

March 2020

Treasury Committee evidence: 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 spread and economic impact of Covid-19 is extremely worrying for Community members and families. With much 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

1. Our members who are self-employed are increasingly concerned about the impact COVID-19 will have on their business and work, especially those who are low paid. Self-isolation due to COVID-19 is currently not an option for the self-employed who will face a loss of income as a result of coronavirus.
2. Community believes the announcements particularly on 'quicker and easier' access to benefits does not go far enough in supporting the self-employed, especially those on low pay. The self-employed are still not entitled to Statutory Sick Pay (SSP) and have no other wider income protections.
3. Many of the self-employed simply cannot rely on benefits to get them through the next few weeks or months. For those suddenly cut off from their only source of income, the £376 a month offered by Universal Credit (now the same rate as SSP for employees) is often nowhere near enough to live on and may not arrive for five weeks. Most of our self-employed members cannot afford to wait for such a payment and consequently will have to choose between paying their bills or their health (and the health of others).
4. Community believes self-employed workers should be entitled to statutory sick pay during the outbreak, and therefore be able to self-isolate and minimise the risk of spreading the virus without being out of pocket. However, SSP is currently £94.25 per week, which is not enough to live on. SSP needs to be increased to match the Real Living Wage.
5. For wider financial support, Community would support an extension of the 80% of salary support for employees to the self-employed, and urges the government to look at replicating the Norwegian model by paying the self-employed 80% of their average income over the past three years. However, for the self-employed who have recently started up and do not have a history of average income to measure from, Community would welcome cash grants with the encouragement of top ups to support those workers.
6. For those choosing to self-isolate who do not have symptoms, the government must go further in support packages for the self-employed. Provisions on renters for example, most of the self-employed are renters as a mortgage is difficult without a regular income. During the crisis provisions should be made to alleviate rent payments, similar to the 3-month mortgage holiday, for those workers who are struggling to pay their bills due to lack of work.

Gig economy

7. Similarly to our self-employed sector, our members working in the gig economy face similar issues with lack of SSP and support systems if they need to self-isolate during COVID-19. For our members working two jobs or more in the gig economy to make ends meet, they need additional financial support from government in the form of sick pay, so they do not put themselves at risk.
8. Some of these workers who will be showing symptoms will continue to be forced to work if they do not have the necessary financial and economic support from government. Those working in the gig economy are some of the poorest and lowest wage workers. Therefore, supporting these workers will help reduce the spread of the pandemic.
9. Urgent action is required to support workers in the gig economy and those in precarious work, as already hundreds of workers have been dismissed. The government must look at how the Coronavirus Job Retention Scheme can benefit those in the gig economy and those on zero-hours contracts, as well as how their incomes will be measured and ensure this reflects those workers' average pay.

Social care

10. Our members in social care are extremely vulnerable and at risk of contracting COVID-19, as well as spreading the virus within care homes, the elderly and those with health conditions. So far the government advice for care workers who are concerned they have COVID-19, is that the workers should follow the stay at home guidance, and should not visit or care for individuals until safe to do so.
11. However, those workers who are advised to and need to self-isolate and who are on zero-hours contracts may be entitled to SSP if their average earnings are at least £118 per week. Many of our members could earn less than that a week, and will therefore have to rely on UC and ESA, which is less than SSP and not enough to live on and pay the bills.
12. In addition to this, if the individual being cared for has symptoms of COVID-19, government advice suggests the risk of transmission should be minimised through safe working procedures. This includes PPE, cleaning and laundry. Our members should not be out of pocket in their safety provisions, and with increased global supply of PPE, government must ensure care workers are prioritised in PPE provision, so they are equipped for patients. If this is not possible, workers should be subsidised by employers for the purchase of their own equipment, and government should work with employers to compensate.

Justice, custodial and immigration

13. Community members working in the privatised justice, custodial and immigration services play a vital role in protecting the public and this outbreak represents an unprecedented challenge to them, their work, and the entire system.
14. The spread of coronavirus presents a new and even unprecedented challenge to the operations of prisons and the criminal justice and immigration systems. For an already under resourced system, there will no doubt be a need for more prison officers if staff fall sick. For prisoners who are ill and in protective isolation, and for those who may be transferred to healthcare facilities with usual escorts, prison staff and escorts will need additional support in safety protections and ill-health prevention.
15. Furthermore, staff are advised to wear PPE for activities requiring sustained close contact with possible cases. Those across the sector must be prioritised in obtaining

the necessary minimum level of PPE equipment to protect their health and ensure they can continue to provide a vital role in operating our prisons.

16. Community welcomes the inclusion of prison officers in its 'key worker' list and encourages the government and the MoJ to work closely with employers in the private sector to prepare for the impact a lockdown would have on essential workers, and ensure their jobs and incomes will be protected.

Steel

17. The steel sector directly employs more than 30,000 workers and supports tens of thousands more jobs in the supply chain and local communities. Steel jobs are high quality jobs which can pay 50% more than regional averages and drive local economies. Steel jobs are also concentrated in areas of the country where employment opportunities are otherwise limited. When steel jobs disappear history tells us they do not come back and are generally replaced with low wage insecure work. In short, it is vital that steel jobs are protected through the Coronavirus crisis.
18. Community believes the Coronavirus crisis is an existential threat to the UK steel industry and urgent decisive government action is required to safeguard the future and secure the jobs. The measures already announced by the government are welcome, but far more must be done if our vital strategic industry is to survive. Alongside our partners in industry, Community and the steelworkers we represent are fully committed to supporting efforts to tackle this public health emergency.
19. The last few years have been extremely challenging for the UK steel industry. Our steel companies are still to recover from the market crises of 2008 and 2015 and do not have the financial resilience to weather this new storm without substantial government support. An extended economic downturn with a major contraction in key steel consuming sectors like automotive and construction, which at this stage appears inevitable, will mean steel companies running out of cash. Furthermore, unlike elsewhere in manufacturing, it is not possible to temporarily pause production at the major integrated steelworks at Port Talbot and Scunthorpe without serious consequences that could mean those strategic capacities being lost forever.
20. Government must act urgently and decisively and throw caution to the wind in a way it has failed to do over recent years. Since 2015 throughout our discussions with government to deliver a level playing field for our industry, which would require game-changing action to address uncompetitive energy prices and business rates, it has been a continual frustration that state aid concerns have blocked progress. Given where we are today state aid concerns cannot be allowed to get in the way, the stakes are too high and the situation too urgent.
21. In the immediate term steel companies will want to be assured that finance will be made available to enable them to maintain liquidity and keep paying the bills. This will be particularly important due to disruptions to haulage, and potentially to the operation of the ports, which is set to disrupt supply chains and make it increasingly difficult to make deliveries. Similarly, urgent will be measures to address the cost base of steel companies through the forgiveness or deferral of tax payments and a relaxation of regulatory and environmental obligations. Community would fully support action to support steel companies in these regards, but in return the companies must commit to maintaining employment levels and terms and conditions including company sick pay schemes.

22. Community has lobbied government for many years to establish a programme of support for short time working, which would support wages and enable companies to reduce hours as an alternative to cutting jobs in response to temporary drops in demand. To avoid mass layoffs, it is imperative that such a programme is now introduced with immediate effect. We have seen wage subsidy programmes introduced in Germany, Norway, Denmark, Sweden and the Netherlands, and government must act to roll out a similar scheme using the best practice from Europe. In these extreme economic circumstances, it is vital that steel companies with a footprint in continental Europe do not view the UK as the obvious location to cut costs. Community believes a UK short time working scheme should support 100% of employee wages subject to an appropriate cap.
23. Community has raised concerns about safety critical operations at integrated steelworks and called for those in essential roles to be added to the government's list of key workers.
24. The Scunthorpe and Port Talbot steelworks are both Tier 1 COMAH sites, which mean they have operations using dangerous substances as well as obligations to prevent major accidents and limit the consequences of major accidents.
25. The union argues that primary end operations – the coke ovens, blast furnaces and steelmaking - at both sites need to be properly manned to ensure the plants can run safely. Furthermore, it is vital to ensure that the right skills and experience are protected to safely run-down production in the worst case scenario. Acknowledging these steelworkers as key workers is a small step that could prevent big consequences. An industrial accident at Scunthorpe or Port Talbot could have a devastating impact on those communities.

Betting

26. The betting industry has been hugely impacted by the Covid-19 shutdown of sport, with shares in the likes of GVC Holdings, parent company of Ladbrokes Coral, William Hill and Flutter Entertainment, the group which contains Paddy Power and Betfair, falling significantly over the past two weeks.
27. Flutter have issued a profit warning after sports events around the world were cancelled or postponed. If restrictions remained in place until the end of August, including a full suspension of Australian sports and the cancellation of the Euro 2020 football tournament, annual profits would come in £90m-110m lower than expected, the company said. Flutter would lose an additional £30m of profits every month if horse racing fixtures in the UK, Ireland and Australia were also cancelled and its UK and Irish betting shops had to close.
28. Betting shops are now closed across the UK, which will protect the safety and wellbeing of betting shop staff as well as customers, however companies should be supported in keeping their staff on and paying wages through the Retention Scheme.
29. To mitigate the economic impacts on the sector, government should review the impact business relief rates would have on the sector.
30. 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.

Logistics

31. Currently demand in the fuel sector is high, however the demand is unlikely to continue long-term. The sector employs hundreds of highly skilled fuel tanker drivers,

and businesses will need constant support and communication to retain their core employees in the event of significant downturn.

32. In fulfilment centres and mail houses, demand is also high. However, a key concern as the economy slows throughout the pandemic is the decline in demand for mail demand as well as online orders as cash and incomes become more uncertain for many people.

Finance

33. The finance sector have flexible structures in place enabling staff to work from home and offer flexible working. However, employees who are not working due to illness or are isolating are at risk of being laid off and not being paid. Furthermore, employees are also being asked to take unpaid leave. As they are unable to control the lack of work and business they are experiencing, support from government in this sector will be crucial – in particular the Coronavirus Job Retention Scheme and benefits.

Footwear

34. A number of employers in the sector have already resorted to implementing short time working and are looking at potential layoffs, as well as redundancies, as a result of rapidly decline in demand and concerns about keeping their businesses going in the long term.
35. Without government support and financial assistance in protecting employee's incomes and support for businesses, there is a real risk to hundreds of jobs. The Coronavirus Job Retention Scheme will help preserve jobs and support wages, however businesses turning over more than £45 million per year are asking for support from government. Currently they are not eligible for the Coronavirus Business Interruption Loan Scheme. Access to loans will be crucial for an open and easy process for businesses over the next few weeks to mitigate financial impacts of the outbreak.
36. Deferring VAT and Income Tax payments are a welcome step from the government, however employers in the sector are asking government to go further in exploring the potential to defer overdraft charges, and loan payments.
37. Furthermore, the sector urges supply lines to remain open as factories producing goods in other countries can still be used in UK factories.

Aviation

38. The UK's aviation industry will be significantly impacted by the coronavirus pandemic without emergency financial support. Many companies are stopping flying, and less than 5% of normal passenger numbers are expected at major airports. Hundreds of airport staff have already been laid off and will struggle to find work elsewhere in the sector.
39. Our members in the industry need government support in order to keep and protect their jobs, and airlines need help with short term liquidity. We ask government to explore the suggested £7.5bn emergency support to rescue the UK aviation industry.

Written evidence submitted by Kate Dearden