

## 1. Introduction

Usdaw represents just under 46,000 members in Scotland, and more than 438,000 across the UK. The majority of our members are in the retail sector, and we have agreements with major food retailers including the Co-operative Group, Morrisons, Sainsbury's and Tesco, as well as non-food retailers including Argos, Ikea, Poundland and Primark. We also organise in other sectors such as Distribution, Food Manufacturing, Home Shopping and Pharmaceuticals. As the majority of our members work in low paying sectors, where shift working is the norm, wages, health and well-being are major concerns for us.

## 2. Healthy Working Conditions and Work-Life Balance

### **Specific concerns for retail staff when trying to achieve healthy working conditions and a work-life balance**

#### ***Flexible contracts***

Flexible contracts are used by the majority of retailers. They suit people who choose to work certain hours to fit in with other responsibilities, often caring responsibilities or second jobs. However, in many cases flexibility is tilted in the direction of the employer.

Staff are increasingly put under pressure to expand their availability. Many employers now use electronic scheduling systems which fit workers around peaks and troughs in customer demand, meaning that their hours can change from week to week.

Notice given as to which hours they are expected to work, is often very short which means that many of our members find it almost impossible to plan their home life due to the uncertainty of their shifts. This could also indirectly discriminate against some groups of members who have a much greater need for control over their working hours than others, such as parents (particularly lone parents or those with a disabled child), carers and disabled workers.

60% of retail workers in Scotland work part-time, and many do so to fit around caring responsibilities. Retail was historically a sector that offered family-friendly working hours, but the highly competitive nature of the market means that employers are now expecting workers to fit around customer demand, and this often means working unsocial and unpredictable hours.

#### ***Changes of hours***

Too many employers regularly change the hours of their staff by stating the needs of the business. In many cases this happens several times a year. Again, members are under pressure to make adjustments to their home lives/caring responsibilities. Again, this could also indirectly discriminate against some groups of members who have a much greater need for control over their working hours than others, such as parents (particularly lone parents or those with a disabled child), carers and disabled workers.

#### ***Changes to staffing levels***

An increasingly competitive retail sector has led to many retailers cutting back on staffing levels in some of their stores, to maximise efficiencies. This has an impact on the health and safety of our members, increasing the risk of more accidents at work and stress-related illnesses. Low staffing levels also make retail workers more vulnerable to abuse from irate customers, and increase the risk of physical attacks.

Retailers are too often compromising on store security and making it impossible for members to have adequate breaks away from the shop floor. This is a particular issue in convenience stores, where there are sometimes only two members of staff working at a time.

***Whether management skills are noted as a particular area for concern***

Retailers always ask for their staff to be flexible. As described earlier, retailers increasingly offer flexible contracts or make regular changes to hours. Although most companies have guidelines, some local managers who are themselves under pressure too often make unreasonable requests. In the worst cases, bullying tactics are used in order to make staff agree to hours they want them to work.

Good quality policies are essentially pointless if they are not implemented correctly at local level. It is essential that managers are trained and developed to support their staff.

Many managers are also Union members, and we are aware of the difficulties that they themselves face in maintaining a work-life balance. They are often under pressure to work unpaid overtime and fill the gaps when they are short-staffed. We believe that retailers should give managers the support that they need so that they can role-model a positive approach to work-life balance.

***Any examples of good practice***

Most of the retailers who Usdaw deals with have flexible working policies in place, which they have now extended to all workers, in accordance with the change in the law. We are pleased that they have not diluted these policies, despite the removal of several of the procedural requirements from the legal framework.

Several large retailers deliver health and wellbeing programmes for their employees, either in-house or by linking up with third party organisations. For example **Tesco** have an Occupational Health Service which provides advice and information on staying healthy, and special health checks for employees doing certain jobs such as freezer workers and bakers.

Overall, the best solution for workers and employers is to have a meaningful, ongoing dialogue, so that employers are aware of and listen to their employees' concerns regarding their working conditions, and resolve them at the earliest opportunity. Usdaw believes that this is best achieved through independent trade union representation, and our representatives, from store to national consultative forum level, provide a vital voice for employees at work.

**3. What other support do retailers seek, be it from enterprise agencies, local government, or the Scottish Government?**

This question is possibly more relevant to smaller retail businesses than many of the national companies Usdaw has membership in, as smaller companies may be more inclined to draw in funding and support from external bodies.

Various third sector organisations offer a range of materials to help employers to support their staff more effectively to improve their health in the workplace – both physical and mental.

- Health and Safety Executive
- Mind Scotland
- Scottish Business in the Community

The major issue for most retailers is cost, as they are operating within tight profit margins. It is cost constraints which tend to have the greatest impact on our members, as employers seek to keep their wage bills as low as possible while meeting customer demand, which inevitably has an impact on their employees.

#### **4. Pay and Conditions**

It has been widely reported that the retail sector will feel the impact of the new National Living Wage more than most. However, past warnings about the impact of the NMW were unfounded, and while it is fair to say that rising wages and squeezed profit margins will prove challenging for some retailers, the negative views that have been expressed do not factor in the potential for higher wages to improve productivity and feed into the economy. With the economy getting stronger, and 29 consecutive months of year-on-year growth in retail sales, the vast majority of retailers should be able to absorb the new higher rate, offsetting costs against rising consumer confidence and spending, and of course larger employers will benefit from the cut in corporation tax.

It is important to bear in mind that for low-paid workers, the impact of cuts to tax credits and the freezing of most in-work benefits for four years is such that many household incomes will be severely worse off despite the NMW increase, and we are calling on employers to help to mitigate those losses with substantial increases in their base rates of pay.

We do not believe that a separate rate of pay for workers aged 25 or over is fair or appropriate. We have, for many years, argued against youth rates, and over the years we have successfully removed them from the majority of our major agreements. We will continue to argue against the return or expansion of age-related bandings within our agreements.

Udaw has long made the case for higher pay in retail and whilst the new National Living Wage is a step in the right direction, the 'true' Living Wage continues to be a longer-term objective. We will continue to make a strong case for decent rewards for our members.

As well as base rates of pay, a key area of concern for Usdaw is the erosion of premium payments and other benefits, and particularly the decline in defined benefit pension schemes over recent years. We are also concerned about the prevalence of short-hour contracts, which impact heavily on the financial security of our members.

## 5. Usdaw's Work

### (a) How Usdaw supports its members

The Union offers a range of services to support members both in and out of the workplace.

Workplace assistance is provided mainly by a team of over 10,000 volunteer workplace Reps 1,289 are in Scotland, supported by over 100 full-time officials, 14 of whom are based in Scotland. The priority of Reps and Officials is always to resolve issues in the workplace wherever possible.

Where it is not possible to resolve issues in the workplace, the Union's specialist Legal Department is able to support claims to employment tribunal. Where the Union is supporting a claim, we will cover the costs of tribunal fees for those who do not meet the remission criteria. In 2014, the Union supported over 900 cases, of which 85 were from Scotland, securing over £2 million in compensation for our members.

The Union offers a free Legal Plus accident claim line, for accidents in and outside of work, which secured over £17 million in compensation for members in 2014.

The Union also runs a number of high profile campaigns on issues relevant to the membership. Campaigns are used to inform members of their rights, engage and recruit non-members into the Union, raise awareness of the issues our members face, both with employers and the general public, encourage employers to address issues affecting members and in lobbying for improvements to legislation.

### (a) The challenges faced by Usdaw in trying to organise and recruit within certain sectors/companies

One of the key challenges to organising in retail is the high turnover rate of staff within the sector. This means that just to maintain membership levels, the Union is required to recruit around 70,000 new members each year across the UK with Scotland having to recruit 9,000 of those new members.

The convenience sector is the fastest growing format in retail, with the major retailers having scaled back expansion in large out of town stores. Small stores pose a challenge in terms of recruitment and organising due to the dispersed nature of the workforce.

Short hours contracts and the associated uncertainty over pay mean some people feel they are unable to afford the cost of union membership, making the job of recruitment far more difficult.

Agency/contract workers are more difficult to recruit for a number of reasons – the Union often is not granted access to speak to them about the benefits of membership, given the nature of the short-term contracts, they are also less likely to remain in one workplace for a significant length of time. There are also challenges posed in organising members from a range of employers in one workplace.

One of the biggest challenges the Union has faced in recent years is that employers have scaled back their recruitment to some degree, resulting in fewer inductions, which are a key recruitment opportunity for us.

The Union has successful agreements with a range of employers, however one of the key barriers to establishing new agreements is reluctance from employers to engage with trade unions. There is a need for greater understanding from employers of the role that trade unions can play in increasing employee engagement and managing change.

## 6. Members' Experience of Recruitment

Usdaw is not involved in an employer's recruitment process and our engagement with members is whilst they are employed, we would not generally raise with them questions about recruitment and equally when members leave employment they generally leave union membership too. However, given the Committee's specific interest in this area we contacted a number of members and former members who were employed by a retailer where there have been some store closures. Those individuals all live in Scotland and agreed to Usdaw sharing their experiences with the Committee.

Laura (36) and her husband John (44) both worked for the same retailer, Laura as a check-out operator and John as a delivery driver. Laura told Usdaw that:

"Following the shock of the store closure we found the process of looking for work relatively easy. I was offered a job as a home carer almost immediately, although I had to wait a month before I could start. The Job Centre was very helpful and explained the signing on process. The Job Centre signed my husband up for a computer skills course to help update his skills and training whilst he was looking for work and luckily he found another job before the course was even finished. It really helped having the same adviser so that when you visited the job centre, they knew you and your situation."

Tracy (36) had worked as a check-out operator in the same store since leaving school. She lives with her husband and two children. She told Usdaw that:

"The Job Centre staff were helpful in explaining how to claim but I didn't feel that they offered me any individual support. I was lucky to have had the computer skills to write a CV and cover letter so all they ever wanted to know was what jobs I had applied for. I wasn't offered any skills training and they didn't even tell me about any job vacancies that might match my experience and skills. I felt like they were just going through the motions and ticking boxes. I am lucky I have found another job but I think that the job centre service could have been more person centred and tried to identify training opportunities which would have improved my employment prospects and options not all my former colleagues have been as lucky as me."

Finally, Sandra is a 52 year old checkout operator who had worked full-time in the same store since leaving school. She told Usdaw:

"I am still looking for another job and I have found the whole experience really difficult. When I was made redundant it was the first time I had ever been unemployed. At the Job Centre I had no idea what to do, everything was computerised and it was a nightmare – they asked me for a CV and cover letter

and seemed shocked when I said I didn't have a computer and had never used one. They did sign me up for a computer skills course which I am completing at the moment. After three months I found a job with another retailer who offered me a 16 hour flexi contract. I was delighted but after starting learnt that my hours would be agreed only one week in advance and I needed to be flexible from 6 am to 12 midnight. I want and need to work but I am also my mum's full-time carer. Mum lives alone, is 84 and her health is failing. I asked if I could have flexi hours between 6 and 9 pm to allow me to be at my mum's to give her her medication and help her to bed. I was told that the contract could not be altered and although I persevered for six months mum's health was deteriorating because she wasn't getting medication on time and not getting to bed until after midnight and gave up the job. I've signed on again to look for another job but learnt I may be sanctioned and lose the benefit because I gave up work voluntarily, thank goodness I have my redundancy payment - without it - I don't know how I would have managed over the last few months. Everytime I go to the Job Centre I see a different person, there is no continuity. I have been allocated a job coach but never met them. Hopefully when I get to meet the job coach they will organise some additional skills and training courses to help me find another job."

## **7. Anything else that Usdaw feels it is important to raise in light of the inquiry**

### **(a) Impacts of cuts to Welfare**

In July's Emergency Budget, George Osborne announced £12bn of cuts to the welfare system which will disproportionately affect low paid workers. The scope of these cuts will affect many aspects of the welfare system:

- Most working age benefits will be frozen for four years from April 2016. Since April 2013, they have been uprated by 1% a year.
- From April 2016, the work allowance for claiming tax credits will go down from £6,420 to £3,850. The rate at which money is withdrawn for earnings above this level will also increase sharply.
- Tax Credits and family benefits will be limited to the first two children mainly affecting those born after 1 April 2017.
- Family element of Child Tax Credit will be removed for new claimants from 2017.

The IFS have said the cut in the Work Allowance alone will reduce the incomes of over 3 million working families by an average of over £1,000 a year.

Around 10 million people - a sixth of the population - will be affected. They are the lowest paid working families with children - those same 'hard-working families' that politicians from all parties pledged to support.

But there is also an increase in the tax credit 'clawback' of earnings from 41% to 48%, meaning families lose far more than £1,000.

Many families will lose between £1,500 and £2,500 a year in tax credits.

These are families with children who are on low incomes of between £7,000 and £25,000. They are already struggling with housing costs, heating bills and food prices.

These massive cuts will push millions of families further into poverty, with many having to go into debt. Some families will cease to be able to afford housing.

The increase in the minimum wage, whilst welcome, goes nowhere near to making up for these huge losses, even for those currently on the minimum wage.

One-and-a-half million people who earn less than the Living Wage of £7.85 an hour, still earn more than £7.20 and thus will not gain from the minimum wage increase in April, but they will still lose over £1,000 a year from the cuts to tax credits.

Most people have no idea how these cuts will affect them. They have very little opportunity to increase their hours of work, and many may face cuts to their hours if employers scale back on employment due to the minimum wage rise or take on younger workers instead.

The case studies from our members show how families are struggling to afford basic costs already and that these cuts will push many over the edge.

### Examples

- Two parents with 2 children who both earn £7 an hour with parent 1 working 35 hours per week and parent 2 working for 30 hours per week, will lose £2,039.32.
- A single parent with one child working 30 hours per week for £7.40 an hour will lose £1,464.28 per year.
- Two parents, one working 35 hours and one for 24 hours a week on the minimum wage, with 2 children, lose £1,399.84.

The examples below show the difference between the current welfare system and the system that will come into effect from April 2016. Where relevant, the National Minimum Wage Rate of £6.70 has been used and compared to the National Living Wage Supplement rate of £7.20, as from 1 April 2016.

The following table shows the effect of the budget on a household with people earning the National Minimum Wage. The calculations assume that Partner 1 works 35 hours per week with Partner 2 working between 16 and 30 hours per week. According to the ONS ASHE survey from April 2014, 1.8 million people earn this rate.

Scenario	Partner 2 Works	Weekly Loss	Annual Loss
2 adults, 2 children	16 hours	-£25.10	-£1,305.20
	24 hours	-£26.92	-£1,399.84

	30 hours	-£28.86	-£1,500.72
2 adults, 1 child	16 hours	-£24.53	-£1,275.56
	24 hours	-£14.54	-£756.08
	30 hours	£5.25	£273.00

The following table shows the impact of the changes on a single parent household, on the National Minimum Wage, with the parent working 16, 24 or 30 hours per week.

Scenario	Single Works	Parent	Weekly Loss	Annual Loss
1 adult, 1 child	16 hours		-£8.56	-£445.12
	24 hours		-£18.36	-£954.72
	30 hours		-£20.30	-£1,055.60

The following table shows the effect of the budget on a household with people currently earning £7.00, rising to £7.20 from 1 April 2016. The calculations assume that Partner 1 works 35 hours per week with Partner 2 working between 16 and 30 hours per week. According to the ONS ASHE survey from April 2014, 2.5 million people earn this rate or less.

Scenario	Partner 2 Works	Weekly Loss	Annual Loss
2 adults, 2 children	16 hours	-£34.55	-£1,796.60
	24 hours	-£37.29	-£1,939.08
	30 hours	-£39.41	-£2,049.32
2 adults, 1 child	16 hours	-£34.55	-£1,796.60
	24 hours	-£24.79	-£1,289.08
	30 hours	-£6.17	-£320.84

The following table shows the impact of the changes on a single parent household, earning £7.00 rising to £7.20, with the parent working 16, 24 or 30 hours per week.



Scenario	Single Works	Parent	Weekly Loss	Annual Loss
1 adult, 1 child	16 hours		-£5.98	-£310.96
	24 hours		-£24.00	-£1,248.00
	30 hours		-£26.12	-£1,358.24

The following table shows the effect of the budget on a household with people earning £7.40. The calculations assume that Partner 1 works 35 hours per week with Partner 2 working between 16 and 30 hours per week. According to the ONS ASHE survey from April 2014, 3.5 million people earn this rate or less.

Scenario	Partner 2 Works	Weekly Loss	Annual Loss
2 adults, 2 children	16 hours	-£39.04	-£2,029.94
	24 hours	-£42.26	-£2,197.42
	30 hours	-£43.83	-£2,279.04
2 adults, 1 child	16 hours	-£39.04	-£2,029.94
	24 hours	-£24.09	-£1,252.89
	30 hours	-£4.35	-£226.28

The following table shows the impact of the changes on a single parent household, earning £7.40, with the parent working 16, 24 or 30 hours per week.

Scenario	Single Works	Parent	Weekly Loss	Annual Loss
1 adult, 1 child	16 hours		-£21.29	-£1,107.26
	24 hours		-£26.59	-£1,382.66
	30 hours		-£28.16	-£1,464.28

**Mark and Agnes** live in Port Glasgow with their 3 children. **They are due to lose £2,100 a year.**

Mark works full-time and Agnes works part-time, both for a major supermarket. Mark says, "Agnes and I work two jobs for more than 60 hours

a week. We have no time with our kids. We have no food in the fridge by the end of the week, and Agnes and I have to skip meals to make sure the kids eat. I am sick of the constant stress and if this cut goes ahead it doesn't seem like it will be worth us working."

**Angela** lives in Rutherglen with her 17 year old daughter. **She is due to lose £1,600 a year.** Angela works full-time for a major supermarket. She says, "I don't know how I will pay my mortgage if this cut goes ahead and I am terrified that I will lose my house that I have worked so hard for."

#### (b) **Impact of the Trade Union Bill**

The Trade Union Bill is currently making its way through the UK Parliament. The Bill, as is currently drafted, will severely weaken the strength of trade unions across Scotland and subsequently damage employee relations. There are many provisions in the Trade Union Bill, a number of which are outlined below.

- 50% turnout thresholds in all strike ballots.
- 40% affirmative vote of all those entitled to vote in 'important' public services.
- Unions must provide 'a reasonably detailed indication' of the dispute with the employer.
- Ballot papers must describe the form of industrial action and the proposed timetable.
- Ballot mandates to be limited to four months.
- Restrictions on the right to picket including the requirement to appoint an identifiable 'picket supervisor' and carrying a letter of authorisation that must be shown to 'any person' who 'reasonably seeks it'.
- Removing the ban on the use of agency workers to replace striking workers.
- Extending the role of the Certification Officer in regulating trade unions, including a new power to impose financial penalties.
- Trade Unions must report annually to the Certification Officer on levels of industrial action.
- Requiring trade unions to fund the regulatory role of the Certification Officer.
- Requiring trade union members to opt-in to pay a political levy.
- Requiring union annual returns to include details of political expenditure.

Usdaw believes that the above changes, when taken together will seriously limit the ability of trade unions to resolve issues in the workplace. Through making it incredibly difficult for trade unions to run a compliant industrial action

ballot, employers are more likely to believe they have a greater power to force through their own agenda in collective discussions rather than seeking to reach a mutually agreeable outcome. In cases of poor management, employers may wait to see if a trade union is able to meet the increased industrial action requirements before even engaging in meaningful dialogue.

Usdaw believes that such a scenario will increase workplace tension, reduce productivity and damage employee engagement. Usdaw sees the additional requirements surrounding industrial action ballots as a serious threat to the quality of work and well-being of workers in Scotland.

Usdaw is deeply concerned over the proposals to allow agency workers to replace striking workers. Agency workers would be given no protection if they refuse a job as they do not want to replace striking workers. As such, the proposal brings about the possibility of agency workers being bullied, harassed and victimised as a result of refusing work. Agency workers already suffer from a lack of job security and, if this proposal is enacted, are likely to feel that they have no choice but to cross a picket line. Furthermore, a refusal to work could impact upon an agency worker's entitlement to welfare claims.

Under the revised legislation, agency workers will be recruited at short notice to cover for those participating in industrial action, meaning that there will be less time to conduct the comprehensive health and safety training required in many industries. As a result, accidents in the workplace will be more likely, leading to more litigation claims for personal injury.

The Trade Union Bill is likely to create a serious imbalance within the framework of UK industrial relations, with employers able to impose changes to terms and conditions, without agreement, or even discussion, with employee representatives. Such a situation is likely to lead to a race to the bottom in regard to employee terms and conditions.

### **(c) Deregulation of Sunday Trading in England and Wales**

The impact of the current proposals to deregulate Sunday trading in England. Currently, where large national retailers pay Sunday premiums, this applies across all parts of the UK, regardless of the fact that Sunday trading is deregulated in Scotland. This is underpinned by the continued fact that Sundays are different to other days of the week and in part this difference is recognised financially. If trading hours were extended in England and Wales, and Sundays become just another working day, there will be pressure on Sunday premiums, including Scotland.

Usdaw conducted a small sample survey of 100 members in Scotland who earn Sunday premium pay, to see what impact this would have on them. The survey showed that Sunday working in Scotland is much more widespread than in the rest of the UK, with 59% of staff working every Sunday and a further 19% working more than one in four Sundays, with an average working day of 7.2 hours.

For staff in Scotland, the loss of Sunday premium pay would be more of a blow as it makes up a greater proportion of their income. Asked what the impact would be of the possible loss of Sunday premium pay, the 100 staff responded:

I would suffer financially	56
I would struggle to get by	23
I would need to work longer hours	34
I would not want to work Sundays	70

The current arrangements for shorter Sunday trading therefore benefit not just staff in large stores in England and Wales, but those in small stores, staff in associated industries of transport, distribution and warehousing, and also retail staff in Scotland.

John Hannett

Lawrence Wason

General Secretary

Divisional Officer

Usdaw

Usdaw