

Introduction



The retail sector continues to face one of the most challenging periods in its history. The impact of the pandemic, developments in technology/automation, the transition to net zero, and the cost of living crisis have all taken their toll on the sector and retail workers.

2022 was a particularly challenging year. While the sector was still recovering from the impact of the pandemic, the UK was faced with a serious cost of living crisis. The cost of living crisis intensified a number of long-term problems facing the sector and the fallout was significant. The Centre for Retail Research (CRR) estimated that more than 17,000 sites shut up shop in 2022 – the highest number for five years with total closures nearly 50% higher than in 2021.

Yet the crisis in retail is not a new development; even before the more recent challenges the sector was at breaking point and needed fundamental reform on issues such as business rates, rents and taxation. Usdaw has been campaigning for measures to support the sector and retail jobs for a number of years launching our *Industrial Strategy* for retail in 2019 followed by our *Retail Recovery Plan* to support workers in response to the pandemic. Despite these efforts, we have seen a lack of support from Government who have consistently failed to provide anything like the level of help and support needed or required.

There is little doubt that retail jobs and retail workers are of key economic and social importance. They are vital to our town centres and communities and for many young workers, retail is their first experience of work, while it can also offer flexible opportunities to help balance other commitments such as being a parent or carer.

The retail industry directly employs three million people, with a further 1.5 million jobs reliant on the success of the industry¹. Yet 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. This is not just bad for workers, but for the industry and wider economy.

Retail staff both need and deserve to be given a much better, fairer deal and ultimately if we want the sector to prosper, we need to make sure retail jobs are better jobs.

As such, Usdaw is calling for a plan for the future of retail work based on the following measures:

- **Better pay and secure work:** an immediate increase in the NMW to £12 per hour as a step towards £15 – to help drive engagement and productivity in the sector. Better work must go beyond basic pay and include improvements to Statutory Sick Pay (SSP) and Respect for Shopworkers through 'Protection of Workers' legislation.

¹ <https://brc.org.uk/media/680620/rjr32022.pdf>

- **The delivery of a new economic framework to support retail growth and drive investment in good quality retail jobs.** This includes tackling business rates and the lack of parity between online and physical retailers to help support investment and growth across the industry and deliver greater job security.
- **Support with retraining and upskilling, with a strong focus on skills and development in the context of technology/automation and the transition to net zero.** In terms of delivery, the Union Learning Fund should be reintroduced, alongside the introduction of a legal right to paid time off for retraining. Furthermore, we need fundamental reform of the Apprenticeship Levy which is not fit for purpose.
- **Fair treatment and equality for all retail workers:** diversity and inclusion must do much more than just pay lip service. We need more robust action from both employers and Government to create a respectful, inclusive work environment within which every worker has the opportunity to thrive.
- **Stronger protections for retail workers:** Usdaw will continue to deliver a true voice for retail workers, giving them a stronger voice and say on the issues that matter to them at work. However, this needs to be supported by strengthened trade unions rights and protections against redundancy, including 90 days' consultation for large scale redundancies and three weeks' redundancy pay for all workers irrespective of age.

Udaw is calling for a robust plan for the future of retail work that addresses the immediate priorities facing retail and its workers, as well as wider measures to help deliver better jobs across the sector. We need a co-ordinated and inclusive approach, and we are urging Government, retailers and all key stakeholders to engage and work together with the Union.

Only by working together can we help to deliver better jobs, that retail workers both need and deserve while at the same time securing the future viability of the sector for all.



Paddy Lillis
Udaw General Secretary

Contents



Introduction	1
Executive Summary	5
Current Outlook	7
Members' Insights: Experiences from the Shop Floor	9
Delivering a New Economic Framework	13
Good Work and Productivity	15
A New Deal for Workers: Secure Work and Secure Jobs	17
Skills and Training: Technology and Automation	21
Green Jobs and Sustainability	25
Freedom From Fear: Abuse is Not Part of the Job	27
Equality, Diversity and Inclusion	29
Improving Equality and Diversity Across the Sector	31
What Next?	34

Executive Summary



Usdaw is the UK's fifth largest trade union and operates solely within the private sector. The Union has over 350,000 members across many sectors, but the majority of our members work in retail. This gives Usdaw a direct insight into the difficult nature of retail work and the challenges that workers in the sector are facing on a daily basis.

The cost of living crisis has created further hardships for retail workers. Usdaw believes more needs to be done to protect retail workers and deliver better quality and more secure retail jobs. Usdaw is calling for a robust plan for the future of retail work built on the measures and priorities detailed in this report, which are summarised below.

A New Economic Framework

- Fundamental Reform of Business Rates.
- Reform of tax laws to ensure that companies pay their fair share of tax through tackling tax avoidance, evasion, and the use of offshore havens.
- The introduction of an online sales tax to create a more level 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.
- Action to ensure adequate funding for local authorities so that councils can plan ahead and invest in their high streets, local jobs and wider communities.

Better Pay and Secure Work

- An immediate increase in the minimum wage to £12 per hour, as a step towards £15 per hour. We also need to end the rip-off youth rates in the minimum wage.
- Secure work including a minimum contract of 16 hours per week for everyone who wants one, a ban on zero-hours contracts and a right to switch to a contract that reflects normal hours.
- Greater recognition of the link between good pay and secure work and how they relate to productivity and customer service.
- Improved sick pay – statutory sick pay is not enough to live on. SSP needs to be paid from day one, at an individual's normal rate of pay to all workers.
- A proper social security system – the current system does not provide the safety net that families need with many being pushed deeper into poverty. We need a fair system that protects families and treats people with dignity.

Skills Development and Training

- Significant and long-term investment in skills funding, including the reinstatement of the Union Learning Fund across England.
- A right to paid time off for retraining, to support the development of lifetime skills.
- A fully costed education programme to give workers the vocational skills needed for the future of work.
- Fundamental reform of the Apprenticeship Levy scheme so it is accessible to all workers, with a focus on opportunities for those facing disadvantages in the Labour Market.
- A voice for workers in all discussions on skills strategy.

New Technology and Automation

- A new legal requirement for employers to consult with workers, and their representatives, on all decisions related to new technology at work as well as requiring the use of Health and Safety Risk Assessments and Equality Impact Assessments, which employers must act upon.
- Employers to be required to regularly consult with workers and their representatives over the ongoing use of technology which may significantly impact work or people.
- A right for workers to have a human connection when decisions about them and their job are being made and ensure that any new roles created by new technology are first made available to those workers affected.
- A right to switch off – lessons can be learned from countries where similar provisions have already been successfully introduced.

A Just Transition to Net Zero

- Adequate safeguards to protect retail workers on the path to net zero, including co-ordinated public policy initiatives and legislation.
- Retail workers must be at the centre of any plans or legislation to ensure a fair and just transition. The decarbonisation of industries will have a major impact on the lives of working people therefore they must be wholly represented and consulted.
- Economic policies and public investments that offer long-term sustainable growth for retail and a better deal for working people.
- A robust plan for retail, devised in co-ordination with unions and workers, to protect and create good quality retail jobs right across the UK to ensure a just transition to net zero.

Freedom From Fear: Abuse Is Not Part of the Job

- Engagement with politicians and the police, to press for action on retail crime prevention, detection, and access to justice.
- Adequate security provisions in stores, along with sufficient staffing levels. Employers and the police must also do more to inspire confidence in reporting, ensuring effective investigations are conducted and all reports are taken seriously.
- Simpler and easier reporting procedures; current confusing processes can deter workers from reporting incidents.
- Significant investment in training by employers to support staff when attempting to deal with challenging scenarios in store.
- The introduction of legislative provisions in England, Wales and Northern Ireland, that mirror those already introduced in Scotland.

A Voice for Retail Workers Through Strengthened Protections

- A significant reduction in the statutory thresholds for trade union recognition to ensure effective worker voice in discussions, such as those around working hours.
- Stronger protection against redundancy, including 90 days' consultation for large scale redundancies.
- A personal retraining budget for all workers to ensure the best chance of re-entering the workplace as soon as possible.
- A significant increase in Statutory Redundancy Pay so that all workers are entitled to three weeks' pay for each year of service.
- Closing the loophole where in locations with less than 20 employees, employees are not entitled to redundancy consultation even where the decision affects more than 20 people across the business.
- Strengthening protection against redundancy and health and safety rights for pregnant women and new mothers.

Improve Equality, Diversity and Inclusion Across the Sector

- Robust action, including strengthening the Equality Act 2010 and rights at work, to ensure certain groups of workers are not left behind.
- Extension of the duty on employers to publish their pay gap data.
- Extension of the duty to conduct Equality Impact Assessments to help identify disproportionate risk to workers with protected characteristics and use action plans to mitigate the impact. This includes the requirement to conduct equality impact assessments on the introduction of new technology at work.
- Reinstatement of protections against third party harassment and introducing a new duty on employers to take positive steps to prevent sexual harassment.
- Action to strengthen flexible working rights, particularly for low paid workers. This includes reform of family friendly rights, day one rights for all working parents and high quality, accessible, affordable childcare.
- Legislation to strengthen the right to reasonable adjustments and support for disabled workers, including the use of meaningful penalties for bosses who fail to provide adjustments and for reasonable adjustment passports to be mandatory.

Current Outlook



The Crucial Role of Retail

Retail is the largest private sector employer in the UK, directly employing three million people, with a further 1.5 million jobs reliant on the success of the industry². Given the severity of the challenges facing the UK economy, core sectors such as retail remain of key importance to economic growth and overall GDP. Worryingly the UK economy grew by just 0.1% between February and April 2023 and it remains smaller than levels seen before the Covid pandemic. While the Bank of England has predicted that the UK will avoid a recession, it is clear that the UK continues to lag behind growth seen in other major economies. The retail sector has huge potential to drive economic growth and support local economies, but Government continues to undermine and underestimate its vital contribution.

In addition to the economic importance of retail, the sector also plays a crucial role within wider society. Local jobs like those provided by the retail sector are crucial not just to economic activity but the vitality of local communities, helping to address youth unemployment and tackling social mobility. High streets represent the heart and social hub of the community and removing opportunities for people to connect on a social level has a number of direct and secondary impacts that will be felt for many years to come. We have seen (both pre and post pandemic) the huge impact that mass store closures can have on local communities across the UK.

The hugely disproportionate impact of retail closures on the local economy in deprived areas can be particularly devastating and not just to people working in retail but right across the supply chain, from manufacturing to distribution. While retail's role on the high street is undeniably changing, with local high streets transforming to a broader mix of shops, housing, leisure and green space, local partnership between retailers and communities remains of critical importance to the local economy and jobs.

Retail Regional Employment Figures

Region	Total Employment (Thousands)	% Total Regional Employment
North East	112.3	10.02
North West	327.1	9.23
Yorkshire and The Humber	205.9	8.17
East Midlands	207.2	9.4
West Midlands	238.8	8.86
East of England	267.9	9.15
London	428.2	7.86
South East	430.9	10.06
South West	260.3	9.77
Wales	139.4	10.44
Scotland	261.1	9.98
Northern Ireland	30.3	1.82

Source: ONS, Nomis, Business Register and Employment Survey. These are employment figures, which differ from jobs figures as some people hold more retail jobs.

The Cost of Living Crisis

The cost of living crisis has and continues to take a heavy toll on the retail sector. In 2022 as a whole the value of retail sales rose by 3.1%; far below the annual inflation rate of more than 10.1%. Increased prices throughout the year led to a reduction in discretionary spending with customers tightening their belts, particularly with non-essential spends.

According to the Centre for Retail Research (CRR) the huge increase in energy prices had a profound impact on 20% to 25% of consumers, who consequently spent less both in shops and online. The number of retail jobs lost, in stores and online, also jumped as businesses closed or cut costs. Research from the CRR shows that just under 28,500 jobs have been lost in retail in 2023 so far this year (to the end of May 2023), with more than 1,946 store closures³. This included some high profile retailers such as Argos, Sainsbury's, New Look, Paperchase, Wilko, M&Co, Joules, McColls, Sofa Workshop and TM Lewin.

Despite some positive developments in recent months, the scale and scope of the challenges facing the retail industry remain severe with many of the cost pressures facing consumers and retailers continuing throughout 2023. While retail sales grew in April 2023, overall inflation meant volumes were down for both food and non-food. As we move into the warmer summer months retailers will be hoping that consumer confidence will stabilise as inflation is predicted to ease slightly (although not as much as originally forecasted).

The costs of operating in many towns and cities remains high, although we have seen some stability in the sector in terms of shop vacancy rates.

According to the BRC in Q1 2023, the overall GB vacancy rate remained at 13.8%, the same level as Q4 2022 and 0.3% better than the same period last year. Geographically, Greater London, South East and East of England had the lowest vacancy rates. The highest rates were in the North East, followed by Wales and the West Midlands. The data shows Northern regions lagging behind the rest of the UK with the highest vacancy rates in the UK, laying bare the North/South divide. On the opening of new stores, Chief Executive of the BRC, Helen Dickinson stated "*With stubbornly high inflation and huge cost pressures facing business, retailers will continue to be cautious about future investments*"⁴.

The Impact of the Pandemic

The cost of living crisis came right on the back of the pandemic, which brought major challenges for the industry. Retailers and its workers experienced significant turmoil over the course of the pandemic and the lasting impacts should not be underestimated.

The pandemic highlighted the crucial importance of retail workers. Usdaw members in food retail played a key role in ensuring the country was able to get through the Covid crisis, working in stores across the UK throughout the pandemic. The pandemic exposed the deep unfairness and inequalities at the heart of the UK labour market, by demonstrating the critical and irreplaceable role that some of the lowest paid workers play across our economy and society.

In terms of retail job losses, the first year of the pandemic was the worst for a quarter of a century according to the Centre for Retail Research (CRR); almost 180,000 UK retail jobs were lost in 2020, up from 143,178 the previous year with almost 16,000 store closures. This accelerated pre-existing trends in the sector, whereby high street shops were closing, and frontline retail roles were being lost. At the same time, online firms such as ASOS and Boohoo were buying up brands to incorporate them into their exclusive online retail offer.

The growth in online retailing was faster in the UK than any other country. In 2006 the online share of retailing was 6.6%. In 2013 it was 12.7% and 19.2% in 2019. It peaked in February 2021 at 36.8% but has since fallen back to 26.5%⁵. Meanwhile, physical shops lost 12.6% of their market share in the years 2006-2019.

³ www.retailresearch.org/retail-crisis.html

⁴ brc.org.uk/news/corporate-affairs/retailers-cautious-to-invest-in-new-stores

⁵ www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/may2023

Members' Insights: Experiences from the Shop Floor

What Retail Work Looks Like

The pandemic brought into sharp focus the challenging nature of retail work. Retail work is 24/7, mentally and physically demanding, multi-skilled, high pressure, profit driven, and target led. Retail workers have to be adaptable and dynamic, responding to rapid changes in a fast-moving consumer driven industry. Despite the demands of the job, many retail workers and their families are facing impossible decisions just to make ends meet. While everyone has been affected by the rising cost of living, retail workers have been at the sharp end of it.

Usdaw members in retail know first-hand the demanding nature of work in the sector - they are living this every day. As such, Usdaw members are perfectly placed to give a direct insight into the realities of working in the retail sector. After hearing from over 7,755 members in our annual Freedom From Fear Survey and more than 6,300 in our latest Cost of Living Survey, we wanted to gain a more detailed insight into the life of some of our members on the shop floor to help shape this plan for the future of retail work.

We interviewed a number of Usdaw members in detail about their experience in the retail sector on a range of key topics. Their stories give a personal voice to the issues faced by all retail workers and the realities of what retail work really looks like on a daily basis. (Names have been changed to protect our members' anonymity)

Rachel

Rachel has worked in retail for over 40 years. On the cost of living crisis, Rachel had a story from her own store that is all too familiar. Due to low pay and soaring prices, the store allowed staff to take out of date products home for free. Rachel told us the situation was so dire for some of her members that they came into work on their day off or after working earlier in the day just to see what was available to take away.

Rachel was grateful that the Union was there to support her members through pay talks and would like to see the Government do more to encourage companies to work productively with Trade Unions rather than passing laws to stop them supporting low paid workers.

Rachel also spoke to us about the large number of changes to the retail sector she has seen in her career. Rachel recognises that change is needed to keep up with customers' expectations. She felt that it was vitally important though that staff who are affected by these changes are looked after by the company, who should look to retain and redeploy staff members rather than simply losing hard workers with experience in the retail sector.

**Usdaw members in retail know first-hand
the demanding nature of work in the sector
- they are living this every day.**

In Rachel's store the business has introduced several changes related to new technology such as the use of online payslips. Since her payslip has gone online, Rachel has been unable to access a payslip with any reliability. Every time her manager sets up the account, by the time she comes around to accessing it next time she finds her account needs resetting. This has led to her not having a reliable way of checking her pay. Rachel said that while she recognises that this set up is convenient for a lot of people it can create difficulties for those who have not been given the skills to adapt to these changes. When holiday booking and shift patterns went on to an app, Rachel went to tell her manager she was having trouble using it and said "they looked at me like I had two heads, they were clearly thinking. 'Why can't you do this?'". Rachel still has a large chunk of her holidays to book for this year because of these issues.

This digital skills gap really knocked Rachel's confidence despite having excellent customer service skills and 40 years of experience working in retail. Rachel said that digital changes could be really useful for staff if there was a member of staff for their area that was responsible for digital skills in the workplace and helping people to adapt. Something more in depth than a video tutorial, and easier to access than trying to find time with their already overworked manager. Rachel was keen to see the Government reinvest in the Union Learning Fund so that the Union Learning Reps could work with the companies to help provide staff with the support that they need.

Over her time in retail, Rachel has seen many incidents of abuse in the workplace. She highlighted that the majority of incidents are triggered by shoplifting incidents. Rachel spoke about how without security on, not only did more stock go out of the store but it has left staff feeling vulnerable and demoralised.

While age restricted sales remain a trigger for abuse against shop workers, social media is also becoming more of a factor when it comes to abuse in the workplace. Rachel told us about a member of staff who after following store policy to refuse a refund, was stalked online by the customer who then posted their photo on social media and encouraged others to write comments which the member described as 'horrendous' and 'harassment'. This had a serious impact on the member's life and their voluntary work. Despite gathering evidence and sending the evidence to her employer to action, the customer has not been barred from the store. The member told Rachel about the stress she feels now whenever this customer comes back into store.

The fact that this member cannot walk away from their workplace should this customer decide to start recording them again highlights the impact of abuse against retail workers, which needs to be properly addressed and taken more seriously.

A digital skills gap really knocked Rachel's confidence despite having excellent customer service skills and 40 years of experience working in retail.

Emma

Emma has worked in retail for 21 years. She's been in Usdaw for nearly 15 years and a rep for over seven years. Emma spoke to us about how low pay in retail makes it very difficult for staff members with childcare to work and still earn enough money to live on, and how the cost of living crisis has made this situation even worse. The maximum hours that Emma is able to get in a week is 20 and for a lot of this time when she's working these hours, she ends up having to pay childcare costs to go into work. The childcare that is available to her is mostly only available between 8-6, meaning when she is offered overtime outside of these hours, she often has to turn it down. She also pointed out that if she was to change employer instead, she would lose her long service terms and conditions with the company she has worked in most of her life. Emma would like to see more done by the Government to make childcare affordable and accessible so that it would not take up so much of her wages just to go to work.

Emma told us that the low pay and the low hours made it difficult for staff to think about working in retail as their main careers - most colleagues had to work at least one other job in order to make ends meet. A lot of the people that are hired to work in the store are university students, and they have to put their studies first so there is a high turnover of staff. Emma said that she would like to see the Government do more to support low paid workers, that during the pandemic retail workers were praised as key workers, and if every retail worker had to 'get a better job' in order to survive as some politicians have suggested, there would be no one to stack the shelves or sell people the food they need.

Emma recognised that changes were important for retail businesses to survive, however she would like to see more consideration from the company for staff who get caught up in these changes. Across her career in retail,

Emma would like to see more done by the Government to make childcare affordable and accessible so that it would not take up so much of her wages just to go to work.

Emma has seen several changes in retail that go on to be reversed a few years later, such as the removal of a layer of management in the store, putting members through a redundancy process, only to bring a similar role back a few years later. In the meantime, a lot of the management jobs were picked up by newly created supervisor roles, since some of the previous managers stepped down into those roles rather than being made redundant and there is an expectation that they work to the level they did before. Emma would like to see more protection from Government and from companies saving money by watering down job roles on paper, but still expecting the same level of work and responsibilities from those staff members.

Emma spoke to us about how abuse was handled in the workplace. Emma told us that there is an instant messenger group for stores in her area, and abuse against staff who are trying to deal with shoplifters seems to be on the rise. She spoke to us about incidents where members of staff had been punched in the face by shoplifters, and how a supervisor had a basket thrown at their head when challenging a man who was walking out of the store with a basket of high value alcohol items. Emma said that while the company has a good policy for recording these incidents and the store has a panic button and cameras monitored by a remote security team, that the police rarely end up prosecuting these shoplifters based on this information.

Since the beginning of the cost of living crisis, Emma has noticed an upturn in shoplifting of items that people need to support their families, like bread and baby milk. Emma told us this is a change from some of the more regular trends in shoplifting which tended to be high value items that can be sold on quickly.

Like many other members, Emma told us that the store rarely has an in-person security presence, and that this combined with the lack of police presence in the area meant that staff did not feel very safe at work. She would like to see the Government invest more in police for her area and would like to see them take shoplifting and abuse against shopworkers more seriously. Emma has been involved in Usdaw's Freedom From Fear campaign since becoming a rep and believes it's one of the most important campaigns the Union runs for its members. She'd like to see the Government get more involved in the campaign and to work with the Union and the company to help make the workplace safer for her members.

Gavin

Gavin has worked in various retail companies for a number of years. In 2018 he joined a retailer that was recognised by Usdaw, he quickly joined the Union and shortly afterwards was nominated to become a rep. Online home delivery has been where Gavin has seen most of the recruitment happening in his store. New starters are offered contracts which are as small as four hours a week with the promise that because it is a busy section there will always be overtime. However, Gavin told us this is not always the case and when overtime is frozen this can cause a lot of issues for staff who still have rent, mortgages and higher utilities to pay. This has been a leading cause of turnover at Gavin's store as people stay with the job only until they can find another company that can give them more hours. Gavin would like to see a commitment to move away from short-hour contracts by the company, and there to be a minimum of 16 hour contracts offered.

While Gavin tells us that age restricted sales have always been a trigger for abuse of shopworkers he noticed a sharp uptake in abuse during the Covid pandemic when they had to enforce restrictions. More recently the cost of living crisis is taking its toll with an increase in abuse from customers feeling the financial pressures of the crisis, as well as an increase in shoplifting in stores. Gavin told us he had witnessed a member of the public verbally abusing a staff member because they were unable to exchange a defective air fryer as there were no replacements in stock. Despite this, in Gavin's store there has been a downturn in security staff being on duty during shifts. Gavin suggested to us that the amount of shrinkage he's seen would easily pay for the wages of security staff, and not only reduce costs to the company but also leave the staff feeling safer.

Gavin told us that one of the major issues for members who have children is the cancellation of overtime at very short notice caused by changes to the store overtime budget by head office at the last minute. While Gavin has raised challenges on this with the company for the members, even when the overtime is cancelled within 'agreed' timelines it can still be too late for parents to cancel their childcare. Gavin would like to see the company commit to the overtime hours that it has agreed with a staff member in the same way that the company expects its employees to attend agreed overtime without cancelling at short notice. In reaction to the trend for retail workers to make up their hours using overtime Gavin would like to see more employment law that would protect staff from last minute cancellations.

More recently the cost of living crisis is taking its toll with an increase in abuse from customers feeling the financial pressures of the crisis, as well as an increase in shoplifting in stores.

Delivering a New Economic Framework



Usdaw's vision for the future of retail jobs is built on better paid and more secure jobs. However, to deliver on this vision, we must first tackle a whole series of fundamental problems plaguing the sector within the current economic framework. Business rates, commercial rents/leases, and a lack of parity between online and physical retailers have all contributed to the decline of the sector and the subsequent lack of investment in good quality retail jobs.

As such, Usdaw is calling for urgent action on the following four key priorities.

Fundamental Reform of Business Rates

There is little doubt that the cumulative burden of business rates has hindered the sector's ability to invest, innovate and grow. Usdaw recognises the needs for businesses to pay their fair share of taxation, however the disproportionate level of taxation paid by the retail sector, when compared to its overall economic contribution, is unfair and unbalanced. 1 in 5 UK constituencies are highly reliant on the sector for jobs, with some areas relying on retail and wholesale for over one third of their total employment⁶. Furthermore, the UK retail sector is responsible for 5.2% of UK Gross Domestic Product and 5% of Gross Value Added⁷. Despite this, retail pays 10% of all business taxes.

A key issue with business rates is the lack of flexibility within the current structure. Business rates are unable to account for rapid change and while this has always been a key strength in terms of minimising tax avoidance it has unfairly damaged bricks and mortar retailers.

This has resulted in mass job losses across UK high streets, a reduction in footfall in town and city centres and subsequently the further creation of ghost towns. Research from the BRC found that 85% of retailers say that business rates is an 'extremely' or 'very important' issue for their businesses when opening or closing stores. In two-thirds (67%) of store closures, business rates had a material impact in the decision-making process.

A report from WPI Strategy, commissioned by Tesco in 2020, highlighted the disproportionate impact of business rates on regions across the UK. The analysis showed that constituencies in need of levelling up like Bishop Auckland and Leigh can face seven times the burden of rates than a shop in Surrey would. The report refers to business rates as a 'Northern Shops Tax' that limits the ability for retail to invest and grow. This is because the tax rate does not mirror economic performance, so for areas facing economic challenges the burden is much higher.

It is clear that the UK needs a modern and flexible business taxation structure that increases when businesses are growing, not when they are under pressure or in decline. Usdaw strongly believes that shifting the balance of business taxation away from business rates and towards fairer taxation across the sector as a whole, is a key priority in securing the future of retail jobs.

Tax Reform

Beyond business rates, there is a clear need for wider reform of UK tax laws to ensure that companies pay their fair share of tax through tackling tax avoidance, evasion and the use of offshore havens. This should be done with the aim of creating a level playing field between online and bricks and mortar retailers. Research shows that ecommerce companies are likely to pay three times less corporate income tax than large brick and mortar retail chains⁸. The challenge here is not just fair taxation but effective taxation which is crucial to stimulating investment/growth within the sector. To help deliver a fairer tax system, and to support a reduction in business rates, Usdaw continues to call for the introduction of an online sales tax.

A Comprehensive Review of Rents and Leases

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, the cost of living crisis has fuelled rental costs at a time when finances are already squeezed. For example, in February 2023 New Look announced it was closing several stores across the UK due to cost pressures. Soaring inflation rates have increased pressures on retailers with commercial leases linked to RPI inflation. This has left many retailers vulnerable to rent pressures at a time when other costs are rising significantly⁹. With the ongoing impact of the cost of living crisis, and rental agreements tied to high rates of inflation, it remains to be seen how many retailers will struggle to pay their rent and what this will mean in terms of vacant retail spaces.

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.

⁶ www.cbi.org.uk/articles/sector-showcase-evidencing-the-impact-of-retail-and-wholesale

⁷ www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/economictrendsintheretailsectorgreatbritain/1989to2021

⁸ uniglobalunion.org/news/uni-report-highlights-e-commerce-tax-avoidance

⁹ www.myerson.co.uk/news-insights-and-events/rpi-rent-reviews-tenant-considerations

Adequate Funding for Local Authorities

The Government must also urgently address the lack of funding for local authorities. A recent Government inquiry has called on ministers to end the system of competitive bidding for small pots of money and move to a long-term substantial funding model for local Government¹⁰. Sustained cuts to local Government funding for more than a decade have severely impacted councils' ability to invest and innovate in their high streets.

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. Usdaw supports a move away from the constant reliance on councils to self-fund services via council tax increases, which is simply unsustainable in the long-term.

We recognise that there has been an overall increase in baseline funding for local authorities. However, the LGA has raised concerns that a significant proportion of the increase in core spending power for 2023/2024 has been achieved through 'a combination of potentially one-off grants, ring-fenced funding, re-allocation of existing funding, and the assumption that local authorities will implement council tax increases'.

On the issue of funding applications, we have seen local councils raise concerns that the process is overly complex and time consuming made worse by the fact that policy staff previously involved in funding applications have been cut considerably over the past decade. Furthermore, there are some serious concerns in regard to the unfair allocation of 'levelling-up' funding following the Government's announcement in January 2023 of their second phase totalling £2.1 billion.

Sustained cuts to local authorities have also had a number of secondary impacts on communities and town centres. While the economic impacts of austerity may be easier to quantify, the social impacts are often underestimated. Yet across the UK we see declining high streets and empty shops - a visual reminder of how over the past decade Government cuts have sucked the life out of many previously vibrant town centres and led to an increase in anti-social behaviour. Tackling anti-social behaviour will prove key to addressing declining high streets but without the wider social benefits from adequate funding, local authorities are stuck in a viscous cycle. It is clear that this situation cannot continue. Usdaw is calling for a long-term plan on funding and budgets that addresses the underlying financial pressures local authorities face as well as the indirect fallout. This would ensure that councils can plan ahead and invest/support their high streets and local jobs.

What Good Looks Like

Despite funding pressures facing local authorities, many councils are using innovative strategies formed around the local characteristics of their town centres to help tackle some of the key challenges facing their high streets including¹¹:

- Newcastle's City Centre Transformation Plan is a £50 million strategy, designed to establish Newcastle as an attractive centre for tourism, business, and investment, and create a city centre that their residents can be proud of.
- The Royal Borough of Kensington and Chelsea (RBKC) are using a combination of data insights from Mastercard spending, O2 phone footfall and the RBKC Citizens' Panel of 2,000 residents to inform their high street strategy.
- Stockton-on-Tees Borough Council invested £17 million into a Hampton by Hilton hotel in 2017, having identified a gap in their local hotel market for a mid-range corporate offer.
- The Isle of Wight Council established several pop-up shops on Newport high street in council and privately-owned units. The pop-ups were introduced in response to community feedback which found the high street to be uninspiring and out-of-reach of community activities. Events such as street markets can increase footfall from residents and visitors and create local employment opportunities.
- Hednesford Town Council established a monthly farmers' and crafts market in October 2020 and was named as the largest regular town centre market in their area a year later.

¹⁰ Governing England (parliament.uk)

¹¹ www.local.gov.uk/publications/creating-resilient-and-revitalised-high-streets-new-normal#councils-contribution-to-successful-high-streets

Good Work and Productivity



Framing Good Work

Retail work, and work in any other sector, should provide people with decent pay and hours so that they not only 'get by', but are given the full potential to live happy and fulfilling lives. Staff should feel that their rate of pay is, at minimum, decent and fair, with hours which allow a healthy work/life balance; and beyond covering bills, food and other essentials, an income that allows opportunities and options for enjoyment and participation in society.

Work underpins many people's lives, often determining the options for where we live, what childcare is available to us, how we spend our free time, and having implications for the lives of our children and other dependents. Our places of work are where many of us spend a significant amount of our week; some people spend more time in the company of colleagues than they do close family members.

In addition to decent pay and hours, staff should feel secure in their roles, stable, and safe. Workplace culture should be such that people feel part of something positive and enjoy good relations with colleagues.

Flexibility over hours should be a day one right, as opposed to one-sided flexibility in favour of employers, which causes great financial uncertainty. Everyone should have the option of a contract which helps provide stability. Retail staff should feel able to take time off work when they are ill.

The Coronavirus pandemic demonstrated just how vital retail workers are. The designation of key worker status was a recognition of the crucial nature of retail functions including the provision of food, drinks and other essentials for the general public to buy. Shopworkers' pay and conditions should therefore reflect the importance of their roles to the country and wider society.

It is very concerning, then, that retail work often does not look how it should, and especially so given the significant additional pressures of the cost of living crisis, which is making things even harder for people.

Usdaw acknowledges there are no quick fixes or easy solutions. But as covered in more detail in this report, the reality of retail work can be harsh; often with workers trying to exist on low pay, rip-off youth rates, precarious working arrangements and conditions, and sometimes in-work poverty, meaning even the essentials can be a challenge to afford.

On top of this bleak financial landscape, the fact retail staff often face abuse and threats of violence, frequent changes to shift patterns due to fluctuating consumer spending patterns – plus the pace of automation, which is a major worry for many retail staff – has all contributed to what can be a brutal trading environment.

The Productivity Puzzle

The productivity gap is one of the most serious and vexing economic problems facing the UK economy. While no single thesis fully explains the drivers behind Britain's disappointing productivity levels in comparison to its international competitors, there is growing consensus that the culture of low pay and precarious employment within Britain's labour market has significantly restricted the path to higher productivity.

Unfortunately, in retail as with other sectors, the word 'productivity' has actually become synonymous with job losses and cuts to hours. Due to the increased strain resulting from shrinking workforces, there can be negative impacts on mental health and wellbeing, which can – ironically – create a downward spiral in productivity.

Staff are being made to work harder without any real-terms improvement in wages, meaning productivity is boosted in the short-term but with significant and negative long-term repercussions due to the intensification of work.

Growing evidence has emerged that better pay enhances productivity and improves employee retention and engagement¹². The business case for higher pay and more secure hours is therefore compelling. 90% of Living Wage employers report benefits including better recruitment, staff retention, engagement and relations, and enhancement of reputation¹³.

High staff turnover can be hugely costly to business, including outlay for recruitment, administration, induction training and assessment centres. Paying staff better and therefore increasing the likelihood of retention also means holding onto vital knowledge and skills, a crucial component of customer service. Though retailers are not oblivious to these facts, pressures on the sector can lead to an increased focus on short-termism, and a culture of prioritising keeping heads above water.

Whilst pay is by no means the only issue that affects staff motivation, people are more inclined to go the extra mile and really engage with their work if they feel they are being paid fairly or well. It's about building trust, involvement, identity, and purpose. To deliver on this staff must be seen as an investment and an asset for businesses looking to up-skill individuals and work towards winning their long-term career loyalty.

Research published by the Living Wage Foundation and the Smith Institute found that lifting just a quarter of low paid workers onto the real living wage, could boost the UK economy by £1.7billion, in part thanks to increased

¹² The Smith Institute, The local Living Wage dividend: An analysis of the impact of the Living Wage on ten city regions by Paul Hunter

¹³ www.livingwage.org.uk/good-for-business

productivity. Usdaw believes employers should therefore increase pay to drive real productivity growth, as opposed to waiting for productivity to drive up pay.

In February 2023 Keir Starmer set out the details of Labour's Five Missions for a Better Britain. The first mission is to secure the highest sustained growth in the G7. At the centre of this is good jobs and productivity growth in every part of the country so everyone is better off. Usdaw fully supports this mission. Better paid jobs have to be at the core of renewing and transforming the UK economy, so people can help support their local high streets and build stronger, safer communities.

Customer Service

It is widely acknowledged across the industry that good customer service is a valued element of the in-store retail experience. The delivery of good customer service is intrinsically linked to good work. The rise of online shopping is often blamed for the demise of high street stores, but retailers need to take some responsibility. Failure to invest in pay, staff numbers, benefits and training has a direct and detrimental impact on the customer service experience. This undermining of the value of interpersonal skills can unfortunately heighten the frustration customers feel and sometimes this can lead to abuse towards staff.

If staff are feeling negative towards their work, and customers are feeling that customer service is not up to scratch, then that is a vicious circle where only the experience of shareholders is a positive one. This is all despite evidence that good customer service increases the average value of transactions.

If retailers are serious about future-proofing their businesses, they need to fully recognise the importance of good pay and secure work and how they relate to productivity and the customer experience.



Low Pay and Health Impacts

Data from the Health and Safety Executive revealed that the UK lost 17 million working days to work-related stress, depression or anxiety in the year 2021 to 2022; an estimated 914,000 workers suffered mental ill-health relating to work, which accounted for 51% of 1.8 million work-related ill-health cases for the year¹⁴. Research by the Mental Health Foundation and London School of Economics suggests mental health problems cost businesses at least £118 billion per year.

There is evidence of the strength of the link between low pay and workers' mental health; including that difficulties affording the essentials of a decent standard of living have a direct effect. Investment in pay is therefore also an indirect investment in workers' mental health and in turn, reducing sickness absence.

In December 2022, The Real Living Wage Foundation reported on a poll they conducted with full-time workers earning below the real living wage. This revealed 56% had turned to food banks, 42% are regularly skipping meals, and 69% said their pay negatively affects both their anxiety levels and overall quality of life. 75% of children growing up in poverty have at least one working parent. All of this demonstrates the direct links between poverty and worse health outcomes.

The Marmot Review: a strategic review of health inequalities in England post-2010 clearly demonstrated that low incomes are associated with worse outcomes in basically every aspect of health and wellbeing, including life expectancy. Low pay and insecure hours mean people struggle to afford the basics for good health, like nutritious food and warm homes. When people need to juggle multiple jobs, this can add further stress. Such circumstances can really take their toll on mental health and family life.

Decent pay underpins workplace health and wellbeing, and with millions more households predicted to face poverty due to the cost of living crisis, it is never been more important for employers to pay good wages. Pay is about far more than just money in people's pockets - it affects workers' health, life opportunities, and those of their children.

¹⁴ <https://press.hse.gov.uk/2022/11/23/hse-publishes-annual-work-related-ill-health-and-injury-statistics-for-2021-22>

A New Deal For Workers: Secure Work and Secure Jobs

Low Pay and Insecure Work During a Cost of Living Crisis

Retail work has become synonymous with low pay and insecurity, with workers facing redundancies, short hours contracts, a lack of stable hours and cancelled shifts. Retail along with other sectors, has an endemic low pay problem which has been intensified by the Covid pandemic and the cost of living crisis. As inflation continues to outstrip average earnings, retail staff are finding that pay increases are eaten up by soaring energy bills, rising food prices and increased fuel costs.

Usdaw's recent cost of living survey of members highlighted the issue, finding that 82% feel financially worse off than last year. Two-thirds have relied on borrowing to pay their everyday bills and around half of them are struggling with repayments. Shockingly, 20% miss meals every month to pay bills. Although high inflation is pushing many workers' finances to the brink, the low wage spiral faced by retail workers has been ongoing for over a decade, as years of austerity and average wages stagnating has impacted growth in basic pay, leaving those earning the least with little room to manoeuvre. UK workers are currently enduring the longest pay squeeze in more than 200 years - with average pay still lower than 2008¹⁵.

Beyond wages, retail workers are exposed to high levels of insecurity, including job losses, volatility in hours and pay, and not being able to find enough hours. Low paid workers are much more affected by all these forms of insecurity than higher paid workers, which makes life incredibly difficult.

For example, low paid workers such as retail staff face at least twice the risk of losing their jobs compared to higher paid workers¹⁶. Furthermore, many retail workers are working on short hours contracts or temporary contracts; or (most commonly) experiencing a lack of stable hours. Short notice changes to shift patterns, where additional hours are agreed and then removed, impact our members' ability to budget and can lead to financial insecurity.

Beyond wages, retail workers are exposed to high levels of insecurity, including job losses, volatility in hours and pay, and not being able to find enough hours.

Zero-Hours and Short-Hours

Zero-hours and short-hours contracts are a key issue for retail workers, with many employees struggling to get the hours they need to make ends meet. While some employers argue that short-hours contracts offer flexibility for workers, we know that many individuals want to work more hours but are unable to. Additionally, workers are often working far more hours than they are contracted to, but the employer can reduce them back down to contracted hours whenever they want to. This is not a fair deal because the flexibility is all in the employer's favour. An Usdaw survey from June 2022 showed 60% of respondents regularly work additional, non-contractual hours and of these respondents 64% said they would like these hours to be guaranteed in their contract.

In July 2017, the Taylor Review into Modern Employment Practices was published. The Government commissioned report highlighted one-sided flexibility as a major issue affecting the Labour Market, and the Government asked the Low Pay Commission to review the matter. Following significant lobbying from Usdaw, the Low Pay Commission recommended that workers be given a right to reasonable notice of working hours and compensation for shifts cancelled without reasonable notice. The Commission also advised workers should be given the right to switch to a contract reflecting actual hours worked. The Government has since pledged action in its 2019 manifesto and promised an Employment Bill but has so far failed to deliver.

Usdaw agrees with the British Retail Consortium's Report on *How to Build, Retain And Empower Your Retail Workforce* from 2019 which stated, "Creating a mutually understood definition of flexibility - weighted we would suggest in favour of employees, is key - if improvements to retention, engagement and productivity are desired."

Genuinely flexible working in a mutually beneficial arrangement between employers and employees could greatly benefit many workers in addressing barriers to work and productivity. If you are regularly working over your contracted hours, Usdaw believes they should be guaranteed in your contract. Usdaw's New Deal For Workers campaign calls for a minimum contracts of 16 hours per week for all who want it, contracts based on normal hours worked and a ban on zero-hours contracts.

¹⁵ tuc.org.uk/news/2022-worst-year-real-wage-growth-nearly-half-century
¹⁶ theguardian.com/business/2021/jan/22/low-paid-workers-in-uk-more-than-twice-as-likely-to-lose-job-in-pandemic (data from The Institute for Employment Studies)

Fire and Rehire

In addition to low pay and hours insecurity, some retail workers are facing a downgrading of their terms and conditions through the threat or use of fire and rehire. This controversial practice – dismissing employees and re-engaging them on inferior terms and conditions – has gained prominence in recent years as a number of high-profile organisations across many sectors have used fire and rehire as a cheap and easy way of cutting costs.

At Usdaw, we have faced significant cases at Tesco Distribution and BCM Fareva. BCM Fareva threatened to fire and rehire members if they did not agree to their sick pay, life assurance, pension and redundancy entitlements being cut. In Tesco, some Distribution members are facing a huge reduction in wages if they do not agree to lose Retained Pay.

Ushaw has so far met fire and rehire tactics with robust resistance, but the threat of this increasing practice remains. Yet rather than banning 'fire and rehire', the Government has recently proposed a statutory code of practice, setting out how employers can change contractual terms and conditions of employment. The TUC have condemned the code, saying "A statutory code of practice is not going to stop another P&O-style scandal from happening and it won't deter bad bosses from treating staff like disposable labour."

The proposed code is another avoidance tactic by the Conservative Government. It relies too heavily on employers acting reasonably, but it can never be reasonable to dismiss workers then re-engage them on worse terms and conditions. Usdaw believes that this outrageous practice and the threat of fire and rehire must be made illegal; all workers both need and deserve the full protection of the law on this issue.



Zero-hours and short-hours contracts are a key issue for retail workers, with many employees struggling to get the hours they need to make ends meet.

Strengthening Protections for Workers

On a national level, legislative changes should be introduced in order to protect jobs, both within retail and across the wider labour market. At the moment it is too easy and too cheap for employers to make redundancies. Delivering substantial improvements to redundancy provisions will not only help protect those workers who find themselves in this situation, it will also encourage employers to look at alternatives. Usdaw is calling for redundancy rights to be strengthened through the following measures:

- A 90 day statutory period of redundancy consultation where more than 100 individuals are at risk of redundancy.
- A personal retraining budget for all workers to ensure the best chance of re-entering the workplace as soon as possible.
- A significant increase in Statutory Redundancy Pay so that all workers are entitled to three weeks' pay for each year of service.
- Closing the loophole where in locations with less than 20 employees, employees are not entitled to redundancy consultation even where the decision affects more than 20 people.
- Strengthening protection against redundancy and health and safety rights for pregnant women and new mothers.
- Any new positions or roles arising from the introduction of new technology should first be made available to those workers directly affected by the change.

In addition to the above, we need improved trade union rights, so it is easier for unions to gain recognition in a workplace. This will allow unions to more easily work alongside employers to help protect existing retail jobs in the sector, whilst simultaneously shaping the future of retail jobs in a positive way.



A New Deal for Retail Workers

The asks in Usdaw's 'A New Deal For Workers' campaign set out what we believe is required from the Government. The main elements of this are a higher baseline via the National Minimum Wage being immediately increased to £12 per hour as a step towards £15, a minimum 16 hours per week contract for everyone who wants one and a right to switch to normal hours. Raising the minimum wage is a significant way to also help tackle race and gender pay inequality.

The sheer numbers of workers who have taken industrial action in the last year is evidence of the strength of feeling from people who have very clearly had enough of the deal they are getting at work.

Usdaw has been doing everything possible to deliver for members by driving up wages. Some particularly notable examples within local pay deals were a 23% increase for staff under the Transport Agreement with B&M Distribution in Speke and Middlewich, which took their weekday rate up to £16 per hour, and Wincanton Warehouse Brockworth where there was a 16% increase, in comparison to 2% on the last pay round.

Within Usdaw's national agreements, a 7% increase in hourly pay at Tesco took the basic rate to more than £11 per hour from 2 April 2023; this was on top of two other increases since July 2022 to support staff facing increased costs, meaning that over the course of 10 months, base pay increased by nearly 15.5%. Sainsbury's staff received a third pay increase in the space of 11 months, with the minimum rate boosted to £11 per hour nationally and £11.95 in London.

Despite these examples of significant pay rises, the majority of increases across the economy have still been lower than the historically high rates of inflation we have experienced. The Incomes Data Research pay and conditions database stated that in the three months to January 2023, the median pay increase across the economy was 5%. Retail staff are therefore still under significant pressure, with many staff pay rises having been outstripped by a ruthless economic picture.


ONS data shows that around 40% of Universal Credit claimants are in work. An Usdaw survey conducted towards the end of 2022 showed that 45% of those on universal credit struggle to pay their energy bills every month, and over 8 in 10 had struggled to pay a bill in the 12 months to June 2023.

TUC statistics from 2022 demonstrated just how far sick pay in the UK is lagging behind equivalent countries. Sick pay covers 19% of workers' salaries here, in comparison to 100% in Germany, 93% in Belgium, 64% in Sweden and 42% in Spain. Research from Usdaw's recent cost of living survey shows the extent of the issue, with more than 3-in-4 members unable to afford to take time off work when ill. The UK has one of the lowest rates of Statutory Sick Pay of any developed country. Being ill has a huge financial impact on low paid workers, because they are forced to live on just £99.35 per week. Even worse, those that earn less than £123 per week are not entitled to be paid. Retail staff should not have to live in fear of being unable to pay the bills when they need time off to recover from illness.

Retail workers need a higher statutory pay baseline, improved enhancements, better terms and conditions, safer workplaces, increased job security, better sick pay, and a proper social security system.

The Employment Bill promised several policies which would have improved the rights of retail workers, including: the right to request a more predictable contract, extending redundancy protections, and introducing a new legal entitlement to one week's leave for unpaid carers.

At the heart of the cost of living emergency is a crisis of employment rights that leaves retail workers particularly vulnerable. The Government's failure to deliver on their manifesto promise makes it clear that there is no plan to improve the rights of low paid workers. Retail workers deserve better. If we want the sector to prosper, we need to ensure that retail jobs are quality jobs. This means secure and well-paid employment, meaningful hours, and day one employment rights are essential.



Retail workers deserve better. If we want the sector to prosper, we need to ensure that retail jobs are quality jobs.

Skills and Training: Technology and Automation

Technology and automation have become an ever increasing part of our daily lives, however Usdaw has significant concerns over how technology is being introduced and used within the retail sector and what this means for the future of retail jobs.

For example, a retail worker who at the start of their career was primarily stacking shelves, could now be responsible for multiple self-service tills, troubleshooting both software and hardware issues. In the near future, that same retail worker could be supervising and supporting a grab and go store, therefore dealing with the varying impacts a business model like this could bring.

Despite the scale and scope of the challenges we are facing on this front, data from Usdaw's survey on the impact of new technology and automation in the workplace showed that over half of workers do not believe they have been given adequate training on the use of technology at work¹⁷. The lack of training provided by employers is concerning as many workers do not believe they have the skills to cope with new technologies that are introduced into the workplace in the next five years.

Ensuring that workers receive the correct training will be crucial moving forward as technology becomes a bigger part of job roles¹⁸. Unfortunately, the Government is already making this incredibly difficult. For example, the decision to scrap the Union Learning Fund in England has taken away a key opportunity for many retail workers. The following chapter identifies the key priorities for the sector to ensure that retail workers can access the skills and qualifications required to adapt to the changing world of work.



Fundamental Reform of the Apprenticeship Levy

The Government's Apprenticeship Levy Scheme was established in an attempt to ensure workers had access to formal training in the workplace. The scheme works by 'taxing' large employers and then allowing companies to use this money to provide certain types of training. If the money is not used within a certain period of time, it gets given to the Treasury.

Apprenticeship schemes have traditionally helped to mitigate some of the issues facing retail workers by offering practical training carried out in the workplace, in work time. However, it is clear that in its current form, the Levy has seriously undermined skills development across the sector. As a result the scheme has been a complete failure and has resulted in one-third fewer people starting an apprenticeship programme. The levy lacks flexibility and fails to support essential courses of key importance to retail workers.

A survey from the BRC highlighted the extent of the issues within the Apprenticeship Levy system and reinforced the need for reform, with 95% of retailers reporting that the system needs change and two thirds saying more than 40% of their Levy funds go unspent¹⁹. The CIPD have also been vocal on the matter with CIPD Chief Executive, Peter Cheese stating that *"On all key measures the apprenticeship levy has failed and is even acting to constrain firms...Without reform it will act as handbrake on employer investment in skills, damaging firms' ability to recover from the pandemic"*²⁰.

Addressing these issues, Tesco CEO, Ken Murphy has expressed serious concerns and called on the Government to *"fix this levy and prioritise entry-level apprenticeships" which "improve skills and typically raise pay by 20% within four years"*. The CEO also stated the extent of the financial burden of the levy on retailers; shockingly Tesco has been able to make use of just 14% of the £100 million it has put into the fund. The stringent rules mean Tesco is now offering fewer apprenticeships than before the levy was introduced²¹.

¹⁷ www.usdaw.org.uk/OrganisingForANewDeal

¹⁸ www.usdaw.org.uk/OrganisingForANewDeal

¹⁹ brc.org.uk/news/corporate-affairs/apprenticeship-levy-not-fit-for-purpose

²⁰ www.cipd.org.uk/about/press-releases/010321apprenticeship-levy-reform-budget

²¹ www.retailgazette.co.uk/blog/2023/02/tesco-apprenticeship

It is clear that the Apprenticeship Levy needs fundamental reform, with the primary aim of considering new flexibilities that will significantly increase apprenticeship opportunities for young people, including those facing disadvantage in the labour market. Employers should be able to use funding for a range of innovative measures, including high-quality pre-apprenticeship programmes and additional learning support, to expand the pipeline of talent from these particular groups. Usdaw also supports the inclusion of more high-quality short courses, with a focus on upskilling new and existing staff.

Furthermore, too many apprentices are on very low incomes and a range of measures should be adopted to tackle this. All workers should be paid the standard rate for the job irrespective of age and progressing this would do much to boost the pay rates of many apprentices.

Reskilling and Retraining

It is estimated that nine-in-ten UK employees will need to reskill by 2030, at an additional cost of £13 billion per year. It is clear therefore that high quality training provisions are key to any plan for the future of retail²².

Retailers cannot assume that workers already have the skills required to operate new technology effectively.

It is not always practical for retail workers, or the retail sector for staff to take gaps in employment to attend college or other long full time courses in order to retrain. Therefore, to support retail workers through these changes, Government and employers must work with Unions to support lifelong in-work vocational learning as a practical option to bring them along with the sector.

Usdaw believes the reintroduction of the Union Learning Fund in England could be pivotal in supporting skills development in the retail sector going forwards. The ULF had a fantastic record in supporting retail workers back into the classroom and gaining new skills. Union Learning funded projects helped more than 250,000 union members return to learning every year. ULF projects, alongside the role of Union Learning Reps, were hugely successful in helping adults take that first step back into learning, equipping them with the necessary basic skills, and empowering them to progress to intermediate and higher-level qualifications. While these projects continue to deliver fantastic results in Scotland, Wales and Northern Ireland, workers in England cannot get access to the skills provisions they so desperately need.

It is estimated that nine-in-ten UK employees will need to reskill by 2030, at an additional cost of £13 billion per year. It is clear therefore that high quality training provisions are key to any plan for the future of retail.

Focussing on Key Skills

High quality training provisions should be the foundation of any plan to respond to automation and technology, with a focus on key skills gaps and priorities such as English, Maths and practical digital skills. Skills gaps in these areas are often barriers to accessing further training in other areas so must be addressed as a priority. As evidence gathered by the BRC has confirmed, some of the other key skills gaps for retail are at lower levels of education, such as basic employability, numeracy and customer-service skills.

The aforementioned skills gap can generally be addressed by training courses (Level 2-3), which can be provided by the Further Education (FE) sector through the Adult Education Budget. However, one issue that needs to be addressed in the FE sector in order for retail workers to access courses and training is provisions around shift work. Many retail workers do not have set hours with rotas changing week to week but currently FE struggles to offer a provision for learners who may not be able to attend a classroom at the same time every week for 12 weeks. This is one of several reasons why Usdaw continues to call for the Government to introduce a right to designated paid time off for studying/training to support the development of lifetime skills.

In a wider sense, Usdaw is also concerned by recently proposed cuts and streamlining to funded Level 2 provisions. It is not clear yet which qualifications are set to lose their funding and there is growing industry concerns that the reforms will deny opportunities to thousands of workers across the retail sector and wider economy. We believe cuts in this area represent a significant risk to the retail sector and it is imperative for the future of retail and its workers that Level 2 funding is maintained.

²² www.cbi.org.uk/media/5723/learning-for-life-report.pdf

Soft Skills

Soft skills tend to refer to non-technical skill sets which relate to how a person carries out their work. Some examples of soft skills in retail include customer service/communication, empathy, time management, problem solving, teamwork and flexibility. All of these are key requirements for retail work. Soft skills are transferable between different roles and therefore an investment in developing them is beneficial to both the employee, and employer. Soft skills also transfer to other roles within the sector and wider labour market.

Digital Skills

Practical digital skills are a major skills gap in the retail sector and are often a barrier to accessing other upskilling opportunities. It has become common in the last ten years for companies to put staff facilities online, such as staff handbooks, payslips, and compliance training. There is also a trend for companies to invest in online Learning Management Systems for staff to develop their soft skills without any provision for developing the digital skills that staff need in order to access these resources. This is also true with government resources.

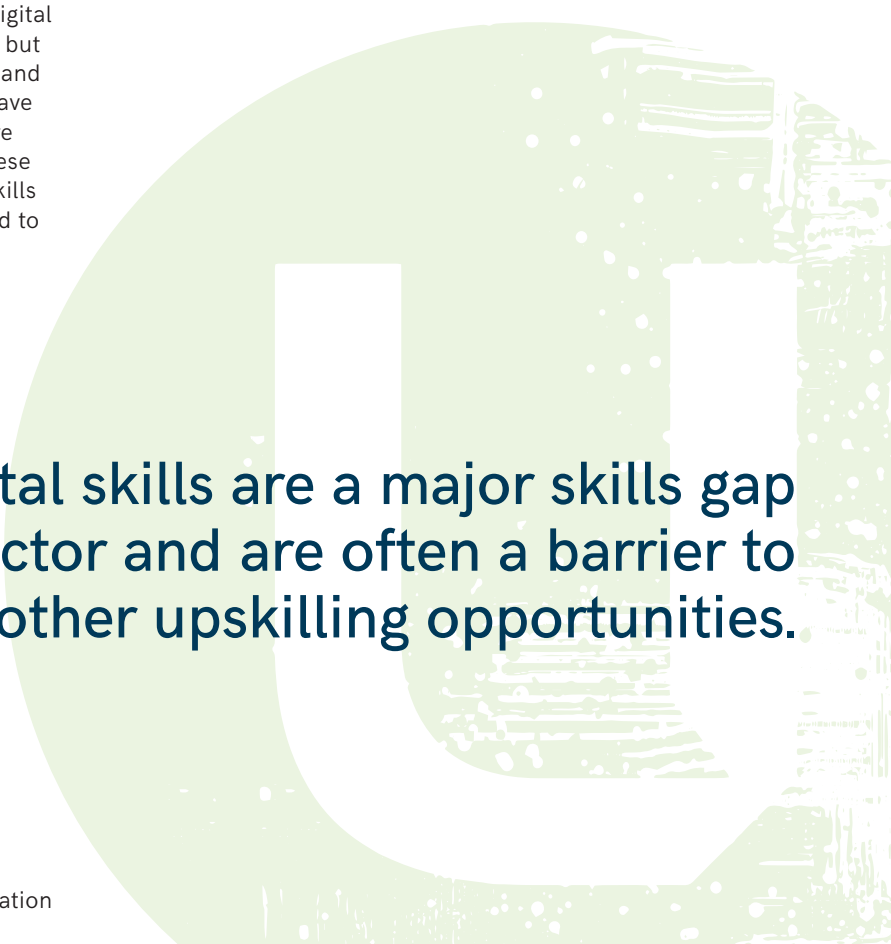
To address this, employers, Government and Unions need to work closely together to first develop retail workers digital skills, not only for the sake of plugging this skills gap, but also to remove a barrier to accessing further training and development opportunities. Some retail companies have developed digital champions in the workplace who are either Union Learning Reps or supported by ULRs. These digital champions have been able to identify digital skills gaps, then work to support them. ULRs are well placed to help with these schemes.

Collective Agreements

One of the ways in which unions and employers can work together around technology and automation to protect and develop skills is through better consultation and a standalone Technology/Change Agreement. Usdaw has negotiated such agreements with a number of employers, including Arla Foods and Genus Breeding, covering topics including a series of principles for the introduction of new technology, the protection of jobs, ensuring proper training, compensation for new skills and fair use of monitoring and surveillance. However, there is still more to be done on this front.

While Usdaw has made important progress towards learning and technology agreements, we also remain equally focused on ensuring that provisions within existing agreements include commitments to joint learning and development opportunities. Usdaw has a strong track record of delivering on this front and we will continue to push this priority in all current and future collective agreements.

Unions are well placed to engage with companies around training and development, and no one is better placed to give feedback on skills gaps and represent the needs of retail workers than reps in stores.



Practical digital skills are a major skills gap in the retail sector and are often a barrier to accessing other upskilling opportunities.

Usdaw is calling for the immediate implementation of the following provisions to ensure retail workers can retrain and take advantage of the future world of work:

- A right to paid time off for retraining, to support the development of lifetime skills.
- A significant and long-term investment in skills funding, including the reinstatement of the Union Learning Fund across England.
- A fully costed education programme to give workers the vocational skills needed for the future of work.
- Fundamental overhaul of the Apprenticeship Levy scheme so it is accessible to all workers, with a focus on opportunities for those facing disadvantages in the Labour Market.
- A voice for workers in all discussions on skills strategy.
- A new legal requirement for employers to consult with workers, and their representatives, on all decisions related to new technology at work as well as requiring the use of Health and Safety Risk Assessments and Equality Impact Assessments, which employers must act upon.
- Employers to be required to regularly consult with workers and their representatives over the ongoing use of technology which may significantly impact work or people as well as ensuring that possible negative health and safety or equality impacts are addressed.
- A right for workers to have a human connection when decisions about them and their job are being made and ensure that any new roles created by new technology are first made available to those workers affected.
- A right to switch off – lessons should be learned from countries where similar provisions have already been successfully introduced.
- Significant statutory reduction in the thresholds for trade union recognition to ensure effective worker voice in discussions.
- Stronger protection against redundancy, including 90 days' consultation for large scale redundancies and three weeks' redundancy pay for all workers irrespective of age.

Green Jobs and Sustainability

The Path to Net Zero

The retail industry is one of the largest contributors to UK greenhouse gas emissions²³. As such the UK's net zero strategies will significantly impact the sector and its workers. Usdaw recognises the importance of retailers committing to the climate change agenda and the need for the sector to fulfil its environmental obligations. However, we also have specific concerns on what this means for the future of retail jobs. In order to build a greener, fairer future and address the climate change crisis, workers must be at the centre of any plans or legislation to ensure a fair and just transition.

Key Challenges

The retail sector and its workers face a number of key challenges on the path to net zero. For example, changing consumer shopping habits have led to the growth in online shopping but there are serious questions to be asked about the environmental impacts. While the shift to digital could provide opportunities for decarbonisation, when we specifically look at online shopping there are a number of impacts that are problematic from excess packaging and waste to carbon emissions. As such, retailers will need to evaluate every component of their supply chain and develop greener solutions. This could include utilising new technologies, changing driver actions and seeking alternative distribution networks.

Retailers will also need to focus on delivering behavioural change, particularly among consumers. For example, helping customers to make lower carbon choices. However, in the current cost of living crisis, consumer behaviour will continue to be dominated massively by price and affordability. In this sense, retail staff could play a crucial role in encouraging consumers to make more environmentally responsible choices, but staff will need training and upskilling if they are to advise customers on low carbon products and options.



Staff will also play a direct role in minimising energy usage and waste, but retailers will need to be mindful of good levels of employee engagement. Research from the University of Essex has showed that employees are more likely to act positively to reduce or minimise energy usage and waste if they have higher engagement levels with their employer²⁴.

Retailers will also face increased scrutiny over ESG (Environmental, Social, and Governance) metrics ie being held accountable for the societal costs of things such as disposing of excess packaging and sending returns to landfill. Usdaw supports scrutiny of such practices, and it is important for retailers to be held accountable on this front, however with the sector already facing a number of challenges, it is crucial that retailers are given the right economic support from Government in terms of balancing business viability with environmental responsibilities.

Job Security and Job Creation

The path to net zero has the potential to create new jobs within the sector, but at the same time we could see significant job losses. There is also the added complication of skills development. For example, workers may need to be retrained in specialised shops whereby more product knowledge is required. For Usdaw the key concern here is whether or not this will lead to the emergence of new jobs outside the sector (such as repair shops/centres) or whether existing retailers will be able to build this into future business models to help retain and create new retail jobs.

To help protect and encourage the creation of new jobs, we need to ensure that we bring the core concepts relating to net zero into education and training, particularly through lifelong learning and reskilling of the existing workforce. To deliver this Usdaw supports the creation of an independent National Skills Taskforce to help anticipate supply and demand for nationwide skills investment. In a wider sense, Usdaw is calling for a co-ordinated and cohesive approach to skills provisions, by ensuring that the key concept of net zero is brought into the wider debate on skills and productivity.

Unions will play a crucial role in this process, helping retailers to plan ahead and anticipate the needs for training, upskilling, and reskilling of workers to support their adaptation to net zero. The sector will need to adopt an inclusive approach with continuous promotion of lifelong learning, paid time off for learning and support for Union Learning Reps.

²³ brc.org.uk/climate-roadmap/section-2-retail-industry-emissions-profile/21-emissions-scopes-boundary-setting

²⁴ thegrocer.co.uk/promotional-features/a-new-approach-will-sustain-retailers-drive-to-net-zero/657531.article

The Crucial Role of Retail Workers

Staff within the sector have the knowledge, experience and ideas needed to help deliver meaningful improvements on the path to net zero. In this sense Usdaw is clear that workers, through their trade unions, must be at the centre of the plan to help retail deliver on net zero targets. Trade unions must not be side-lined in major discussions and decisions which directly impact the lives of working people.

The pandemic highlighted the fundamental importance of trade unions in securing support for sectors such as retail to overcome a number of key challenges. For example, Usdaw worked with Government and other key stakeholders to make representations on a number of key issues affecting the sector such as safety measure in the workplace, business rates and violence/abuse against shopworkers. As such, Usdaw and its members will have a key role in supporting retailers in the transition to net zero, with the aim of protecting jobs and ensuring the future viability of the sector.

Unions can also play a crucial role in compliance with environmental regulations, helping retailers to get ahead of the changes and make improvements prior to legislative changes.

In order to build a greener, fairer future and address the climate change crisis, workers must be at the centre of any plans or legislation to ensure a fair and just transition.

Delivering Good Quality Green Jobs in Retail

It is evident that retail is a core part of the solution to climate change, but this must be done alongside delivering better, good quality, green jobs for the sector.

Ushaw supports a net zero approach in retail based on the following priorities:

- The introduction of economic policies and public investments that offer long-term sustainable growth for retail and a better deal for working people, with a focus on retail jobs and growth right across the UK.
- Adequate safeguards to protect retail workers on the path to net zero. This should include co-ordinated public policy initiatives and legislation, which bring together economic, social and environmental priorities.
- Retail workers must be at the centre of any plans or legislation to ensure a fair and just transition. The decarbonisation of industries will have a major impact on the lives of working people therefore they must be wholly represented and consulted.
- A robust plan for retail, devised in co-ordination with Unions and workers, to protect and create good quality retail jobs right across the UK to ensure a just transition to net zero.
- Increased focus from Government and retailers on making retail jobs better; we must ensure that retail jobs deliver a higher standard of living for retail workers, based on decent pay and secure work.
- A co-ordinated approach to skills provision for the transition to net zero. Government and employers should work with unions to plan and anticipate the needs for training, upskilling and reskilling of workers.

Freedom From Fear: Abuse is Not Part of the Job

For retail workers, violence and abuse is far too often a part of the job. Usdaw is clear that no one should go to work fearing for their safety and more needs to be done to tackle this issue, with the overall aim of ensuring retail jobs are better jobs.

Background

While violence and abuse against retail workers has reached a shocking high, it is sadly not a new development, with Usdaw launching our Freedom From Fear Campaign 20 years ago.

The campaign has made huge strides over the last two years. In August 2021, as a result of Usdaw's campaigning a new ground-breaking law to protect shopworkers from violence, threats and abuse was introduced in Scotland. Legal protections have also been delivered for retail workers in England and Wales through a 'statutory aggravating factor'. However, there are many issues with the English and Welsh provisions which have been tackled through the Scottish legislation. For instance, it is easy to track the effectiveness of the Scottish Offence and the Offence is easily understood by retail workers, this is not the case with the 'statutory aggravating factor' in England and Wales. Usdaw continues to call for the legislative provisions in Scotland to be introduced in England and Wales.

Despite progress in terms of legislation, it is clear that retail workers continue to be impacted by abuse, threats, and violence and therefore the campaign must continue. As such, the Union continues to engage with employers, politicians, the police and the justice system to ensure shopworkers have the protection they deserve.

The Impact of the Pandemic

It is fair to say that the pandemic brought the issue of abuse against shopworkers into sharper focus. While retail staff received widespread public support, many retail workers were met with an unacceptable level of abuse and violence. In addition to the normal triggers (eg shop theft and enforcing age-restricted sales requirement), retail workers had to deal with a variety of new pressures and new range of responsibilities. Shockingly over 90% of retail workers faced abuse during the pandemic as part of their job role.

In the aftermath of the pandemic, retail workers began to adjust to a more 'normal' environment; and by 'normal' we mean that the main triggers for violence resumed their pre-pandemic trends with shoplifting and age restricted sales being the biggest flashpoints for abuse. While a return of existing trends is sadly not unexpected, reports of verbal abuse, threats of violence and actual physical assaults are all higher than any year outside of the pandemic.

Udaw Survey Results 2022

As part of our Freedom From Fear campaign Usdaw surveys members each year. The 2022 survey results are based on 7,755 responses received throughout 2022. They show that the high levels of abuse and violence recorded in the 2019 survey have unfortunately been exceeded in the most recent survey. Some of the key findings from the 2022 survey are as follows:

- Over 7 out of 10 respondents had experienced verbal abuse.
- 49% received threats of violence and nearly 8% were physically assaulted during the year.
- Comparatively, in 2019 the figures were 67% abused, 42% threatened and 5% physically assaulted.

Udaw's survey results also show the gender impact of abuse at work. Women were more likely to be the victim of verbal abuse - 79% of women against 72% of men. However, men were significantly more likely to be physically assaulted - 10% of men against 7% of women.

The Economic Impact

Alongside the huge emotional and physical impact on people, retail crime is a huge cost pressure for retailers who are already struggling with squeezed margins. According to the BRC, the total cost of retail crime stood at £1.76 billion in 2021/22. £953 million was lost to customer theft, with eight million incidents of theft over the year.

Not only this but staffing levels, through cuts to jobs and labour shortages, have become significantly lower. It would be safe to assume that staffing levels have been cut in line with the introduction of a greater number of self-checkouts, creating a disgruntled customer base and increased pressure on retail workers.

Data from our Freedom From Fear Survey highlighted the extent of the issue with nearly one third of those surveyed stating that the violence and abuse they have experienced at work has forced them to consider a change of job. At a time of significant labour shortages, and incredibly high levels of staff turnover across the retail industry, it is clear that violence and abuse are not only human issues, but also an economic issue that both business and Government must take seriously.

Ultimately, we know there are no quick fixes to reduce and prevent retail crime and the impacts on workers, but there are clear actions employers, Government and the police can take to make progress on this issue.

Support from Retailers

Over recent years, there has been a strong commitment from across the sector to investing time, money, and resources into tackling the issue. In 2019, as part of their Safer Colleagues, Safer Communities campaign, the Co-op Group confirmed that they were investing £70 million over the following three years on equipment, training and innovation. These work programmes have included significant investment in training, such as induction training/information on how to react to common flashpoints such as shoplifting and age-related sales.

Alongside this a whole range of other retailers have made investments in new technology and delivered work programmes to assist in the reporting of incidents. These work programmes have included significant investment in training, such as induction training/information on how to react to common flashpoints such as shoplifting and age-related sales.

Our 2022 survey of members highlighted some positive developments, with the overall confidence of respondents in their employer gradually increasing recognising the work that the industry has been doing with the union over recent years. Both levels of reporting and overall confidence in employers have seen an increase when compared to the statistics from our 2019 survey.

Our survey also shows an encouraging increase in reporting of incidents to employers. There appears to have been an increased effort by employers to make people aware that abuse will not be tolerated. Despite rates of reporting being up, overall confidence of the effect of such reporting leaves plenty of room for improvement. Employers and the police must do more to inspire confidence in reporting, ensuring effective investigations are conducted and all reports are taken seriously. The procedural reporting of issues needs to be made simpler and easier, with confusing policies acting as a deterrent for many of our respondents.

Effective Legislation, Policing and the Justice System

While it is clear there have been some improvements in areas in recent years, it is also apparent that this is not just an industry issue or one which can be resolved by the sector alone. Despite the investment and engagement from so many within the sector, violence and abuse has continued to rise to previously unimaginable levels. The Association of Convenience Stores has estimated that there were over 35,000 violent incidents in the convenience sector last year alone.

If we are to truly tackle these issues, we must continue to engage with politicians and the police, to press for action on retail crime prevention, detection and access to justice. As such, the Union has been working hard with politicians, police forces, employers, and employer associations to tackle this issue. The passing of the Protection of Workers (Retail and Age Restricted Goods) Act by the Scottish Parliament was a very welcome development. The Act came into force in August 2021 and has seen police support in tackling the issue.

An extensive campaign by Usdaw, the BRC and others successfully secured an amendment to the Police, Crime, Sentencing and Courts Act with the aim to better protect people working in retail. However, the Home Office currently does not track the use of this amendment, making it impossible to understand if the changes are having an impact.

There is also a problem in general that incidents are not properly recorded and even where incidents are recorded, this does not mean it shows up in the data. Incidents can be recorded by the employer and not the police, incidents can be recorded by the police but recorded under business crime rather than a crime against an individual and there's little recording of incidents of racism and other forms of harassment against retail workers. Usdaw is calling for an industry wide approach to ensuring that all incidents are correctly recorded and reported on within crime statistics.

Police support is vital. Police and Crime Commissioners are being urged to advocate for retail crime to have a higher priority and more resourcing in local policing strategies.

What Next?

Despite the best efforts of all involved, shopworkers still commonly lack confidence that they can be provided with the protection and support that they need. While some progress has been made in terms of legislation, it is clear that more needs to be done to deliver better and safer retail jobs. Until there is evidence that shopworkers feel safe and respected for the essential service they provide Usdaw will continue its campaigning on this issue. We will also continue monitoring the levels of abuse our members suffer, examining the effectiveness of the new legislation and encouraging our members to report the incidents they experience.

Equality, Diversity and Inclusion



Together, women, Black, disabled and LGBT+ workers make up the majority of employees in the retail sector. So issues facing these workers are far from minority issues. The future of the sector demands that promoting equality and tackling discrimination are embedded at the heart of creating better jobs.

Women, Black workers, disabled and LGBT+ workers are both overrepresented in low paid and insecure work and more likely to experience discrimination and harassment in the course of doing their job.

Addressing the particular challenges these workers face not only helps to break down barriers to opportunity and progression at work, but also ensures the vibrancy of the sector and that retail workplaces are reflective of the communities they are a part of. Unlocking opportunity has the potential to significantly benefit both the retail sector and boost the UK economy as a whole. Reviews over recent years have highlighted how action to improve diversity can benefit business:

- The McGregor Smith review into race at work estimated the UK economy could receive a £24 billion boost if Black Minority Ethnic talent was fully utilised.
- The Women's Budget Group estimated the economy is losing out on £28.2 billion in lost economic output as a result of women being prevented from taking on more paid work due to childcare issues.
- The Stephenson Farmer review into mental health at work estimated poor mental health costs employers between £33 billion to £42 billion a year, with a cost to the economy as a whole of between £74 billion and £99 billion.

There are a wide range of issues that put barriers in the way of workers with protected characteristics remaining in and progressing at work. Some have become core priorities such as mental health at work; some, like the menopause, have emerged as key issues in recent years; and there are those that remain persistent structural and social issues, like racism, sexual harassment and disability discrimination, where retailers can play a key role in creating opportunity and promoting change.

Employers are also coming under increased scrutiny from the public. Social movements such as Me Too and Black Lives Matter have called out businesses whose actions – or lack of action – contradict statements on equality. Consumer opinion continues to hold a sway for brand names and smaller businesses alike. Therefore there is a reputational benefit to being an inclusive employer who acts to promote equality and tackle discrimination.

Current Picture

There is a lack of accurate data regarding where workers with protected characteristics sit within the retail sector. The information available points to persistent pay gaps and occupational segregation. Having transparent data on where workers are employed in the retail sector, is not a solution in itself, but helps to be able to target action to support workers to participate and progress on an equal level with their peers.

Women

Women in the retail sector remain concentrated in lower paid and part time work. The wholesale and retail sector makes up 13% of all jobs held by women in the UK (the second highest after health and social work)²⁵. While women make up 47% of all workers employed in wholesale and retail, only 35% of full-time workers are women, while over 66% of part-time roles are done by women²⁶.

In our own survey while women made up 63% of respondents, we found that they were overrepresented in low hours and low paid work – of respondents earning the National Living Wage of £10.42 or below, 71% are women²⁷.

Women are also twice as likely to be employed on part-time contracts of less than 16 hours a week, with 17% women working these type of contracts compared to 8% of men. This rises to 18% for Black Minority Ethnic women and 21% for disabled women²⁸.

The reasons for this are complex but the primary reason is that women continue to shoulder the majority burden for childcare and caring for older or disabled relatives. Therefore they are more likely to be balancing paid work with unpaid care.

Improving women's ability to balance work and care is key for retailers looking to close the gender pay gap and create opportunities for women at all levels.

Women are also more likely to experience pregnancy and maternity discrimination, sexual harassment and face sexist and ageist attitudes that can result in them reducing their hours or feeling like they have no other option than to leave paid work altogether. Therefore employers need to be ensuring rights to risk assessments and reasonable adjustments are upheld as well as having robust strategies for tackling harassment and unfair treatment at work.

Black Workers

Black Minority Ethnic workers make up around 13.3% of employees in the UK. However, the numbers of Black workers are higher in the retail sector. Around 17% of our

²⁵ P4 'Women and the UK economy' March 2023 <https://researchbriefings.files.parliament.uk/documents/SN06838/SN06838.pdf>

²⁶ ONS Workforce Jobs by Industry

²⁷ 2023, Usdaw Cost of Living Survey

²⁸ 2020, Usdaw Cost of Living Survey

members are Black – this figure is based on our own internal monitoring data and statistics published by the Office for National Statistics about the sectors in which we organise.

Our survey of over 10,000 low paid workers indicated that Black workers are more likely to be working in short hours jobs (less than 16 hours a week) which are characterised by low pay and lack of access to employment rights.

The pandemic widened the employment gap between white and BME workers and there was a substantial fall in the number of BME workers in wholesale and retail. This is part of an overall fall in the number of workers in retail, but has disproportionately hit BME workers. The number of BME workers in the sector has fallen by 12%, compared to a 7% fall in the number of white workers²⁹.

While there may be many reasons behind this, a key issue has been that BME workers are more likely to be employed in precarious work, placing Black workers disproportionately at risk of redundancy.

They are therefore far less likely to be benefiting from negotiated improvements to pay, safe working practices, job security and other terms and conditions

Structural racism within the labour market is a significant factor in the ethnicity employment gap. To tackle this, retailers must ensure zero tolerance to racist attitudes and behaviour at work as well as more targeted action to address the unequal position of Black workers in the labour market.

Disabled Workers

A fifth of the UK's working age population is disabled. Disabled people are less likely to be in full time employment than non-disabled workers, and disproportionately more likely to be in part-time and low paid work.

Disabled workers face significant barriers to getting and keeping jobs. This results in an employment gap of around 30%. Not only are they less likely to have a paid job but when they do, disabled people earn substantially less than their non-disabled workers.

The UK's disability pay gap currently stands at 13.8% according to the latest ONS figures³⁰ – leaving disabled workers earning 86.7p for every £1 earned by non-disabled workers. The pay gap widens significantly depending on the primary impairment. For workers with mental health problems the pay gap rises to 22.1%.

In retail the majority of disabled workers are working with hidden impairments, such as mental health. Stigma, assumptions, and disbelief can be huge barriers to retail workers feeling they can open up about how their health is impacting them at work, or how work is impacting on their health.

Ensuring employers are aware and are acting on the duty to implement reasonable adjustments is crucial to supporting disabled workers to remain and progress in work.

LGBT+ Workers

Lesbian, gay, bisexual, transgender and non-binary workers make up a small but significant population of the UK workforce. The 2021 census, which asked about sexual orientation and gender identity for the first time found 3.2% of people in England and Wales identified as LGB and 0.5% identified as transgender³¹. As well as not including information from Scotland and NI, it is worth noting these questions were voluntary and did not include people 16 or under, therefore the true number is likely to be larger than data shows.

Our experience suggests that number of LGBT+ workers are higher in the retail sector. This is due to a number of factors including the proportionately higher number of younger workers employed in the sector and that higher proportions of LGBT+ people are concentrated in cities and student towns where there are large numbers of retail jobs.

Though attitudes have improved, lesbian, gay, bisexual, trans and non-binary workers still face stigma, discrimination, bullying and harassment for being themselves in work.

The 2019 National LGBT+ Survey by the Government Equalities Office found:

- 23% of respondents experienced a negative or mixed reaction from others in the workplace due to being LGBT+ or thought to be LGBT+.
- 11% of those in work had experienced a negative reaction due to someone disclosing that they were LGBT+ without their permission, 11% due to other inappropriate comments or conduct and 9% due to verbal harassment, insults or other hurtful comments.
- 77% of respondents that had experienced a negative incident in work said the most serious incident was not reported, primarily because they had thought it would not be worth it, or that nothing would happen or change³².

Effective policies to deal with bullying and harassment and confidential reporting procedures are particularly important for creating safe and inclusive workplaces for LGBT+ workers. Ensuring policies are inclusive of LGBT+ experiences and rights at work as well as action to raise awareness among other employees ensures that workplaces are safe and inclusive for all workers.

²⁹ June 2022, TUC www.tuc.org.uk/research-analysis/reports/jobs-monitor-impact-pandemic-bme-employment

³⁰ Disability pay gaps in the UK - Office for National Statistics (ons.gov.uk)

³¹ 2021 census: What do we know about the LGBT+ population.

³² Government Equalities Office, 'LGBT Action Plan: Improving the lives of lesbian, gay, bisexual and transgender people', 2018

Improving Equality and Diversity Across the Sector

Strategies to address equality and tackle discrimination can often take a backseat to other action in business. While 91% of retailers have a Diversity and Inclusion strategy, progress to address the unequal position of workers in the sector has been slow³³.

In 2020 the BRC launched their *Diversity and Inclusion Charter* – which over 80 retailers have so far signed up to with a focus on embedding equality in all aspects of business. This is a welcome step, and we look forward to retailers making progress on this issue. Turning words into action involves creating robust strategies in response to, and in consultation with, retail workers experiences on the shop floor.

It is important that improving equality is not just seen as a ‘nice to have’ but is something that is considered in every business and policy making decision. This change cannot happen without strong leadership at the top.

Without more robust action, including strengthening the Equality Act and rights at work, certain groups of workers risk being left behind. Contributing to widening pay gaps and entrenched occupational segregation. Leaving retailers missing out on the boost to productivity that comes with diversifying talent at all levels of the business.

Mandatory Pay Gap Reporting

Many employers, including a number of retailers, have committed to voluntarily publishing their ethnicity and disability pay gap information. For this to provide an accurate picture we need more employers to publish data, which may require legislation.

Unfortunately many employers do not have detailed systems for monitoring the position and progression of staff with protected characteristics at work. Without up-to-date information, it is very difficult to develop a clear picture or address patterns of inequality in recruitment, retention and progression.

Extending the duty on employers to publish their gender pay gap data, to include ethnicity and disability, sexual orientation and gender identity pay gap information, would create transparency about where workers are employed in their business. We believe that as well as the requirement to publish an overall figure, employers should be required to report on pay bands, pay quartiles and publish pay data from across different ethnicities.

Current gender pay gap reporting applies to employers with 250 or more employees but given the well-established business benefits of having a diverse workforce free from discrimination then we see no reason why the requirement might not be extended to all but the smallest businesses.

Reporting should be accompanied by the mandatory publication of action plans to monitor year on year progress towards objectives. This should make clear what specific steps the employer intends to take to address pay discrimination and inequality, but it could also be used to highlight good practice that other employers might learn from. The EHRC should be fully funded to support employers to meet reporting deadlines and create meaningful action plans to close pay gaps.

Extend the Duty to Conduct Equality Impact Assessments

Public sector employers are already required by law to conduct equality impact assessments to assess where business decisions, policies and practices are having or likely to have on equality in the workplace. Extending this duty to private sector employers helps to create a safeguard for workers who occupy a more precarious position in the labour market. Requiring employers to conduct equality impact assessments is crucial to identify where changes to ways of working pose a disproportionate risk to workers with protected characteristics and inform action plans to mitigate the impact.

This should include the requirement to conduct equality impact assessments on the introduction of new technology at work. This is particularly important for workers in the retail sector, as workers with protected characteristics are disproportionately likely to occupy low paid and low hours roles that are at risk of automation. These same workers are also less likely to possess the digital skills needed or be able to access appropriate training to take advantage of new roles created as technology changes the sector.



³³ P8 'Tracking progress on diversity and inclusion in UK retail'
[brc.org.uk/media/680305/mbs-brc-diversity-and-inclusion-in-uk-retail.pdf](https://www.brc.org.uk/media/680305/mbs-brc-diversity-and-inclusion-in-uk-retail.pdf)

Strengthening Employment Rights and Tackling Insecure Work

Action to address low pay, tackle insecure work and strengthen employment rights such as access to sick pay as outlined in other parts of this report, is of particular value to groups of workers who are more likely to occupy a more precarious position, and therefore be more in need of robust protections at work. There are particular areas where strengthening existing legislation related to equality at work would be beneficial to workers in the retail sector:

1. Introduction of a Preventative Duty on Employers and Reinstatement of Third Party Harassment

We are calling on the Government to stand by their 2021 commitment to introduce a new preventative duty on employers and reinstate the protections from third-party harassment to the Equality Act (removed in 2013). These changes are necessary to tackle the structural drivers of workplace sexual harassment. It will shift the onus onto employers to stop sexual harassment from happening in the first place by taking reasonable steps to address the risks that can enable sexual harassment while at work. This will create culture change - ensuring focus shifts from redress to prevention. Employers will be supported in doing this through a statutory code of practice, which will be consulted on and issued by the EHRC.

2. Reform of Family Friendly Rights

- **Day one rights for all working parents.** This should include removing qualifying periods and lower earnings limits on workers to access parental pay.
- **Stand-alone dedicated leave and pay rights for parents.** Leave and pay rights should not rely on the employment status of the other parent and must be stand-alone non-transferable rights. Existing maternity rights should be enhanced alongside a significant increase in paternity leave and pay entitlements. Statutory payments should be significantly increased to enable low paid working parents to make full use of their parental leave entitlement.
- **No rolling back of Maternity Leave and Pay rights or existing parental protections.** The Government should commit to a non-regression clause in relation to existing parental rights.
- **Access to 10 paid days carers leave.**
- **Rights for grandparents.**

It is important that improving equality is not just seen as a 'nice to have' but is something that is considered in every business and policy making decision.

3. High Quality, Accessible, Affordable Childcare

Affordable and accessible childcare is one of the key barriers for retail workers. Low wages are eaten up by expensive childcare costs and the lack of readily available childcare around retail friendly hours means that when overtime is available, parents miss out on extra earning potential. In a wider sense, high quality, accessible, affordable early years childcare is an investment in essential social infrastructure with long term benefits for the economy and society. High quality childcare helps removes barriers to employment and creates more well-paid jobs in the sector. Lack of childcare is a barrier to women's participation and progression within the sector and contributes to the gender pay gap.

Government must deliver a fully funded, comprehensive childcare system which is easily understood by and supports working parents including:

- Free breakfast club and after-school provision in every primary school.
- 30 hours funded childcare per week from the end of parental leave.
- Funded school holiday provisions.
- Funding for the free hours hourly rate should reflect the true cost of care provision.
- A legal right to flexible working from the first day in a job.
- Restoration of Sure Start.

4. Strengthening the Right to Reasonable Adjustments and Supporting Disabled Workers

A stronger framework for disabled workers to request reasonable adjustments will ensure quicker responses to requests, and meaningful penalties for bosses who fail to provide adjustments and for reasonable adjustment passports to be mandatory.

Better enforcement of the right to reasonable adjustments could be achieved by providing more detailed practical examples of timely implementation within the Equality and Human Rights Commission's statutory code of practice on employment.

- **Access to Work:** This is the Government's flagship programme that funds adjustments for disabled workers including those with mental health problems. The Government should ensure all employers are made aware of Access to Work so that all disabled workers and employers have the opportunity of benefiting from it. In addition it should be funded appropriately so all eligible people can access their full entitlement. This is particularly important for smaller employers who may not have the resources to make adjustments needed.
- **A statutory mental health at work plan:** We are calling for Government to implement a statutory mental health at work plan to include core standards around training, awareness raising and decent work.

5. Strengthen the Right to Flexible Working

The Government has committed to expand the right to all employees from their first day in the job, but more needs to be done to ensure that flexible working is accessible to *all* workers from day one. Action to strengthen flexible working should provide workers with transparency when applying for roles and more say over the hours they work to enable parents, carers and disabled people to better balance their lives, health and work. For low paid workers, the criteria that can be used to refuse requests should be more tightly drawn, with the opportunity to appeal, to give workers the opportunity to scrutinise and challenge the reasons given for rejecting a request.



High quality childcare helps removes barriers to employment and creates more well-paid jobs in the sector.

What Next?



The retail sector continues to demonstrate its fundamental importance to the UK economy and society as a whole. Despite this, retail jobs do not reflect their true value and significance. Throughout this report we have covered some of the key challenges facing retail workers including but not limited to trying to exist on low pay, insecure working arrangements and a lack of investment in skills and development. We have also covered a number of additional pressures facing retail workers in particular violence and abuse at work.

It is clear that more needs to be done by both employers and Government to help shape the future of retail work and to ensure retail jobs provide people with the decent pay and hours they both need and deserve. In addition to decent pay and hours, staff should feel safe and valued at work. Retail workers should feel part of something positive and enjoy good relations with colleagues and the communities they serve.

To deliver on this vision, Usdaw is calling for a joint approach from all key stakeholders, including the Government and industry, to help secure the future of retail work through better jobs. While there are no quick fixes or easy solutions, there are a number of priorities and required measures – as outlined in this report – that will go some way to making progress on this issue for our members and the sector as a whole. As a starting point, Usdaw is committed to the following actions:

Campaign for Action to Save Our Shops Through a New Economic Framework

Udaw will continue to push for a new economic framework to support retail growth and drive investment in good quality retail jobs. This includes tackling business rates and the lack of parity between online and physical retailers to help support investment and growth across the industry. We will also continue to call for urgent action to address the lack of funding for local authorities, along with an immediate and comprehensive review of commercial rental values and lease arrangements.

Work with All Key Stakeholders to Promote and Deliver Better Retail Jobs

Udaw will utilise every available channel from lobbying Government to negotiating with employers, to promote and deliver better paid retail jobs. However, our vision goes beyond better pay and conditions to greater rights and protections at work. This includes promoting diversity and equality, with a view to ensuring retail is a respectful, inclusive work environment within which every worker has the opportunity to thrive.

Promote Skills Development and Training Across the Sector

Udaw will ensure a strong focus on skills and development, particularly in the context of technology/automation and the transition to net zero. We will campaign for the reintroduction of the Union Learning Fund and fundamental reform of the Apprenticeship Levy. We will also campaign for a legal right to paid time off for retraining and a legal right for consultation with staff on the implementation of new technology in the workplace.

Deliver a Voice for Retail Workers

Udaw, as always, will continue to deliver a true voice for retail workers, giving them a stronger voice and say on the issues that matter to them at work. The pandemic and cost of living crisis have shown how workers need their unions more than ever, which is why Usdaw will campaign for stronger protections at work, including strengthened trade union rights.



Head Office

Voyager Building
2 Furness Quay
Salford Quays
Manchester
M50 3XZ