

**TREASURY COMMITTEE CALL FOR EVIDENCE**  
**GOVERNMENT'S CORONAVIRUS FINANCIAL PACKAGE**

Introduction

Usdaw is the UK's fifth largest Union, with more than 420,000 members. The majority of our members are employed in the Retail Sector, but we also have significant membership in road transport, warehousing, food manufacturing, pharmaceuticals, call centres and home shopping.

Many Usdaw members throughout the retail and pharmaceutical supply chains have been at the forefront of the nation's response to the Coronavirus outbreak. We are all too aware that many of our members work in high risk jobs, on the front line of ensuring that the country continues to be fed and have access to medical supplies. Usdaw is therefore extremely keen that the Government puts in place an essential economic framework which can support those workers who are doing so much to help the country at this time of need. Equally, Usdaw has many members across retail and other sectors who have been affected by a significant downturn in demand. We are aware that employers such as Ikea and Primark have already announced store closures and we are also receiving significant numbers of queries from workers in non-recognised employers who's jobs under threat.

Therefore, it is essential that the Government uses all powers available to assist workers for whom, without significant fiscal intervention, their livelihoods may well disappear.

Usdaw holds national agreements with four of the UK's biggest food retailers – the Co-op, Morrisons, Tesco and Sainsbury's, and we are also the recognised trade union for Asda stores in Northern Ireland. In the non-food sector we negotiate pay with Argos, Next Distribution and Poundland nationally, as well as Primark in Northern Ireland. We also hold a range of agreements covering food manufacturing and distribution sites at national and local level.

**Coronavirus Job Retention Scheme**

Usdaw welcomed the Chancellor's recent announcement to create a Job Retention Scheme. We believe that it is imperative that the Government takes, what would previously have been seen, as drastic action to underwrite the UK economy. We believe that the scheme satisfied the requirement of drastic action and provides a very useful starting point. In the main, Usdaw believes that the scheme requires some areas of both clarification and further detail but we very much welcome the overall premise.

**Short and zero hours contract workers**

Primarily, Usdaw believes that the Government needs to urgently define the term wages. The level of zero-hours contract work across the economy is well-publicised and Usdaw is already aware of examples of zero-hours contract workers having all of their hours of work cut since the start of the outbreak. Alongside the issue of zero-hours contract workers, there are millions of workers across the economy who regularly work hours above their contract. In 2017, Usdaw surveyed over 6,000 of members and found that 64% regularly worked hours which are not guaranteed in their contract.

In 2018, we surveyed over 10,500 members and found that for nearly 4 in 10 workers, at least 20% of their wages were made up of hours not guaranteed in the contract. Our data shows that this issue disproportionately impacts young people and women. In fact, according to our survey 70% of workers contracted to work less than 16 hours or less are women.

Usdaw is clear that wages need to be calculated according to a 12 week average. In low paying sectors, contractual hours bare little, if any resemblance to the hours that people actually work or the earnings they receive. Many Usdaw members rely on these additional hours and cannot afford to go without that money during this crisis.

In 2018, Usdaw previously responded to the Low Pay Commission's review into 'one-sided flexibility' which resulted in the Low Pay Commission adopting Usdaw's stance that workers should be given a right to switch to a contract based on normal/average working hours. As such, we are calling for wages to be defined as 'average wages'. Usdaw believes that the average should be based on the previous 12 weeks worked prior to the backdating of the scheme on 1 March.

### **Furloughed workers**

Usdaw is looking for a definition of 'furloughed workers' which protects as many jobs as possible. We believe that there are likely to be situations where individuals could continue in their normal work on reduced hours, which would be on full contractual pay, while having to utilise Government support to cover periods of lower demand.

If a 'furloughed worker' is required to undertake no work for their employer, the opportunity to maintain small sections of the economy will be lost, businesses may lose more goodwill, the cost of the scheme to Government will be greater and workers will not be able to top-up the income from the protection scheme.

### **Maternity, Paternity and Adoption pay**

Around 55% of Usdaw members are women. Usdaw has a long running Supporting Parents and Carers campaign aiming to protect the rights of parents and expectant parents. In terms of the Coronavirus Job Retention Scheme, we are concerned of the impact that the scheme, along with wider issues of dwindling pay rates, will have on Maternity, Paternity and Adoption Pay.

Such payments, for both Contractual and Statutory elements, are typically calculated based on earnings in the 'relevant period'. This calculation attempts to identify an individual's normal wages, which are then used as a reference during periods of maternity/paternity/adoption leave. Usdaw believes that, until the Coronavirus outbreak is over, individuals should be able to choose their relevant period based either how the calculation would have been made on 1 March or how the calculation should be at the time of confinement.

### **Statutory sick pay**

Usdaw believes that the rate of Statutory Sick pay needs to be significantly increased in response to the Coronavirus. Through the Coronavirus Job Retention Scheme, the Government has accepted that the minimum acceptable income is far higher than £94.25 per week. As mentioned in our introduction, Usdaw members, particularly those in food retail stores, have been at the forefront of the Government's efforts to tackle the Coronavirus through ensuring people are still able to buy food which subsequently maintains calm within our communities.

Without the hard work of these individuals, many of who have been subject to a significantly higher risk of infection, the effect of coronavirus would have been felt much more sharply across the whole of society. Where individuals have put themselves at increased risk of infection, it is unacceptable to expect them to live on £94.25 if they do unfortunately fall ill to

the disease. In addition to the increased risk faced by those in retail stores or delivering food to homes, Usdaw members right across the food and pharmaceutical supply chain have been working additional hours and as such are facing increased levels of fatigue. It is likely that these additional hours, worked at the nation's time of need, may also place these workers at increased risk of infection.

The Government should clearly continue to stand behind workers through significantly increasing the level of Statutory Sick pay in line payments available from the Coronavirus Job Retention Scheme, i.e average wages to a maximum of £2,500 per month.

### **Universal Credit**

Udaw was pleased to see the Chancellor acknowledge the short-comings within Universal Credit as part of his overall package. However, the increase of around £100 per week is simply not enough. In line with the effective decisions made by the Chancellor, Usdaw wants to see significant increases in Universal Credit, preferably to the level of the Real Living Wage, throughout the crisis.

We are also aware that the current five week waiting period is causing unnecessary hardship for many low-paid workers. According to our 2018 survey, over three quarters of low paid workers are already relying on unsecured borrowing to pay everyday bills. Five weeks without payment is simply making this problem much worse and leaving people in a spiral of debt from which they cannot escape.

Udaw believes that the five week waiting period needs to be scrapped immediately and reviewed at the end of the Coronavirus outbreak.

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