



BUDGET REPRESENTATIONS

AUTUMN 2023

USDAW SUBMISSION

Introduction

Usdaw is the UK's fifth largest 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. 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 Autumn 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 Recover Plan**
- **The Cost of Living Crisis**
- **A New Deal for Workers**
- **Universal Credit and Social Security**

1. A Retail Recover 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.

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

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

the sector. The Centre for Retail Research (CRR) have pointed to a significant number of shops closing in 2023. The CRR have said that more than 4,000 sites have shut up shop in the year so far, which does not yet include the hundreds of Wilko stores, which have not been saved.

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 £8 billion 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 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 three in four 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. 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. 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 is limited to taking into account only two of the dependent children in their household. This puts larger families at higher risk of poverty. It is clearly not the choice of the child to be the third sibling and it is quite likely that a family could have afforded three children at the point of conception, however their circumstances may have changed. Individuals should not be punished for decisions made in entirely different circumstances.

- **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 the 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 payments, 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 means 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**

Usdaw 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.