

KEY WORKERS - WAS IT WORTH IT?

COST OF LIVING SURVEY RESULTS 2022

Introduction From The General Secretary



Usdaw is the UK's fifth largest Trade Union with over 350,000 members across the private sector. Usdaw members mainly work in the retail

sector, however the Union also has significant membership across a range of other industries including transport, warehousing, distribution and food manufacturing.

These workers were rightly praised for their incredible contributions to our society throughout the Coronavirus pandemic. However, as this report lays bare, these heroic efforts have quickly been forgotten about by policy makers.

Usdaw has conducted a cost of living survey of over 6,500 workers, following on from a similar survey in spring 2021. This survey focuses on the costs and pressures low-paid workers face. The stark results, and the comparison with the previous survey results, clearly demonstrate the deterioration in living standards many working people have experienced, as well as the urgent need for Government action.

We now have a cost of living crisis in this country, which demands immediate action from the Government. This should include:

- The introduction of a windfall tax on the huge profits of North Sea oil and gas producers, to protect the most vulnerable.

- A reduction in VAT from 20% to 17.5%.
- An urgent and fundamental overhaul of Universal Credit, which includes significant investment, to ensure it provides a social security benefit that more consistently supports workers in low-paid employment.

This crisis is also significantly exacerbated by the endemic low pay problem we have in this country. Wages are now lower in real terms than in 2008 and one-sided flexibility, with short-hours contracts and insecure work, remains prevalent. We need higher wages and a new deal for workers, based on:

- A genuine living wage rate of £12 per hour for workers of all ages.
- A minimum contract of 16 hours per week for everyone who wants it.
- A contract based on an individual's normal hours of work.
- A ban on zero-hours contracts.
- Statutory Sick Pay for all workers from day one at their normal rate of pay.

As is demonstrated by this survey, our members are struggling to make ends meet. Implementing short-term measures to tackle the crisis, in conjunction with a new deal for workers, will tackle rising costs and spiralling in-work poverty.



Paddy Lillis
General Secretary

Executive Summary

The results of our latest survey clearly show how much the cost of living crisis is already affecting workers in low-paid industries, even before April's uplift in the energy price cap and the increase in National Insurance Contributions.

At the beginning of 2021, just over 7% of members reported that they struggled to pay gas and electricity bills every month. When we repeated the survey 12 months later, this had increased, more than 25% of members reported struggling every month, nearly four times as many.

The surveys also highlight the impact that general prices are having on low-paid workers' ability to live their normal lives. In 2022, almost half of respondents reported missing meals to pay everyday bills, this was double the level seen just 12 months earlier. Furthermore, around 7 in 10 are now relying on unsecured borrowing to pay everyday bills, a significant increase from around 4 in 10.

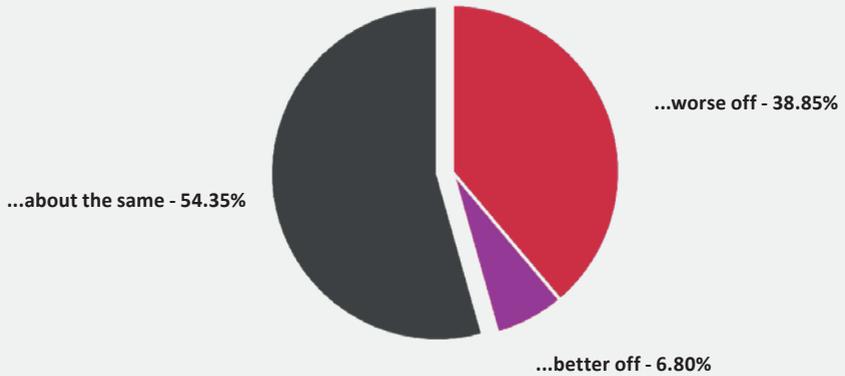
The findings from Usdaw's surveys reiterate similar findings from organisations such as the Joseph Rowntree Foundation and the Resolution Foundation.

The combination of these findings clearly shows that those who contributed so much to getting the country through the pandemic are at significant risk of being left further behind. As such, Usdaw is calling on the Government to take the following immediate steps:

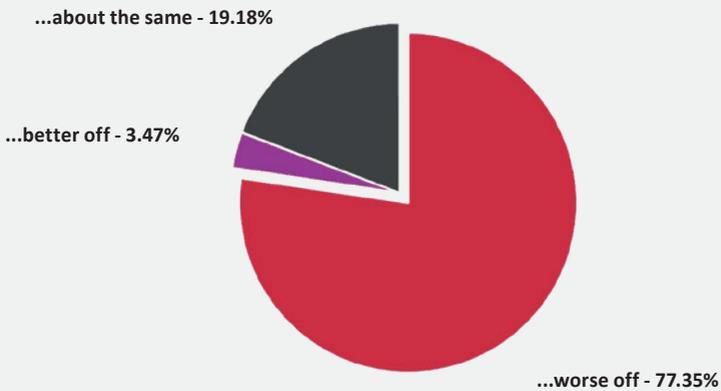
- Introduce a New Deal for Workers including immediately introducing a genuine living wage of at least £12 per hour for all workers and tackling insecure employment.
- A windfall tax on North Sea oil and gas producers, to fund removing VAT on domestic energy bills, along with expanding and increasing the warm homes discount.
- A reduction in VAT from 20% to 17.5%.
- An urgent and fundamental overhaul of Universal Credit to ensure it provides a social security benefit that supports low-paid workers.

**KEY WORKERS -
WAS IT WORTH IT?**

2021: Compared to last year do you feel financially ...



2022: Compared to last year do you feel financially ...



Price Increases

Energy

Last October's energy price cap rise pushed many household budgets to the limit. A quarter of respondents to our survey are struggling to pay their gas and electric bills every month, over three times more than were this time last year. In addition, 40% have struggled to pay their energy bills at some point in the last year. The sudden nature of the price increase has made the previously affordable, unaffordable.

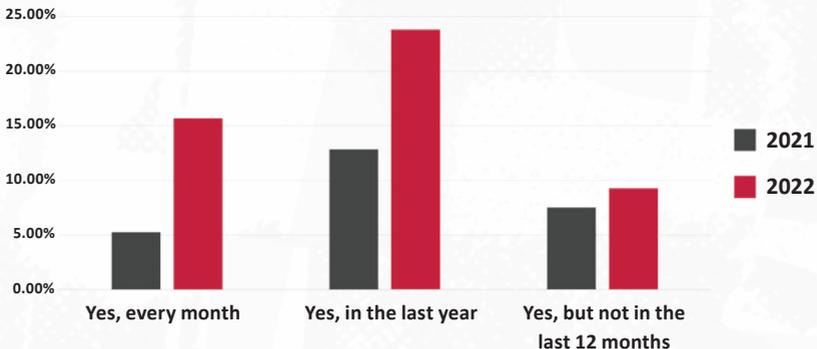
This April's price cap rise will squeeze workers' finances further and exacerbate the cost of living crisis. Over 65% of those surveyed said they would significantly cut down on heating in order to cope with April's price cap increase. Shockingly, a quarter will no longer use the heating at all. Over a third of respondents plan to cut out other essentials such as food to be able to heat their homes.

Food

As food prices rise alongside energy costs, household budgets are being stretched from both directions. Concerningly, over 1 in 7 reported missing meals on a monthly basis so that they could afford to pay their bills, which is up from 1 in 20 this time last year. A further quarter said they had skipped meals at some point in the last year in order to pay their bills. Extreme price increases mean that even spending on food is now being pitted against spending on other essential everyday bills, adding to already stressful situations.

Worryingly, food bank usage is on the rise. The results show the amount of workers having to use a food bank every month has more than doubled in the past year. Food bank usage is increasingly widespread, with over 15% of those surveyed saying they have had to turn to a food bank at some point in the past.

Have you ever missed meals so you could afford to pay your bills?



Everyday Bills

The ongoing cost of living crisis is compounded by the broad nature of price rises. Inflation is spiking across the board, with every area of workers' spending being affected. Travel expenses, such as fuel, are at record highs, making getting to work more costly. Housing costs also continue to put pressure on household budgets. A quarter of respondents said they have missed or been late with rent or mortgage payments at some point over the past 12 months. As bills take up an ever-growing proportion of wages little is left over for discretionary spending or spending on leisure. Three quarters of respondents said they didn't expect to be able to afford a holiday this year.

Given the mounting expenses workers are faced with, it is no surprise that workers' most common concern regarding their future financial security was paying their monthly bills. Paying the bills was a main concern for 3 in 4 respondents, surging from 4 in 10 this time last year. Illustrating the difficulty many are now facing making their wages cover their expenses, clearing debt was the second most common answer, given by 47% of respondents, up from 33% last year.

"We always try to pay our bills but we had to contact a debt specialist to help us pay our outstanding bills and to try to keep up with the current bills. We are still struggling each month to do that as we are, nevermind with the increase in all household bills coming up again."

Retail Worker, North West

Debt

The responses to our survey show that many workers are now being driven into debt to pay their everyday bills. Price increases across essential items mean a basic standard of living is moving beyond the reach of workers, with wages failing to cover the necessities. Shockingly, two thirds of workers have relied on borrowing to pay their everyday bills at some point in the past 12 months. This is a rapidly growing trend, with 70% more workers being forced into debt to pay the bills this year than at the start of 2021.

"The cost of living is rising dramatically but I feel that my current hourly rate of pay is not reflecting this. It's an awful situation to be in having to decide between energy or food."

Retail Worker, North East

Debt can then go on to place a further strain on workers' household budgets once it's due for repayment. Around half of those taking on debt are going on to struggle to keep up with the repayments. With wage increases being consistently outstripped by high inflation, this direction of travel looks set to continue. Increasing numbers of workers are now at risk of sinking into a cycle of debt and being placed in an unsustainable situation.

Impact On Families

In the results of the survey it was clear that working families have been particularly severely affected by the current cost of living crisis.

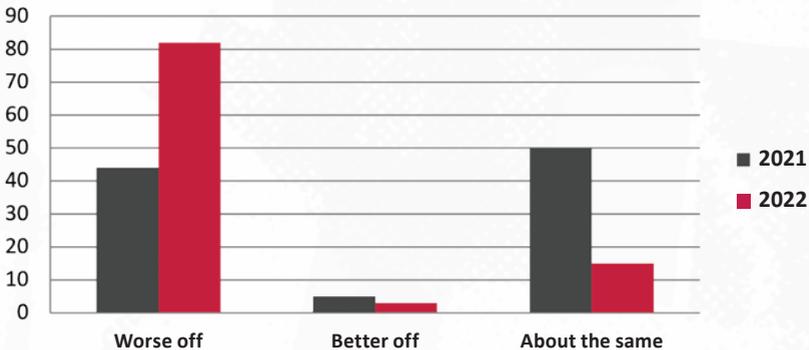
With budgets tightening and additional costs for children such as school uniform, food and social activities, parents reported time and again that they are at financial breaking point and that the welfare of their children is suffering as a result.

82% of parents said they felt financially worse off now than they did this time last year. This has shot up from 44% a year earlier.

The mental health of parents is being disproportionately affected as a result, with 82% of parents saying financial worries are having an impact on their mental health - nearly 10% higher than the survey average.

More than a quarter of all parents (26.5%) said they have missed meals in the last year in order to pay bills. This was followed up with many parents saying they have to prioritise their children's meals over their own, and that they are worried that the corners they are cutting on food bills mean their children are not having healthy nutritional meals.

Parents, compared to last year do you feel financially ...



It's Not Just About the Basics

As well as the basic living costs, another benchmark for families in poverty can be children missing out on cultural and social enrichment when compared to their peers.

Children in working families are now falling into this kind of poverty, as their parents wages fail to keep up with the increases to living costs.

Three quarters of all parents who filled in the survey (74%) said that their children are missing out on experiences because of money worries.

80% of families said they do not expect to be able to afford a holiday this year – a shocking statistic after so many families have suffered during the pandemic.



Our members said:

"I have to send my children to school in clothes and shoes with holes in because I just can't afford to buy new. I have to buy cheap food to put in lunch boxes. Their diet is suffering so I can pay all the bills."

Retail Worker, Wales

"We no longer have any spare money for family treats or to buy the children things they need. My partner works seven days a week when overtime is available, so the children are not seeing their dad. We're still struggling to afford to live even after all of this."

All the savings we had managed to build over the years are now gone, we've had to use them to feed and clothe our family. With all the price increases the general cost of living is destroying our lives and our family."

Retail Worker, North West England

"We've had to remove our kids from the clubs they do as even this low cost was too much on our finances."

Call Centre Worker, Scotland

"My child knows I'm broke and she keeps saying she will sell her toys to help me...it breaks my heart."

Retail Worker, Nottingham

The Disproportionate Impact Of The Cost Of Living Crisis

The cost of living crisis is amplified for groups of workers already more likely to be experiencing financial pressures because of their experience of discrimination and their position in the labour market.

Where we may previously have seen greater disparities, differences have been eroded by the huge impact rising costs are having on all low-paid workers. However, there remain marked indicators that Women, Black Workers & Disabled Workers have the least resilience. The same groups of workers have been at the sharp end of both a decade of austerity cuts and disproportionately impacted by the pandemic and are least likely to be able to absorb yet a further economic shock.

Action to mitigate the impact of the crisis must be targeted at those who need it most. Inefficient blanket measures, such as the £200 energy loan, continue to leave those most vulnerable without the level of support they need and do nothing to address the expanding wealth and inequality gap in the UK.

"My son has learning difficulties. I'd love to work more but I need to care for him."

Retail Worker, Northern Ireland

There must be urgent action to dismantle barriers to participation and promote and support opportunities for progression for groups who remain at a disadvantage in the labour market.

Women

66% of women responding to the survey earn less than £10 an hour (compared to 42% men). This rises to 70% for disabled women. Women are also twice as likely as men to be contracted to less than 16 hours a week, with 17% of women working short hours contracts compared to 8% of men. This rises to 18% for BME (Black and Minority Ethnic) women and 21% for disabled women.

As women remain more likely to be primary carers for children, and more likely to care for older or disabled relatives, paid work is more likely to be restricted by unpaid caring commitments. Twice as many women (35%) contracted to under 16 hours are caring for a baby or child, than men (18%).

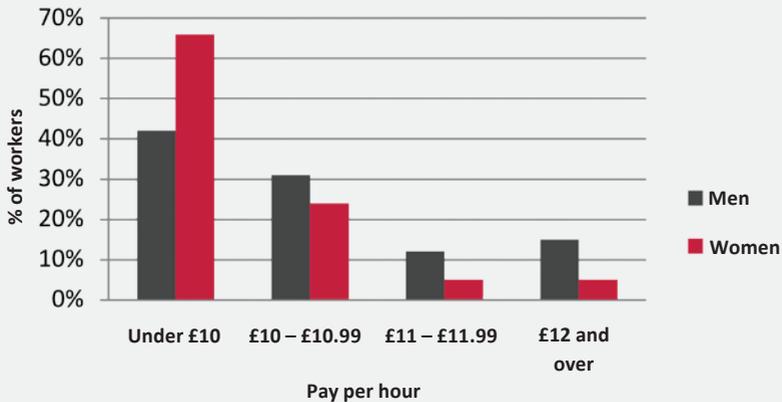
Women's work is characterised by work that is undervalued, combined with a one-sided experience of flexibility, a lack of paid parental and carer's leave options and a lack of affordable childcare that continue to make it difficult for parents and carers to balance paid work and unpaid care. As part-time roles remain undervalued, opportunities for promotion

and progression at the same rates as their male counterparts remain thin on the ground.

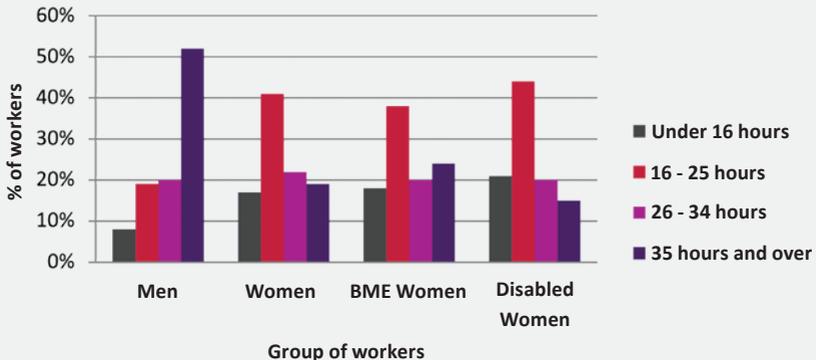
The survey also shows that while the majority of workers say they are unable to afford time off work when they are sick, it is women, and disabled women in particular, who are least likely to be able to afford time off. 8 in 10 (78%) women

say they are unable to take time off work when they are sick, compared to 7 in 10 (72%) men. For disabled women this rises to 80%. Current rates of statutory sick pay (SSP) do not provide an effective financial safety net. In addition, low-paid workers, disproportionately women, are less likely to earn above the lower earnings limit needed to qualify for SSP.

% of women and men earning less than £10 an hour



% of women and men contracted by hours



Disabled Workers

Disabled workers are more likely to be concentrated in low hours and low-paid work. 64% of disabled workers are earning less than £10 an hour, compared to 56% of non-disabled workers. Significantly more disabled workers are contracted to less than 16 hours (19%), than non-disabled workers (13%).

Disabled workers are also most likely to be claiming in-work benefits, reflecting the fact that life costs more for disabled people and their families. While a quarter of all respondents are claiming one or more in-work benefits, for disabled workers, this rises to over a third, 37%, and, for disabled women, 42%.

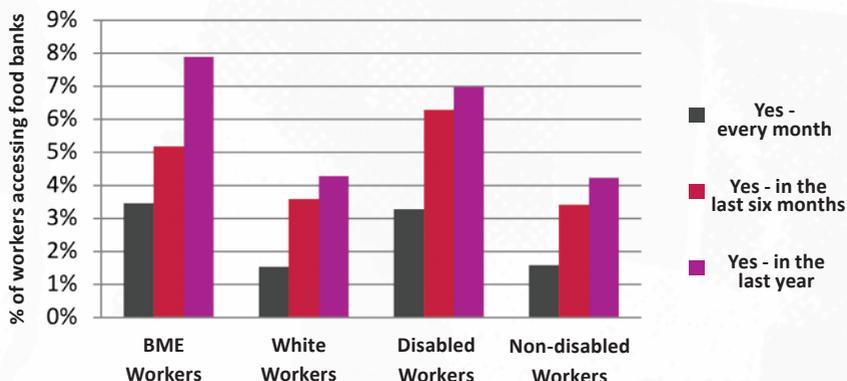
Unions and campaigning organisations have long highlighted that levels of state support fall well below the amount needed to provide workers with a decent standard of living. Therefore, it's no

surprise that disabled workers are most likely to say they feel financially worse off than the previous year.

Inadequate state support, combined with low wages and rising costs, means disabled workers are at the sharp end of in-work poverty. Nearly two thirds (61%) of disabled workers say they have missed meals to pay bills, compared to less than half (47%) of non-disabled workers. Disabled workers are almost twice as likely to report using food banks in the last year to put food on the table. 17% of disabled workers have accessed a food bank in the last year, compared to 9% of non-disabled workers.

Disabled workers are also most likely to say financial worries are impacting on their mental health (82% - compared to 72% for non-disabled workers). The cost of living crisis is likely to be exacerbating and adding to existing mental health problems for many workers.

Food bank use in the last year among BME and Disabled workers





BME Workers

The results clearly show BME (Black and Minority Ethnic) workers are more likely to be struggling to meet daily costs of living and are more reliant on unsecured borrowing to make ends meet. 34% of BME workers responding to the survey say they have missed or been late with rent and mortgage payments in the last year, compared to 21% of white workers. Three quarters (75%) have relied on unsecured borrowing to meet everyday bills, compared to 65% of white workers, and almost two thirds (62%) are struggling to keep up with repayments, compared to half of white workers (48%). With the full effect of rising costs yet to be seen, the effect could be devastating for BME workers, who are least likely to have the financial resilience to absorb further price increases.

Almost twice as many BME workers have relied on food banks in the last year to feed themselves and their families. 17% of BME workers have accessed a food bank in the last year, compared to 9% of white workers.

Future job and financial security is also a bigger worry for BME workers. BME workers were hit much harder by job losses and cuts to hours during the pandemic. The survey shows nearly half of BME workers (47%) say they are concerned about job security and redundancy. BME workers are also nearly twice as likely to have opted out of their workplace pension scheme for financial reasons since the start of the pandemic (at 9% compared to 5% of white workers) putting them at a further financial disadvantage as they enter retirement.

In-Work Benefits

Many Usdaw members are entitled to claim benefits such as Universal Credit in addition to their wages from work. This is because wages from work are not enough to meet basic living costs for some households.

As living costs rise faster than wages, the gap between the cost of living and how far wages will stretch will inevitably increase.

The freeze on working age benefits - including Universal Credit and Tax Credits - has had a significant impact on Usdaw members who are in receipt of benefits, because the amount of support they are entitled to has dropped in real terms as the cost of living has spiralled.

In addition, Government cuts to the basic rate of Universal Credit have left families

even further out of pocket at a time when their finances are already at breaking point.

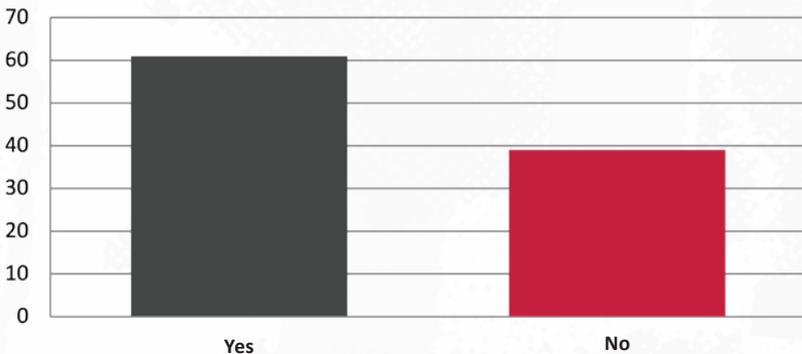
Usdaw members are all working people, and those in receipt of in-work benefits are disproportionately skewed towards women (67%) and people with young children (69%).

A staggering 83% of members who are in receipt of in-work benefits reported that they feel worse off now than they did 12 months ago.

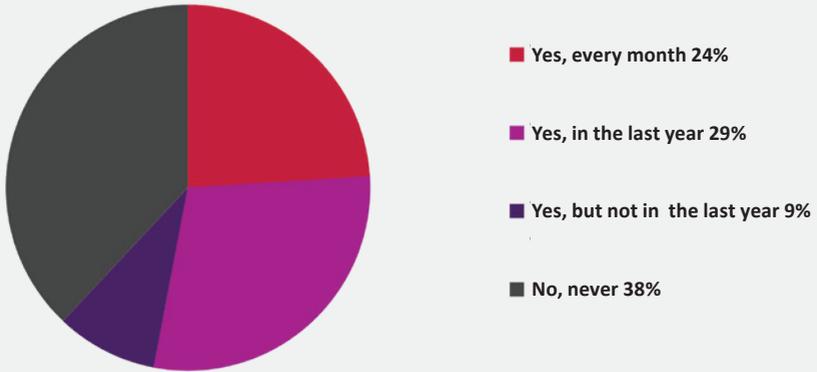
The symptoms of this crunch on household finances are very real.

61% of members in receipt of in-work benefits said they are now struggling with debt.

Have you struggled to keep up with debt repayment?



Have you ever missed meals so you could pay your bills?



Over half of members in receipt of in-work benefits have had to skip meals in the last 12 months to pay their bills.

Over 20% of members in receipt of in-work benefits have needed to use a food bank in the last 12 months, to feed themselves or their dependents. These are working people – most of whom work in supermarkets – unable to buy the basic food they need to survive.

Members already under serious financial pressure are also considerably less likely to be able to access other basic employment rights – such as taking time off when unwell.

Statutory sick pay is paid at a rate of just £99.35 per week, and for many members who work part-time whilst also caring for children or other family members, the minimum earnings threshold of £123 per week means they are not entitled to any sick pay at all if they fall ill.

84% of members in receipt of in-work benefits reported that they could not afford to take time off work if they fall ill.

The idea of getting a proper break from work is a distant dream, with three quarters of those surveyed (75.48%) reporting that they will be unable to afford a holiday this year.

According to the survey results, only 25.7% of Usdaw members are in receipt of an in-work benefit such as Universal Credit, Working Tax or Child Tax Credit.

Udaw has found that many of our members – particularly those with children, but also single people and couples – may be entitled to Universal Credit but do not claim what they are owed. We would encourage all members who are struggling with their finances to check their eligibility online and to claim if they can.



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