

Treasury Committee evidence: impact of Government's coronavirus financial package

Community Union is a general trade union that has a rapidly changing membership. We represent workers across the economy, including steel and manufacturing, footwear, betting, logistics, justice, immigration and custodial services, charities, finance, the self-employed and many more.

The economic impact of Covid-19 has caused many challenges for Community members and their families, and the sectors our members work in. A survey of Community members showed under 30% have been furloughed or put on short time working and less than 20% working from home. With additional uncertainty ahead, Community continues to work with employers and organisations to protect our members health, their jobs and incomes.

Covid-19 has impacted every sector Community represents members in, and the impact of the government's financial package on each of the sectors we operate in have been outlined below.

Self-employed/freelance workers

1. The extension of the Self-Employment Income Support Scheme was welcome and necessary. The scheme has supported 2.4 million self-employed people, averaging per claim at £2,900. However the scheme has failed to support thousands of low-paid self-employed workers who have had no support with their incomes and are struggling to make ends meet.
2. A survey of Community members showed 66% were still working and 87% had seen an impact on their finances due to the pandemic, with 20% saying their income had been severely affected by Covid-19 and are struggling to support themselves. Furthermore, 50% of members were not eligible for the SEISS and were applying for Universal Credit, many for the first time. In addition to this, 67% of those surveyed said they have had to rely on savings to help with their income with 85% accessing a savings account.
3. Those not eligible for the scheme include those recently self-employed, approximately 650,000 have set up their own business since April 2019, as well as those who have earned less than 50% of their income from self-employment, directors of limited companies and those with annual trading profits in excess of £50,000.
4. The government should look to urgently plug the gaps and compensate those self-employed workers who have missed out on payments, lost work due to the pandemic and have no income. For the recently self-employed, including their 2019-20 tax returns or introducing grants and funds managed by local authorities. For those running as limited companies and paying income through dividends, the dividend income from the self-employed work be separated from other incomes, e.g. paying out now and then claw back later for bad or false claims.
5. Furthermore, there are serious concerns of discrimination in the SEISS for those who have taken maternity or parental leave in their SEISS payments. Such periods are not taken into account in the calculation of the SEISS payment, meaning women are being penalised in their income support payments for having children. This could be resolved by asking for evidence of the fall in earnings for those eligible, asking applicants to nominate their best year to calculate average income, or calculating the average income without the maternity period.

6. Going forwards, it is clear the self-employed need a safety net to ensure they are better supported with their incomes. This includes extending Statutory Sick Pay to the self-employed and providing access to a benefits package that includes shared parental leave, adoption pay, and paternity leave. Kick start loans and grants should also be explored for the self-employed for those in sectors which have been adversely affected and where work and opportunities remain uncertain.

Logistics

7. Logistics workers have continued to work, with a highly increased workload throughout the pandemic and lockdown. There are concerns going forward with regards to maintaining expectations and increased work demands, as well as balancing childcare with schools not fully reopen to all children.
8. There are additional concerns for the track and trace system working in practice in the sector with an increase in people off work and having to experience a reduction of their pay to SSP levels, with no other financial support.
9. Many workers who are migrants are further concerned for their income support, particularly those who may travel to visit relatives and friends and will have to experience a further drop in income due to 14 days isolating on return.

Footwear

10. The furlough scheme has no doubt saved jobs as it was intended to. However the sector will undoubtedly have a period of anything up to 18 months to fully recover. The British Footwear Association (BFA) and companies in the sector have stressed for post lockdown financial support due to the inevitable slow take up across retail.

Charity

11. The Charitable sector is facing increasing demands, particularly for those of our members who work on support lines.
12. The NCVO has called for charity workers to be able to do unpaid work, however, we believe that the risk of exploiting workers should be carefully considered before acting on this recommendation. Community believes that people should be paid a fair wage for their work and recognises that staff in charities often work extremely hard through a sense of vocation and there is a risk that they may be exploited through this period.
13. The sector welcomes the £750m that the government has made available for charities. However, this is mainly for the increased demand caused by the crisis. There are large reductions for many charities in the amount of funding received. Beyond the short term there is a medium and long-term challenge for charities. Charities are continued to be constrained in their ability to run large-scale fundraising events and street fundraising.
14. The government should provide further funding to keep charities and their important work going until normal fundraising can resume. NCVO expect a 24% drop in their total income over the next year, with trading income expected to drop by 57% over the next 12 months.
15. Community recognises that the lack of financial security will impact redundancies post October, with charities reporting to NCVO that 26% estimate their reserves will

be able to sustain their organisation for 12 months or more, 24% estimate their reserves will sustain their organisation for up to 6 months, and 21% for up to 3 months. In addition to this, NCVO's survey identifies that 61% of charities said they would not be able to afford to bring back all of their furloughed staff into existing roles, and 55% say it is likely that they will have to make redundancies as a result of losing funds.

Betting

16. Many of our members in the betting industry have been placed on furlough, and we welcomed employers' decisions to top up their salaries to 100% of pay. The job retention scheme has ensured their jobs have been supported. With the re-opening of betting shops we know the flexible furlough scheme will benefit betting shop workers with a potential decline in footfall on our high streets.
17. We are concerned that when employers will be required to start contributing betting shops will still not be making their usual levels of profit, and provision in the scheme must be made for the fact that it will take some time to return to normal levels of income. The transition to contributions must be managed carefully.
18. To mitigate the economic impacts on the sector, government should review the impact business relief rates would have on the sector.
19. Community represents hundreds of members who work in betting shops across the country, and who will need support throughout the challenges the sector and the firms and companies face over the coming months.

Finance

20. Our members in the finance sector are most concerned about a requirement to return to work if childcare is not available. We are pleased that the businesses we support are taking childcare seriously. Community believes that the government should ensure that options to continue to be furloughed or work from home are made available for workers if childcare is required and not available. Parents should be supported to do other roles from home or work from home until schools are fully open to all children from all year groups.
21. We would like to see allowances made available to workers to provide equipment to set up home offices and office spaces available for people. There must be obligations for businesses to supply office equipment to workers who need it, if they are required to work from home in the long term.
22. Community also anticipates challenges for unions gaining access to members due to an increase in mobile and remote working. We believe that legislation around union access needs to be revised to ensure that unions have access to workers who work from home or remotely rather than in offices. Recognised unions should have a right of access to homeworkers in the same way that they currently have to office spaces.
23. Finally, we are concerned about the impact of changing work practices on work centres. Reduced office capacity could impact city centre and town centre businesses that rely on their trade. It could also create "ghost towns" with empty office buildings. We believe the government should review business rates and rents to encourage businesses to maintain footprints in key centres.

Education – early years

24. The early education entitlement has been underfunded for years and childcare is expensive. Shorter working hours and reduced household income is likely to decrease the percentage of the household income available to pay for childcare, therefore increasing cost.
25. Furthermore, the loss of income throughout Covid-19 may force some providers to close, reducing both availability and choice for parents. The lack of availability and choice hits the disadvantaged most, not least because demand outstrips supply but also due to the more affluent being able to travel further to access places that disadvantage families cannot.
26. Early years education must be funded at the correct level to ensure the continued viability of the sector. If it is, nurseries will not need to charge for additional services or increase 'non-funded' hours fees to cross subsidise underfunding from government. This will help to secure the future of the sector and ensure supply and demand is equal to the needs of all families.

Steel sector

27. The pandemic has hit the steel sector hard, in part because after a difficult few years many companies do not have the financial resilience or cash reserves to survive a prolonged downturn. The steel sector has continued to produce throughout the crisis, despite orders reducing by around 50%, and maintaining liquidity has undoubtedly been the number one priority and challenge.
28. Clearly the government has announced huge and unprecedented loan schemes for companies, but for a number of reasons the support on offer has not been fit for purpose for many UK producers. Our steel industry has been under pressure for several years and because of that credit ratings have suffered, and some have few assets to mortgage or the ability to service more debt. In addition, in some cases steel companies require greater support than has been on offer under the government loan schemes.
29. Therefore, bespoke solutions are required for the sector, and we believe government must do what it takes to secure the future of a strategic foundation industry which will be vital to efforts to rebuild the economy. The need for urgency cannot be overstated, and there is little doubt the UK has lagged behind our competitors in that regard. Some steel companies have now been waiting 3 months to receive a loan, whereas in France and Germany companies have applied and received money much quicker.
30. The JRS has been critical in safeguarding employment across the steel sector. We welcomed the scope and ambition of the scheme when it was first announced, and we have welcomed each of the subsequent extensions. Of course, there is always room for improvement, and we have been at the forefront of calls for greater flexibility in the scheme. We believe the 3-week minimum furlough period has been too restrictive, and it would now be beneficial to enable companies to ask employees other than those returning from furlough to work part time from July with government support.

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