



ASLEF's Response to the Department for Business, Energy & Industrial Strategy consultation - Building our Industrial Strategy: green paper – April 2017

1. The Associated Society of Locomotive Engineers and Firemen (ASLEF) is the UK's largest train driver's union representing approximately 20,000 members in train operating companies and freight companies as well as London Underground and light rail systems.
2. ASLEF is pleased to have this opportunity to respond to BEIS's consultation on building an Industrial Strategy. For many years there has been a lack of vision and coherent policy towards growing industry and improving the UK's productivity.
3. The UK has failed to formulate a proper industrial strategy for many decades. This has led to a collapse in many of our industries and a worrying fall in productivity. For many years, the UK has increasingly moved towards a service economy. In fact, services now account for 80 per cent of our economy. Whilst any growth in any industry should be welcomed, the lack of balance in our economy should be concerning. For example, our reliance on the financial sector and lack of manufacturing has been an obstacle to recovery from the economic crash of 2008/09 whilst the more balanced economy of Germany has allowed it record a budget surplus.
4. Balancing the economy in terms of sectors can also help balance it geographically. For too long jobs and wealth have increasingly been concentrated in our larger city centres, and more specifically London. Any

industrial strategy must focus on increasing productivity, rebalancing our economy and spreading wealth and industry throughout the UK.

5. ASLEF believes that one of the most useful tools in achieving greater productivity among the UK workforce is having strong trade unions in our workplaces. Trade unions help employers recognise the issues facing their employees and therefore the barriers to productivity. They also help in the smooth transition to working methods which can improve productivity and can help channel the expertise and experience of the union's membership and collective knowledge. This has been recognised by ACAS who explain that "employee voice:

- Provides a source of creativity and innovation, tapping into the knowledge and experience of people who know what works.
- Allows people to feel a stronger sense of commitment to their work and to the wider organisation.
- Contributes to a feeling of worth and fair treatment."

6. A study by the National Institute of Economic and Social Research entitled "The UK's Productivity Puzzle" (2015) points out that "There is no evidence that workplaces have benefited from Britain's "flexible" labour market as indicated by using recruitment channels used by welfare recipients or the use of numerically flexible workers. On the contrary, workplaces with increasing unionisation appeared to benefit in terms of improved workplace performance." The report adds that workplaces that experienced an increase in union density between 2004 and 2011 also improved their performance relative to the industry average, both on the additive scale and in terms of labour productivity... unionisation may be beneficial to workplaces seeking to improve their performance after the recession, perhaps because unions may have adopted a "mutual gains" stance. It

runs counter to the proposition that firms benefit from a highly deregulated and non-unionised environment.”

7. The railway can be seen as a good example of this. ASLEF is proud to have been part of an industry that has improved its productivity and grown significantly over the decades. The UK railway is now used by record numbers of passengers. Unfortunately, whilst demand is at an all-time high, our infrastructure has not grown enough to comfortably facilitate the growth. However even with the limited capacity work and failure of the private companies involved in the railway to invest and innovate (all genuine investment and innovation since privatisation has come through the public sector) productivity has allowed growth. Much of this has come thanks to technological advancements. Increasing electrification, improved in-cab technology and longer trains have enabled this. ASLEF members and staff from across the railway have re-skilled and negotiated changes to their roles to enable this transition to happen safely and efficiently. This has been facilitated by strong industrial trade unions and collective bargaining for staff across the network.
8. Rail freight is another area where innovation and collaborative approaches between operators and unions have driven efficiency. The volume of freight moved in 2015/16 was over 35 per cent above 1994/95 levels, despite the recent sharp decline in coal traffic to power stations. For commodities other than coal, there was an increase in the volume of freight moved of around 58 per cent from 1994/95 to 2015/16. Yet the number of freight train movements has slowly reduced due to improved utilisation of freight capacity. ASLEF would of course want the level of freight train movements to increase, and therefore improved utilisation would enable greater capacity on our network.
9. Rail freight can bring about further productivity through savings across the whole economy. Road congestion costs businesses £17 billion per annum

according to the Freight Transport Association. When one considers that an average freight train can remove 60 HGVs journeys from our roads, the financial benefits to the UK of rail freight become clear.

10. Part of the UK's industrial strategy going forward must be the building of new homes. The housing shortage in the UK is a disgrace and too many families are unable to find permanent homes. It has contributed to the excessive increase in house prices and private rents. Building homes could help put an end to this, stimulate the construction industry and help regional employment and economic growth. Rail freight can play an important part in this growth by moving materials in a clean and efficient way around the country.

11. Economic growth is dependent on the ability of people and goods to get around. Figures quoted by Credo Group for Invensys Rail showed that every £1 invested in rail by the government generates an additional £1.30 from the private sector – in other words investment in transport has a stronger multiplier effect than other sectors of the economy.

12. ASLEF therefore embraces technology that increases capacity and productivity. The digital railway will be a fundamental driver of capacity enhancement as we go forward. This will involve the re-skilling of train drivers. ASLEF believes that this kind of challenge is similar to all enhancements in our economy. The government must therefore always support workers and communities in training and developing the skills to embrace these advancements.

13. ASLEF welcomed the £450 million that the Chancellor announced for trialling digital signalling technology, to expand capacity and improve reliability. However more investment is needed to end the situation where we are trying to run a 21st century railway on Victorian infrastructure. Transport drives economic growth throughout the country and any industrial strategy must be based on improving transport infrastructure.

14. We need a workforce that is capable of delivering this new innovation, whether it's at the planning stage of the process, or at the stage of building the new infrastructure. For that to happen, an industrial strategy must focus on promoting STEM subjects at every level, whether this is at secondary school, at vocational college or at PhD level. The UK currently ranks at 16th out of 20 OECD countries for the proportion of people with technical qualifications. We will not improve productivity or innovation unless we end this shortage.

15. ASLEF believes that nothing can replace strong trade unions in the workplace as the best method of employee engagement; however employee representation on boards and greater industrial democracy can supplement it. The Bullock Report in 1977 recommended worker participation as a way of improving industrial democracy. This has never been implemented fully. ASLEF believes that this should happen, though it must not be tokenistic and worker representatives on boards must have genuine influence. These representatives must be chosen by the workforce and have no obligation other than to serve the workforce's interests. Germany, Europe's strongest and most dynamic economy, has a much longer history of employee participation. Under the Drittelbeteiligungsgesetz law of 2004 one-third of the directors of firms with more than 500 employees must be elected from the workforce.

16. Within the railway we do have an example of a worker representative on the board of First Group. Mick Barker, was a train driver, was voted onto the First Capital Connect board board ten years ago and then onto the board of the First Group five years ago. This practise should be expanded.

17. A good industrial strategy must also consider supply chains and procurement. ASLEF believes procurement should not simply be decided on an economic cost basis but also examine opportunity cost and social

value. Rail rolling stock procurement should where feasible be awarded to companies who will manufacture in the UK. Rail expansion and electrification such as Crossrail, HS2 and the electrification of the Great Western Mainline should use British steel.

18. It is important that as many infrastructure projects as possible use UK steel to support the supply chain. Currently there are many large rail infrastructure projects underway or in planning. In total 7,000 tonnes of Tata Steel is planned to be used to create Crossrail, one of Europe's largest railway and infrastructure projects.

19. Network Rail buys approximately 120,000 tonnes of steel for rails per annum directly from Tata Steel in Scunthorpe, which is around 96% of Network Rail's total aggregated demand by value. Guidance introduced in October 2015 means that all central government departments must consider the social and economic impact of the steel they source across all major projects, including on HS2. However this does not guarantee the 2 million tonnes of steel needed for HS2 will be from Britain. Indeed the release from BIS explains, "this means that steel contracts for this £55 billion project will not go abroad if the most competitive bid is British." This fails to recognise the reality of cheap steel being dumped in the UK. It should be a requirement to use British steel.

20. ASLEF is glad that the government is consulting on building an Industrial Strategy. The correct strategy can rebalance our economy, stimulate green growth and boost earnings for Britain's workers. ASLEF hopes that this is simply the start of creating a strategy that achieves this.

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