



BUDGET REPRESENTATIONS

SPRING 2024

USDAW SUBMISSION

Introduction

Usdaw is the UK's fifth largest trade Union, with around 360,000 members. The majority of our members are employed in the Retail Sector, but we also have significant membership in road transport, warehousing, food manufacturing, pharmaceuticals, call centres and home shopping.

Usdaw holds national agreements with four of the UK's biggest food retailers – the Co-op, Morrisons, Tesco and Sainsbury's, and we are also the recognised trade union for Asda stores in Northern Ireland and in some petrol stations across Britain. In the non-food sector we negotiate pay with Argos, Next Distribution and Poundland nationally, as well as Primark in Northern Ireland. We also hold a range of agreements covering food manufacturing and distribution sites at national and local level.

Usdaw welcomes the opportunity to submit budget representations for the March 2024 Budget. Our members are facing significant financial pressures as a result of the cost of living crisis. Following consultation with our members, both directly and through their representatives in the Union, we have developed a number of policy suggestions to improve the lives of working people across the industries in which we represent members. These policies cover the following key areas:

- **A Plan for the Future of Retail**
- **The Cost of Living Crisis**
- **A New Deal for Workers**
- **Childcare**
- **Universal Credit and Social Security**

1. A PLAN FOR THE FUTURE OF RETAIL

The retail sector continues to face a number of significant challenges. The impact of the pandemic, developments in technology and automation, the transition to net zero, and the cost of living crisis have all taken their toll on the sector and its workers. The cost of living crisis in particular has created an exceptionally difficult trading climate with a combination of reduced consumer spending, labour shortages, supply chain issues and rising energy prices all impacting retailers.

These challenges have served to intensify a number of structural problems impacting the sector over a number of years. However, there is little doubt that the core of the issues relate to the uneven playing field between online and physical retail, specifically the cumulative burden of business rates which has hindered the sector's ability to invest, innovate and grow.

In recent years the Government has acknowledged the impact of business rates on the retail sector, with a series of measures of support, specifically freezing the business rates multiplier. While this was in response to the economic damage caused by the energy crisis and inflationary pressures, the Government have long been aware of the cumulative burden of rates on the sector and have failed to address this issue in the long term. The Chancellor's decision in the Autumn Statement to increase the business rates standard multiplier from April 2024, will serve as another blow to the sector at a time when it is already facing significant pressures due to the cost of living crisis. Real estate intelligence firm Altus Group estimate

that the increase in the multiplier will cost retailers an estimated £309m in their collective annual business rates bill.

The increase will have a significant impact on a small number of major retailers, with commercial property consultancy Colliers estimating that the change is expected to add £136m to the bill of the traditional big four supermarkets and £159m to the 'big six', including Aldi and Lidl. Usdaw recognises the needs for businesses to pay their fair share of taxation, however the disproportionate level of taxation paid by a number of retailers is both unfair and unsustainable.

Udaw is deeply concerned that this tax is spiralling out of control, driving up cost pressures on retailers just as efforts to curb inflation start to take effect. New end of year figures from the Centre for Retail Research (CRR) estimate 119,405 jobs lost, and 10,494 shops closed for good in 2023 as retailers struggled with high inflation and a property tax that is no longer fit for purpose. The collapse of Wilko alone led to the closure of around 400 stores and the loss of about 12,000 jobs.

Despite mass job losses and store closures, the Government continues to treat retail jobs as an afterthought. This needs to change; we cannot continue with a situation whereby retail jobs are synonymous with low pay, insecure hours, and abuse at work. There are several issues affecting the retail sector which Usdaw believes requires urgent attention in this budget. As such, we are calling for the following measures:

- Fundamental reform of business taxation affecting the retail sector, including the introduction of an Online Sales Tax. The freezing of the Small Business Multiplier and the extension to the Retail, Hospitality and Leisure relief will offer some help to smaller businesses but for the majority of retailers who provide the majority of jobs within the sector, it is of little help. The overall business rates system is broken and needs fundamental reform to level the playing field between online and bricks and mortar retailers.
- A comprehensive review of rents and leases to ensure the right measures are in place (including through legislation) to support a collaborative relationship between landlords and retailers in the interests of the sector and wider economy. Since the pandemic, retailers and landlords have adopted a more collaborative approach and the commercial property market has been more receptive to flexibility in rental terms. However, it remains to be seen how many retailers will struggle to pay their rent, particularly in the context of rising costs and what this will mean in terms of vacant retail spaces.
- Reform of UK tax law to ensure that companies pay their fair share of tax through tackling tax avoidance and the use of offshore havens, with the aim of creating a level playing field between online and high street retailers. Research shows that ecommerce companies are likely to pay three times less corporate income tax than large brick and mortar retail chains. On the issue of tax evasion and the hidden economy, HMRC estimated that the Government loses £8 billion a year. The issue has been particularly problematic when it comes to big global companies like Amazon, who are able to shift their profits to low tax countries.
- Funding for local authorities so they can invest in their local economy, transport networks and high streets. We cannot revive our high streets if core services continue to be undermined. Sustained cuts to local Government funding for more than a decade have severely impacted Councils' ability to invest and innovate within their local communities. Analysis from the Local Government Authority (LGA) suggests Councils

in England face a funding gap of £4 billion over the next two years. This is a £1 billion increase since the LGA's initial analysis in July 2023 as cost and demand pressures continue to rise. Figures also show that by 2024/25 cost and demand pressures will have added £15 billion (almost 29%) to the cost of delivering council services since 2021/22.

- Investment in skills for retail workers, including through union learning and high quality apprenticeships. This should include an in depth assessment of emerging trends and potential skills shortages/gaps within the sector. The Apprenticeship Levy lacks flexibility and fails to support essential courses of key importance to retail workers. Usdaw supports fundamental reform of the apprenticeship levy alongside the inclusion of more high quality short courses, with a focus on upskilling new and existing staff and the option to fund important costs outside of training (such as non-statutory training to enable people and workers to access apprenticeship courses). The Government must give serious consideration to the reintroduction of the Union Learning Fund (ULF), which played a pivotal role in improving the skills and qualifications of workers in the sector.
- A new deal for retail, distribution and home delivery workers, based around a real living wage and guaranteed hours. Retail work has become synonymous with low pay and insecure hours – this is unsustainable and will not attract or retain talent in the long run. If we want the sector to prosper, we need to make sure retail jobs are better jobs. This is not just about basic pay but improvements to Statutory Sick Pay (SSP) and Respect for Shopworkers through 'Protection of Workers' legislation.
- Stronger corporate governance rules, to curb asset stripping and ensure that business failure cannot be rewarded with excessive bonuses and pay-outs.
- Promoting a greater worker voice for retail workers and stronger rights to be informed and consulted. Usdaw believes that only a trade union will give workers an effective voice. Rather than cracking down on the right to strike, the Government should seek to promote constructive industrial relations in which trade unions play a full part. This could be achieved by reforming the threshold for statutory recognition.
- A review of the law on redundancy, to remove the loophole, which allows large chains to avoid collective consultation over small sites. This would ensure some protections for workers in smaller establishments (less than 20 employees) who are particularly vulnerable in the current climate.

The above list entails several key subjects that we believe should be up for discussion, as part of any measures to support the retail sector. Usdaw believes that the Budget provides a perfect opportunity for the Government to announce a programme of work, which will deliver on the above and create a strong level of support for retailers and retail workers. Usdaw's detailed Plan for the Future of Retail Work is available [here](#).

2. THE COST OF LIVING CRISIS

Working people continue to suffer as a result of the cost of living. Our latest cost of living survey of thousands of our members, in May 2023, showed that:

- More than 3 in 4 are unable to afford to take time off work when ill.
- 82% feel financially worse off than last year.
- Nearly a third struggle to pay gas and electricity bills every month
- Seven in ten are relying on borrowing to pay everyday bills.

- 15% have had to use a foodbank.
- 20% miss meals every month in order to pay bills.
- 69% reported that financial worries are impacting their mental health.

The results and some of the comments from our members were deeply worrying. In the Budget, we need an increase in targeted support for low-income households and we need a new deal for workers, to provide working people with the financial security and certainty that they need and deserve.

“All three of us have health disabilities. My parents need to subsidise us to keep heating the house and maintain the car. Without the car I couldn’t get to work. We can no longer afford to do anything, even on birthdays. We don’t feel we’re ‘living’ a life. Each day is a struggle.”
Retail Worker, South England

“I feel so guilty letting my child down when they see their friends having holidays, nice clothes or living in nice houses. We never have anyone round due to living in such poor accommodation.”
Retail Worker, Central England

“The shame I felt bringing home a leaflet about food banks was unreal. A parent shouldn’t have to struggle to clothe their child.”
Retail Worker, Scotland

“I have even taken to cutting my own hair and wearing clothes with holes in.”
Retail Worker, Central England

“My kids now ask ‘can I have this, if you can afford it?’ I can’t hide money issues from them like I used to. My parents have to help me clothe and feed them. As a single parent I’m being financially crucified by the cost of everything.”
Warehouse Worker, North East England

“The sheer weight of financial worry from the winter with affording heating for my infant son has made me ill, led to a relationship breakdown, and near-homelessness.”
Retail Worker, Scotland

“My 17-year-old has a Saturday job. I had to ask him if he wouldn’t mind paying his own train ticket to school.”
Retail Worker, Northern Ireland

“I can’t take any more away from my kids. They already suffer and I feel like I’m failing them as I can’t provide properly. It’s not just food and bills – it’s clothing too.”
Retail Worker, Northern Ireland

“We have stopped trying for a baby as we can’t afford it.”
Retail Worker, North West

The full results are available [here](#).

3. A NEW DEAL FOR WORKERS

At its heart, the cost of living crisis gripping the country is a crisis of low pay and poor terms and conditions. This is a result of our weak employments framework, that leaves workers particularly susceptible to short-term economic downturns and headwinds, and inherent one-sided flexibility in the workplace, which always benefits employers and never employees. In light of this, we need a new deal for workers that gives people the protections they need. A new deal for workers will also help businesses recruit and retain staff and at the same time ensure staff are appropriately rewarded for the important work they do.

The Budget should announce a new deal for workers, to include:

- **A Real Living Wage for all Workers:** All workers deserve a genuine real living wage. A higher minimum wage will also flow through into other elements of the reward package, including pensions.
- **Minimum Contract of 16 Hours per Week for Everyone who wants it:** Many workers are on short-hours contracts that do not ensure enough hours to get by. This leaves them unable to earn a decent living.
- **A 'Normal Hours' Contract:** One-sided flexibility must end. Too many workers are having to rely on non-contractual non-guaranteed additional hours to make ends meet. Workers' contracts should reflect the hours that they normally work, providing guarantees that hours will not be drastically cut from one week to the next.
- **A Ban on Zero-Hours Contracts:** Despite their hugely damaging effect on workers' mental health, the use of zero-hours contracts has reached a record high. These exploitative contracts should be banned.
- **Improved Sick Pay:** Statutory Sick Pay is not enough to live on, meaning many workers cannot afford to miss work when ill. Forcing ill workers into work is dangerous and benefits no-one. All workers should be eligible for sick pay from day one, at their normal pay rate.
- **Protection at Work:** It is a disgrace that whilst delivering vital services to the public, workers live in fear of threats, abuse and violence. The Government must enact legislation to protect public-facing workers, making it a specific offence to assault them. We also need to see police forces and local authorities act to protect retail workers.
- **A Proper Social Security System:** With unemployment rising, we need a proper social security system that provides us all with a real safety net, not the unfit for purpose Universal Credit system. Universal Credit needs to be fundamentally overhauled, with the disastrous five-week wait abolished.

It is time for the Government, employers and the public to recognise that retail workers have been undervalued for too long. They deserve a new deal. The provisions that Usdaw are calling for will lead to a substantial improvement in life experience for millions of workers across the economy and will help tackle the growing scandal of in-work poverty that blights our country.

4. CHILDCARE

The cost of living crisis has been particularly difficult for families with children, as they have been less able to cushion the impact of the rise in prices, squeeze on wages and cuts to social security benefits. We know that Usdaw members have long struggled to negotiate hours of work that fit around childcare and rather than getting easier over time, the cost of living crisis means that the challenges members face finding available and affordable childcare are as acute today as they ever were. Moreover, there is now an even greater demand from retail employers for flexibility from their staff, as they revise and re-organise working hours in response to post-pandemic changes in consumer spending and the shift to online sales, difficult economic conditions and record numbers of store closures.

The expensive and rising cost of childcare in the UK means that formal childcare is now beyond the reach of many low-paid workers. The government's plans to extend the free childcare for 2-year-olds from April 2024, whilst a welcome improvement, still falls far short of making the system workable for low paid workers. The Women's Budget Group suggested an additional investment of £1.8bn is required to plug the funding shortfall for existing funded entitlements. It also estimated that an additional £5.2bn would be needed for the new proposed expansion to younger years. Thousands of nursery providers are running at a loss or closing because of financial pressures. Leading to further difficulties for families trying to

access provision, including long commutes to settings outside of their local area, and long waiting lists.

Unsurprisingly, many workers report relying heavily on informal care arrangements. Evidence from our surveys suggests that members are relying on relatives, older children and more particularly grandparents to step in to care for their children outside of school hours when they are at work. Half of all women members of Usdaw and over a quarter of men are regularly looking after grandchildren. Members who care for their grandchildren find it difficult to get their caring commitments taken seriously by employers. They have told us that managers and colleagues often overlook their caring role. All this contributes to many older workers choosing to leave the workforce.

“At the moment I rely on just my mum but as my mums health declines I am finding it very difficult to work and look after a child and getting holidays approved from work when I need them is near impossible as everyone tries to book the school holidays.”

Female, 30-39, England

“If I didn't have family who are able to look after my children I would not be able to work as I would not be able to afford childcare.”

Female, 30-39, England

Finding childcare that is available outside of a typical school day remains a significant challenge for parents. This is true of early morning and after school hours, bank holidays, weekends and school holidays. All too often discussions regarding childcare focus only on pre-school and nursery settings and fail to recognise the importance of breakfast clubs, after school clubs, and holiday schemes. Members who are parents of older children tell us that they face particular problems accessing services that offer childcare at the start and end of the school day. The Christmas and Easter holidays pose particular problems for Usdaw members as these are particularly busy periods in the retail sector and there are often restrictions on workers taking annual leave. Much of the holiday provision that does exist is prohibitively expensive.

“My daughter has only just become entitled to 30 hours funded childcare, and it has made a difference but needs to be more flexible. I cannot use this for wrap around care at the school for example.”

Female, 30-39, England

Single parents, disabled parents and parents of disabled children, parents of families with three or more children and parents living in relatively low income households are disproportionately affected by the absence of affordable childcare that fits in with their working patterns/hours. We remain particularly concerned about the lack of provision for parents with disabled children; significant numbers of our members are supporting children with additional needs and yet only one in five local authorities in England say they have enough childcare provision for such children.

Preliminary results from a survey of thousands of our members who are parents in January 2023 highlighted major issues with the current provision of childcare:

- 87% said that the cost of formal childcare was too high.
- Only 19% of parents responded to say that finding childcare that fitted around their hours of work was easy (15%) or very easy (4%).
- 70% of parents said it was a bit difficult (39%) or very difficult (31%) to find childcare that fitted around their work. 11% said it was impossible.

- 50% of parents had not heard of free childcare for 2 years olds (where eligible).
- Of the parents who were aware of the support available for 2, 3 and 4 year olds, just 55% had been able to access and use the support. 5% wanted to but were unable to secure hours in their local area.

“I need to work more hours but my employer will not contract me extra unless I agree to 50% of extra hours as flexible. Childminders want set contact hours.”

Female, 40+, England

- **Caps and maximum reimbursement**

Support for childcare for some of the poorest families in the country has failed to keep pace with inflation, because the maximum cap of childcare that can be claimed stayed at the same level for many years.

The Government should uprate the childcare cost caps annually to keep up with the increasing cost of childcare.

- **Understanding support and eligibility**

The wide range of childcare support schemes available makes it very difficult for parents to understand the best option for them.

Many of our members will be entitled to the free two-year-old offer, but several studies show that take up amongst low income families is particularly low in major metropolitan areas and that there is considerable confusion around free entitlements more broadly.

Furthermore many families do not claim Universal Credit even if they are eligible, as they are either unaware they are entitled to UC, not aware that claiming UC would entitle them to additional childcare support or put off by the burdensome process of claiming, DWP should develop childcare specialist Jobcentre Plus Work Coaches and a single portal for accessing childcare information.

- **Childcare industry**

The current system for receiving childcare reimbursements is failing those on UC and often leads to further debt and/or compromising circumstances. DWP should consult with providers on a way to split costs evenly, both during term time and out of term.

Furthermore, we support the introduction of breakfast clubs in every primary school in England, as a first step towards a modern childcare system that supports families from the end of parental leave through to the end of primary school.

5. UNIVERSAL CREDIT AND SOCIAL SECURITY

In addition to the many difficulties our members face with regards to accessing formal childcare, the Universal Credit system continues to fail to provide adequate support for working families in need

As highlighted by the Work and Pensions Committee, the UK has one of the most expensive childcare systems in the world and yet the maximum support available through Universal Credit has failed to keep pace with inflation, the 2023 increase didn't even compensate for the shortfall in the 2022 uprating, which was the biggest fall in the real value of the basic rate of

unemployment benefits in 50 years . In addition, the cap on total costs eligible for support has only increased by 10.1% in nearly two decades.

"I have to juggle finance every month being a single parent. It keeps me up worrying about what's going to happen next month. There's one month a year I have to pay full rent and council tax as no Universal Credit payment, that's completely wiped out my savings and I can't seem to save anything at the moment for next year's rent."

Retail Worker, aged 46, Greater London

There are a host of other issues with Universal Credit, which the Budget could seek to rectify. These include:

- **The 5 Week Wait**

The 5 week wait punishes claimants and advance loans in the current system just saddle those most in need with more debt. Social security should be paid from day one of a successful claim. In order to administer this, a system of non-repayable advance payments (rather than loans), would ensure individuals and families get the support they need, when they need it.

- **Monthly Payment**

Most people who work shifts are paid weekly. This means that the overwhelming majority of working people who also claim benefits are paid in this way (usually either weekly or four-weekly) – not monthly.

Universal Credit is calculated and paid monthly to all recipients. This causes havoc to those paid four-weekly (more-or-less all retail workers) because it means they have 13 pay periods every year, and therefore have one month in every year where they are paid twice during their 'calculation month'; this mean their universal credit payment for that month is either greatly reduced or, in some cases, nothing at all. This must be rectified as a matter of urgency.

- **The Two-Child Limit**

For those people who have more than two children and who currently find themselves needing to claim benefits, it is wholly unfair that their benefits payment will be limited to taking into account only two of the dependent children in their household. This puts larger families at higher risk of poverty and therefore increases the risk that parents with more than two children will want to go out and work when they should be self-isolating.

- **Changing the rules about in-work conditionality**

Usdaw is very concerned about the recent and proposed changes to in-work conditionality for some working people who claim Universal Credit.

Working parents: Under recent changes, the 'lead parents' of children aged between 3 and 12 years are now required to spend more time in work or applying for jobs in order to be eligible for Universal Credit payments.

Usdaw feels the new measures are punitive and unnecessary and are stripping much needed support away from parents who are already working as hard as they can to support their families at a time when many families are already at financial breaking point.

Compulsory in-work progression: The government's plans to extend 'compulsory in-work progression' for claimants of Universal Credit in low-paid roles is another measure that will pile unfair pressure on hard working people. The new rules would require claimants to increase their hours at work, or find a better paid job, or continue to attend frequent appointments with a jobs coach until they do so.

This fails to understand that there simply may not be any more hours available in the claimant's workplace, and puts the pressure on workers to attend meetings during hours when they could be available for work.

- **Payments**

More needs to be done to protect the victims of abuse, primarily women, by ensuring they have access to their own money and that their abuser does not have abusive control on household income.

In order to protect women and their children Usdaw believes that Universal Credit payments, or at least the child elements of Universal Credit, should be paid to the main carer by default.

- **The Taper Rate**

Udaw also supports further reducing the taper rate so that the social security will truly support those in work, rather than becoming a disincentive to work more hours.