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25 October 2021

Rt Hon Rishi Sunak
Chancellor of the Exchequer
House of Commons
LONDON
SW1A 0AA

Head Office
Voyager Building
2 Furness Quay
Salford Quays
Manchester
M50 3XZ

T 0161 224 2804/249 2400
E enquiries@usdaw.org.uk
www.usdaw.org.uk

Paddy Lillis
General Secretary

Dear Mr Sunak

The Voices of Retail/Key Workers – Protect Benefits Claimants

I am writing to you on behalf of Usdaw, the Union of Shop, Distributive and Allied Workers, ahead of Wednesday's budget.

Despite working hard to provide for their families, many low paid workers in Britain are struggling to make ends meet. The situation is being made significantly worse as a result of rising food and energy prices, the recent cut in the basic rate of Universal Credit and the forthcoming increase in National Insurance contributions.

Usdaw has recently surveyed over 2,500 low-paid workers to better understand how these factors are affecting their household finances. Of those Usdaw members in receipt of in-work benefits, over 80% said they were struggling to pay their gas and electricity bills. The following quotes were provided by recipients of in-work benefits.

"I struggle on my low income. I skip meals all the time to make sure there is money left for gas and electricity bills."

Supermarket worker

"I can just about pay these bills at the moment so if they rise any further then winter will be particularly cold this year. I am buying cheaper and eating less but surviving. I am financially on the edge as it is, so the reduction in Universal Credit was significant. I live to work and pay bills, there is no joy anymore."

Warehouse worker

Nearly half of respondents have had to make late payments to their rent, mortgage or council tax and shockingly, nearly 61% have had to miss meals in order to pay their bills.

"I struggle daily to the point where I miss meals to make sure my son has what he needs."

Supermarket worker

"I am disabled and work part time. Petrol is essential to get about as my mobility is bad. So food is going to come a poor second. I am 63 next month and should have retired by now – it's getting harder all the time to carry on but I have stuff to pay for, so I can't give up work yet."

Supermarket worker

Many of those responding to the survey have been classed as key workers throughout the pandemic, ensuring the country is able to get through the crisis. Despite their heroic efforts, nearly all workers in receipt of in-work benefits reported that financial worries are affecting their mental health (83.38%).

Usdaw believes that this week's budget provides a perfect opportunity to conduct a fundamental overhaul of the welfare system. This must include a significant funding increase as well as action to tackle the structural issues of Universal Credit.

The experience of low-paid workers shows that Universal Credit is simply failing to live up to the promise of '*making work pay*'. The work allowance is too low, and the taper rate excessively punitive. As a result, low-paid workers routinely report that they are actively disincentivised from working additional hours or seeking promotion.

"Something has to be done. I'm meant to be earning £10 pound per hour but UC takes 63p out of every pound; why go to work?"

Supermarket worker

"I sometimes feel like I would be better off financially if I didn't have a job. This shouldn't be the case."

Supermarket worker

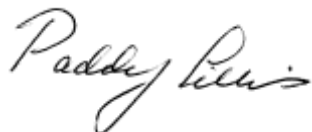
"I worry about the cost of everything. Universal credit forces me into a situation where I cannot earn more money as whatever attempts I make to provide for my child and myself are penalised by universal credit. I feel like I am in a hole that I cannot get out of. I am struggling with debt and have no idea how to start to deal with this."

Supermarket worker

As we emerge from the pandemic, and continue to deal with issues around labour shortages, it is clear that the Government needs to do everything possible to raise living standards of low-paid workers and support people to take on additional work. As such, we are calling for the Government to significantly reduce the taper rate.

It is also of vital importance that the basic rate of in-work benefits are increased to a rate that supports working families to live free from the stress and mental ill health caused by poverty. And that will once again bring dignity to the lives of key workers in this country.

Yours sincerely



PADDY LILLIS
General Secretary