Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
The UK economy is struggling to provide sustainable growth that would ensure decent employment for everyone by 2030. The rate of economic growth since the financial crisis has been approximately half its pre-2008 average. Unemployment rates are low by historical standards and in comparison with peers while employment has hit record levels. But wages have remained depressed and productivity growth has been poor by historical standards and compared to similar OECD countries. The Government has recognised the importance of raising productivity and has made this central to its Industrial Strategy1 launched in 2017.

There has also been a rapid increase in insecure work over the last decade although the UK informal economy remains similar in size to OECD comparators. In response to these changes in the labour market, the Government commissioned the Taylor Review of Modern Working Practices and is consulting on its recommendations. With regards to the environmental sustainability of current growth patterns, the UK economy has become less resource intensive and domestic material consumption has fallen. There is evidence that this is partly the result of off-shoring the production of many resource intensive products, and in any case progress has plateaued in recent years.

---

**Performance rating**

<table>
<thead>
<tr>
<th>Sustainable Development Goal Target</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% gross domestic product growth per annum in the least developed countries</td>
<td>🟢</td>
</tr>
<tr>
<td>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors</td>
<td>🟢</td>
</tr>
<tr>
<td>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</td>
<td>🟢</td>
</tr>
<tr>
<td>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead</td>
<td>🟢</td>
</tr>
<tr>
<td>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</td>
<td>🟢</td>
</tr>
<tr>
<td>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training</td>
<td>🟢</td>
</tr>
<tr>
<td>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</td>
<td>🟢</td>
</tr>
<tr>
<td>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</td>
<td>🟢</td>
</tr>
<tr>
<td>8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products</td>
<td>⬠</td>
</tr>
<tr>
<td>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</td>
<td>⬠</td>
</tr>
<tr>
<td>8.a Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries</td>
<td>⬠</td>
</tr>
<tr>
<td>8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization</td>
<td>⬠</td>
</tr>
</tbody>
</table>
Key findings

1. UK GDP growth per capita and productivity growth per employee have slowed markedly over the last decade. The Government has recognised the importance of addressing low productivity and has published an Industrial Strategy aimed at boosting productivity.

2. The number of people in insecure work has grown sharply over the same period as the number of people on zero-hours contracts, in low-paid self-employment or employed by agencies has risen to more than 3 million. The Government is consulting on recommendations made in the Taylor Review of Modern Working Practices to improve the rights of these workers.

3. Although the unemployment rate for young people has fallen, it remains twice as high as for the general population. Similarly, the percentage not in education, employment or training (NEETs) has declined but, at 11.8%, is still above the OECD average. We have yet to see the impact of the Apprentice Levy introduced in 2016 on these numbers.

4. Across most measures resource consumption appears to be falling and resource productivity increasing. There is evidence however, that this is in largely due to the production of many resource intensive goods moving overseas.

Performance and progress

The headline measures of progress on Targets 8.1 and 8.2 both suggest the UK is off-target. Since 2008, gross domestic product (GDP) per head has grown by half the average rate achieved before the financial crisis, and the ONS’ first estimate for Q1 2018 shows GDP per head shrunk by 0.1%. The Organisation for Economic Cooperation and Development (OECD) forecasts UK growth to be lower than all member states bar Japan next year. It should be noted there are large regional variations in economic output, with gross value added (GVA) per head in London 70% higher than the national average. The only other region with above average GVA per head is the South East of England. There is also uncertainty over the impact of Brexit on economic output, with the majority of economic forecasts predicting it will slow growth further. The slowdown in economic growth is the result of persistently weak productivity improvements since the financial crisis, with GDP per hour worked virtually flat since 2007. The Government has recognised the importance of raising productivity and made this the central aim of its Industrial Strategy. This proposes ‘sector deals’ under which government would collaborate with the private sector in the areas of artificial intelligence, automotive, construction and life sciences. It has also established a £31bn National Productivity Investment Fund with a five-year remit to support housing, transport, research and development, and digital communications.

For growth to be considered ‘sustainable’, a broader measure of economic performance than GDP should be used. Options include Net National Product which takes account of assets and depreciation, or Adjusted Net Savings which takes into account human capital, depletion of natural resources and damage caused by pollution. Using GDP per capita as the sole measure of economic growth would risk coming into conflict with other goals such as SDG12 on Sustainable Consumption and Production and SDG13 on Climate Action. Within SDG8, Target 8.4 addresses the need to improve resource...
efficiency. The UK has made some progress against headline measures of raw material consumption (RMC) and domestic material consumption (DMC), although this has stalled since 2009.\textsuperscript{12} But there are concerns that the fall in DMC is in part the result of resource-intensive production moving overseas; this measure does not fully account for the inputs in imported products – something the Government has committed to monitoring and addressing under its 25 Year Environment Plan.\textsuperscript{13}

While unemployment has remained low and employment levels high, the number of people in insecure work has increased rapidly since 2010, resulting in an amber rating for Target 8.3. This includes people on zero-hours contracts – the measure preferred by the ONS – which increased from 168,000 in 2010 to 901,000 last year.\textsuperscript{14} Taking into account workers on temporary contracts and the low paid self-employed, one in 10 UK workers is in insecure work.\textsuperscript{15} These measures do not capture the size of the informal economy, however, which is estimated to be worth over \(11\%\) of GDP\textsuperscript{16} broadly in line with other advanced economies.

The UK is also struggling to eradicate inequalities in the labour market (Target 8.5) despite decades of legislation designed to do just that, including the 1970 Equal Pay Act, 2010 Equality Act, and the requirement, introduced this year, for large employers to report on their gender pay gap. Although the UK female employment rate is considerably above the EU average,\textsuperscript{17} the gender gap in median pay for full-time workers has declined only marginally over the last decade and still stands at \(9.1\%\). Unemployment rates for disabled and young people also remain significantly higher than for the population as a whole. The percentage of people aged 16-24 not in education, employment or training (NEETs) has fallen from its 2011 peak but remains high at \(11.8\%\) (Target 8.6). The Apprenticeship Levy, which requires larger companies to set aside money for apprentice schemes, is intended to reduce this number (and partly increase productivity by improving workplace skills).

There is little data on children engaged in child labour (Target 8.7). Referrals of suspected victims to the National Referral Mechanism for human trafficking or forced labour have increased sharply over the last two years, albeit from a low base. The Home Office estimates there were between 10,000 and 13,000 victims of modern slavery in the UK in 2013, before the introduction of the 2015 Modern Slavery Act.

On the protection of labour rights and promotion of safe working environments (Target 8.8), there has been a decline in the number of fatal and non-fatal workplace injuries since 2000. The UK has also seen a continued fall in levels of trade union representation among the national workforce. While this trade union density is not a perfect proxy for compliance with labour rights such as freedom of association, it is arguably indicative of a weakening of the ability of workers to assert rights such as collective bargaining. The introduction of employment tribunal fees in 2013 was overturned by the Supreme Court in 2017 on the basis that they priced workers out of accessing justice.
**Synergies and coherence.**

SDG 8 is closely linked to SDGs 1, 5, 9, 10, 12, and 13.

Productivity and the economic performance of the UK are closely connected to the prevalence of poverty (SDG1) and household living standards. In recent years income levels have not tracked increased living costs; this is connected to poverty levels, health outcomes (SDG 3), nutrition (SDG 2) and access to decent housing (SDG 11).

Sustainable economic growth requires real increases in household incomes to be decoupled from ever-increasing consumption of critical natural resources leading to environmental degradation (SDG 12) on sustainable consumption and production). Radical improvements in resource productivity are required, alongside increases in human productivity.

**Local to international dimension**

A significant proportion of the UK workforce consists of foreign labour, particularly in key sectors such as hospitality, farming, construction and the NHS. In light of the uncertainty surrounding the outcome of the UK’s withdrawal from the EU, many industry and business leaders have expressed concern about staff shortages and the availability of skilled labour specifically in the health and construction industries.

Reductions across the country in the proportion of unemployed young people or NEETs masks regional disparities in these figures and a sharp North-South divide, with 17.9% in the North East compared to 10.9% in the South East.

**Recommended actions**

1. Increase public and private sector investment starting with a target to reach the OECD average of public investment of 3.5% of GDP. Targeting this investment at clean/low carbon sectors of the economy would help increase productivity and, resource efficiency and reduce climate-related emissions as well as stimulating growth.

2. Improve UK workers’ productivity by increasing the amount and quality of in-work training and pilot new sectoral bodies bringing together business, workers and government to drive up pay, working conditions and productivity.

3. Build on the Taylor Review to ensure UK workers have the same basic rights regardless of employment status and abolish insecure forms of work such as zero-hours contracts.

4. Deliver on the commitment to develop measures of the UK’s international material footprint and a strategy to reduce this.

5. Strengthen the Modern Slavery Act to make it compulsory for companies to identify and tackle risks of modern slavery in their supply chains, extending it to the public sector and penalising organisations that do not report. Resources for UK labour inspectorates should also be increased – the ILO has a target of one inspector for every 10,000 workers.
Case study

Modern Slavery Act

SDG TARGETS: 8.7, 16.2

Following high profile accounts of slavery in supply chains, such as in Thailand’s prawn fishing industry, the UK Government passed the Modern Slavery Act in 2015.21 As well as combatting modern slavery in the UK by providing law enforcement with greater powers and tools, the Act seeks to eradicate slavery in the supply chains of goods imported. It requires businesses to report on actions they are taking on an annual basis.

Although there is evidence to suggest that enforcement of the Act is inconsistent and that investigations into modern slavery and human trafficking remain a challenge, the Act has been credited for raising awareness of modern slavery with the public and practitioners. An independent review in 2016 noted a 40% increase in the number of potential victims identified and referred for additional support.22 Business responses to the Act have been mixed, with some praised for their leadership and others showing a more ‘lacklustre’ response.23
Endnotes

5. ONS. (2018). Gross domestic product per head: Table P. [Released 26 Apr 2018]
6. ONS. (2016). Regional gross value added (income approach), UK: 1997 to 2015. [Released 15 Dec 2016]
12. ONS. (2016). UK environmental accounts: How much material is the UK consuming? [Released 26 Feb 2016]
14. ONS. (2018). Contracts that do not guarantee a minimum number of hours: April 2017. [Released 23 Apr 2018]
15. TUC. (2016). Living on the edge: The rise of job insecurity in modern Britain.
19. ONS. (2018). HI01 Regional labour market: headline indicators for the North East. [Released 15 May 2018]