



USDAW

**BUDGET REPRESENTATIONS
SPRING 2023**

USDAW SUBMISSION

Usdaw is the UK's fifth largest Union, with around 350,000 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. 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 Spring 2023 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 RETAIL RECOVERY PLAN**
- **THE COST OF LIVING CRISIS**
- **A NEW DEAL FOR WORKERS**
- **CHILDCARE**
- **UNIVERSAL CREDIT AND SOCIAL SECURITY**

1. A RETAIL RECOVERY PLAN

For many years the retail sector as a whole, in particular the High Street, has been experiencing significant and fundamental challenges, caused by a range of structural issues. Covid and the cost-of-living crisis have both intensified these systemic problems.

Usdaw firmly believes that the core of these issues relates to the uneven playing field between online and bricks-and-mortar retail, particularly regarding business rates. Even with the recent removal of the downwards phasing of transitional relief and the freezing of the multiplier, the business rates system is fundamentally broken leaving many retailers overpaying, damaging investment, and exacerbating regional inequalities.

The retail industry is a key part of the UK labour market employing around 3 million people while consisting of 5% of the economy (GVA)¹. Retail work provides real jobs for hard working individuals and frequently is one of the few sectors that can offer flexible opportunities for workers to balance other commitments such as being a parent or carer. Unfortunately, there is all too often a perception that retail work is not real employment or that retail jobs are not crucial to the UK labour market. This approach has led to a sustained lack of focus on the retail industry which provides the largest level of private sector employment in the UK.

¹ <https://brc.org.uk/media/601330/a-vision-for-the-uk-retail-industry.pdf>

The cost-of-living crisis has created an exceptionally difficult trading climate from which some retailers will struggle to recover. A combination of reduced consumer spending, labour shortages, supply chain issues and rising energy prices have all taken their toll on the sector. The Centre for Retail Research (CRR) have pointed to a sharp rise in the number of shops closing in 2022. The CRR have said that more than 17,000 sites shut up shop - the highest number for five years with total closures nearly 50% higher than in 2021.

There are several issues affecting the Retail High Street which Usdaw believes requires urgent attention in the 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 announcement from the Government to scrap downwards phasing of transitional relief and freezing the multiplier will help to some extent, but the overall business rates system is broken and needs fundamental reform to level the playing field between online and bricks and mortar retailers.
- An immediate and comprehensive review of rental values and lease arrangements. 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 this will work in the long term and how many rental disputes will be referred to the government's arbitration process. The Government needs to ensure the right measures are in place (including legislation where needed) to ensure retailers and landlords can work together in the interests of the sector and wider economy.
- 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. HMRC estimated that the government loses £8bn a year from tax evasion and the hidden economy. 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 will face a £3.4 billion funding gap in 2023-24 rising to £4.5 billion in 2024-25.
- 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, as was the case with BHS.
- Promoting 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.

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 November 2022, showed that:

- More than 3 in 4 are unable to afford to take time off work when ill.
- 83% feel financially worse off than last year.
- Almost 2 in 3 have struggled to pay gas and electricity bills in the last year.
- 15% have had to use a foodbank.
- 18% miss meals every month in order to pay bills.
- Nearly 3 in 4 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.

The Government must also look to urgently fix issues with pre-payment meters for energy. Citizens Advice UK have estimated that 3.2 million people across Britain ran out of credit on their prepayment meter last year, the equivalent of one every 10 seconds, and have called for a ban on energy companies forcing customers onto prepayment meters because they are struggling to pay bills. We support this call. It is unacceptable that suppliers can switch customers onto pre-payment meters remotely without their permission using their smart meters, or even without their knowledge. We continue to hear stories of disabled people or those who require energy to refrigerate their medication being left without power for days after such a switch. It is time for an end to such deeply unfair practices.

"We worry about being made homeless as we are unlikely to be able to afford our mortgage when the fixed rate ends."

Funeral Industry Worker, 38, South West

"The drastic increase in food shopping, gas and electricity prices and even council tax are not covered by my income. I have to use a credit card each month to pay for everything."

Retail Worker, 26, South

"My dinner today is two slices of toast so the kids can eat."

Retail Worker, 42, Wales

"I can't afford food or clothes for my daughter. We sit with blankets around us in the house or just go to bed early. In fact she has started to sleep in my bed for the heat of both of us."

Retail Worker, 54, Northern Ireland

"I wake up every night worrying if I have enough to cover the bills or food shop."

Retail Worker, 31, South East England

"I can't see any way life is going to improve. I work and can't afford to make ends meet, Christmas is around the corner and I can't see any way I'm going to make it a good one for my daughter. The thought of her being upset is crushing me and I'm beginning to feel that there is no way out of this. I've not had a holiday in years and have nothing left to cut that isn't a necessity how is this living, it's barely existing!"

Retail Worker, 42, South West England

"Honestly, I have a life insurance policy and wonder if my kids would be better off without me."

Retail Worker, 38, Northern Ireland

"Use a food bank as now can't afford one meal a day for my children and me with everything else."

Retail Worker, aged 52, Greater London

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. Usdaw is campaigning for the National Minimum Wage to be immediately increased to £12 per hour as a step towards £15. 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. 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

“I use grandparents as we can't afford nursery costs. These fit in with grandparents working hours. If childcare was more affordable I would be able to work more hours.”

Female, 23-29, 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 Tesco will not contract me extra unless I agree to 50% of extra hours as flexible. Childminders want set contact hours.”

Female, 40+, England

“The cost of nursery is beyond prohibitive. My wife and I would love to be able to take on extra hours, but when nursery is £250/month for ONE day per week, the thought of increases is financially crippling.”

Male, 30-39, Scotland

“My partner cannot work as if she did the cost of child care would be most of the money she earned. It is just not feasible to work, pay travel expenses and child care.”

Male, 30-39, England

“The eligibility for 30 hours free nursery is that both parents work but my wife cannot find a job for the short time the children are in nursery so is unable to work. For the under 2 funding I earn about £4000 a year too much to receive that help but I spend about £2000 a year on nursery fees. The living wage came in and that's when I stopped being eligible for these sort of benefits, but the criteria to receive them has stayed the same.”

Male, 30-39, England

We need bold action from the Government to fix the childcare crisis. In the Budget the Government should commit to actioning the recommendations made by the Work and Pensions Committee in their latest report:

- **Upfront costs**

Childcare support via Universal Credit requires families to first meet up-front costs, both initially and on an ongoing basis. The Department of Work and Pensions and the Department for Education need to work together to overcome this obvious barrier to work, if necessary, by establishing a direct payment system modelled on those used elsewhere. If this cannot be achieved within the UC system, then childcare support should be removed from it entirely, with a solution based on a single childcare account implemented.

The Government should amend the regulations on the use of the Flexible Support Fund, so that receipts for payments made from the Fund can be submitted as if the parent had paid the childcare costs themselves. This would have the effect of removing, or largely offsetting the upfront cost, rather than simply pushing it in to the next month.

- **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 for has stayed at the same level since 2005.

The Government should uprate the childcare cost caps to better reflect the true cost of childcare in 2023, and then index them annually.

- **Understanding support and eligibility**

The wide range of childcare support schemes available to people claiming UC 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.

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

Many of the difficulties our members face with regards to accessing formal childcare are interwoven with the issues around Universal Credit.

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, remaining frozen since 2016. In addition, the cap on total costs eligible for support remains the same as the rate set for Working Tax Credits in 2005, at £760 per month. This now only covers around 27 hours a week, making it hard for people to move beyond part-time work.

“Childcare is very expensive, especially paying registration fees, deposits and first fees up front. Universal Credit only covers 85% of the cost so even when working you still end up out of pocket in some way. There are limited options in my local area and they fill up quickly. There's no childcare for over 12s. The hours don't always fit with my shifts.”

Female, 30-39, England

Furthermore, many of the cuts and caps to social security support for parents have further undermined the value of the support provided under the childcare element of Universal Credit, including:

- The reduction, and in some cases the removal, of the work allowance in Universal Credit in 2016.
- The two child limit.
- The benefit cap - the level of the cap has not been revised since 2016, so the shortfall in the social security support that capped families receive, compared to what they need, has grown accordingly.

"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

In the Budget, the Government should announce that it is ceasing taking deductions from Universal Credit claims, until the cost of living crisis is brought under control.

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.

- **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.

- **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.

- **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 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.

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