addressing a key source of power imbalance underlined by our scenarios. But to reverse this decline, unions will not only need to experiment with new forms of organising, they will also need to offer new support services that address the challenges of modern work mode directly.

Our scenarios highlight several different ways in which trade unions will need to innovate to stay relevant for the future of work. Most obvious is the panopticon-like effects of the Precision Economy where “UK business owners are using artificial intelligence to scrutinise staff behaviour minute-to-minute by harvesting data on who emails whom and when, who accesses and edits files and who meets whom and when”.<sup>32</sup> Participants at our social contract workshop were particularly concerned with this aspect of that scenario, arguing that they expected these technologies to give rise to a host of new employment disputes in the next decade. Even some systems that are initially adopted to support workers could later be used against them. As one participant flagged “health data on stress levels might at first be collected to promote worker wellbeing but then gets used to block routes to management positions”. Participants also suggested there could be a role for trade unions in this scenario to strike collective agreements on data collection and use, such as the novel agreement between the Communication Workers Union (CWU) and Royal Mail that ensures surveillance technology is not used to inform staff appraisals.<sup>33</sup> As one participant put it: “it’s too easy to turn precision into exploitation – we need unions to monitor the monitoring”.

To organise the more fragmented gig workforce, as seen in both the Precision and Exodus Economies, unions will also need to experiment with new forms of organising, including those that make use of digital platforms. Organise is one example of a platform that provides workers with social media tools to collect their own data and create campaigns to push for change.<sup>34</sup> Meanwhile, United Voice, one of the largest unions in Australia, has set up the country’s first digital trade union for workers in the hospitality industry. Hospo Voice gives members access to online tools that can help them track and record the hours they have worked to ensure they are paid fairly and record instances of workplace harassment and warn others about problem bosses.<sup>35</sup>

Another approach is to provide new kinds of services where workers are hard to reach through traditional workplace organising, as is likely in these scenarios. Labour Xchange is a gig work platform with a difference – instead of transferring risk onto individual workers it aims to provide them with genuine two-way flexibility. The platform allows excluded groups such as the underemployed or home carers to register their upcoming availability to work on an hourly basis. Local businesses then use the

32. Booth, R. (2019) UK businesses using artificial intelligence to monitor staff activity [Article] London: *Guardian*. Available at: [www.theguardian.com/technology/2019/apr/07/uk-businesses-using-artificial-intelligence-to-monitor-staff-activity](http://www.theguardian.com/technology/2019/apr/07/uk-businesses-using-artificial-intelligence-to-monitor-staff-activity)

33. Trade Union Congress (TUC). (2017) *I’ll be watching you: A report on workplace monitoring*. London: TUC.

34. For more information see: [www.organise.org.uk/](http://www.organise.org.uk/)

35. Langford, S (2018) Australia’s first digital union is here to help hospitality workers fight wage theft and abuse [Article] Junkee. Available at: [junkee.com/hospo-voice-hospitality-union/159371](http://junkee.com/hospo-voice-hospitality-union/159371)



platform to access the free time of individuals and fill ad hoc staffing requirements. As the platform is automated and operating costs are low, Labour Xchange can then ensure individuals are always paid at least the living wage. Moreover, it has partnered with Community Union to provide all workers on the platform access to a union.<sup>36</sup>

The Empathy Economy sees trade unions move towards a new power model. Rather than the labour versus capital antagonism that often characterises industrial disputes in the UK, this scenario sees employers work hand in glove with unions to deploy technological innovation on mutually beneficial terms. In Denmark, HK Lab, the innovation arm of one of Denmark's largest unions, now conducts trials that simulate the impact new technologies could have on administrative professionals in the health sector. The overall mission is to understand what tasks tech could easily replace and what new tasks humans could spend their time on, so that the union can work with employers to redesign jobs based on these insights.

Yet of course trade union representation is just one avenue for worker voice and democracy. A common theme across our enquiries was that both managers and workers are broadly optimistic about new technologies but desire a more worker-centred approach to adoption. Many employers we spoke with highlighted the importance of job design in ensuring that technology changes will promote both productivity and good work. As one workshop participant described it: “the extent to which automation will change the way tasks are allocated, is essentially an ethical decision on one level, as well as a management decision”. Employers we spoke with could see the business case for strengthening voice and representation when radically labour-shaping technology is rolled out: “we’re going to need to find practical answers to the questions of how you involve workers in those conversations around the changing workplace”.<sup>37</sup>

However, as always, there is a natural self-selection element to firms that attend workshops on good work. Better corporate governance and, to be frank, better behaving employers will be needed in order to provide workers with the stakeholder power in the economy necessary to manage the deployment of technology identified in the Four Futures. Perhaps the biggest challenge, underlined by the huge power imbalances in the Big Tech Economy, is applying this dynamic to the tech companies themselves. Citing the 2018 Google walk outs, one participant at our social contract workshop suggested that “more employee activism within tech companies will be needed”. While the Empathy Economy sees a responsible stewardship of technology largely driven by self-regulation, participants were concerned that this was “ineffective at present” and that firms “generally have a profit motive but need another[motive]”. Real worker power, not to mention a sustained effort to drive up union membership rates, may require more radical forms of workplace democracy where worker voice formally and systemically “influences the direction of businesses and feeds into their social purpose”.

36. Wallace-Stephens, F. (2019) The future of work in Denmark [Blog] RSA. Available at: [www.thersa.org/discover/publications-and-articles/rsa-blogs/2019/10/future-work-denmark](http://www.thersa.org/discover/publications-and-articles/rsa-blogs/2019/10/future-work-denmark)

37. Wallace-Stephens, F. and Darrall, S (2020) Technology, productivity and good work: views from the ground [Article] RSA. Available at: [medium.com/@thersa/technology-productivity-and-good-work-views-from-the-ground-ec938019899f](https://medium.com/@thersa/technology-productivity-and-good-work-views-from-the-ground-ec938019899f)

## Futures challenge #2: Democratic data

As the world of work changes, so inevitably must the regulatory regime that underpins it. If, as the **Precision Economy** envisages, gig platforms do become more prominent in our economy, we will obviously need clearer regulations for determining the employment status and rights of workers, as well as more effective enforcement of those rights. Data protection regulation may also need to be strengthened to ensure that workers enjoy the same rights as consumers under legislative efforts, such as the EU's General Data Protection Regulation (GDPR).

If greater levels of digitisation lead to increasingly concentrated markets as seen in the **Big Tech Economy**, we may also need to rethink competition policy. The more digitised our economy has become, the easier it has been for a handful of firms to dominate the provision of services. Why? Because firms with the greatest number of customers collect the largest troves of data, which in turn enables them to provide a better service, attract more customers and harvest even more data to analyse. Netflix has become dominant in TV entertainment, Instagram in image collection and sharing, Uber in ride hailing, and so on. Google receives 90p for every £1 spent on search advertising in the UK<sup>38</sup> while Amazon reportedly accounts for 30 percent of e-commerce sales.<sup>39</sup>

This is concerning because market concentration can reduce workers bargaining power, which can stifle wage growth and worsen working conditions. When a company is the only employer in a sector (or even in a town), workers have little option but to accept their terms and conditions. Even in the current food delivery duopoly in London, Uber Eats was able to reduce the per delivery fee for its riders (in a move it claimed would boost earnings in busier times, but which ultimately resulted in protests). And if the previously rumoured merger with Deliveroo ever came to pass, drivers would have little option but to accept the terms or, quite literally, get on their bikes.<sup>40</sup>

In her seminal paper *Amazon's Antitrust Paradox* legal scholar Lina Khan highlights another challenge for data regulation. She illustrates how data has enabled new instances of vertical integration, which need to be taken more seriously by competition policy.<sup>41</sup> Vertical integration occurs when a company controls multiple stages of its supply chain. The businesses that use Amazon Marketplace face a dilemma: they need to use it to sell their products but the data it collects on them provides Amazon with insights it can use to develop and market its own AmazonBasics range. Amazon can then sell their own products at a marginally more favourable price point and nudge consumers in this direction.<sup>42</sup> A similar argument could apply to Deliveroo were it ever to launch its own food offerings.<sup>43</sup>

38. Competition and Markets Authority (CMA). (2019) Online platforms and digital advertising: Market study interim report. London: OGL

39. Clark, J (2019) Amazon strengthens dominance of UK e-commerce market [Article] City A.M. Available at: [www.cityam.com/amazon-strengthens-dominance-of-uk-e-commerce-market/](http://www.cityam.com/amazon-strengthens-dominance-of-uk-e-commerce-market/)

40. Wallace-Stephens, F. (2019) What's wrong with Uber's IPO [Blog] RSA. Available at: [www.thersa.org/discover/publications-and-articles/rsa-blogs/2019/05/uber-ipo](http://www.thersa.org/discover/publications-and-articles/rsa-blogs/2019/05/uber-ipo)

41. Khan, L.M (2017) Amazon's Antitrust Paradox. Yale Law Journal, Vol. 126, 2017.

42. Ibid.

43. Bell, D (2019) Deliveroo's Virtual Restaurant Model Will Eat The Food Service Industry, As Amazon Piles In To Fund U.S. Expansion. Available at: [www.forbes.com/sites/douglasbell/2019/08/26/deliveroos-virtual-restaurant-model-will-eat-the-food-service-industry-as-amazon-piles-in-to-fund-us-expansion/#57051fc95e89](http://www.forbes.com/sites/douglasbell/2019/08/26/deliveroos-virtual-restaurant-model-will-eat-the-food-service-industry-as-amazon-piles-in-to-fund-us-expansion/#57051fc95e89)

Increasingly, the currency of the digital economy is data, which we trade for ‘free’ services, greater convenience, and more personalised experiences. Unlike oil it has no clear price mechanism. This means we may need to rethink whether competition policy, which currently focuses on consumer prices as the yardstick for whether monopoly is a good or useful way of governing such a crucial aspect of the economy. There is no one size fits all approach - the tech giants all have very different business models. But in most cases, reigning in their power over markets will ultimately depend on regulating their power over data.

Agile regulation may also be needed to give workers more power over their own data. This challenge is acute in the **Precision Economy** where many more workers are finding jobs via online platforms. At the moment there is no way for workers to transfer their ratings across platforms. If a driver has a 5-star Uber rating, having completed 5,000 trips but now wants to start driving with Addison Lee instead, they cannot take their 5-star Uber ratings with them. This inability to move to rival platforms not only prevents workers from seeking out better conditions elsewhere, it also cements the position of platforms as monopolies.<sup>44</sup>

### **Futures challenge #3: A modern safety net**

Almost nobody disputes the fact that technological change on the scale witnessed across most of our futures will have a material impact on the economic security of workers. The brutal reality in the **Big Tech Economy** is that many people are simply left without enough work. Throughout our workshops, employers have consistently questioned the pace of change in this scenario, pointing out, for example, that we are unlikely to see fully automated warehouses in the next 15 years, since the costs are unaffordable and legacy infrastructure creates barriers to adoption. Alas, fully automated dystopias look a little less unlikely now that, during and perhaps beyond the Covid-19 crisis, reliance on human labour looks like a systemic business risk. That said, even before the pandemic many participants also accept the broader logic of this scenario that there could be a sharp decline in the need for manual labour. As one retailer suggested “just as self-service check out machines mean we only need one person on a till rather than six, semi-autonomous lorries will mean you only need one person to control three trucks remotely”<sup>45</sup>.

Of course, in the **Big Tech Economy** automation also affects sectors more traditionally thought of as resistant to technological displacement. At our Future Work Lab in Scotland we discussed what this scenario could mean for the jobs in the education system. One provocation we put to participants was that this scenario could result in the automation of teaching staff at colleges and universities, with lecturers replaced by holograms of Harvard professors and course curricula defined by world-leading Massive Open Online Courses (MOOCs). Many doubted the credibility of an education system without any face-to-face learning and suggested instead that technology would be blended with traditional classroom-based teaching methods. Yet even this scenario could entail a ‘hollowing out’ of jobs in universities. For example, immersive technologies could replace the need for many university professors – the

44. Wallace-Stephens, F (2019) What’s wrong with Uber’s IPO Op Cit.

45. Wallace-Stephens, F. and Lockey, A (2019) Retail Therapy: Towards a future of good work in retail. Op Cit.

Harvard hologram could still do the lecturing, only this time supported by teaching assistants and tutors to support learners and facilitate seminar discussions.<sup>46</sup> Even if jobs are not outright displaced, winner-take-most dynamics could be profound.

One of the key challenges identified across our enquiries was how to support workers financially during potentially long periods of unemployment and retraining. As one participant at our social contract workshop put it: “our current welfare system is based on an idea of full employment – and a job for life – it’s not flexible enough to cope with longish periods of retraining”. The **Empathy Economy** highlights another dimension to this challenge. Though there are more roles to transition into than in the **Big Tech Economy**, labour market opportunities are still far from evenly distributed geographically. In rural areas, jobs in heavy industry and agriculture have all but disappeared and workers have been forced to uproot their families and move to major cities in search of work in empathy services. Geographical mobility is also a challenge in the **Exodus Economy**, although this time an escape to the countryside reverses the trend towards increasing urbanisation. Either way, a modern safety net will need to support workers financially during protracted periods of transition: to new jobs in new places that require new skills.

Moreover, if firms automate and digitise more extensively, we can expect a greater share of national income to flow into the hands of those who create and own machines. While those with the skills to complement technology may receive higher wages, those in direct competition with machines might face continued wage stagnation – a challenge in Exodus as well as Big Tech. Some have called for a ‘robot tax’ to pay for more generous welfare system, but this is an impractical idea, not least because it is impossible to distinguish between machines that substitute for workers and those that augment them. Nevertheless, the underlying principle that capital or assets should bear more of the burden for taxation over labour may be reasonable. After all, whilst taxation is one of the more obvious faucet leverage points we identified in chapter two, a modern safety net must still be financed fairly.

Finally, a modern safety net should also aim to create parity of esteem between employees and independent workers. Self-employed workers currently lack important protections that workers in conventional employment arrangements take for granted, among them sick pay, holiday pay and pension contributions. One in seven UK workers are now self-employed and this number may grow in the coming years. This challenge is most acute in the Precision Economy scenario, where gig economy platforms rapidly expand into different sectors. This will make new demands of our welfare settlement. As one participant at our social contract workshop put it: “complex working patterns will require a new benefits system”.

46. Wallace-Stephens, F (2020) Four futures of work: consequences for the Scottish skills system [Article] RSA. Available at: [medium.com/@thersa/https-medium-com-thersa-four-futures-work-scottish-skills-system-8fa73e09f07a](https://medium.com/@thersa/https-medium-com-thersa-four-futures-work-scottish-skills-system-8fa73e09f07a)

The modern safety net challenge is regulatory too – recent years have seen a spate of court rulings on the employment status of workers in the gig economy, which has a knock-on effect on entitlements and protections. But even if rulings continue to go the way of gig economy workers, the landscape will likely remain fragmented. Gig platforms have very different business models and so the extent of entitlement coverage will vary across different sectors and services. A graphic design professional offering bespoke services through a platform such as Upwork is in a very different position to a low paid delivery driver, frantically zipping around London in order to make ends meet.

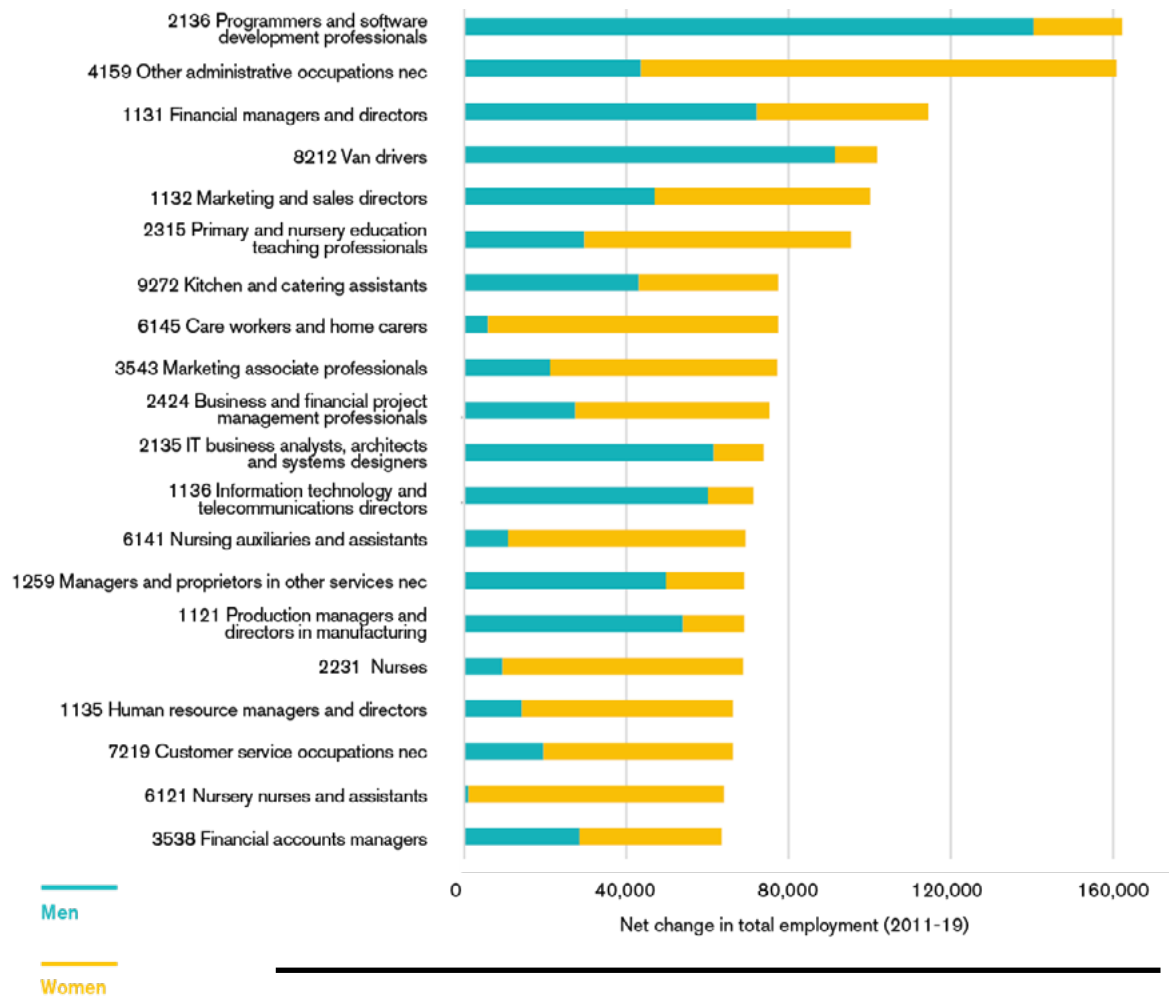
#### **Future challenge #4: Lifelong learning**

As the economy evolves and technology eliminates, creates and transforms jobs, workers will need to find new ways of reskilling or upskilling their capabilities. Each of the different scenarios offers a varying glimpse of the kinds of jobs we can expect to see grow in the next fifteen years.

In the **Big Tech Economy**, this might mean moving into hi-tech roles, for example in machine learning, robotics or cybersecurity. Other opportunities could include providing auxiliary services in the tech ecosystem - think lawyers who deal with claims against driverless cars. There may also be roles like drone delivery drivers and virtual reality experience designers. Meanwhile the expansion of big data in the **Precision Economy** will call for more analysts to crunch the numbers, with behavioural scientists and gamification experts designing the additive apps that squeeze more out of workers. As people give up on consumer capitalism in search of more sustainable lifestyles in the **Exodus Economy**, occupations such as upcycled clothing designers and community energy managers could go mainstream. On the other hand, in the **Empathy Economy**, workers will be drawn into hi-touch positions including new roles such as digital detox consultants to help us manage our relationships with technology.

Either way, we will need to do a lot more to ensure that both these new roles and more commonplace jobs today are open to all, particularly those who are at most of risk of automation. A recent RSA analysis of how the economy has evolved over the last decade highlights how women have borne the brunt of jobs lost in the last decade as well as being locked out of the best paid new jobs. Between 2011 and 2019, programmers and software developers were the fastest growing occupations, with over 160,000 new roles created (a 72 percent increase from 2011). IT directors and business analysts were also in the top 20 fastest growing occupations. However, unfortunately, less than 20 percent of these jobs were filled by women. The occupations that have seen the biggest losses include many traditional high street jobs, such as retail sales assistants, check out cashiers, bank and post office clerks and dry cleaners. In total, at least 289,000 high street jobs were lost over the last decade, 81 percent of which were held by women. Back office roles, such as administrators in government, personal assistants, telephone salespeople and pensions clerks are also in long-term decline.<sup>47</sup>

47. Wallace-Stephens, F (2020) What jobs will emerge in the 2020s? [Blog] RSA. Available at: [www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/01/new-jobs-2020s](http://www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/01/new-jobs-2020s)



**Figure 8: 20 fastest growing occupations 2011-2019 by gender (RSA analysis of Labour Force Survey)**

Whilst many economic pundits comment on the need to re-skill workers for the jobs of the future, few acknowledge there will only ever be so many high-skilled jobs to go around. The reality is that low-skilled work is likely to persist in different forms and we must therefore help workers to build careers within these roles that live up to our good work principles – in particular the idea that all work should grow peoples’ capabilities. This dynamic is perhaps strongest in the Exodus Economy where forces conspire to trap the UK in a low pay, low productivity paradigm following a black swan economic crash. The Precision Economy, in contrast, reminds us of the chronic lack of training and progression pathways for platform workers. The Empathy Economy, meanwhile, should inspire employers to think about how they can professionalise roles. During our Future Work Lab with the retail sector, this scenario best captured employers hopes for the future. Yet when discussing the strategy of renewing high streets as an experiential destination to visit (to see off the existential threat of e-commerce) employers felt that workers would likely need to upskill and become more akin to ‘in-store influencers’ – workers who balance existing customer service skills, with more in-depth knowledge about products, branding and specialist techniques for delivering exciting

in-store experiences.<sup>48</sup>

This challenge of elevating the status of low-skilled work is particularly acute for empathy roles. Care workers and home carers, nurses and nursing assistants were some of the fastest growing jobs of the last decade – and, one would hope, attention will turn to raising their status and standing in the aftermath of their Covid-19 heroism. Yet even if bad working conditions and low pay can be stamped out across these sectors, these roles may remain harder to fill because of ingrained societal perceptions. As one participant at our Future Work Lab for Scotland highlighted: “culturally, empathy is still seen as very female. This will take time to breakdown; it is on its way but has a long way to go.”<sup>49</sup>

One would think that the growing anxiety about automation would force employers and training providers to get on the front foot and deal with the multiplicity of lifelong learning challenges the four futures surface. On the contrary, work-related training has waned in recent years. In 2004, 30 percent of workers had received job-related training in the last three months. In 2017, this figure dipped below 25 percent.<sup>50</sup> Even more troublingly, previous RSA analyses have shown that work-related training too often remains the privilege of professionals, or those who already have graduate level qualifications.<sup>51</sup> At the same time, a recent OECD study has warned that low-skilled workers at risk of automation are three times less likely to participate in training than those in jobs more resilient to technological change.<sup>52</sup> Robust lifelong learning will therefore require us to reimagine our skills system so that it supports needs of these workers and helps them to overcome the barriers they face. Only then might we lay to rest the maxim that “the single best predictor of later participation in education is earlier participation.”<sup>53</sup>

48. Wallace-Stephens, F. and Lockey, A (2019) Retail Therapy: Towards a future of good work in retail. Op Cit.

49. Wallace-Stephens, F (2020) Four Futures of Work: consequences for the Scottish skills system Op Cit.

50. Wallace-Stephens, F. (2018) Sizing up the good work gap [Blog] RSA. Available at: [www.thersa.org/discover/publications-and-articles/rsa-blogs/2018/07/sizing-up-the-good-work-gap](http://www.thersa.org/discover/publications-and-articles/rsa-blogs/2018/07/sizing-up-the-good-work-gap)

51. According to a 2018 RSA analysis of the Annual Population Survey, 30 percent of workers with NVQ level 4 equivalent educational qualifications had engaged in work-related training in the last 3 months, just 20 percent of those with NVQ level 3 equivalent qualifications had.

52. Nedelkoska, L. and Quintini, G (2018) Op Cit.

53. Government Office for Science. (2016) Factors and motivations affecting attitudes towards and propensity to learn through the life course. OGL: London

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# Designing the blueprint: A systems thinking perspective on good work policy interventions

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## **Think like a system, act like an entrepreneur**

Albert Einstein once said “if I had an hour to solve a problem, I’d spend 55 minutes thinking about the problem and five minutes thinking about the solution.”<sup>54</sup> This ethos guides the RSA’s approach to research and policy development: all our enquiries begin with a thorough attempt to understanding the dynamic context of the social problems we attempt to tackle. This call to ‘think like a system’ has shaped the Future Work Centre from inception.

Indeed, to a large extent our enquiries can be viewed in this way: we have spent two years diagnosing how the dynamic relationship between work, technology, the economy and civil society might evolve over time, before returning to policy development for this report (for more details on our methodological approach, see Introduction).

The second stage of the RSA’s approach encourages us to ‘act like an entrepreneur’. This helps us to identify the most impactful ways to intervene in flawed public policy systems; encouraging us to seek out existing sources of innovation, both inside and outside the system. This chapter explores two key concepts from systems theorists that underpin this second impulse:

1. Donella Meadows idea of ‘leverage points’.
2. Frank Geels’s ‘multi-level perspective’ on systems change under conditions of technological transformation.

In each case we highlight the key lessons that further shape the design of our blueprint social contract.

<sup>54</sup>. Quoted by Conway, R (2017) *Think Like A System, Act Like an Entrepreneur*. London: Innovate UK.



## Leveraging worker power

Donella Meadows defines leverage points as “places within a complex system (a corporation, an economy, a living body, a city, an ecosystem) where a small shift in one thing can produce big changes in everything.”<sup>55</sup> In 1999 she wrote what many systems theorists still consider to be the definitive guide to the concept, setting out a ranked list of the twelve possible ways actors can intervene in a complex system:

### Box 5: Donella Meadows’ leverage points: 12 places to intervene in a system, in order of effectiveness

1. The power to transcend paradigms
2. The mindset or paradigm out of which the system – its goals, structures, rules, delays, parameters – arises
3. The goals of the system
4. **The power to add, change, evolve or self-organise system structure**
5. The rules of the system (such as incentives, punishments, constraints)
6. The structure of information flows (who does and does not have access to information)
7. The gain around driving positive feedback loops
8. The strength of negative feedback loops, relative to the impact they are trying to correct against
9. The lengths of delays, relative to the rate of system change
10. The structure of material stocks and flows (such as transport networks, population age structures)
11. The sizes of buffers and other stabilising stocks, relative to their flows
12. **Constants, parameters, numbers (such as subsidies, taxes, standards)**

The first thing to note about Meadows’ hierarchy is that leverage point 2 on paradigms is close to the conventional public policy definition of a social contract. This reiterates the systemic potential a new social contract could have on securing good work for all.

The second arresting insight from the paper concerns leverage point 12 (highlighted above).

Meadows was particularly keen to point out the limited leverage of parameters, which she believed attracted “99 percent of attention”.<sup>56</sup> In policy terms, her argument can be characterised as suggesting the level of key ‘faucets’ – the generosity of benefits, public spending or taxation levels – do not fundamentally change the system itself and therefore rarely change behaviour. There is an obvious *reductio ad absurdum* critique of this position – a system where the taxation faucet were reduced almost to zero would clearly have

55. Meadows, D (1999) *Leverage Points*. Hartland VT: The Sustainability Institute.

56. *Ibid.*

widespread systemic impact. But less emphatically, Meadows argument is that, from a systems perspective, the true value of such interventions lies in their ability to enable other higher impact leverage points. We have allowed this insight to constrain the design of our blueprint at this stage by not focusing upon traditional faucet policy debates in our selection of the eight ideas. Where relevant we have flagged modelling of the fiscal effect of our recommendations or suggested potential routes to paying for them. But our blueprint is, as the description implies, only intended to be the first outline of what a reimagined social contract might look like. At this stage it is more important to identify the ideas we believe can have the largest systemic impact and which might interact with one another to best secure good work (though the Future Work Centre will return to fiscal choices as part of testing and amplification – see Conclusion).

However, the most important leverage point for our design approach is leverage point 4 and Meadows’s argument that dynamic self-organisation is the most effective way to build long-term system resilience:

“Self-organization means changing any aspect of a system lower on this list — adding completely new physical structures, such as brains or wings or computers — adding new negative or positive loops, or new rules. The ability to self-organize is the strongest form of system resilience. A system that can evolve can survive almost any change, by changing itself.”<sup>57</sup>

Dynamic self-organisation is especially vital when defining a social contract where the key policies should be resilient to changing circumstances over time. There are two policy development lessons we draw from this insight:

- 1. The system rules of a new blueprint must embolden social experimentation**

The analogies Meadow draws here is with DNA or the innovation enabled by algorithms, such as Google’s search engine. In each example, the benefits that flow from the experimentation are a consequence of the rules being right in the first place. Our blueprint should do the same for social innovators.

- 2. The decline of trade unions has chronically weakened the potential for dynamic self-organisation within the UK’s good work system**

Our challenge definition process (see Chapter 2) has already identified low trade union density as a systemic brake upon good work for all. Indeed, in our Four Futures scenario planning, trade union strength was identified as one of the critical uncertainties that would significantly affect possibilities for the future of work.<sup>58</sup> However, Meadows’ analysis places these policy insights into a systems thinking context – unions and other worker voice institutions introduce critical feedback loops to market capitalism and,

57. Ibid.

58. Dellot, B. Mason, R and Wallace-Stephens, F. (2019) Op Cit.

where properly embedded and empowered, give the good work system its best shot at dynamic self-organisation over time.

Therefore, to realise our five good work principles, our blueprint social contract should pursue a simpler practical objective. That good work for all depends on boosting the collective stakeholder power of workers over the economy and technology.

### **A multi-level perspective for action**

The second half of the RSA's systems thinking approach implores us to act like an entrepreneur – encouraging us to seek out and amplify existing sources of innovation, both from inside and outside the system. There is an important balance to strike here – on one hand the contribution bottom-up entrepreneurship can make towards social change should not be underestimated. As the technology entrepreneur Nicolas Colin has observed:

“Before the state can act, the field must be marked by a first generation of pioneers. Innovators and activists are the only ones capable of doing the hard work at the early stage, namely spotting the new economic and social challenges of the day”.<sup>59</sup>

Yet equally nor should we overstate innovators' collective potential or ignore the difficulties of rapidly scaling new ideas, particularly those that also aim for social good. Turning even the most sophisticated worker-tech innovation into a system-wide solution will usually require a complementary field of innovations, as well as intervention from larger, more powerful institutions, including the state. As Rowan Conway, former Director of Innovation at the RSA puts it: “the jet airliner needed not just jet engines, but longer better runways and larger airports; an electric car will be useless without good batteries and an infrastructure of recharging points”.<sup>60</sup>

Again, systems-thinking can provide a framework that helps turn these insights into guidance for designing our blueprint. Frank Geels, professor of systems innovation at the University of Manchester, has developed an approach for analysing systems change within periods of profound technological transition.<sup>61</sup> In this multi-level perspective, Geels identifies three distinct sites for systems innovation – the micro, the meso and the macro:

59. Colin, N. (2018) *Hedge: A greater safety net for the entrepreneurial age*. Scotts Valley CA: CreateSpace Independent Publishing Platform.

60. Conway, R. Leadbeater, C. and Winhall, J. (2019) *The Impact Entrepreneur*. London: RSA.

61. Geels, Frank W. (2006) *Multi-Level Perspective on System Innovation: Relevance for Industrial Transformation*. Berlin: ResearchGate.

Transition level	Can include
Micro (niches)	New ideas, experiments, pilots, entrepreneurial developments.
Meso (regimes)	Organisations, markets, institutional behaviour.
Macro (landscapes)	Frameworks, values, laws, paradigms.

**Table 3: An RSA adaption of Frank Geels’s Multi-level perspective on systems change** (*duplicate of Table 1*)

This categorisation may look simple but it helps tell a nuanced story about how change at the level of a social contract comes about. Micro innovations are nurtured, scaled and shaped by meso regimes, before being elevated by policy, frameworks and norms into a new paradigm. Or alternatively, from the other end of the telescope, macro action provides the context for new meso institutions that nurture a new field of micro innovations that, in time, renew and reaffirm the social contract by cascading back up the pyramid in the manner just described.

Either way, we believe our blueprint should look for good work leverage points that not only empower workers but where there is already clear potential for a micro to macro impact journey. In doing so, we hope to avoid the pitfalls Colin and Conway respectively highlight of being too top-down statist or too bottom-up solutionist. The temptation, in a world scarred by Covid-19, is perhaps to rush towards the former. But even in times of crisis the seeds of change must have deep roots if they are to endure.

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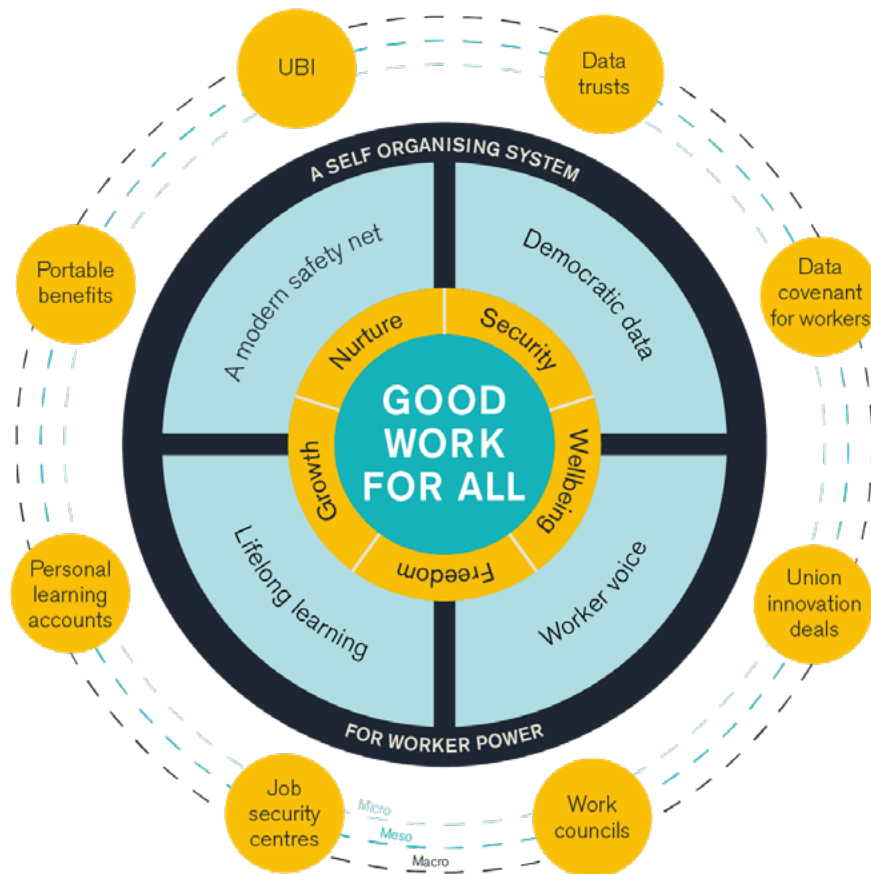
# Eight ideas for a new social contract

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Over the past three chapters we have set out the good work principles that underpin our blueprint social contract and why we feel change at this scale is urgent; used our Four Futures of Work scenarios to identify the systemic policy challenge this blueprint must answer; and highlighted some key systems thinking insights to guide us towards the most impactful ideas and intervention points. This chapter synthesises all these insights, drawing extensively on the Future Work Centre's activities over the past few years. We advocate eight ideas - two for each challenge area - that we hope can form the basis of a new social contract for good work (see Figure 9):

- **A union innovation deal**
- **Works councils**
- **A data covenant for workers**
- **Data trusts**
- **Universal basic income**
- **Portable benefits**
- **Personal learning accounts**
- **Job security centres**

For all eight ideas we have made three recommendations – one for each level of intervention set out in Geels' multi-level perspective for systems change (see Chapter 3) – in order to articulate a credible theory of scaling ideas that have deep roots.



**Figure 9: A blueprint social contract for good work**

However, before exploring each idea in more depth, it is important to understand the philosophical values shift, not to mention the new institutional rights and responsibilities, this new social contract embodies. **Our central aim is to transfer responsibility for securing our five good work principles away from individual workers.**

The five good work principles identified in Chapter 1 serve as both moral foundations and ambitions: we believe individuals should enjoy good work as a right and that it is the responsibility of all the other key institutions involved in work to secure them. This does not absolve individuals of responsibility – indeed, given we see boosting workers’ stakeholder power over the economy and technology as the key practical means for delivering these principles, our contract expects individual workers to participate more actively in workplace democracy in exchange for that enhanced power. Yet the primary shift in responsibility is away from individual workers towards those other institutions – the state, employers and civil society.

In the long run we believe the lion’s share of this responsibility should lie with worker voice organisations, principally trade unions. Throughout our enquiries, we have been struck how often the best global practice involves innovative trade unions that exist to guarantee workers security and flexibility – ‘flexicurity’, to use the inelegant public policy portmanteau. The UK’s hyper-flexible labour market – what the Taylor Review calls the ‘British way’ - is one of our distinctive economic strengths,

almost certainly responsible for the high levels of job creation the country enjoyed before the pandemic.<sup>62</sup> Yet as that review pointed out, the flexibility it provides is often one-way – workers in the gig economy, for example, must trade that flexibility for diminished economic insecurity. The British debate about how to respond to these two fundamentals – freedom and security in our principles – typically focuses on new regulation: strengthening right to request entitlements, clarifying what legally constitutes self-employment, or even banning certain contract types, such as zero-hour contracts. Agile regulation will always have a place in delivering good work, but if trade unions were institutionally embedded between market and state, collective agreements might be able to provide an alternative path for issues like this, allowing for a more sector-specific and worker-led approach. In this sense, the parlous state of good work in the UK is not just about bad policy or long-standing socio-economic vulnerabilities. It is also institutional: we currently outsource mitigation of these vulnerabilities – in other words, securing good work – almost entirely to one body, the state (and a highly centralised one at that). We should not always have to rely on the blunt, sector-blind instrument of state legislation – trade unions and other worker voice organisations should be strong enough to ensure workers enjoy the freedom they want alongside the security they need.

This shift is not just about amplifying worker power, either. Indeed, we would argue stronger worker voice organisation might also lead to a more flexible and dynamic capitalism, particularly during times of crisis. That a corporatist model, grounded in a stronger stakeholder relationship between workers, unions and employers, could lead to a social contract that is both more resilient and where firms face less regulatory red tape. Therefore, our long-term social contract objective is to shift, shock and cajole our employers and unions towards responsible stakeholder stewardship, whilst transferring responsibility for securing good work away from individuals and the state, and towards worker voice organisations – principally trade unions - with higher levels of membership.

This will probably require a change of culture in British trade unionism. Certainly, it will require a paradigm shift in how our political culture views unions' role. Most of all, it will take time. This means that, in the interim, the state will have to take on a nuanced and redesigned role. In fact, even in the long run a stakeholder model of delivery does not mean the state simply outsources – it often has to expand first in order to provide a secure basis for letting go. Pragmatically, this makes sense: those countries with co-determinist institutions, or the corporatist delivery of welfare benefits, are often the same countries where universal entitlements are strongest. However, it does explain why our new blueprint does not easily translate into perfectly coherent institutional rights and responsibilities. In two of our eight ideas – universal basic income, a data covenant for workers – we want to expand universal state entitlements or rights. In two others – trade union innovation deal, data trusts – we want to strengthen stakeholder corporatism. In most – personal learning accounts, job security centres, work councils, portable benefits – we seek to do both almost simultaneously.

62. Taylor, M et al (2017) Op Cit.

The principle objections to a more corporatist, stakeholder social contract are practicality and political culture. In other words, that we do not have corporatist institutions strong enough to thicken out and that they were too antagonistic to employers even when we did. Ultimately, these objections can only be overridden by impact not argument. However, we hope our policy mix includes policies that might mitigate the first objection and start a slow journey of growth. This includes direct support for trade unions (the union innovation deal), solutions we believe would grow trade unions from the bottom-up (work councils) and policies that would give a corporatist institutional layer something tangible to do for workers (portable benefits, job security centres, personal learning accounts). The role of universal basic income is central too, for ensuring a safety net that guarantees economic security and thus mitigating the danger of taking responsibility away from the state too quickly.

On political culture, the objection feels somewhat circular. We believe the moment is ripe for a cultural values shift – to some extent this is the whole point of framing this enquiry as a new social contract rather than a more conventional policy development exercise. Furthermore, the pandemic does seem to have already shocked our institutions in this direction. Most obviously, with the government’s Coronavirus Job Retention Scheme for furloughing workers – which was drawn up in partnership with the Trade Union Congress (TUC) – but also due to the practical need to provide workplace guidance on social distancing across widely varying sectoral dynamics, which necessitates a social partnership approach.

In short, the nature of the pandemic challenge presents a new moral imperative for good work to add to the age of insecurity and imminent technology test. As a *Guardian* letter from 3,000 of the world’s leading economists put it:

“If our governments step in to save businesses in the current crisis, then businesses must step in as well, and meet the general basic conditions of democracy”.<sup>63</sup>

The opportunity for them, quite apart from contributing to good work, could be a more flexible and dynamic capitalism.

63. Rodrik, D. Picketty, T, Chang, H-J et al (15 May 2020) Humans are not resources. Coronavirus shows why we must democratise work. London: *Guardian*.



# Stronger worker voice



## A union innovation deal

**Purpose:** To help grow innovative trade unions so, in the long-term, we move towards a self-organising social contract where powerful workers secure good work on their terms.

**Primary good work principles:** Security, wellbeing, freedom.

As discussed in earlier chapters and above, the lack of widespread union membership feels more and more like a systemic brake upon good work for all. This significantly affects the other three challenge areas too. For example, in high-density countries widespread collective agreements can represent a more agile and sector-specific approach to regulation. As Fredrik Söderqvist, Economist at Unionen, the largest trade union in Sweden explains: “Unions [in Sweden] always do a better job [at regulation] than the government – because their incentives are aligned with employers, they don’t want to put up red tape”. This is particularly salient when considering how to encourage firms to adopt technology responsibly. When considering workplace monitoring technologies, for example, what is considered fair and proportionate is likely to vary considerably from sector to sector and may need to be regularly revisited as the technology evolves. This is precisely the basis on which collective agreements are set in the Nordic countries. But, as Söderqvist explains, “you need to have high union density to have anything that resembles the Nordic model”. This is what makes sectoral collective bargaining solutions legitimate in the eyes of policymakers and public – and thus a more resilient part of the Nordic social contract.

In Britain, the challenge unions face is more existential. According to analysis from the Resolution Trust, due to the demographic profile of current union membership there would need to be an 80 percent rise (from 14 to 26 percent overall) in membership amongst the under 35s by 2030 just for total membership levels to stand still.<sup>64</sup> Trade unions will therefore need to innovate their offering in response to both the changing nature of work and the changing social attitudes of young people. Martin Grønæk Jensen, formerly of HK Lab (see Chapter 2), explains how unions in Denmark (where density is as high as 67 percent) are also grappling with this challenge: “people used to see the union as part of their identity. But the brand – being a ‘HKer’ – is not as strong as it used to be... union membership is seen as leftist, nostalgic. Young people working in portfolio careers want something else.”<sup>65</sup>

In Chapter 2 we highlighted examples of unions innovating for the future of work by experimenting with digital forms of organising or providing new kinds of financial and other support services. Scaling such experiments, however, will require new mindsets and ways of working within trade unions.

64. Kelly, G. and Tomlinson, D (2018) Inexorable decline or moment of opportunity? [Article] Resolution Trust. Available at: [resolutiontrust.org/inexorable-decline-or-moment-of-opportunity](https://resolutiontrust.org/inexorable-decline-or-moment-of-opportunity)

65. Wallace-Stephens, F (2019) The future of work in Denmark Op Cit.

As Palak Shah of the American union, the National Domestic Workers Alliance (NDWA) explains, innovations such as Alia – a platform that provides domestic cleaners with portable benefits (see discussion below) “emerge from throwing spaghetti at the wall.”<sup>66</sup> Meanwhile HK Lab works with product development methodologies such as The Lean Startup, which allows organisations to rapidly discover if a proposed business model is viable through a combination of experimentation, iterative product releases and validated learning. In order to experiment with new forms of organising, unions will also have to build their capacity to work with data. James Farrar of the United Private Hire Drivers’ union, explains how “the biggest lessons I ever had about organising I learnt from Uber itself - we’ve got to collect the data, use it, analyse it”.

Major unions in the UK have had some notable successes pushing new worker-centred services as a path for growth. Unite the Union, for example, have offered credit union services for indebted members, whilst the TUC’s unionlearn is an important and established part of the UK’s skills and training landscape. Moreover, Worksmart by the TUC provides an example of where a leading worker voice organisation is attempting to take innovation seriously, with a dedicated app trying to engage young workers who are at risk of exploitation.<sup>67</sup> It has been developed through extensive user testing with young people and aims to provide them with job advice – for example on career progression and rights at work – in a way that is fun and engaging. Going forward they are exploring whether they will be able to identify and support defined networks of workers that will make collective action viable. This could, for example, begin with a network of baristas working across coffee shops in a city such as Liverpool.

Money remains one of the biggest barriers to innovation. Söderqvist reiterates that “unions will need new and better tools to do old-fashioned union work”. But he adds that “while they must do the actual work, they need resources, and this is difficult given the declining trends in membership”. A survey by the TUC Digital Lab reveals that while some unions have established digital transformation teams most “still see ‘digital’ primarily as a communications channel. Most of their spending is on short-term maintenance rather than developing new products and services.”<sup>68</sup>

There remains a surfeit of data, expertise and best practice on how to grow unions with hard to reach groups. We recommend an independent commission, led by innovation experts from outside the British labour movement, should be set up to investigate this topic. To support unions to develop their capacity for innovation, we recommend that the government creates a union innovation fund. This could mirror the recent European Trade Union Confederation (ETUC) proposal that a fund be set up, to “build the capacity of social partners for social dialogue, industrial relations and collective bargaining”.<sup>69</sup> The union innovation fund should be focused on scaling up projects that aim to increase union density, particularly among underrepresented groups (eg young and atypical workers).

66. For more information see: [www.ndwalabs.org/](http://www.ndwalabs.org/)

67. For more information see: [www.worksmart.org.uk/](http://www.worksmart.org.uk/)

68. TUC Digital Lab. (2019) Digital in UK unions: measuring our digital journey. London: TUC

69. European Trade Union Confederation. (2019). ETUC Action Programme 2019-2023. Available at: [www.etuc.org/en/publication/etuc-action-programme-2019-2023](http://www.etuc.org/en/publication/etuc-action-programme-2019-2023)

The fund should also be accessible to relevant WorkerTech and other social innovations where those organisations commit to working in partnership with trade unions. Earwig, for example, is a site review platform for construction workers on temporary contracts. Akin to Glassdoor, a US website where employees anonymously review companies, it provides relevant detailed and worker-led intelligence about how recruiters and employers treat workers so that they feel secure when choosing jobs.<sup>70</sup> The union innovation fund should look to foster scalable projects between innovators like Earwig and relevant unions, in this case Unite the Union.

Direct state involvement in growing union membership might be viewed as politically controversial – by both members and employers. There is, however, a relatively recent precedent in the Union Modernisation Fund of the early noughties. Such a fund could initially be set up through the Industrial Strategy Challenge Fund, which has already committed hundreds of millions of pounds “to invest in the world-leading research base and highly-innovative businesses to address the biggest industrial and societal challenges today”.<sup>71</sup> Initially a fund worth £10m could be administered through a partnership between BEIS, the TUC and other civil society organisations with relevant expertise in WorkerTech innovation. Independent oversight and monitoring could be tendered for and provided along a model similar to that which upholds charities governance, via the Charities Commission.

The government must also look to overturn legislation designed to restrict trade union activity. Some of the legislative changes enacted from the 1980s onwards were warranted, such as ending closed shop rules that obliged workers to join a union. Others – such as a ban on digital ballots or restrictions on union access to workplaces, and those contained in the 2016 Trade Union Act - are much more difficult to justify.<sup>72</sup> Given digital voting is already used for elections within many political parties, there is no reason for it to be outlawed among trade unions.

<b>A union innovation deal</b>	
<b>Micro</b>	Trade unions should experiment with new forms of organising and pilot new kinds of support services for insecure workers. An independent commission on barriers to entry for these workers should be set up.
<b>Meso</b>	The government should establish a union innovation fund worth £10m through the Industrial Strategy Challenge Fund. This should be administered through a partnership between BEIS, the TUC and civil society organisations with expertise in innovation.
<b>Macro</b>	The government should overturn legislation designed to restrict trade union activity such as the ban on digital balloting and physical access to workplaces for union organisers.

## Works councils

<sup>70</sup>. For more information see: [www.earwigwork.com](http://www.earwigwork.com)

<sup>71</sup>. Through the first two waves of funding £986m of government investment has been secured by 497 projects. For more information see [www.ukri.org/innovation/industrial-strategy-challenge-fund/](http://www.ukri.org/innovation/industrial-strategy-challenge-fund/)

<sup>72</sup>. HM Gov Trade Union Act (2016). Available at: [www.legislation.gov.uk/ukpga/2016/15/contents/enacted](http://www.legislation.gov.uk/ukpga/2016/15/contents/enacted)

**Purpose:** To help scale stakeholder worker power over the economy and technology, whilst moving us towards a more corporatist approach to securing good work – at firm and social contract level.

**Primary good work principles:** Freedom, wellbeing, subjective nurture, growth.

To really scale workers' stakeholder power over the economy and technology however, reliance on innovative trade unions alone will not be enough. For one, growing union membership density is a long and hard road, as Figure 7 in Chapter 2 underlines. However, part of shifting towards a corporatist model is also to recognise unions too need to shift towards a more conciliatory partnership approach towards employers (where it is reciprocated). And even then, the power unions can wield over employers is always likely to be somewhat oppositional and hard-won; power deployed against rather than power deployed from within. In contrast, the co-determination approach taken by many northern European countries – most famously, Germany – seeks to give workers democratic decision-making power over their companies through structures like works councils, which enjoy wide-ranging consultation and decision-making powers. In Germany this even includes the right to veto company decisions following (if agreement is not possible) a verdict from an internal conciliation committee, which often contains an independent legal referee from the German labour courts.

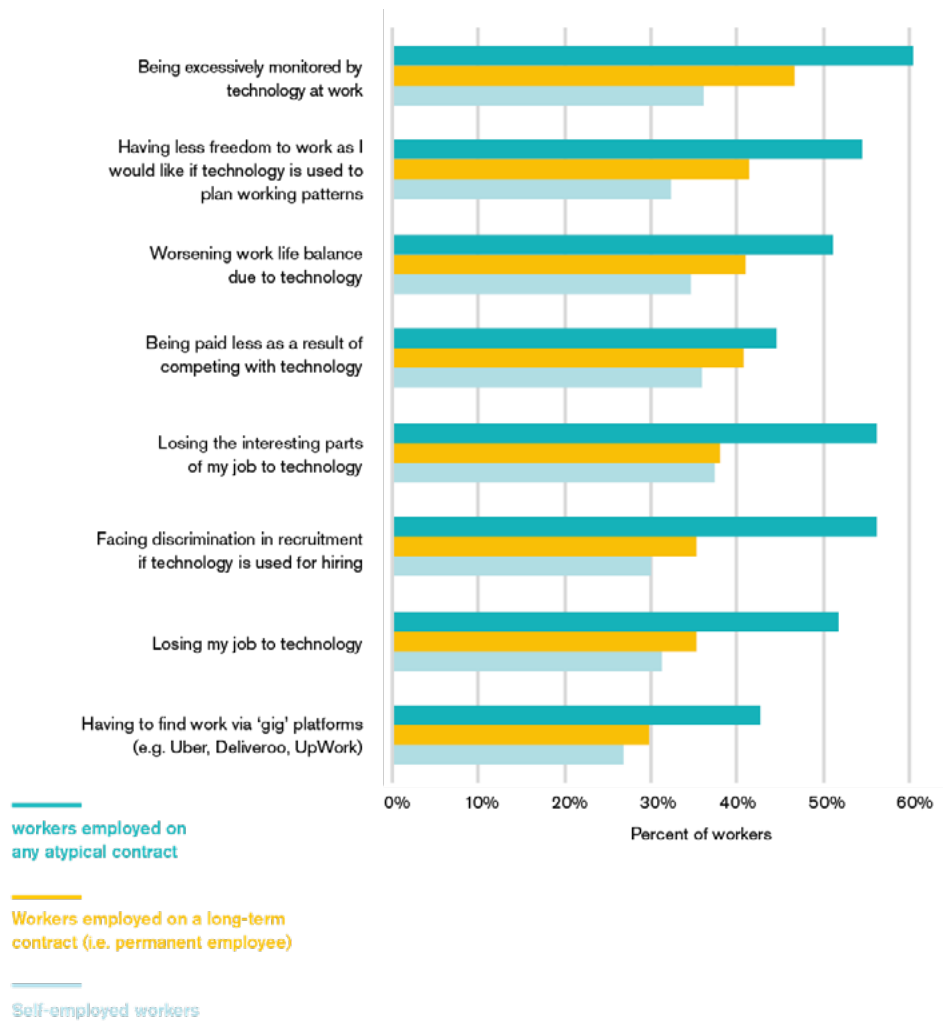
There are strong intellectual arguments for exploring genuine workplace democracy as part of a new stakeholder social contract. In her book *Private Government*, the political philosopher Elizabeth Anderson sets out how the decision-making structures of most firms are quasi-tyrannical dictatorships, with bosses wielding almost untrammelled power over our freedom.<sup>73</sup> The future of work theorist, Laetitia Vitaud describes working at a company only slightly less favourably as a “bargain” whereby “alienation” and a lack of autonomy are exchanged for a “bundle of benefits and security”.<sup>74</sup> In contrast to these traditional top-down structures however, firms with co-determinist structures like works councils allow for this bargain to be constantly revised. They shift, to continue the democracy metaphor, the model of the firm from representative democracy to a more deliberative version.

Exercising some power over management decisions is particularly crucial as we transition to a more technologically sophisticated digital economy. In our Good Work and Productivity Lab with Carnegie UK, the relationship of management decisions and technology – and the ways this could go very badly wrong, if technological roll-outs are poorly managed – dominated debate. One employer pointed out that ongoing worker voice dialogue could create “good feedback loops” that improved management performance and productivity whilst new technology is rolled out. However, there was a widespread recognition that this process could also be fractious and that balancing power relationships could be challenging. The need to involve workers was also recognised. As one employer put it, “we’re going to need to find very practical answers to the question of how you involve workers in those conversations around the

73. Anderson, E (2017) *Private Government: How Employers Rule Our Lives (and Why we don't talk about it)*. Princeton: Princeton.

74. Vitaud, L (2018) *The Unbundling of Jobs and what it means for the Future of Work*. Medium [Blog]. Available at: [medium.com/blockchain-and-the-distributed-workforce/the-unbundling-of-jobs-and-what-it-means-for-the-future-of-work-9d04a50767bc](https://medium.com/blockchain-and-the-distributed-workforce/the-unbundling-of-jobs-and-what-it-means-for-the-future-of-work-9d04a50767bc)

changing workplace”. On the worker side of the equation, our survey work suggests the mismanagement of technology by their employers is the most widespread category of concern workers report when considering the impact of technology, with excessive monitoring and surveillance number one overall (see Figure 10).



**Figure 10: Percent of workers reporting concerns over impacts of technology on jobs by contract type (RSA/Opinium 2020)**

There is also a sense that greater workplace democracy equates to greater economic resilience in times of crisis. Certainly, there is a good body of evidence which suggests cooperative firms performed better in terms of job retention and growth during the recovery from the financial crash of 2008.<sup>75</sup> In Germany, the co-determinist structures deployed a well-honed ‘Kurzarbeit’ approach to managing that crisis, which saw the state pick up the wages for workers who could only work part-time. It is early days for our latest economic crisis, but there is a sense that this approach can serve Germany well once again – and the stakeholder relations with trade unions, nurtured in the works councils, are crucial. As Christos Katsioulis of Friedrich-Ebert-Stiftung describes it, “the whole scheme of Kurzarbeit was devised together with unions. So the reaction to this crisis was something they already had in the drawer.”

The possibility of developing a British version of co-determinism has often been treated with suspicion by the British labour movement – which

75. Lockey, A. and Glover, B (2019) *The Wealth Within*. London: Demos (pp27-33).

would be a problem for our long-term objectives. The worry is that works councils provide an alternative worker voice structure that can diminish or displace the need for trade unions. This, however, does not seem to be borne out by the European experience. As Katsoulis explains, in Germany, works councils actually give unions outreach, both in the companies and throughout the economy:

“There is a very close relationship between work councils and unions. This is also because it gives them outreach in the companies and a sense of reality of what is actually happening in the parts of the economy where they are represented. It [the works council] is perceived as something at the core of the labour movement, it’s the place where you shape the day of your co-workers, it’s something where you have immediate influence.”

Indeed, in practice, many German works councils are dominated by the trade unions anyway, which are effective at ensuring their representatives win the work council elections. There is no reason why these dynamics would not play out in the UK context, therefore the ‘threat’ of work councils to our union growth objectives does not seem credible – if anything, they should complement each other.

From April this year, the thresholds for the proportion of employees required to make a valid request for an agreement on the sharing of information and consultation rights within the workplace was substantially reduced from 10 percent to 2 percent. This is an important step, but the government should also look to use it to clarify and strengthen the rights employee representative bodies have – the aspiration is that they should grow into fully-fledged work councils, with power of veto over important decisions. The first step to this could be to legislate so that elected employee representatives are entitled to attend and participate in board meetings. Given the strong evidence on co-operatives resilience, the Government should also look to boost the strength of that sector as part of its plans to replace European regional development funding as we leave the European Union.

However, the Covid-19 pandemic could also provide the chance to scale this stakeholder social contract rapidly if, as has been reported, the government must bail out or take an active stake in thousands of businesses. We would like to see this unfortunate process – which has been dubbed ‘Project Birch’- result in greater workplace democracy and stakeholder worker power in the economy. Therefore, we recommend that the government develops a British model of co-determination based on the German experience. In the long-term, all firms with more than 20 workers should be required to set-up a three person work council, as is the case in Germany (smaller firms have smaller councils, starting with a five person firm who can have a work council of one member, but this seems excessively onerous). This should rise, as in Germany, to 15-member work councils for firms of 1,000 employees or more, alongside enhanced board oversight, with 50 percent of a new supervisory board (that sits above and oversees the executive board in most co-determination models) available

to worker representatives (slightly more than in Germany).<sup>76</sup> Any firm that the government takes a stake in as part of its pandemic response, should look to introduce this approach immediately as a condition of that process.

Works councils	
<b>Micro</b>	The government should ensure that elected works council or employee representatives are entitled to attend company board meetings.
<b>Meso</b>	The government should ensure that any business with more than 20 workers which requires a government bailout as part of the Covid-19 pandemic sets up a works council.
<b>Macro</b>	The government should develop a British model of co-determination and legislate so all firms with more than 20 workers must set up a work council.



<sup>76</sup>. Worker.participation.eu (website). Available at: [www.worker-participation.eu/National-Industrial-Relations/Countries/Germany/Workplace-Representation](http://www.worker-participation.eu/National-Industrial-Relations/Countries/Germany/Workplace-Representation)



# Democratic data

## A data covenant for workers

**Purpose:** To provide a minimum universal floor of data protection for workers, with enhanced rights and power over technology-driven changes to management.

**Primary good work principles:** Security, wellbeing.

As the Four Futures make clear, one of the greatest challenges facing policymakers is the need to regulate an eye-wateringly valuable data economy that currently resembles a regulatory wild west. One of the clearest attempts to do this thus far is the EU's GDPR, which has now become an area of legal dispute over what rights it enshrines to workers as distinct from consumers.

In theory, the legislation provides 'data subjects' with 'a right to an explanation': a legal entitlement for individuals to know the 'logic' behind any significant decision that affects them, and which has been automated. The main upshot so far, from a work perspective, has been to open up a new front in the ongoing dispute about whether gig economy platforms such as Uber should recognise their drivers as employees or 'workers' (the legal status) both of which confer more entitlements upon them than if they are self-employees. Because the drivers are effectively managed by algorithms, the usual test for establishing this – providing evidence about how much control the drivers enjoy over their work – means the de facto management decisions are taken behind a digital curtain.

This, as the **Precision Economy** in particular highlights, will be a huge issue for worker democracy in the future, if indeed it is not already. Our survey with Opinium (see Figure 10) identified workplace monitoring as the most significant area of technological anxiety for the public and recent months have seen frequent examples of firms having to U-turn when the introduction of workplace monitoring sparked public backlash.<sup>77</sup> The use of 'people analytics', where HR departments use data to measure, report and understand employee performance, will likely become a future flashpoint between employees and employers. The *Daily Telegraph*, for example, had to remove heat sensors that measured how long workers stayed at their desks. Stronger unions and works councils should start to increase worker power over technology and move us towards a more self-organising system. But this issue also appears to be a clear case where a minimum threshold of rights can fundamentally change the operating rules of the system too.

77. Quinn, B. and Jackson, J (2016) Daily Telegraph to withdraw devices monitoring time at desk after criticism [Article] London: *Guardian*. Available at: [www.theguardian.com/media/2016/jan/11/daily-telegraph-to-withdraw-devices-monitoring-time-at-desk-after-criticism](http://www.theguardian.com/media/2016/jan/11/daily-telegraph-to-withdraw-devices-monitoring-time-at-desk-after-criticism)



The GDPR's right to explanation requires that all businesses properly communicate with workers what data they are collecting on them and how they intend to process it. In theory, this should move us away from the digital 'black box' situation to one where workers enjoy greater transparency, including – an increasingly relevant issue – where automated decision-making systems are involved in hiring, firing, or promotions. But, in somewhat circular circumstances, without a high level of algorithmic transparency in the first place there is a risk that legal disputes could go on *ad infinitum* because information can be shared in a way that does not fundamentally shift the power balance or allow for ongoing worker accountability.

The Uber example is again instructive here. When two drivers, James Farrar and Yaseen Aslam, took legal action against Uber, the platform refused to share all the data it held on the drivers on the basis that “some of it can't be shared without infringing on the rights of other individuals”.<sup>78</sup> The data Uber shared did allow Farrar and Aslam to calculate their earnings per hour and how productively their time is utilised (ie driving passengers vs waiting for fares). However, the ratings data from individual trips was not shared in its raw form as this would infringe the privacy of riders. Drivers can see a recalculated average rating at the end of each day, but they can't get a granular sense of what went wrong, when. Moreover, it also remains something of a mystery how Uber's algorithms are used to assign jobs to drivers and how this dispatch system interacts with the profiles that Uber builds on its drivers. No company will want to give away the 'secret sauce' that ultimately drives their business model, nor should we expect them to provide it. But a different and difficult balance needs to be struck. Without more transparency it is not possible for regulators to make judgements on whether workers' rights have been satisfied.

It would be wrong however, to give the impression this is or will be an issue contained to the gig economy. Due to its interaction with existing legal disputes and the technologically advanced model of management inherent to platform work, the Uber dispute should be seen more as a canary down the mind for future data rights disputes that could affect vast swathes of the digital economy. According to one legal expert we spoke with on this issue, “GDPR puts the onus on the data controller to do the right thing”. This means that businesses should take steps to balance conflicting rights. Workers have a right to access data about them and understand how it is being used to make decisions, but this should not require businesses to disclose proprietary business intelligence or personal information about consumers. “It's not about full transparency” they concluded, “but about explaining in a meaningful way”. Dutch platform economy expert Martijn Arets has argued that this could even create a need for individuals to employ 'algorithmic accountants' – a third party that monitors whether these explanations are trustworthy.<sup>79</sup>

Participants at our social contract lab argued that part of addressing this challenge will require us to “give people skills to interpret and understand their data”. They suggested there could be a role for intermediary platforms

78. Holder, S. (2019) For ride-hailing drivers, data is power [Article] CityLab. Available at: [www.citylab.com/transportation/2019/08/uber-drivers-lawsuit-personal-data-ride-hailing-gig-economy/594232/](http://www.citylab.com/transportation/2019/08/uber-drivers-lawsuit-personal-data-ride-hailing-gig-economy/594232/)

79. Arets, M (2019) Transparency within the platform economy: do we need an “algorithm accountant”? [Blog]. Available at: [www.martijnarets.com/transparency-within-the-platform-economy-do-we-need-an-algorithm-accountant/?lang=en](http://www.martijnarets.com/transparency-within-the-platform-economy-do-we-need-an-algorithm-accountant/?lang=en)

where people could see insights about the data that employers hold on them. One example of such a platform is Worker Info Exchange, which James Farrar has now set up to provide gig economy workers with analytics based on the data they can access under GDPR.<sup>80</sup> Access to this kind of data will give trade unions ammunition to fight for fairer working conditions and could also be provided by the data trust model we also advocate (below). But even then, we will also need to clarify, and where necessary enhance, the rights workers have over their data. Irrespective of the rights GDPR enshrines on workers it may be necessary to introduce an additional floor of basic protections relating to workplace monitoring and algorithmic management. As one legal expert explained, “the GDPR protects data subjects not workers, if we have concerns about workers’ rights, they should be addressed through employment law”. Indeed, given that hiring and firing in particular are relatively high stakes decisions we may feel that workers are actually due greater protections than consumers.

There remains a significant question mark about whether or not the GDPR will be incorporated into UK law as part of our withdrawal from the European Union.<sup>81</sup> As with so much of that debate, the question may turn out to be immaterial in terms of practical outcomes – equivalent standards could be easily written into standalone UK law, rather than the terms of the future relationship trade agreement – and more a question of how much dealignment is permissible over time. Our hope would be that this is the model and that there is an equivalent UK data covenant for workers’ rights. These rights should be enforced through a partnership between the ICO and labour market enforcement agencies, such as the Single Enforcement Body for employment rights promised by the government in its response to the *Taylor Review*.<sup>82</sup> We recommend that the ICO first work with BEIS and trade unions to pilot a platform that operationalises GDPR equivalent rights, for workers. The precise boundaries of the rights workers have over data will invariably be demarcated through legal cases. But platforms that give workers more power over their data could play a role in getting these issues before the courts.

In the long-term, the government should look to introduce mandatory disclosure requirements about workplace monitoring and algorithmic management technologies. This should include guidelines on the architecture of disclosure, which would require businesses to explain how the worker data systems are being used: what data they are collecting on workers, where the data is being stored and how it is being processed. As James Farrar highlights: “Platforms give a bland list of what they collect. As a worker it’s a bit like trying to solve a puzzle, you don’t know what they have, but you can kind of guess.”

### **A data covenant for workers**

80. For more information see: [www.workerinfoexchange.org/](http://www.workerinfoexchange.org/)

81. Lockey, A and Lawton, J (2020) What does Brexit mean for work? London: RSA [Blog]. Available at: [www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/02/brexit-work](http://www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/02/brexit-work)

82. Department of Business, Energy and Industrial Strategy (2018) The Good Work Plan. Op Cit.

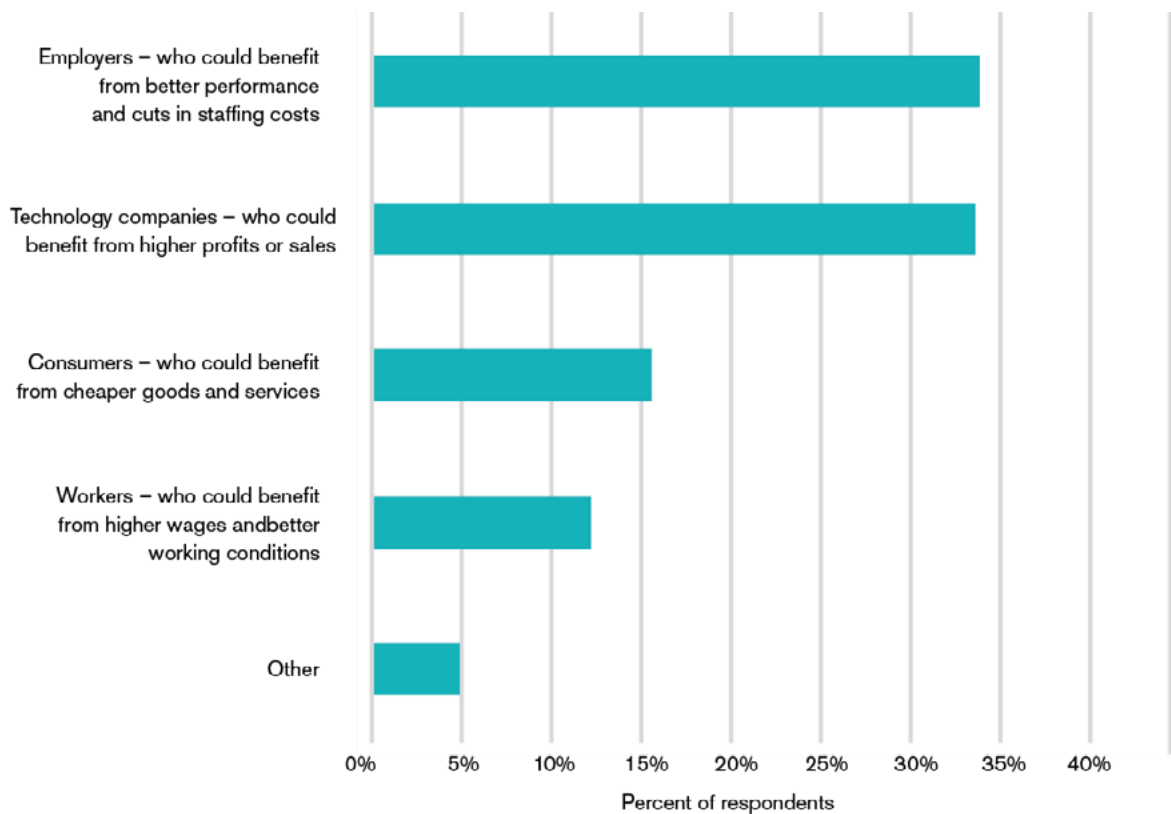
<b>Micro</b>	The ICO should work with BEIS and trade unions to pilot a platform that operationalises GDPR equivalent rights for workers.
<b>Meso</b>	The ICO in partnership with the Single Enforcement Body for employment rights should commit to actively enforcing the rights workers should have over their data.
<b>Macro</b>	The government should introduce a mandatory disclosure framework for employers to explain how worker data is collected and processed.

### Data trusts

<p><b>Purpose:</b> To increase stakeholder worker power over the lucrative data economy, providing institutions that could help us move towards a self-Organising equilibrium in the long-term.</p> <p><b>Primary good work principles:</b> Security, wellbeing, freedom.</p>
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A data covenant for workers would substantially strengthen the minimum entitlements we hold over data in the workplace. Meanwhile, stronger trade unions and work councils will, over time, provide workers with some collective institutional power of technology too. Yet even if these ideas are fully realised a self-organising good work system would still be threatened by the rise of the big tech giants. Indeed, as our **Big Tech Economy** scenario highlights, whilst we live in world where power is increasingly concentrated in the hands of a small number of technology firms operating out of San Francisco or Shenzhen, there is a ceiling to how successfully our good work ambitions can be attained. High levels of market concentration – in any sector, let alone technology – reduces worker bargaining power and thus, over time, can stifle wage growth and worsen working conditions. Moreover, typically our powers of redress in such situations are severely limited. The withdrawal of labour or custom is often the only available step and this obviously incurs high costs to the participating individuals who, if acting independently, are unlikely to unduly trouble decision-makers in the world’s most powerful corporations.

Of course, trade unions and other worker voice organisations were created to aggregate this power for workers, but so ubiquitous and essential to civic participation are some of the services provided by the major tech firms – think of Google’s search engine, for example – that even this option can at times seem a practical dead end. It is not unlike living in a one employer town, where workers have little option to accept the terms and conditions on offer – just in this case we are all working in ‘Googletown’. Certainly, the expectation that workers have little power of the distribution of economic benefits from new technology is widespread. The realisation that we are ourselves, through our valuable personal data, the primary source of this extraordinary power only heightens a sense of injustice.



**Figure 11: Who the public believe will benefit most from the introduction of new technologies in the workplace (RSA/Opinium Survey 2020)**

Tackling the market power of big tech requires agile and sophisticated regulation. In recent years, much effort has been placed on exploring reforms to competition policy and antitrust legislation. Undoubtedly there will be some role for this type of intervention— for example, in cracking down on the vertical integration of supply chains like Amazon’s – and we support the expansion across the globe of existing efforts by regulatory authorities, principally the European Union, to audit how tech companies harvest data.<sup>83</sup> We also believe that firms who profit from our data – not just in the technology sector – should make an outsize financial contribution to the policies needed for ensuring the transition towards a more high-tech digital economy does not threaten workers’ security or wellbeing. Taxes on data or digital services should thus play a significant part of the funding settlement needed for policies like UBI and the job security centre.

However, as Sean McDonald, co-founder of Digital Public, argues, this approach is likely to run into practical difficulties. “The problem isn’t just company size, it’s that companies weren’t designed to keep promises to the public, but to create, distribute and dispose of value and liability. And because that’s their purpose, companies are exceptionally good at using incorporation and contracting to make meaningful accountability almost impossible.”<sup>84</sup>

Others have questioned the practical efficacy of breaking up big tech

83. Espinoza, J. (28 April 2020) EU restarts work on regulating Big Tech. London: *Financial Times*.

84. McDonald, S (2019) The Fiduciary Supply Chain [Blog] Centre for International Governance Innovation. Available at: [www.cigionline.org/articles/fiduciary-supply-chain](http://www.cigionline.org/articles/fiduciary-supply-chain)

companies into smaller chunks. As Anouk Ruhaak from the Global Center for the Digital Commons points out, “having large datasets to train on, means search recommendations get better. Having all your friends in one place, means you don’t need five apps to contact them all... more competition is likely to make things worse. When many services need to compete for your attention, it’s in their best interest to make those services as addictive as possible”.<sup>85</sup> McDonald and Ruhaak both advocate an approach which focuses more precisely on their data power source. Altering the power balance for our whole political economy, they believe, depends upon shifting the terms and power structures of the data system.

Some technologists, such as Jennifer Zhu Scott, have suggested that individual ownership rights, or even a market for selling individual data, would best enable this rebalancing.<sup>86</sup> The problem with this argument, however, is that our data is not actually all that valuable on its own. It is only when aggregated into the vast troves held by the tech giants that it becomes the world’s most precious economic commodity, hence their hunger for digitisation. This is another way of putting Ruhaak’s efficacy point – it seems that the best and most innovative technology services go hand in hand with digital network effects that strain towards monolithic natural monopolies. For the platform economy expert Nick Srnicek, this means we should consider them public utilities and “nationalise” Big Tech.”<sup>87</sup> But as Ruhaak points out, “this strategy leaves us with two important questions: which government should do the nationalising? And do we want a government in control of data about us”.<sup>88</sup> As countries across the world suspend civil liberties in order to deal with the Covid-19 pandemic, this is not an idle concern either. Encouraging the US government, for example, to add Google’s data trove to its already considerable hard power arsenal is surely the precise opposite of trying to weaken dangerous concentrations of power. In fact, it is difficult to see how such an approach could ever be compatible with any working notion of a liberal democracy.

According to a 2019 Nesta paper written by Geoff Mulgan and Vincent Straub, the entire language of ownership is a red herring. “In contrast to oil, or other physical goods”, they write, “data is everywhere, virtually infinite and non-rivalrous. It is more like an element than an object and just as factual information and abstract ideas can be owned by any single individual, neither can data”.<sup>89</sup> A better solution, they argue - also supported by McDonald and Ruhaak - is to encourage a new ecosystem of institutions called data trusts.

Developing a precise institutional definition of what constitutes a data trust is not easy. In the purest sense, most bottom-up data trusts seek to emulate conventional trust governance models – data shared into the trust is managed on behalf of the data holder by a trustee or trustees with clear duty of care fiduciary responsibilities. This means that the trustee is legally barred

85. Ruhaak, A (2019). Data Trusts: Why, What and How [Blog] Medium. Available at: [medium.com/@anoukruhaak/data-trusts-why-what-and-how-a8b53b53d34](https://medium.com/@anoukruhaak/data-trusts-why-what-and-how-a8b53b53d34)

86. See for example interview with Chatham House (2020) Data Ownership and the Cost of ‘Free’ Digital Services (interview with Jenifer Zhu Scott) [Blog] Chatham House. Available at: [www.chathamhouse.org/expert/comment/data-ownership-and-cost-free-digital-services](http://www.chathamhouse.org/expert/comment/data-ownership-and-cost-free-digital-services)

87. Srnicek, N (30 August 2017) We Need to Nationalise Google, Facebook and Amazon. London: *Guardian* [www.theguardian.com/commentisfree/2017/aug/30/nationalise-google-facebook-amazon-data-monopoly-platform-public-interest](http://www.theguardian.com/commentisfree/2017/aug/30/nationalise-google-facebook-amazon-data-monopoly-platform-public-interest)

88. Ruhaak, A (2019). Data Trusts: Why, What and How. Op Cit.

89. Mulgan, G and Straub, V (2019) *The New Ecosystem of Trust*. London: Nesta

from holding a financial or any conflicting interest that would prevent responsible stewardship of that data. Nesta however, define them more broadly as “institutions that work within the law to provide governance support for processing data and creating value in a trustworthy manner”.<sup>90</sup> This is a helpful definition in two senses.

First, it makes clear that the role of data trusts goes beyond merely demarcating the rights of access, consent and ownership, balancing this responsibility with maximising the social and economic value the data trust holds. This is important because efforts to shift data power towards citizens and workers should not inadvertently stymie innovation or social progress.

Second, it is loose enough to encourage the multiplicity of organisations that a thriving bottom-up data ecosystem will need to test at this early experimental stage. Institutional or governance purism should not be the driver of data stewardship policy, particularly as efficacy in meeting the various objectives will depend to a large extent on available technology and the relationship between the different parties involved. This is particularly important when we think about larger data trusts that might be involved in holding public data, such as that held by the NHS. Some data collected by the NHS might be best used in a purely public data trust accessed only by public bodies and the NHS itself. Other data might be shared with private organisations to leverage their data capabilities in a constrained way – as has been attempted (not altogether smoothly!) with Google Health. Both of these examples would be needed in a data trust ecosystem that balanced value with individual rights. Therefore, mandating particular governance forms, at this stage, would be unhelpful.

Jack Hardinges of the Open Data Institute has categorised the broader data ecosystem into eight “patterns of data institution” (see Table 4, following page).<sup>91</sup> We recommend that the government should play an active role in nurturing an ecosystem which encompasses the first four data trusts (as defined by Nesta) in this table. It seems likely that large public data stores would be best managed, for efficacy reasons, in a conventional data trust relationship, but it is too early to rule out models that encourage more individual or collective control. What is most important at this stage is to scale the ecosystem quickly. The objective should be to move towards a mixed economy for data where data trusts can engage with large private data holders like the tech companies on a more equal power footing. In this sense, data trusts can be a truly systemic option. As Anouk Ruhaak puts it, “data trusts are to the data economy what trade unions are to the labour economy”.<sup>92</sup>

90. Ibid.

91. Hardinges, J. (2020) Patterns of Data Institution that support peoples to steward data themselves, or become more involved in data stewardship [Blog] Medium. Available at: [medium.com/@jack.hardinges/patterns-of-data-institution-that-interact-with-people-and-their-rights-over-data-8b10279091c](https://medium.com/@jack.hardinges/patterns-of-data-institution-that-interact-with-people-and-their-rights-over-data-8b10279091c)

92. Ruhaak, A (2019). Data Trusts: Why, What and How. Op Cit.

Pattern of data stewardship	Examples	Data trusts as defined by Nesta <sup>93</sup>
Enables people to contribute data and, on a case by case basis, to permit third-party access.	Most personal data stores; some health data banks – eg Savvy or HealthBank Cooperative; Japan's proposed 'information banks'.	Yes
Enables people to contribute data and, on a case by case basis, to permit third party access to the aggregated datasets.	Citizen-led data projects, eg The European Commission's DE-CODE Project.	Yes
Enables people to contribute data and permits third party access to aggregated datasets via collective decisions.	Most data cooperatives eg the Holland Health Data Cooperative.	Yes
Enables people to contribute data to it and defers authority to who can access data.	Most data trusts – eg the genetic data bank, UK Biobank.	Yes
Enables people to defer authority for mediating ongoing data collection.	New personalised services eg personal data representatives.	Maybe
Enables people to collect or create new data, maintained collaboratively.	Many open data projects – eg OpenStreetMap; Wikipedia.	No
Enables the collection of data in exchange for services, permitting third party access on a case by case basis.	Fintech organisations that provide services via Open Banking legislation.	No
Enables the collection of data in exchange for services, permitting third party access as set out in initial terms and conditions.	Most 'click once' agreements with data holders – eg all major tech companies.	No

**Table 4 – Jack Hardinges' categorisation of data stewardship institutions by patterns of behaviour and practice**

93. Mulgan, G and Straub, V. (2019). Op Cit.

The government and its arms-length bodies have recently become a lot more active in shaping an emergent data trust ecosystem. The Information Commissioner has launched a regulatory beta sandbox, where selected organisations can experiment with personal data sets.<sup>94</sup> Data trust pilots have been launched to explore new solutions in wildlife conservation and food waste.<sup>95</sup> Most importantly of all, in 2018 the government launched the Centre for Data Ethics and Innovation, an advisory body tasked with a brokerage role joining up the disparate institutions and actors needed to develop a governance regime for data-driven technologies.

We recommend that the government builds on this experimental approach. Yet as it stands there are few data trusts looking specifically at workplace-generated data, either in terms of what social value could be exploited from aggregated workplace data or what potential role data trust models could play in augmenting a minimum standards on rights (like our data covenant). A government-backed challenge prize could fix this.

More broadly, some of the most interesting public-private data trust partnerships currently operate at the city level, where the deployment of IoT technologies are set to create vast troves of ‘smart city’ data. In Barcelona, for example, the cities e-participation platform Decidim provides the city’s citizens with rights over how their data is shared. The city also has a “data-lake” – CityOS – which collects real-time data on themes such as transport use, air quality, or the movement of people from Sentilo, a network of thousands of IoT smart city sensors scattered around the city. Barcelona is currently completing an ambitious project that integrates both these functionalities in a way that puts citizens in control of their data.<sup>96</sup>

This approach to smart-city projects contrasts sharply with several examples where cities sought to hand citizens’ data over to major tech companies without a robust and independent data trust partnership in place, for example in the infamous, recently abandoned partnership between Google’s Sidewalk Labs and Toronto.<sup>97</sup> The government should look to the Barcelona model and run a series of pilots across UK cities. These pilots could potentially be integrated into any plans to renew city deals, with the first wave – which covered the eight largest English cities outside London – set to expire in 2022. However, in the long-term, particularly as the mixed economy for data begins to develop, the government will also need new institutions to monitor the power structures of the data economy. It is hard to anticipate the regulatory frameworks that might be needed for a data trust ecosystem when game-changing technologies such as artificial intelligence are not yet fully realised. However, continuing to rely on one institution – the Information Commissioner’s Office – seems optimistic.

94. For more details see: [ico.org.uk/for-organisations/the-guide-to-the-sandbox-beta-phase/](https://ico.org.uk/for-organisations/the-guide-to-the-sandbox-beta-phase/)

95. For more details see: [www.gov.uk/government/news/digital-revolution-to-use-the-power-of-data-to-combat-illegal-wildlife-trade-and-reduce-food-waste](https://www.gov.uk/government/news/digital-revolution-to-use-the-power-of-data-to-combat-illegal-wildlife-trade-and-reduce-food-waste)

96. Bass, T. Sutherland, E. and Symons, T (2018) *Reclaiming the Smart City: Personal data, trust and the new commons*. Brussels: European Commission.

97. Cecco, L. (7 May 2020) Google affiliate Sidewalk Labs abandons Toronto smart city project. London: *Guardian*. Available at: [www.theguardian.com/technology/2020/may/07/google-sidewalk-labs-toronto-smart-city-abandoned](https://www.theguardian.com/technology/2020/may/07/google-sidewalk-labs-toronto-smart-city-abandoned)



Perhaps the best analogy for data’s role in the digital economy – as noted by Nesta and others - is with finance, which currently has a variety of complementary regulatory institutions.<sup>98</sup> In this analogy, the Information Commissioner’s Office primary functions most closely resemble the Financial Conduct Authority in that it focuses largely on egregious behaviour that negatively affects individual rightsholders (ie consumers). What is missing, perhaps, is an institution like the Bank of England: independent of government, but which sets overall monetary policy and has, through the Prudential Regulation Authority, regulatory power over the systemic risk that financial institutions pose to the economy. This regulatory system is an acknowledgement of the centrality of finance to the economy and thus democracy. The same will become true of data, if indeed it is not already. Therefore, we recommend the government explore the long-term need for a data bank of England type institution that could intervene in systemic democratic and economic risk issues caused by the behaviour and power of large data-holders like the major tech firms.

Data trusts	
<b>Micro</b>	The Cabinet Office should set up a challenge prize for data trust proposals that seek to deliver social value from, and enhanced rights over, workplace generated data.
<b>Meso</b>	The government should nurture a series of city-level data trust experiments that seek to develop systems for protecting and exploiting smart city data. These pilots could be integrated into the renewal of city deals.
<b>Macro</b>	The government should explore the need for a data bank of England – an institution that can monitor and regulate systemic risk in the data economy.



98. Mulgan, G. and Straub, V (2019) Op Cit.



# A modern safety net

## A universal basic income

**Purpose:** To provide a safety net that is both resilient to economic shocks and truly empowers workers to transform their circumstances, releasing them from being trapped by low pay or bad work; to provide an economically secure and universal basis for transitioning to a worker-led stakeholder social contract.

**Primary good work principles:** Security, freedom, subjective nurture, well-being, growth.

The basic demand of a universal basic income is to overhaul the welfare state and pay everyone – regardless of income – a flat rate fee, not just those looking for work. The idea has monopolised discussion about long-term welfare reform over the past few years and various arguments have been made in favour of it. In the future of work debate, it is often used by ‘singularity’ theorists as a response well-suited to widespread technological employment. If we find ourselves in a turbocharged **Big Tech Economy** scenario where, the argument goes, robots really do take all our jobs, UBI will be necessary to sustain any notion of a civil society.

This scenario has often been dismissed as fanciful or overwrought. Yet the key thing it demonstrates about UBI is that a safety net based on universal coverage and, crucially, where the lack of conditionality greatly reduces the administrative burden, is more resilient to a rapidly deteriorating economic situation. The automation argument therefore feels particularly prescient in light of the Covid-19 pandemic, where the economy has, almost overnight, been placed in a scenario characterised by a huge demand shock and widespread job losses. Indeed, we believe an emergency UBI – starting with an immediate cash grant of £1,500 for all registered self-employed workers and £100 a week thereafter – could have played a key role in supporting self-employed workers through the pandemic, with the universality (for the self-employed) overcoming the bureaucratic burdens that have significantly stymied the government’s approach for that group of workers.<sup>99</sup>

However, even beyond the crisis and resilience arguments a UBI safety net would play a role in boosting worker power and shifting the good work system decisively towards self-organisation. As the Four Futures demonstrate, the days of entering a job as a school leaver and staying there until retirement are likely gone (if, indeed, they ever really existed for the majority). Instead, individuals will be expected to periodically adapt to the demands of a rapidly evolving labour market. We believe UBI embodies a welfare system that best supports people through these transitions. Financially, obviously, but also psychosocially, UBI can provide security for people to make better decisions about their future that might

<sup>99</sup>. Painter, A. Lockey, A. and Wallace-Stephens, F (2020) The RSA emergency basic income scheme: cash for the self-employed now. London: RSA.

allow them to escape a low pay or bad work trap. It provides workers with the resilience and security to pursue the jobs they want, rather than the jobs they can find. In this way it allows workers the freedom to truly nurture their own subjective needs from work.

In contrast, the Universal Credit system sustains economic insecurity in two key ways. First, it imposes punitive sanctions, which increase anxiety and financial volatility among people in low income households and thus weaken basic protections against threats of hardship. As a recent in-depth qualitative study concluded: “Benefit sanctions do little to enhance people’s motivation to prepare for, seek, or enter paid work. They routinely trigger profoundly negative personal, financial, health and behavioural outcomes and push some people away from collectivised welfare provisions.”<sup>100</sup>

Second, UC sustains a system that is structurally designed to move people into *any* job even if that job is poorly paid and offers little scope for progression. It is a system for delivering work, irrespective of its quality, whereas UBI can allow citizens to pursue good work over bad.

This latter argument for UBI has come through loud and clear in a series of stakeholder and citizen deliberations the RSA held with Fife residents to understand how UBI would impact their lives. One resident explained how “having a basic income would allow me to say ‘no’ to a job and have the option of looking for something else rather than having to ‘choose’ between the only job available or being destitute”.<sup>101</sup> Similarly, at our social contract workshop, participants highlighted the need for “a safety net that liberates aspirations”. In a scenario such as the **Exodus Economy** – which does rather anticipate a Covid-19 like event - UBI could provide people with the financial breathing space to permit thoughts of progression out of work that is chronically insecure. For us, this makes it clear that UBI is more than a faucet adaption of Universal Credit. Rather, it is a system reboot that allows citizens – not just those looking for work - a fundamentally more powerful bargaining position from which to approach the labour market. More than any other safety net system it seems to speak to our good work principle of allowing people the positive freedom to a larger life and pursue good work on their terms.

That said, there are still technocratic questions to answer. Ultimately, the long-term social and behavioural impacts of a UBI system are impossible to discern with certainty, yet a range of multi-year experiments in North America and the developing world do ameliorate the frequently expressed concern about a mass withdrawal from work. Indeed, the idea that people only want to work for narrow economic reasons runs against everything we have learnt about work throughout our enquiries. Other than particular groups where competing motivations appear obvious – young men staying on at college or mothers of very small children – withdrawal from the labour market is rare in these experiments.<sup>102</sup>

100. Economic and Social Research Council. (2018) Welfare Conditionality Project, Final Findings Report. York: University of York.

101. Painter, A. et al. (2019) A Basic Income for Scotland. London: RSA.

102. Ibid

The recently concluded Finnish trial of basic income (not universally applied) also found no evidence either way on this outcome, whilst at the same time reporting greater wellbeing and financial security for most participants.<sup>103</sup>

Putting aside the potential need to provide emergency basic income-like assistance throughout the pandemic, we recommend the government should, in partnership with local authorities, roll out a multiplicity of UBI pilots that test its impact on people's propensity to work, their wider wellbeing and other activities such as caring or volunteering in the UK context. Methodologically, our preference would be for so-called 'saturation site' experiments where everyone in a given locality receives a basic income over at least a two-year period and, thereby, positive social spill over effects such as wider participation in civil society can be understood alongside individual effects. This approach would also model any potential national programme more accurately than a randomised distributed trial. Local labour markets most vulnerable to the effect of the pandemic – which, according to our research, is largely rural areas of England where tourism makes a large economic contribution – would seem the best locations for this approach.<sup>104</sup>

In terms of other stepping-stones on the journey towards the full implementation of UBI, the RSA has carried out work that blueprints a UBI system for Scotland, where the government has funded feasibility studies. The transitional model we developed in the Scottish context would introduce a basic income of £2,500 a year that initially sits alongside UC.<sup>105</sup> This could largely be done by translating existing income tax and national insurance allowances into a cash sum. The model would require an additional fiscal contribution of £1.9bn - approximately 1.2 percent of Scottish GDP – but would test institutional readiness by surfacing the administrative challenges associated with onboarding all citizens onto a welfare programme (it is unlikely smaller pilots would entirely capture any important lessons in this respect). The somewhat disastrous roll-out of UC has shown how challenges associated with rolling out welfare reform schemes need to be appreciated. For example, it would obviously be somewhat sub-optimal if poorer UBI recipients were waiting whilst those who need the intervention less received their payments on time.

In the long-term the RSA has advocated a UBI model set at £5,000 a year to replace UC entirely, whilst retaining other benefits including disability, housing, childcare and incapacity entitlements. This model would obviously have a much bigger price-tag, with an estimate net cost to the exchequer of £9.6bn annually in Scotland, around £90bn for the whole UK. Of course, the large price-tag represents the most commonly cited concern surrounding UBI.

103. Henley, J (7 May 2020) Finnish basic income pilot improved wellbeing, study finds. London: *Guardian*.

104. Wallace-Stephens, F and Lockey, A. (2020) Which local areas are most at risk in terms of impacts of coronavirus on employment? London: RSA.

105. Painter, A. et al. (2019) Op Cit..

On this, noting UBI’s wide and increasing support from Big Tech entrepreneurs such as Mark Zuckerberg and Jack Dorsey, we recommend the government explores redistributive schemes that could also have systemic impact upon power imbalances within the economy. As we set out earlier, there is an intellectual case for ensuring that organisations which prosper from our data make an outsized contribution to the policies needed to ensure an economically secure digital economy. If this was directed towards UBI it would complete this intellectual argument, with UBI becoming the mechanism by which we ensure the spoils of technological progress are more widely shared.

<b>A universal basic income</b>	
<b>Micro</b>	The DWP should work in partnership with local authorities to roll out UBI pilots that test its impact on people’s propensity to work, their wider wellbeing and other activities such as caring and volunteering.
<b>Meso</b>	The government should fund a transition model of £2,500 UBI a year to run alongside Universal Credit at a sufficient territorial scale – eg regional or devolved administration.
<b>Macro</b>	The government should establish a universal basic income of £5,000 a year, funded by replacing Universal Credit, modifying existing tax break entitlements such as the personal allowance and new, redistributive taxes on Big Tech.

### **A portable benefits system**

<b>Purpose:</b> To expand entitlements to all workers and allow true flexicurity in the labour market; in the long-term, to potentially provide a key service for worker voice organisations to deliver as part of a stakeholder social contract.
<b>Primary good work principles:</b> Freedom, security.

As a basic definition portable benefits do exactly what they say on the tin: they are benefit entitlements which are portable and follow workers between jobs. In this sense, some macro-level state benefits are portable – a universal basic income, for example, would be paid irrespective of employment status or contract type. It might seem odd to think of the NHS as a portable benefit, but that too is an entitlement that is universal and free irrespective of employment status (though some migrants must still pay an NHS surcharge). This though is not the case for many health systems and not the case for many benefits either. Many entitlements – auto-enrolment in employee pension schemes, sickness and family leave entitlements – are, even at the statutory level, often contingent on employee status. Thus portable benefits refer to a broad category of solutions that primarily aim to help create parity of esteem between employees and atypical workers by giving the latter access to a range of non-statutory employment benefits, or by spreading ‘day one’ coverage of benefits like maternity pay to all.

Experiments with portable benefits are most advanced in the US, often led by trade unions. NDWA Labs, the innovation arm of the National Domestic Workers Alliance has developed Alia, an online platform for portable benefits. Alia works by enabling different clients and employers to contribute to a pot, which can be drawn down by domestic cleaners to receive paid time off.<sup>106</sup> Alia was initially piloted on the basis that clients would contribute voluntarily (eg \$5 per job) but the NDWA has since introduced legislation in Philadelphia that mandates contributions to paid time off through a portable benefits platform as part of a wider package of reforms for domestic workers.<sup>107</sup> Palak Shah, Social Innovations Director at NDWA told us, “it may be small in macro talk but it’s pretty life changing for individuals”.

Crucially, portable benefits can be accumulated on a pro-rata basis across multiple employers. This means that a worker completing two cleaning jobs would still accrue some entitlements, but not as many as a worker completing 16 jobs. This might sound simple but many benefits, including sick pay and pension contributions, have historically had earnings thresholds that excluded workers who fell below them. Therefore, portable benefits will be critical if, as in the **Precision Economy** scenario, we see a rise in individuals doing small amounts of gig work across multiple platforms. Even outside of the gig economy, portable benefits could help really strengthen worker power and enable a more dynamic labour market as workers would not need to stick around with their employer in order to enjoy all of the benefits they have accrued.

Portable benefit solutions have even begun to garner support from gig economy platforms themselves. For example, Deliveroo CEO Will Shu has argued that, “If you work with us for 40 hours a week then that relationship and the benefits you get should mirror that much more [those] of an employee... However, if you log in once a year, then it shouldn’t.”<sup>108</sup> Meanwhile in 2018 Uber and the Service Employees International Union (SEIU) announced a joint call for the state of Washington to develop a portable benefits system that would cover their drivers. The resulting Stonier Bill requires any business entity that “facilitates the provision of services by workers to consumers” makes contributions to benefit providers for workers. Each month businesses must contribute an amount equal to 15 percent of the total fee collected from the consumer for each transaction or two dollars for every hour worked (whichever is less). Benefit providers can provide a range of benefits, including health insurance, paid time off and retirement benefits. Furthermore, the bill explicitly prevents the provision of benefits from impacting employment classification decisions.<sup>109</sup> The requirement to contribute and benefits provided are not to be considered in determining a worker’s employment status.

The RSA recommends that gig platforms work with a consortium

106. For more information see: [www.myalia.org/](http://www.myalia.org/)

107. For more information see: [www.padomesticworkers.org/copy-of-organizing-policy-change](http://www.padomesticworkers.org/copy-of-organizing-policy-change)

108. Cornish, C. (2018) Deliveroo’s speedy expansion belies tricky time for sector [Article]. London: *Financial Times*. Available at: [www.ft.com/content/cbcf34ba-3123-11e8-b5bf-23cb17fd1498](http://www.ft.com/content/cbcf34ba-3123-11e8-b5bf-23cb17fd1498)

109. Fitzpayne, A. and Greenberg, H. (2018) Portable benefits legislation reintroduced in Washington State: Uber and SEIU commit to work together [Blog] The Aspen Institute. Available at: [www.aspeninstitute.org/blog-posts/wa-portable-benefits-bill-letter-2018/](http://www.aspeninstitute.org/blog-posts/wa-portable-benefits-bill-letter-2018/)

of partners to pilot a portable benefits system. The system could initially be trialled on a voluntary basis with a particular group of gig workers (eg Deliveroo drivers) and provided by a third party. Piloting on a voluntary basis means no new regulations will need to be passed. A third-party provider may also help to mitigate concern from the platforms that offering this kind of benefit will risk employment status reclassification. According to Palak Shah one of the learnings from piloting Alia is that “most people want to do the right thing, they don’t need to be sold on the problem, we’re just trying to make things easier”. A fintech start-up such as Trezeo, which has developed a banking app for freelancers and gig-workers, could be an appropriate third-party provider. Trezeo is an income smoothing account that saves excess earnings in busy periods and tops up earnings during quiet periods, interest-free, to ensure a consistent pay cheque.

Trezeo recently launched a range of new financial products to support the self-employed that include sickness and personal accident insurance.<sup>110</sup>

However, portable benefit schemes might also be able to help unions access hard to reach workers as there are many instances where unions themselves become the trusted third party that deliver the benefits, via collective agreements. The recent Hermes ‘self-employed plus’ deal struck with the GMB is not too far removed from this approach, in that it appears to grant the couriers who choose it rights that usually go with ‘worker’ status (minimum wage and holiday pay) whilst retaining self-employment classification.<sup>111</sup> Such agreements could help build legitimacy in a portable benefits system. Palak Shah explains that “if you read the law carefully, there will be one operator to administer the system. You need to have an aggregator function for the worker, so you can realise the paid time off all together.” In other words, a portable benefits system would not be very useful if a delivery driver received benefits from Uber Eats and Deliveroo in different accounts. This nods towards the Ghent system in Belgium and the Nordic countries where trade unions directly administer welfare benefits. Alternatively, there may be a role for an organisation such as Nest, the government backed workplace pension provider, to pool smaller amounts from different employers.

In the long-term, we recommend that the government introduce laws that mandate portable benefits so that they can be enjoyed by all self-employed workers. Schemes could be funded via the contractor of labour through an ‘engagers tax’, with the government potentially topping up through general taxation if required. In instances where workers provide services direct to consumers, such as domestic cleaning, it would be the consumer that contributes. Where there is an intermediary such as a platform, they would cover the costs (though in theory could pass them on to consumers through higher prices).

### Portable benefits plug a gap by providing non-statutory benefits for

110. For more information see: [www.trezeo.com/](http://www.trezeo.com/)

111. Taylor, M. (2019) Hermes and the GMB – the taxman cometh? [Blog] RSA. Available at: [www.thersa.org/discover/publications-and-articles/matthew-taylor-blog/2019/01/hermes-and-the-gmb---the-taxman-cometh](http://www.thersa.org/discover/publications-and-articles/matthew-taylor-blog/2019/01/hermes-and-the-gmb---the-taxman-cometh)

workers who are self-employed. And legislation should specify that providing benefits does not contribute to determining employment status. However, to be clear, this is not intended to facilitate some kind of Faustian pact for portable benefits instead of employment reclassification. The Hermes self-employed plus deal, for example, requires that workers use route optimisation software and it will ultimately come down to regulators and the courts to decide if this warrants reclassification on the basis of management control.<sup>112</sup>

<b>Portable benefits</b>	
<b>Micro</b>	Gig platforms should work with a consortium of partners to pilot a portable benefits system. It could initially be trialled on a voluntary basis with delivery drivers and provided by a third party fintech provider.
<b>Meso</b>	A system for portable benefits could be scaled across different sectors through collective agreements between trade unions and platforms. There is a need for a single operator to pool together smaller amounts from different employers.
<b>Macro</b>	The government should introduce laws that mandate portable benefits for all self-employed workers on the basis that the contractor of labour should pay.

112. Young, H (2019) 'Self-employed plus': a ground-breaking new model or an accident waiting to happen? The curious case of Hermes [Blog] Farrer & Co. Available at: [www.farrer.co.uk/news-and-insights/blogs/self-employed-plus-a-ground-breaking-new-model-or-an-accident-waiting-to-happen-the-curious-case-of-hermes/](http://www.farrer.co.uk/news-and-insights/blogs/self-employed-plus-a-ground-breaking-new-model-or-an-accident-waiting-to-happen-the-curious-case-of-hermes/)





# Lifelong learning

## Personal learning accounts

**Purpose:** To provide a universal entitlement for re-training and protect workers from automation; long-term to provide a key corporatist benefit for worker voice and employers organisation to co-ordinate as part of a stakeholder social contract.

**Primary good work principles:** Growth, subjective nurture, security.

Understandably, given the imminent, technology-driven disruption of labour markets, governments around the world are experimenting with new approaches that seek to promote lifelong learning. One policy gaining particular traction is personal learning accounts. The *Compte Personnel de Formation* (CPF) recently introduced in France entitles all workers to training credits that they can spend on courses accredited by the government. For every year a person works full-time, they now receive €500 of credits, up to a maximum allowance of €5,000.<sup>113</sup> Personal training credits are also central to Singapore's SkillsFuture program, where all adults over 25 now receive S\$500 (£280) each year to spend on accredited courses.<sup>114</sup> As in France, these credits can be stockpiled and drawn down across a person's working life. Once accrued by workers they are retained if they move jobs or become unemployed. In this sense they are also a type of portable benefit, albeit one with a very different purpose to the system outlined above.

According to Soon-Joo Gog, Chief Skills Officer at SkillsFuture Singapore, "from the government's perspective we want to ensure citizens have the right skillsets to be future ready and develop fulfilling careers". The results are impressive. Training participation has risen to a new high – from 35 percent in 2015 to 48 percent in 2019. At the time of writing, 533,000 people have used the skills credit, with an equal percentage of participation across age groups.<sup>115</sup> But as Soon-Joo Gog puts it, Singapore SkillsFuture is "a movement not just a program". Previously higher education institutions primarily focused on pre-employment education, but they now feel they have a mandate to deliver lifelong learning. And there has also been a shift in provision towards stackable, modular courses.

There are few things the UK social policy landscape needs more than a culture shift that would see us collectively reappraise the value of lifelong, on-the-job learning. Unfortunately, on personal learning accounts specifically, many policymakers are still reeling from the UK's last dance with a similar policy. In September 2000, the then Labour government introduced Individual Learning Accounts only for the scheme to be terminated in November 2001. Fraud and abuse to the tune of almost £100m - in less than 18 months - left the scheme dead in the water.<sup>116</sup>

113. OECD. (2019) Individual Learning Accounts: Panacea or Pandora's Box? Paris: OECD.

114. For more information see: [www.skillsfuture.sg/](http://www.skillsfuture.sg/)

115. RSA correspondence with Singapore SkillsFuture.

116. House of Commons (2003) Public Accounts – Tenth Report. Available at: [publications.parliament.uk/pa/cm200203/cmselect/cmpublic/544/54403.htm](http://publications.parliament.uk/pa/cm200203/cmselect/cmpublic/544/54403.htm)

However, this was a case of evidence-based policy implantation gone wrong, rather than an intrinsic design flaw in the theory of personal learning accounts. The Department for Education tested several different ways of implementing the scheme in a series of pilots but decided they were all unsuitable and implemented a different, insufficiently tested, model.<sup>117</sup> History repeated itself somewhat in Singapore, with media articles depicting stories of people being scammed into cashing out their credits in exchange for cheap tablet computers worth only S\$50.<sup>118</sup> In response to this Singapore significantly tightened who they approve as providers and are using AI to identify fraudulent patterns. The key learning from these examples is that the provision of eligible training options must be strictly monitored, which in the UK context requires a more active approach to market-shaping the skills system.

In both the French and Singapore examples, personal learning accounts are provided by the government but funded by a levy on employers. In France, employers contribute via a levy of 0.55-1 percent of their total payroll cost. In Singapore, SkillsFuture is funded through a similar levy of 0.25 percent. The Singaporean government has also pledged to invest S\$5bn in a lifelong learning endowment fund, with returns from this being used to fund training programs.

In the UK, we have a similar levy. Businesses with an annual wage bill over £3m contribute 0.5 percent of their payroll cost into a fund, which can be drawn down to pay for apprenticeships. However, there is a growing consensus among businesses that there is a need for more flexibility in how this fund can be used. The government has also committed to a £3bn skills fund (which may or may not be a reapplication of the Apprenticeship Levy underspend).

This could be reconfigured to finance personal learning accounts.

We recommend that BEIS and DfE pilot personal learning accounts to evaluate their impacts on participation in lifelong learning. Pilots should be developed in partnership with learning providers such as FE colleges, universities and trade unions. Pilots could also take place in sectors such as retail, which has already made a similar ask of government in its initial proposal for an industrial strategy sector deal – something that seems apposite, given the need to train quickly in the post-pandemic context.<sup>119</sup>

In the medium-term, when stakeholder corporatist institutions have been suitability thickened, personal learning accounts could be introduced across the economy through a series of sector deals – or similar horizontal partnerships with industry, unions and learning providers. This could ensure that accredited training provision will help meet demand for future skills and begin to build that collaborative sectoral layer so important for a more responsive, stakeholder capitalism. An important aspect of the Singapore SkillsFuture movement are sector skills frameworks that are developed in this way to provide individuals with information on existing

<sup>117</sup>. Ibid.

<sup>118</sup>. Baker, J.A. Bogus SkillsFuture claim: Hawker misled into buying tablet with 'expiring' credits. Available at: [www.channelnewsasia.com/news/singapore/bogus-skillsfuture-claim-hawker-misled-into-buying-tablet-with-9869186](http://www.channelnewsasia.com/news/singapore/bogus-skillsfuture-claim-hawker-misled-into-buying-tablet-with-9869186)

<sup>119</sup>. BEIS Select Committee. (2019) Industrial Strategy: Sector Deals. London: House of Commons.

and emerging skills required for jobs, along with a relevant list of training programmes. This could dovetail with the general employability framework for ‘essential’ skills currently being developed by CIPD and others in response to the Taylor Review – in theory all accredited personal learning account provision could embed this framework into their training pathways.<sup>120</sup> BEIS and DfE should also explore the scope to use new technologies such as digital badges, which provide learners with a new way to recognise and validate skills, including those developed through on-the-job learning. Digital badges are also being used by a growing number of organisations to map internal skills gaps and create more transparent career pathways.<sup>121</sup>

We envision personal learning accounts being supported by a safety net that includes a UBI. This is because one of the largest costs of undertaking training is often the earnings foregone from taking time off work. As one participant at our social contract workshop put it: “people will need training holidays”. A UBI will be necessary to support learners who hope to stockpile credits to reinvent themselves through more extensive retraining, rather than look to refresh their skills on a more regular basis.

<b>Personal learning accounts</b>	
<b>Micro</b>	BEIS, DfE and other partners work should together to pilot personal learning accounts in a sector such as retail to evaluate their impacts on participation in lifelong learning.
<b>Meso</b>	The government should scale personal learning accounts through future industrial strategy sector deals that develop skills frameworks and experiment with new technologies such as digital badges.
<b>Macro</b>	The government should explore the scope to reconfigure the apprenticeship levy into a general skills levy to finance personal learning accounts.

### **Job security centres**

<b>Purpose:</b> To transform our retraining and employability services in line with the needs of the future of work; long-term to provide a more flexicurity approach to active labour market policy, underpinned by worker voice organisation involvement.
<b>Primary good work principles:</b> Security, growth, subjective nurture, freedom.

Job security councils (JSCs) were first developed in Sweden in the 1970s, in response to massive job losses among white-collar workers in the wake of an oil crisis. In this context, public employment services were not regarded as providing sufficient support for these workers to find new jobs. JSCs are non-profit organisations that are set up through collective agreements between employers and trade unions to support displaced workers following redundancies. They provide workers with an end-to-end transition service

<sup>120</sup>. For more information see: [www.cipd.co.uk/news-views/cipd-voice/issue-20/essential-skills-framework-includes-human-skills](http://www.cipd.co.uk/news-views/cipd-voice/issue-20/essential-skills-framework-includes-human-skills)

<sup>121</sup>. Finkelstein, J (2018) Recruiting to Retention: the emerging role of digital credentials in the world of work [Blog] RSA. Available at: [www.thersa.org/discover/publications-and-articles/rsa-blogs/2018/10/recruiting-to-retention-the-emerging-role-of-digital-credentials-in-the-world-of-work](http://www.thersa.org/discover/publications-and-articles/rsa-blogs/2018/10/recruiting-to-retention-the-emerging-role-of-digital-credentials-in-the-world-of-work)

that includes information about their local labour market, as well as career coaching and access to training opportunities or business start-up support to help workers find new jobs.

JSCs make a significant contribution to unusually high re-employment rates in Sweden. They report that 90 percent of displaced workers find a solution within nine months: 78 percent finding new employment, 8 percent starting a new business and 6 percent enrolling in longer duration education or training. According to the OECD a key explanation for their effectiveness is that they make a productive use of comparatively long notice periods. The average legally mandated notice period for employee dismissals in Sweden (three months) is three times higher than the UK (one month).<sup>122</sup> Workers are also automatically assigned a personal job coach as soon as layoffs are announced, to speed up the process of getting people back into work.<sup>123</sup>

JSCs also make Sweden's economy more dynamic. Businesses can more easily shed unproductive labour as unions feel more comfortable supporting job cuts due to structural changes as they know workers will be protected by the JSC system. Our enquiries suggest that British businesses in some sectors would welcome this, noting that it could mitigate branding issues with high numbers of layoffs. As one retailer put it in reference to automation, "would people continue to shop with us if we laid off 300,000 people?"<sup>124</sup>

For data reasons, it is difficult to compare the performance of JSCs with our Jobcentre Plus system because the latter uses 'benefit off-flows' as its key performance indicator, rather than a labour market measure (which itself seems indicative of a differing institutional mindset).

According to a former DWP minister, 75 percent of Jobseeker's Allowance claimants are off benefit within six months of their initial claim (90 percent by 12 months).<sup>125</sup> However, RSA analysis of DWP off flows data suggests that only 38 percent of claimants that moved off benefits in 2019 found work. Even this is only part of the picture, because that data does not provide information on the destination of more than half of all these claimants; 12 percent are counted as 'failed to sign' while 33 percent are 'not known'.<sup>126</sup>

The Work and Pensions Committee has argued that off-flows are a poor measure for assessing positive outcomes. For example, claimants might withdraw from the benefit system without entering work if they move onto another benefit or withdraw from the system altogether. Separate survey work conducted by the DWP suggests that 68 percent of these claimants do initially find paid work. But there is also evidence that many of these workers experience a 'low pay, no pay cycle' that fails to secure sustainable good work outcomes.<sup>127</sup>

122. OECD. (2018) Back to work: Lessons from nine country case studies of policies to assist displaced workers. Paris: OECD

123. Crouch, D. (2019) Is Sweden the best place to lose your job? [Article] BBC. Available at: [www.bbc.com/worklife/article/20191212-where-losing-your-job-is-a-good-thing](http://www.bbc.com/worklife/article/20191212-where-losing-your-job-is-a-good-thing)

124. Wallace-Stephens, F. and Lockey, A (2019) Retail Therapy: Towards a future of good work in retail. Op Cit.

125. UK Parliament. (2013) The role of Jobcentre Plus in the reformed welfare system – Work and Pensions Committee. Available at: [publications.parliament.uk/pa/cm201314/cmselect/cmworpen/479/47908.htm](http://publications.parliament.uk/pa/cm201314/cmselect/cmworpen/479/47908.htm)

126. RSA analysis of DWP Jobseeker's Allowance off-flows by reason and occupation.

127. UK Parliament. (2013) Op Cit.

Firm-level data compiled by the OECD (for 2000-2008) indicates that 41 per cent of displaced workers in the UK find work within 12 months, compared to 88 percent for Sweden.<sup>128</sup> It is not therefore unreasonable to think there remains a significant gap in performance between JSCs and the Jobcentre Plus.

We recommend that the DWP, BEIS and DfE work with the Jobcentre Plus to pilot a range of new transition services under the banner of ‘a job security centre’. This should include the use of new technologies. At our Future Work Lab for Scotland participants suggested there is a need for ‘a Job Centre 2.0’ where employment advisors could use platforms that leverage AI and labour market data to offer personalised coaching to displaced workers. Bob, by Bayes Impact, is an example of exactly this kind of platform, deploying chatbot interface and live labour market information to offer free tailored support for jobseekers in France and Belgium.<sup>129</sup> Critically, these pilots must be evaluated using measures that capture long-term employment outcomes.

A job security centre would work hand-in-glove with personal learning accounts. Whilst the latter would be available to all workers, the job security centre could initially target support at those workers who are at greatest risk of automation or heavily affected by the pandemic. The pilots should take place in a local authority area predicted to be adversely impacted by either automation or the pandemic to help design the job security centre services around their needs. Furthermore, if the government’s remains committed to ‘levelling up’ underperforming regions of the UK that will likely require a much more active approach to labour market interventions. In this capacity, job centres would have a much larger role to play in driving regional prosperity – moving towards a job security centre system could help on this too.

Following pilots, the job security centre could be scaled to provide an end-to-end transition service via the national retraining scheme (a partnership between government, the TUC and CBI). In 2018, then chancellor Phillip Hammond announced £100m for a national retraining scheme, as an answer to automation.<sup>130</sup> In practice it seems to be doing something quite different: trying to pick up and support people aged over the age of 24 who “*fall down the cracks*” and are failed by the vocational skills system. The typical user group are people who fail to get functional level 2 (GCSE equivalent) in maths and English, and who are trapped in low wage work as a result. This is a crucial skills policy and social justice challenge but is not really an answer to automation or the broader technology test. That said, when asked whether it could develop into more of an end-to-end transition service, one representative told us that “this is very much the long-term ambition because for this particular user group ‘a clear line of sight’ to a job is absolutely imperative”.

The job security centre would represent a more universal service than the Jobcentre Plus. As one DWP representative explained “most of the people who walk through our doors are on Universal Credit”. But demand for this kind of support could increase dramatically in any scenario where there is increased automation. As they added: “we have that current customer base – but we’re at a moment of full employment and that won’t always be the case”. Suffice to say, recent events have rendered that prediction somewhat prophetic

128. OECD. (2018) Op Cit.

129. For more information see: [www.bob-emploi.fr/](http://www.bob-emploi.fr/)

130. Department for Education. (2019). National Retraining Scheme [Article] GOV.UK. Available at: [www.gov.uk/government/publications/national-retraining-scheme/national-retraining-scheme](http://www.gov.uk/government/publications/national-retraining-scheme/national-retraining-scheme)

– the demands of the Covid-19 pandemic necessitate a rapid scale-up of a universal active labour market service. Already, the National Careers Service and regional LEPs operating across Berkshire, Buckinghamshire, Oxfordshire and the South West have come together to create a Regional Redeployment Service focused on redeploying recently redundant workers into sectors where jobs demand is surging, such as food retail, social care and distribution.<sup>131</sup> Job security centres could be the medium-term, systemic answer.

Ultimately, a service expansion on this scale would have to be paid for by increased taxation. In Sweden the JSC works on a social insurance model with premiums that are set through collective agreements between employers and trade unions in a sector or occupational field. The government could explore the viability of this payment mechanism but might also look to draw upon a down-payment in the form of a redistributive tax levy on firms that extract value from individual data. Over time, levies could be flexibly set, with entitlements topped up by the collective agreement structures envisaged by personal learning accounts (buttressed by work councils and higher union density).<sup>132</sup> The government should also consider whether to extend the minimum notice periods for lay-offs. Statutory redundancy notice periods are currently just one week if you have been employed for less than two years, with one week’s additional notice for each year of unemployment up to 12 weeks for workers who have been with their employer for 12 years or more. We recommend that the government adjust these to move closer in line with Sweden (see Table 5)<sup>133</sup>. The government should also explore introducing a mandatory notice system that requires employers to contact the job security centre to support workers as soon as lay-offs are announced - early intervention is key to the success of JSCs in Sweden.

Tenure	UK	Sweden
Less than two years employment	One week	One month
Two to four years	Two to four weeks	Two months
Four to six years	Four to six weeks	Three months
Six to eight years	Six to eight weeks	Four months
Eight to ten years	Eight to ten weeks	Five months
Ten years or more	Ten to twelve weeks	Six months

**Table 5: Comparison of statutory redundancy notice periods in UK and Sweden**

<sup>131</sup>. Adviza [Blog] Available at: [www.adviza.org.uk/services/national-careers-service/regional-redeployment-service](http://www.adviza.org.uk/services/national-careers-service/regional-redeployment-service)

<sup>132</sup>. OECD (2018) Op cit.

<sup>133</sup>. Eurofound (2017). Sweden: Notice period to employees. Available at: [www.eurofound.europa.eu/observatories/emcc/erm/legislation/sweden-notice-period-to-employees](http://www.eurofound.europa.eu/observatories/emcc/erm/legislation/sweden-notice-period-to-employees)

In short, alongside a UBI, which would support workers financially during transition periods, we see personal learning accounts and an active universal job security centre as pivotal in reimagining the good work system for a labour market resilient to social crises. The need for that system appears to be upon us rather sooner than we might have thought.

<b>Job security centres</b>	
<b>Micro</b>	DWP, BEIS and DfE should work with the Jobcentre Plus to pilot a range of new transition services including those that make use of new technologies. Pilots should take place in a local authority predicted to be adversely affected by automation.
<b>Meso</b>	A job security centre could be scaled to provide an end-to-end transition service via the national retraining scheme.
<b>Macro</b>	The government should explore introducing a reskilling levy on employers, move statutory redundancy notice periods in line with Sweden and introduce a mandatory notice system to support early intervention.

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# Conclusion: Building bridges beyond the pandemic

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The blunt truth is that the Future Work Centre launched its enquiry in a social, political and economic world that has now vanished. When we first began this report, we thought there would be two major narrative hurdles to clear. One, that we would have to persuade policymakers that the future of work genuinely required a new social contract, rather than more piecemeal or incremental reforms. Two, that we would have to overcome scepticism about whether you could substantially change the social contract outside times of crisis.

That latter debate can be quietly shelved for another time – we now find ourselves, to state the obvious, in times of profound crisis. However, it feels like the first argument barely needs prosecuting either. It is not so much that people are necessarily averse to returning to pre-pandemic life – that might be a topic of some contention. It is rather that the social contract of 2019 has already been contorted beyond all recognition. Purely on the crisis' economic dimension we are in uncharted water. According to the Bank of England, we are in the midst of the biggest recession since the South Sea Bubble burst three centuries ago.<sup>134</sup> The government is paying 80 percent wages to roughly one in four employees.<sup>135</sup> Had they not intervened at such scale, our research suggests we would be living through the biggest spike in unemployment since we became an industrial nation.<sup>136</sup> Entire sectors, such as hospitality, may not be able to survive in a socially distant society without the government underwriting losses or taking a stake. These are not measures that can be unpicked overnight, even when a vaccine arrives. For better or worse, the world before Covid-19 is lost to us forever.

Nevertheless, one of our earlier insights about change retains its importance. In 2008 we faced an economic crisis – small compared to this one, large by usual historical standards – and returned swiftly to business as usual. In contrast, what stood out about the 1945 and 1979 hinge moments was how those respective crises interacted with pre-existing ideas and social experiments which gained greater currency as events played out.

<sup>134</sup>. Reported by Wearden, G (7 May 2020) Bank of England warns UK faces historic recession. London: *Guardian* Available at: [www.theguardian.com/business/live/2020/may/07/bank-of-england-interest-rates-covid-19-downturn-us-job-losses-business-live](http://www.theguardian.com/business/live/2020/may/07/bank-of-england-interest-rates-covid-19-downturn-us-job-losses-business-live)

<sup>135</sup>. ONS (23 April 2020) Furloughing of workers across UK businesses: 23 March 2020 to 5 April 2020. London: ONS.

<sup>136</sup>. Wallace-Stephens, F. and Lockey, A. (2020) Which local areas are most at risk in terms of impacts of coronavirus on employment? Op Cit.



Indeed, as Matthew Taylor, Chief Executive of the RSA, has argued, the pandemic has sharpened our understanding of how, why and where change is accelerated during a crisis:

“First, [change happens] where this is a pre-existing demand and capacity for change. Second, where the crisis not only strengthens that demand but prefigures alternative mindsets and practices. And third, where there are political alliances, practical policies and innovations that are ready to be deployed in the period after the crisis when people and systems are more open to change”.<sup>137</sup>

This is important because it explains how social change does not follow simple rules of supply and demand: there is no iron law that says even dire need will lead to an appropriate response. A lot of hopes are currently and understandably invested in the crisis becoming a bridge to a better future. But it is just as possible that, as in 2008, the forces unleashed are harnessed most successfully by those who wish to maintain the status quo – or worse. The desperation for growth could stall progress tackling the climate emergency. Growing debt levels could curtail much needed public investment. Once the clapping ceases and life begins to take on a hue of normality, we may forget about the low-paid workers who saved society from total collapse.

The RSA has developed a matrix for understanding how our response to the pandemic interacts with its wider crisis dynamics. This has implications for the next ‘amplify’ stage of the Future Work Centre’s work (see Figure 12).

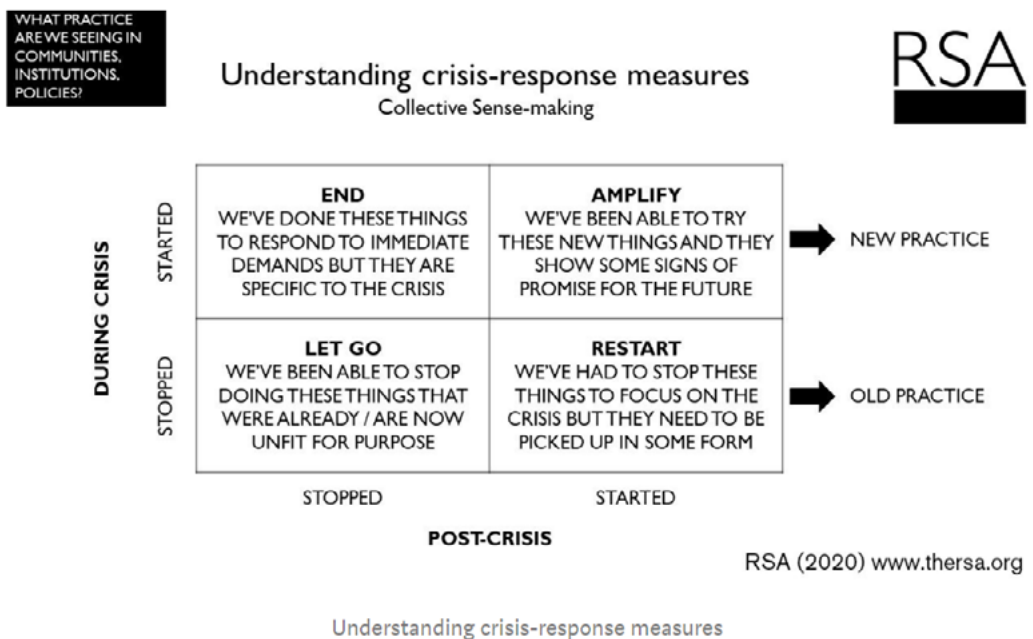


Figure 12: RSA matrix for understanding crisis-response measures

<sup>137</sup>. Taylor, M (2020) The path from crisis. London: RSA [Blog]. Available at: medium.com/bridges-to-the-future/the-path-from-crisis-6d3f83c96dob

Under normal circumstances, we would hope our eight ideas, almost by definition, would belong in the amplify section of this matrix. Following both Geels’s multi-level perspective and the historical insights from 1945 and 1979, we have deliberately attempted to select ideas where that ‘act like an entrepreneur’ energy already exists. But whilst that might still apply to some ideas like UBI, where the furlough scheme might set a precedent for state intervention to guarantee economic security, the pandemic may have moved other ideas from our blueprint into the restart section instead. This is not to negate their importance. Testing data trusts, for example, might be ill-advised at a time where concerns about data rights must be temporarily overridden to save lives through contact-tracing. However, in the long-term – not to mention, later in the crisis – they may be essential for making sure the pandemic surveillance genie is put back inside the bottle. Rather, the point here is to note that the next steps for our blueprint must consider where the pandemic contorts both the good work system and innovations within it. As Ian Burbidge, the matrix’s designer, says, our response must be more nuanced than “looking to simply experiment and scale successful innovations.”<sup>138</sup>

Those next steps – the final ‘commit to impact’ phase of the RSA’s approach – are in many ways the most important. Over the coming years, we will be testing our ideas in the field; attempting to scale their potential along that micro-to-macro impact journey. But just as important, we will be testing our ideas through deep engagement with the public – allowing their reaction to iterate, accelerate and constrain our ambitions for good work.

This is where the public policy definition of a social contract begins to diverge from the strictly philosophical one. For the likes of Rawls, Hobbes and Rousseau, the idea of a universal agreement, grounded in universal moral principles, is not a paradox. But in the political and policymaking world, the idea that people will universally agree to the same contract about how to secure good work is somewhat fanciful. Yet despite this, when we collectively talk about the social contract, our discourse does tend to imply an agreement which draws from a deeper sense of public legitimacy than conventional contractual relations or even democratic consent. It almost feels as if we can recognise this legitimacy when we see it underpin cornerstone policy ideas - the NHS, for example, seems to draw its support less from technocratic views on healthcare policy and more from a belief that it embodies values of equal treatment and solidarity we take to be an important entitlement associated with British citizenship – but continually struggle to discover its deeper contours.

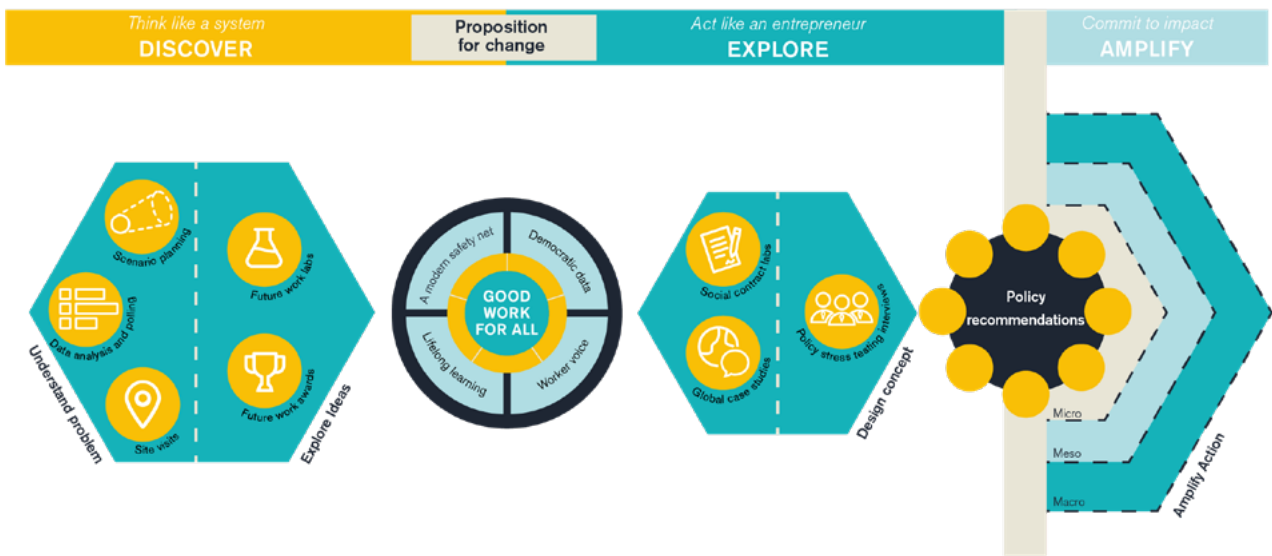
The way through this is to give people a radical degree of agency over policymaking; to shift towards a much more inclusive and deliberative form of democracy. This is even more important in the pandemic context. As Matthew Taylor points out, what we need most of all is a new model of political leadership that embraces “effective, authentic engagement and deliberation”.<sup>139</sup> Such deliberation cannot happen in a vacuum - our start-

<sup>138</sup>. Burbidge, I (2020) How to create real, lasting change after Covid-19. London: RSA [Blog] Available at: [www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/04/change-covid19-response](http://www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/04/change-covid19-response)

<sup>139</sup>. Taylor, M (2020) The path from crisis. Op Cit.

ing principles must always draw upon non-negotiable moral foundations. But a truly *social* contract for good work must ultimately draw its authority from workers.

This amplify phase – testing and talking – is the next task for our blueprint. We do not expect all our ideas or recommendations will survive the journey. In fact, we positively hope the collective intellect will greatly improve on our efforts. But we do strongly believe that the driving energy which sits behind those ideas – that workers must enjoy more stakeholder power over the economy and technology – is integral to the pursuit of good work for all. After all, if changes in the social contract really are born of collective sacrifice, then there are a great many workers to whom we now owe a deep obligation.



**Figure 13: The blueprint social contract design ding crisis-response measures**

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