Usdaw
Union of Shop, Distributive and Allied Workers

188 Wilmslow Road
Manchester
M14 6LJ
Tel: 0161 224 2804/249 2400
email: enquiries@usdaw.org.uk
website: www.usdaw.org.uk
Follow us @UsdawUnion

Paddy Lillis
General Secretary

2659/PL/MJ

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Rishi Sunak
Chancellor of the Exchequer

Dear Rishi

The Budget

I am writing to you on behalf of Usdaw, the Union of Shop, Distributive and Allied Workers, to highlight a number of key issues that we believe need to be addressed in the Budget:

Retail Recovery Plan

The Government has implemented a number of measures in relation to the retail sector during the crisis, including small business grants, business rates relief, VAT deferral and a moratorium to prevent evictions due to business rent arrears. These are to be welcomed; however, the decisions have often been last minute and the absence of a commitment to provide ongoing support continues to cause problems for employers and employees.

Retail needs measures to deal with the immediate crisis facing retail and we need a longer term strategy to deal with some of the more fundamental structural issues. Usdaw is calling for the Government to adopt an urgent recovery plan for the retail sector, which should include the following:

- The current business rates holiday for retail, hospitality and leisure sectors, which is due to end on 31 March 2021, needs to be extended. Scotland has already announced the decision to extend their business rates holiday for another 12 months until the end of March 2022. Retail throughout the rest of the UK needs a similar extension.

- Alongside extending the business rates holiday, there is an urgent need for a fundamental reform of business rates. Retailers need clear and decisive action from the Government to reform/reduce this outdated and imbalanced commercial property tax. The call for some form of Online Sales Tax is getting stronger. An Online Sales Levy set at 1% of online sales would raise around £1.5bn. This could fund a cut in business rates of around 20%.

- The moratorium on shop evictions for rent arrears is due to finish at the end of March. On this date any unpaid rent over the last 11 months will become liable. It is clear that by the end of March the non-essential retail sector will be far from recovery, and yet we could see repossessions and evictions for up to a year's worth of unpaid shop rents. The moratorium needs to be extended. There also needs to be a wider solution around the unpaid rent arrears involving the retailers, the commercial landlords and Government all making a contribution.

Increasing Statutory Sick Pay

The Coronavirus crisis has highlighted the fact that Statutory Sick Pay provisions are inadequate, meaning many workers face financial hardship if they need to self-isolate. Statutory Sick Pay currently stands at £95.85 a week (£96.35 from April 2021). Nearly two million workers do not earn enough to qualify for it – most of them are women. The Government introduced a £500 Test and Trace Support Payment, but not enough people qualify for this payment. We need everyone with the illness, symptoms or who has had contact with someone with Covid to self-isolate, and this will only be effective if workers are fully supported financially. The Chancellor should immediately increase Statutory Sick Pay to an individual's normal rate of pay and extend eligibility to the Test and Trace Support Payment.

Universal Credit

The £20 weekly uplift in Universal Credit has had an important impact on the incomes of the low paid workers. Usdaw has recently carried out a survey of over 7,500 workers and nearly 10% of those surveyed are in receipt of Universal Credit. The survey identified that over 80% of those in receipt of Universal Credit are either worried or very worried about the possibility of the £20 uplift being removed from April 2021. Removing the £20 uplift will cause significant financial hardship for those who can least afford it. Universal Credit needs to be fully reviewed and replaced with a social security system that supports workers. There are many aspects of Universal Credit that needs to be changed, from the five-week wait for benefits and the high taper rate which leaves in-work claimants barely benefitting from pay rises, through to the two-child limit when calculating benefit entitlement. However, the immediate priority must be to maintain the £20 uplift and it should be extended to those on legacy benefits.

Funding to extend the Job Retention Scheme

The Coronavirus Job Retention Scheme is due to end on 30 April 2021. The Scheme needs to be extended until the end of 2021 to give business and employees guarantees and support until the economy is able to get to the stage when it is functioning normally. The latest figures show that there were 689,500 staff in the wholesale and retail sector on furlough at the end of December. This provisional figure is likely to increase as additional claims for the period are received. The plans to wind down the furlough scheme in the latter half of 2020 resulted in significant redundancies across the economy, many in the retail sector. At the beginning of June, UK firms slashed more than 12,000 jobs in just two days. A week later, two of the UK's biggest high street retailers, John Lewis and Boots, announced a staggering 5,300 job cuts between them. The decisions at that time to extend the Job Retention Scheme were welcome, but they were often last minute and came too late to save many jobs from redundancy announcements. Usdaw is clear that any reduction in, or removal of, the support available through the Job Retention Scheme will have a devastating impact on employment. Usdaw is calling on the Government to extend the Job Retention Scheme for the rest of 2021.

Furthermore, in the second and subsequent lockdowns more employers have paid just 80% of wages to furloughed workers. More than half of employees earning less than £9 per hour who have been furloughed received reduced pay of 80%. Individuals on higher pay rates are more likely to receive 100% of their normal wages while on furlough. Usdaw believes that no worker should be receiving a reduction in wages to below the National Minimum Wage rate of £8.72 (£8.91 from 1 April) for the hours that they would usually work.

Funding for the Union Learning Fund

The Government has announced a Lifetime Skills Guarantee. Substantial investment is being promised through the National Skills Fund. Only recently a Skills for Jobs White Paper was published. Improving the UK workforce's skills and basic qualifications is going to be centrally important to the future of the economy. Despite these promises, the Government has announced that it will be withdrawing funding for the Union Learning Fund (ULF) from March 2021. The Union Learning Fund is used solely to promote lifelong learning, and persuade and support workers back into learning, especially in core subjects such as Maths, English and IT. Each year around 200,000 workers are supported into learning or training with support through the ULF. If the Government's promises on skills and training are going to be turned into the reality of a more skilled UK workforce, we need to have the right people in the right place to encourage the workforce to take up the offer of training. Union Learning is in the right place and has the right people to deliver on lifelong learning in the workforce. The Government state they are going to have a National Skills Fund of £2.5 billion, and yet they cannot find £12 million for the Union Learning Fund. This seems to be a case of the Government turning its back on successful lifelong learning projects, simply because of the connections to the trade union movement. We are seeking £12 million to be identified in the Budget to maintain funding for the Union Learn Fund.

In conclusion, the above are five key areas that Usdaw believes need to be addressed in the budget. Usdaw would be happy to provide further information on any of the above points. We look forward to your response.

Yours sincerely

PADDY LILLIS
General Secretary