

CONSULTATION PAPER 156

Future of Work

Liberal 
Democrats

**Spring Conference
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Background

This consultation paper is presented as the first stage in the development of new Party policy in relation to the Future of Work. It does not represent agreed Party policy. It is designed to stimulate debate and discussion within the Party and outside; based on the response generated and on the deliberations of the working group a full policy paper will be drawn up and presented to Conference for debate.

The paper has been drawn up by a working group appointed by the Federal Policy Committee and chaired by Vinous Ali. Members of the group are prepared to speak on the paper to outside bodies and to discussion meetings organised within the Party.

Comments on the paper, and requests for speakers, should be addressed to: Christian Moon, Policy Unit, Liberal Democrats, 1 Vincent Square, London SW1P 2PN. Email: policy.consultations@libdems.org.uk Comments should reach us as soon as possible and no later than Friday 5 April. Further copies of this paper can be found online at: <https://www.libdems.org.uk/members/make-policy/policy-consultations>

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1 The Purpose of Work

1.1 At the level of the individual, work - at a minimum - should sustain us, allowing us to provide for the necessities of life for ourselves and our families. As decent conditions and a minimum wage have become fundamentals of work, it is clear that people want more. 84% of respondents to a 2022 McKinsey survey¹ said that they valued working somewhere that provided meaningful work and yet CIPD's 2023 Good Work Index found that UK workers are now more likely to think that work is purely transactional – just for the money and nothing else – than they were four years ago.² More worryingly, the feeling that 'work doesn't pay' is becoming more pervasive. This is borne out in the statistics - as of September 2023, 38% of Universal Credit claimants were in work, demonstrating that their earnings don't stretch far enough.³

1.2 Transformations wrought by technological progress must therefore allow for a new social contract of good work to emerge. The RSA's *Blueprint for Good Work* suggests five principles of good work:

1. Security – all should enjoy work that provides enough economic security to participate equally in society.

1

<https://www2.deloitte.com/uk/en/pages/press-releases/articles/majority-of-employees-consider-an-organisations-purpose-before-choosing-to-join.htm>

1

2

<https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/2023-pdfs/2023-good-work-index-report-8407.pdf>

³ Department for Work and Pensions, Universal Credit Statistics, 29 April 2013 to 12 October 2023, November 2023

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.

1.3 When thinking about public policy that shapes the future of work, we believe that these five principles should act as the yardstick that policy is judged on.

1.4 Zooming out, work also should drive productivity and economic prosperity for the country as a whole. Therefore, the future of work must also improve Britain's stagnant productivity which is, after all, inextricably tied to the ability to provide for good work.

1.5 The Productivity Institute's November 2023 report - *The Productivity Agenda* charts the UK's journey from a position among the leading economies in R&D and innovation up to the early 1980s to its current position as a follower in the middle of the pack, and the decline in investment and exports as components of GDP. It outlines today's position as a low investment, low wage, low productivity economy, with much of the nation outside the south east of England without the skills or infrastructure to attract innovative investment or many high productivity jobs.

1.6 The working group as per the recommendations of the authors of *The Productivity Agenda* would like to explore the creation of an independent UK Productivity Commission - as exists in Australia, geared to

focusing attention on long term policy to raise the quality and productivity of work beyond electoral cycles.

Questions

1. Do you agree that those five principles are the foundations for good work? Are there other principles that are equally foundational for good work?
2. If we pursue the idea of a 'new social contract for good work' - who is this contract held between e.g employers, the state, trade unions, education and training providers etc.
3. Do you agree with the diagnosis offered in *The Productivity Agenda*? If not, why not?
4. Do you believe there is a role for a Productivity Commission? If so, what should it look like and be tasked with?

2 Future Revolutions

2.1 The last decade has seen an acceleration in trends that are likely to continue to develop and have a significant impact on what the future of work looks like. Huge progress has been made in artificial intelligence, machine learning and robotics; the green revolution has taken off with new industries and skills needs emerging; and, new modes of working such as hybrid work and the gig economy have become commonplace. The party currently has a Policy Working Group on Science and Technology which will go into more detail on issues such as regulation of Artificial Intelligence.

2.2 Many of the changes brought by these transformations are not novel (job losses in some areas, job creation in others, the emergence of new skill requirements to power the transformation and changes in employment practices, law and regulation); however the pace of change and number of revolutions we are likely to experience in a set period is unlike anything that has come before it.

2.3 The evidence the group has taken thus far suggests that the UK is well-placed to capitalise on these revolutions thanks to its strong industrial heritage, world-leading knowledge centres and ability to attract talent and investment. Nevertheless, the extent to which the UK can take advantage of the opportunities offered by these revolutions and mitigate against the risks is highly dependent on the policy decisions made today.

2.4 For example, the application of Artificial Intelligence together with other related and ancillary technologies provides opportunities to achieve significant gains in productivity in the exercise of both mental and physical tasks. However, the UK - despite its strong manufacturing base - has a very low installation of robots (ranked 24th globally and the lowest level of

installation of the G7 nations)⁴ suggesting adoption of AI may follow the same course. Experts suggest that this is probably due to a general unwillingness to invest in capital equipment, with short paybacks often being required and perceptions that the technology is expensive and would require skilled personnel to operate and maintain it. Clearly, tax breaks for investment in technology whether capital expenditure or (as most likely in a software led future) operational expenditure as well as support to train and reskill staff could help resolve these perceived barriers. The Opportunity and Skills group for example is considering the case for targeted training tax credits in areas like green skills.

2.5 Future revolutions in automation, green technologies and hybrid and remote work also could have positive spillover impacts, for example the ability to automate and recruit talent remotely may help onshore/reshore types of work thereby building local supply chains and reducing costs and carbon footprints. On the other hand, the increase in remote work and sophisticated AI systems (e.g. GPTs) could mean employers re-distribute work between employees, AIs and subcontractors across borders with far greater ease and success. There may be a negative impact on existing regional disadvantage.

2.6 A sensible industrial strategy - such as is being pursued by the US under Biden, could clearly help shape the future of work to the benefit of the UK economy and its people. While there have been industrial strategies in the past we believe a new industrial strategy should in particular build on sectors where the UK already has a competitive advantage (e.g the life

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<https://engineering-update.co.uk/2023/02/02/global-robot-report-highlights-uks-urgent-need-to-increase-automation-engineering-global-robotreport/>

sciences) and/or expertise (e.g offshore wind). See also our policy motion *Industrial Strategy* (Autumn 2023).

Questions

5. Are there any revolutions or evolutions beyond those outlined here that are likely to have a significant impact in shaping the future of work in the UK?
6. What can we learn from revolutions of the past?
7. Should the UK Government remain passive and rely on market forces or are there practical measures which could encourage UK employers to embrace forthcoming change and seek to maximise its positive impacts? Are employers the most important actors in determining the UK's success at reaping the rewards on offer?
8. What measures might be taken to address regional disadvantages and customise policy measures to meet regional needs and disparities?
9. Do you agree the UK needs a new industrial strategy? What should it look like and what should it prioritise?

3 Who are the Workers?

3.1 We cannot think about the future of work without thinking about the future workforce. There are a number of changes that we are likely to see (some of which we are already starting to see play out).

3.2 First, as the future of work emerges it will coincide with a change of who the workers are. For example, the ONS projects an ageing population is likely to increase economic inactivity volumes. Already, post-covid, we have seen some workers - predominantly in the older category (50+), choose not to return to the workforce. [Research for Phoenix Insights](#) suggests a number of reasons for this change and it is yet to be seen if this is a 'blip' or a new trend that is here to stay.

3.3 Second, the increase in hybrid and remote working is beginning to offer up opportunities for work for those who had been previously locked out of work due to ill health and/or disability or were previously unemployed or underemployed due to caregiving responsibilities. Assistive technologies, the metaverse and hybrid/remote-working tools e.g. Zoom may all help lock-in this trend and offer more opportunities for employment.

3.4 Finally, as touched on in previous chapters the future may see greater partnerships between humans and robots/AIs in the workplace - termed as 'collaborative intelligence' by some. This has the potential to remove the dirty, dull, dangerous work away from humans, freeing up time for more stimulating development and/or to change the very nature of different job roles - for example accountants may spend less time checking for errors and more time advising on how to improve financial performance.

3.5 All these changes will have implications for the UK's productivity as well as the country's prosperity and wellbeing. The working group is considering on focusing policy proposals on:

- a) Addressing the causes for early retirement.
- b) Focus on quality of work. Research demonstrates a link between people's job satisfaction and how likely they are to leave work early. Research also shows that job satisfaction (work/life balance) is increasingly important to young workers (18-24) who will still be in the workforce in the 2060s.
- c) Opening up work to more people - particularly those with disabilities and caregivers.
- d) Workers rights when greater automation is introduced.

Questions

- 10. These challenges are not unique to the UK - is there best practice internationally that we can learn from?
- 11. Why is work so unattractive to so many people in the UK today?
- 12. Do you think the Government should play a more active role in developing technologies that can unlock increased workforce participation such as assistive technologies? If so, what does a more active role look like?
- 13. We do not propose to focus on migration in this paper - however, are there any future long-term trends that this paper should be aware of given the likely impact on the future of work specifically?

4 The Changing Modes of Work

4.1 There has been both a rise in new forms of employment and an increase in those participating in non-traditional forms of work.

Entrepreneurship, gig economy work, self-employment and portfolio work are all on the rise with extensive knock-on effects for the economy, society and culture. The question for Liberal Democrats is how to encourage greater autonomy, fulfilment and flexibility while ensuring that workers are not exploited or trapped in 'bad' work.

4.2 As technology continues to develop at pace, lowering barriers to entry and offering new ways to make a living, how can governments ensure that those opportunities are open to all and that there is a safety net there to allow people to take risks and be protected from exploitation and poor working conditions.

4.3 Similarly, how do the relevant arms of government e.g. HMRC, the Treasury and the Department for Business respond to more people undertaking different forms of employment. For example, if there is a trend that sees a shift away from traditional employment there could be an erosion in the tax base.

4.4 Returning to the theme of a 'social contract for good work', how do we give people greater purpose, particularly in an employer-employee relationship? For example, Jon Alexander's book *Citizens*, suggests treating workers as co-creators in business, giving them rights over inputs to development of new ideas while Andy Haldane has spoken of the 'purposeful company'. All of which help to frame relationships between companies and workers around a common set of values and objectives, and reduce commodification of work.

4.5 We will wish to build on some of the proposals set out in Policy Paper 150 *Towards a Fairer Society* for a Workers' Charter.

Questions

14. Are there any forms of employment that we have not captured here and are likely to be more prevalent in the future?
15. Should governments incentivise one form of employment over another? What are the pros and cons of this sort of intervention?
16. What role do you think trade unions should play in shaping the changing nature of work?
17. Are there any other novel forms of collective bargaining that we should seek to encourage?

5 Education, Careers Advice and Retraining

5.1 Adult learning has seen a decade of decline with employer investment in training at an all time low. Young people too are being left behind with an estimated 11.6% of all people aged 16 to 24 not in education, employment or training (NEET) as of June 2023. With technology moving apace there is a need to reform the way we learn and relearn not just in our formative years but throughout our lives. Our education system and support for retraining both via employers and independently currently does not equip us to harness the opportunities the future of work presents.

5.2 Moreover, careers guidance has become hollowed out both within formal education settings (apart from higher education) and more broadly leaving young people and those who may need to retrain without support or clear pathways to a career.

5.3 The Liberal Democrats have already committed to both the creation of an ambitious 'skills wallet' designed to encourage education and training throughout adult life and supporting people throughout their lives with good careers advice. The Opportunity and Skills working group - whose policy paper is due to go before conference in Autumn 2024 - has already consulted on a number of proposals to encourage adult learning, encourage training by employers and develop a better strategy for skills. This working group has therefore chosen to focus our efforts on how the government can better forecast the skills needed in the long-term and prepare our educational institutions and educators to meet the challenge.

Questions

18. Given the ubiquitous need for careers advice should there be a national careers advice service? If so, how should it be funded? What lessons can we learn from the devolved administrations?
19. What policy interventions would support greater employer-led training and retraining?
20. Many young people entering the world of work in the very near future are likely to find themselves in organisations undergoing rapid transformation. Are there any specific measures that could help better equip them to contribute to change, or, in some instances, become agents of change?

Annexe: Future of Work Working Group Remit

The remit of this group is to review the party's policies on the Future of Work, and make updated proposals which communicate our values of liberty, equality, democracy, community, internationalism and environmentalism in a way which helps secure the election of as many Liberal Democrats as possible, at local, regional and national level, in order to promote our vision of society and remove from power a Conservative government that is failing the country.

The group will be expected to build on existing policy proposals as set out in the 2019 Election Manifesto, Policy Paper 133 *Good Jobs, Better Business, Stronger Communities*, Policy Paper 149 *Towards a Fairer Society*, and the emerging proposals from the Opportunity and Skills Working Group. The group is expected to consider and address Liberal Democrat principles on diversity and equalities in developing their proposals.

This group will as a top priority:

- Develop up to three headline policies on the Future of Work which the party can communicate widely to win votes.

The working group will develop policies on:

- Overarching Liberal Democrat principles for the future of working life in the UK.
- How government and society will need to respond to the challenges of the coming years on employment in terms of industrial policy, regional policy and labour market policy, including:
 - The impact of technological change, including but not only Artificial Intelligence and Machine Learning.

- Changing demography.
- Patterns of migration .
- Developing international competition and trading relationships, in particular with the EU.
- How can we help people acquire the skills that will be needed in the future labour market and to re-skill throughout life, both for their own benefit and to contribute to overall productivity.
- How to use technology to create well-paid jobs and to see more workers benefiting from technological change.
- Helping individuals, especially young people, navigate the changing labour market through improved careers information and guidance.
- How to improve long-term workforce planning, especially in the public services.
- How to make it easier for people with overseas qualifications to use their skills in the UK, for example through mutual recognition of qualifications.
- How should we respond to falling labour market participation rates.
- How to make work more flexible to the advantage of both employees and employers, including development of the 'gig economy' and the scope for a four day week.
- How to respond to the rise of hybrid and remote work and the impact that has on hiring practices, town and city centres (office space), connectivity and infrastructure.
- How the pensions and benefits system may need to adapt to more flexible patterns of working.
- How to give workers a greater voice in their workplaces, including the role of Trade Unions.
- How to support diversity in the workforce of the future.

The group will also consider the need for institutional change at central, regional and local government levels to embed these approaches firmly in policy.

The group will take evidence and consult widely both within and outside the party. This evidence should inform the group's proposals, which will be presented alongside an analysis of costs and an Equalities Impact Assessment. The group will also need to collaborate with the Science and Innovation working group.

A policy paper of no longer than 10,000 words should be produced for debate at Autumn Conference 2024. Prior to that a consultative session should be held at Spring Conference 2024, and a draft policy paper should be presented to the Federal Policy Committee by June 2024.



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