



**Labour's cost-of-living contract
with hardworking Britain**

Foreword

Ed Miliband

The record of this government is simple: hardworking Britain is worse off month after month, year after year. Since David Cameron entered Downing Street working people have seen their pay fall an average of £1,600 a year. This is a record that no other government can match.

But these averages and statistics only provide a glimpse of what is really happening to families caught in the cross-hairs of the cost-of-living crisis. It is a crisis that runs deep into people's lives. The link between the wealth of our nation and everyday family finances has been broken. And the single biggest challenge facing our generation is to restore that link so that we have a broad prosperity shared by all hardworking families.

We know this Government can't deliver that. And we know the Liberal Democrats can't be part of the solution because they are part of the problem. There are now five million people paid less than the Living Wage and the number of people on zero-hour contracts with no guarantee of work has trebled since 2010. Our children are growing up in a Britain where a decent apprenticeship is too hard to come by. Many young families have seen rents rising at twice the rate of wages, and now fear they will never own their own home while the Government presides over the lowest house building since the 1920s.

Britain can do so much better than this.

In this election campaign Labour will show how we will make Britain better off by dealing with the cost-of-living crisis and building an economy that works for all hardworking people. So I am proud to publish Labour's Cost-of-Living Contract with the people of Britain.

Here are ten commitments that show what a One Nation Labour government would do to make a difference by making work pay, stopping rip-off prices, and giving all our young people a chance. And included too is action Labour candidates will take to make a difference in local councils and in Europe.

Elections are a moment when people have the chance to help to change their own community and our country. This contract sets out concrete steps for how we can make that change happen. At its core is a vision of a better Britain where everyone who works hard knows they can get ahead, where there are jobs and opportunities for our young people and where every hardworking family can be secure in a home of their own. Hardworking Britain better off, that's what we can achieve together.

Ed Miliband, Leader of the Labour Party



Labour's cost-of-living contract

with hardworking Britain

Labour will deal with the cost-of-living crisis. We will take immediate action to deal with the pressures facing families, and make the big long term changes we need so that hardworking people are better off.

We will:

- 1) Freeze gas and electricity bills until 2017 and reform the energy market
- 2) Get 200,000 homes built a year by 2020
- 3) Stop families that rent being ripped off and help them plan for the future with new long term predictable tenancies
- 4) Cut income tax for hardworking people through a lower 10p starting tax rate, and introduce a 50p top rate of tax as we pay off the deficit in a fair way
- 5) Ban exploitative zero-hour contracts
- 6) Make work pay by strengthening the Minimum Wage and providing tax breaks to firms that boost pay through the Living Wage
- 7) Back small businesses by cutting business rates and reforming the banks
- 8) Help working parents with 25 hours free childcare for three and four year-olds
- 9) Tackle the abuse of migrant labour to undercut wages by banning recruitment agencies that only hire foreign workers and pressing for stronger controls in Europe
- 10) Back the next generation with a job guarantee for the young unemployed and more apprenticeships

**This is our contract with you.
Vote Labour to make Britain better off.**

Ed Miliband

Freeze gas and electricity bills until 2017 and reform the energy market

Under the Tories things are getting harder, not easier

Since David Cameron entered Downing Street, energy bills have soared. We have a broken energy market which does not work in the interests of consumers. Spiralling bills are contributing to the cost-of-living crisis families face, but David Cameron has failed to take any action.



- Since 2010, families have seen their energy bills rise by more than £300, and businesses say energy is the second biggest cost they face.
- Soaring energy bills are one of the main reasons people are finding it harder and harder to make ends meet, but rather than standing up for hard working people, David Cameron and his Government have taken the side of the 'Big Six' energy companies.

Labour will deal with the cost-of-living crisis

A Labour government will legislate immediately to freeze your gas and electricity bills until 2017 and we will use that time to reform the broken energy market so that it works in the interests of hardworking families and businesses.



- Labour's energy freeze will save the typical household £120 and the typical small business user £5,000.
- We will increase competition and transparency in the market by breaking up the big energy companies, forcing them to be more open about how they sell their energy, and introducing a simple new tariff structure for bills.
- We will abolish Ofgem, the failed regulator which has done too little to stand up for consumers, and replace it with a tough new energy watchdog.
- In Europe, we will end energy market monopolies.
- Labour councils will promote collective purchasing so local people can come together to bring down their energy bills.

Get 200,000 homes built a year by 2020

Under the Tories things are getting harder, not easier

The country is suffering from the biggest housing crisis in a generation. David Cameron's failure to build the number of homes that people need is adding to the cost-of-living crisis and putting home ownership beyond the reach of many people.

- House building is at its lowest peacetime level since the 1920s.
- Affordable home starts are down by 33 per cent since 2010.
- David Cameron's policies risk putting home ownership even further out of reach for young families. Not getting the homes built we need risks pushing prices up well beyond what most young first-time buyers can afford.

Labour will deal with the cost-of-living crisis

Labour will get Britain building again, to help people get on the housing ladder and ensure homes are there for the next generation.

We will:

- Get 200,000 homes built a year by 2020, creating up to 230,000 construction jobs.
- Create the next generation of new towns and garden cities delivering much needed homes.
- Unblock the supply of new homes by giving local authorities "use it or lose it" powers over developers who refuse to build on land that has planning permission for year after year.
- Boosting the role of small house-builders with councils giving them greater access to land and a Help to Build guarantee scheme to increase their access to finance.



Stop families that rent being ripped off and help them plan for the future with new long term predictable tenancies

Under the Tories things are getting harder, not easier

Under the Tories ever more families are having to rely on renting a home in the private sector. But the cost of renting has gone up, renters are getting a bad deal and nothing is being done to provide the certainty families need to plan for their future.



- Since 2010 rents have increased more than twice as fast as wages.
- Renters are now paying on average £1,020 more a year than in 2010, and they have no certainty about what will happen to their rent from year to year.
- Renters are also facing upfront letting fees which can cost up to £500 before any deposit is paid or any keys are handed over.
- Families that rent year after year are stuck in a private rented sector that has not caught up with the fact that nearly a third of all private rented sector households (1.3 million) are families with children.
- It can take those living in the rented sector up to 30 years to save for a deposit due to increasing costs of living in the sector.

Labour will deal with the cost-of-living crisis

Labour will stand up for those living in the private rented sector and make sure they get a fair deal. We understand that increasingly those renting a home aren't just doing so as a temporary fix but families that want to put down roots and plan for the future. We will ensure the way the system works catches up with that reality.

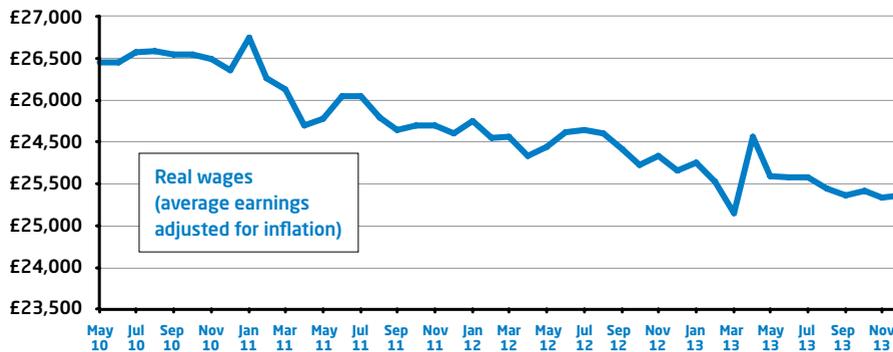
We will:

- Legislate to make longer term tenancies with predictable rents the norm.
- Regulate letting agents so that instead of a free-for-all consumers get a fair deal.
- Crack down on complicated letting agents' fees to ensure rip-offs do not happen
- Introduce a national register of landlords so councils can take action against the minority who exploit their tenants.

Cut income tax for hardworking people through a lower 10p starting tax rate, and introduce a 50p top rate of tax as we pay off the deficit in a fair way

Under the Tories things are getting harder, not easier

Hard-working people are worse off under the Tories and families with children have been hit hardest of all by David Cameron's unfair choices. Yet while millions have seen their taxes go up, millionaires have been given a huge tax break by this out-of-touch Government.



- Working people have seen their wages fall by £1,600 since 2010.
- Households will be £974 a year worse off by the time of the next General Election because of tax and benefit changes since 2010.
- The top one per cent of earners have been given a £3 billion tax break - worth an average of £100,000 for those earning over £1 million.

Labour will deal with the cost-of-living crisis

One Nation Labour will make fairer choices on taxes as a central part of our plan to deal with the cost-of-living crisis and eliminate the deficit in a fair way.



We will:

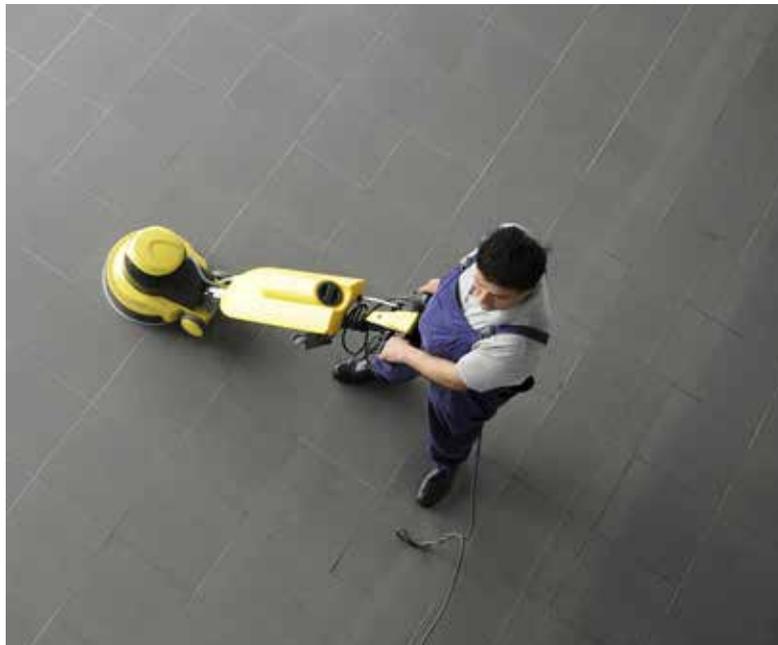
- Introduce a new 10p starting rate of tax to help 24 million people on low and middle incomes.
- Reverse David Cameron's £3 billion tax break for the top one per cent of earners and tax houses worth over £2 million.
- In Europe, tackle tax avoidance with greater transparency so we can see who has paid what tax.

Ban exploitative zero-hour contracts

Under the Tories things are getting harder, not easier

For the Tories, greater insecurity in the workplace is not a side-effect of their economic strategy, it is their entire economic strategy. They think Britain should compete on low wage, low skill jobs. As a result, under David Cameron too many people are unable to get the hours they want or are employed on insecure zero-hours contracts, not knowing how many hours they're going to do from one week to the next.

- The number of people on zero-hours contracts has more than trebled since 2010.
- The Tory-led Government has refused to take action to stop people being stuck on zero-hours contracts even if they are in practice working regular hours.
- The number of people working part-time because they can't get a full time job has soared under David Cameron.



Labour will deal with the cost-of-living crisis

One Nation Labour will build an economy that works for working people by taking action to tackle the insecurity in the workplace that is fuelling the cost-of-living crisis. Flexibility has benefits, but exploitation needs to be stopped. So we will stamp out the unfair practices and abuses associated with zero-hours contracts.

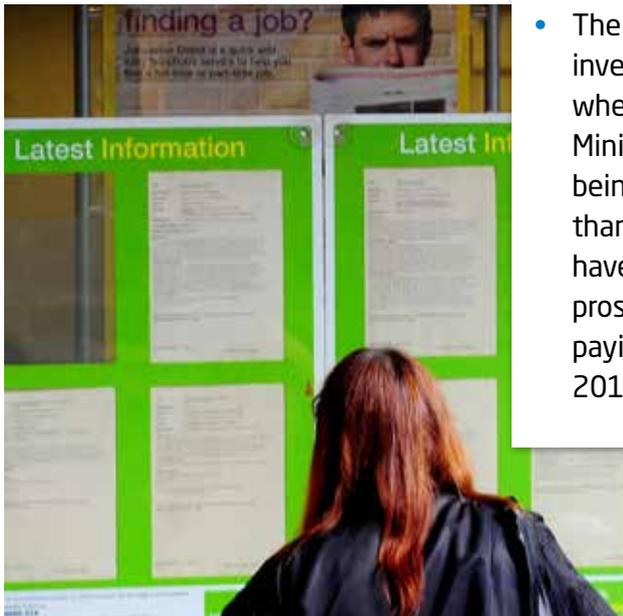
We will:

- Ban employers from being able to require zero-hours workers to be available on the off-chance that they will be needed.
- Stop employers from being able to require zero-hours workers to work exclusively for them.
- Ban the use of zero-hours contracts where employees are in practice working regular hours, unless workers specifically request it.
- Introduce a new Code of Practice for workers and employers.

Make work pay by strengthening the Minimum Wage and providing tax breaks to firms that boost pay through the Living Wage

Under the Tories things are getting harder, not easier

Low pay is a massive problem in our economy which David Cameron's Government is refusing to tackle. As a result even when people get into work too often they are left struggling to make ends meet. Even the legal protection of the National Minimum Wage is too often not enforced.



- The National Minimum Wage has fallen in real terms under the Tories
- There are now over five million people, one in five workers, paid less than the Living Wage - a rise of around 400,000 in the last year alone.
- The number of investigations into whether the National Minimum Wage was being paid has more than halved and here have been just two prosecutions for not paying the NMW since 2010.

Labour will deal with the cost-of-living crisis

One Nation Labour will take action to ensure work pays and people are paid a decent wage. We will support firms to pay a Living Wage.

We will:

- Strengthen the National Minimum Wage by ensuring it catches up the ground it has lost to rising prices in recent years.
- Increase maximum fines for those who deliberately pay below the minimum wage and give local authorities as well as HM Revenue and Customs a role in enforcement
- Establish 'Make Work Pay' contracts, giving a tax rebate to those companies that sign up to become Living Wage employers in the first year of the next Labour Government, paid for from the savings from higher tax receipts and lower social security payments.
- Require listed companies to report on whether or not they pay the Living Wage and learn from the example of Labour in local government and use government buying power to promote it.
- In Europe, close loopholes in rules for agency workers ending the unfair undercutting of wages.

Back small businesses by cutting business rates and reforming the banks



Under the Tories things are getting harder, not easier

Small businesses in the UK are facing a double squeeze, with the cost of doing business going up while they are still unable to get the support they need from the banks.

- Business rates have gone up by over £1,700 on average.
- The Tories have prioritised cutting taxes for big business. Meanwhile Business Rates that small businesses have to pay, whether or not they are making a profit, have risen by more than 10 per cent already under David Cameron.
- Many firms are paying more in business rates than they are in rent.

Labour will deal with the cost-of-living crisis

One Nation Labour will support the UK's small businesses by prioritising them for tax cuts and help them get the finance they need.

We will:

- Prioritise cutting business rates in 2015 and freezing them in 2016, rather than going ahead with the Tories' corporation tax break for the largest firms
- Help 1.5 million small business properties with this rate cut, compared to just 80,000 businesses that would benefit from a cut in corporation tax.
- Inject more competition onto the high street so banks have to compete for small business customers and establish a British Investment Bank to support lending to small businesses.
- In Europe, clamp down on late payments by public and private organisations.

Help working parents with 25 hours free childcare for three and four year-olds

Under the Tories things are getting harder, not easier

Hardworking families are finding that childcare is a big part of David Cameron's cost-of-living crisis as they struggle to afford to work and pay for care. Costs are rising, there are fewer places available and at the same time wages are down £1,600 a year, yet the Tories have offered parents no help in this Parliament.

- Childcare costs have risen by 30 per cent since 2010 - five times faster than wages.
- There are 578 fewer Sure Start children's centres than when David Cameron became Prime Minister, and 35,000 fewer childcare places.
- While millionaires have been given a tax break by the Tories the childcare support available for families has been reduced - by 2015 the Government will have taken away up to £15 billion in support for children and families.

Labour will deal with the cost-of-living crisis

Hardworking families will be better off with Labour. Action to deal with the rising costs of childcare is about making work pay and ensuring families get the support they need to balance work and family life.



We will:

- Expand free childcare from 15 to 25 hours per week for working parents of three and four year-olds to make work pay.
- The bank levy rate will be increased to meet the cost of this extra childcare support, saving parents over £1,500 per child per year.
- Introduce a legal guarantee of before- and after-school childcare for parents of primary school children. This will guarantee access to childcare from 8am to 6pm, through schools, giving parents the peace of mind that comes from knowing they can access childcare when they need it.

Tackle the abuse of migrant labour to undercut wages by banning recruitment agencies that only hire foreign workers and pressing for stronger controls in Europe

Under the Tories things are getting harder, not easier

Britain has succeeded through the centuries as an economy that reaches outwards to the world. But in the midst of a cost-of-living crisis people are understandably concerned about immigration. The undercutting of local workers' conditions and wages is one of the things that worries people most but the Tories are doing nothing to tackle it.

- Serious exploitation in the labour market has gone unchecked. The number of businesses fined for employing illegal workers has halved.
- David Cameron promised to get net migration down to the tens of thousands. But it's rising, not falling - it's now at 212,000 and the Tories' target is in tatters.
- Around 300,000 workers in Britain, often from overseas, are paid below the National Minimum Wage.

Labour will deal with the cost-of-living crisis

Labour will build an economy that works for working people. That means reducing our country's dependency on low-skill, low-wage migrant labour so we can protect the living standards of Britain's families. It means taking measures to stop unscrupulous employers using workers from abroad to undercut wages and worsen conditions.

We will:

- Ban recruitment agencies from hiring exclusively from abroad and excluding local workers from their books. And we will ban segregated shifts.
- Strengthen the laws around exploitation and undercutting of wages and jobs, including proper enforcement of the National Minimum Wage
- Require all large employers hiring skilled workers from outside the EU also to take on an apprentice so that both businesses and young people will be equipped with the skills they need to succeed.
- Make the case for fair rules on EU immigration, including on child benefits not being paid for children not based in the UK.
- Take action in Europe to lengthen the period restricting the arrival of workers from new member states.

Back the next generation with a job guarantee for the young unemployed and more apprenticeships

Under the Tories things are getting harder, not easier

Families suffering from the cost-of-living crisis are not just worried about the here and now. They see worsening living standards and declining opportunities for their kids. At the same time many employers are struggling to find the skills they need to grow, and young people are finding their options limited and their talent going to waste. This is because Britain too often is not set up to work for the forgotten 50% who do not choose university.

- Under David Cameron, hundreds of thousands of young people are unemployed.
- The Government has downgraded vocational education and made no attempt to provide a rigorous vocational route from school into high quality jobs and careers.
- The number of people starting an apprenticeship is falling for the first time in seven years.
- The number of 16-18 year olds in education and training fell by 19,200 between 2011 and 2012.

Labour will deal with the cost-of-living crisis

Labour will make the big long term changes our economy needs so that hardworking people are better off and our young people have the opportunity to get on. We will transform vocational education for the 50 per cent who do not go to university, boost apprenticeships and deliver the skilled workforce our economy needs.

We will:

- Guarantee every young person out of work for more than 12 months a paid starter job, which they will have to take up or lose benefits. This will be paid for by a tax on bankers' bonuses.
- Introduce a new gold standard Technical Baccalaureate for young people at 18 that will act as a stepping stone into an apprenticeship, further study or skilled work.
- Require all firms that get major government contracts to take on new apprentices.
- Ensure apprenticeships are high quality, lasting for a minimum of two to three years, and are focused on young people entering the jobs market.

Labour | Hardworking Britain Better Off

