

EQUALITY IMPACT ASSESSMENT - RESULTS

Title of Policy	Getting the Right Change – A Retail Strategy for Scotland
Summary of aims and desired outcomes of Policy	<p>This Retail Strategy contains current initiatives and future actions that will help to fulfil our overarching vision for the retail sector in a fair and sustainable way.</p> <p>Through delivering on the actions in the strategy, our aim is for retail businesses to be successful, profitable and to create new and better jobs, becoming an exemplar for inclusive sustainable growth.</p>
Directorate: Division: team	Economic Development Directorate Local Economic Delivery Retail Policy

Executive summary

A strong, prosperous and vibrant retail sector is essential to achieving the wellbeing economy described in Scotland’s new 10 year National Strategy for Economic Transformation. The following vision for retail has been agreed by the Strategy Steering Group:

Scotland’s Vision for Retail

Over the next decade, Scotland’s retail sector will thrive through a process of positive change and innovation, to offer people and communities the quality goods, experiences and services they want.

The sector will embrace business development opportunities to foster sustainable growth; protect the environment; cultivate entrepreneurship; strengthen supply chains; support wellbeing; and ensure that retail offers secure, well-paid and rewarding employment.

The Scottish Government will work in partnership with the sector, trade unions and employees, whose experiences are crucial, to help the retail sector in Scotland become an exemplar for inclusive economic growth and play its part in creating a fairer, greener and stronger Scotland.

The Retail Strategy has been co-developed by a Steering Group of industry representatives, trade unions, academia and public sector representatives, chaired by the Minister of Planning, Public Finance and Community Wealth.

The strategy will look to support the sector recover and transform over the next five years and beyond, playing its part in creating a fairer, greener and stronger Scotland.

The strategy document is grouped around the themes of Sector, People and Place, identified by industry representatives as areas of existing opportunities with potential for change. Given the significant role for retail in helping Scotland achieve its net zero ambitions, the additional theme of Just Transition has been included.

A new Industry Leadership Group (ILG) will drive and support delivery of the strategy actions, in particular on improving fair work across the sector.

Background

The Scottish Government's 2021-22 Programme for Government contained a commitment to publish a retail strategy *"to help the sector in Scotland adapt, innovate and thrive and become an exemplar in sustainable and inclusive prosperity – supporting a robust, local supply chain and offering people and communities the goods and services that they want."*

Work on the strategy began in early 2020, when proposals for a Retail Strategy Steering Group were developed and agreed. The 2020-21 Programme for Government committed the Scottish Government to "work with the sector and across government to develop our retail strategy". In light of the need to prioritise the immediate response to Covid-19, and taking into account the pandemic's impact on the retail sector, the Steering Group was established in December 2020.

The Steering Group was chaired by Jamie Hepburn MSP, the then Minister for Business, Fair Work and Skills and comprised

representatives from retail businesses, trade bodies, trade unions, academia and the public sector. Each was selected for their expertise in their field, so they could collectively consider the challenges and opportunities facing retailers and their employees in the face of Covid-19 and in the longer term.

The first meeting of the Steering Group took place in January 2021 and the Group's agreed vision for retail was published on 24 March 2021.

Subsequently, Tom Arthur MSP was appointed Minister for Public Finance, Planning and Community Wealth in May 2021 and assumed responsibility as Chair of the Steering Group.

Proposals on what the strategy should focus on were considered and agreed by the Steering Group as **Sector, People and Place**.

In developing these themes, a workstream group was established for each area, led by an expert Chair. Membership of these workstream groups were composed of steering group members plus additional invitees from external organisations and public sector representatives.

For example, those contributing to the development of the People workstream include: Union of Shop, Distributive and Allied Workers (USDAW); Close the Gap; Aberdeen City Council; Young Scot; Reach Community Health Project; Scottish Government's Economic Development; Energy and Climate Change; Fair Work, Employability and Skills; Housing and Social Justice Directorates.

The strategy document sets out our ambitions and priority actions for each of these areas, which are summarised below:

Sector – successful and profitable, by being more productive and innovative, and encouraging, promoting and celebrating entrepreneurial activity and business growth.

People – are at the heart of the retail sector, with the right skills to have rewarding and secure careers and grow businesses as we reorient our economy towards wellbeing and Fair Work to significantly reduce poverty.

Place – strengthening the vital contribution that retailers make to the economic and social success of our local communities.

Given the importance of sustainability and the role that retail has in helping contribute towards our net zero ambitions in each of the three thematic areas, an additional theme of **Just Transition** was developed.

A Just Transition is one that protects jobs and benefits the environment, our people and our economy whilst addressing the challenges around sustainable retail practices that contribute to reaching net zero emissions by 2045.

The Scope of the EQIA

Given that the retail sector is a large employer, with over 240,000 workers, some of the aims and actions set out in the strategy will have the potential to impact on those with a protected characteristic: Age, Disability, Sex, Pregnancy and maternity, Gender reassignment, Sexual Orientation, Race, Religion and Belief.

Key Findings

The retail strategy has been informed by evidence and input from the Steering Group and workstream groups. A summary of relevant evidence is provided below.

Economic Characteristics of the Retail Sector

In understanding the impacts on those working in retail with protected characteristics, the following data shows that:¹

- Women are more likely than men to work in the retail sector. In Jan-Dec 2020, it was estimated that women made up 60.7% of those in employment aged 16+ in the retail sector in Scotland, up slightly from 60.5% in 2019.
- A comparatively high proportion of the workforce are young people. In Jan-Dec 2020, it was estimated that young people (16-24) made up 28.7% of those in employment in the retail sector in Scotland compared to 11.1% for all sectors in Scotland. In Jan-Dec 2019, it was estimated that 26.0% of those in employment in the retail sector were aged 16-24 compared to 12.3% for all sectors in Scotland.

¹ [Scotland's Labour Market: People, Places and Regions – background tables and charts - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scotland-labour-market-people-places-and-regions-2020/background-tables-and-charts/pages/industry-tables.aspx) – Industry tables

- In Jan-Dec 2020, it was estimated that 28.9% of those in employment in the retail sector in Scotland were aged 50 or over compared with 33.0% for all sectors in Scotland. In Jan-Dec 2019, it was estimated that 25.6% of those in employment in the retail sector were 50 years old or older compared with 33.0% for all sectors in Scotland.
- In Jan-Dec 2020, it was estimated that 6.2% of those in employment aged 16+ in the retail sector in Scotland were minority ethnic compared with 4.5% for all sectors in Scotland. In Jan-Dec 2019, it was estimated that 6.4% of those in employment in the retail sector were minority ethnic compared with 4.3% for all sectors in Scotland.
- In Jan-Dec 2020, it was estimated that 27.9% of those in employment aged 16-64 in the retail sector in Scotland had a condition/illness lasting 12 months or more, compared with 27.2% of workers in all sectors in Scotland. In Jan-Dec 2019, it was estimated that 28.5% of those in employment in the retail sector in Scotland had a condition/illness lasting 12 months or more, compared with 27.5% of workers in all sectors in Scotland.
- In 2020, it was estimated that 29.4% of those in employment aged 16-64 in the wider wholesale and retail sector in Scotland were parents of dependent children aged 0-18, slightly lower than the share for all sectors in Scotland (30.2%).
- In 2020, it was estimated that 16.2% of those in employment aged 16-64 in the retail sector in Scotland were Equality Act Disabled, higher than the share for all sectors in Scotland (13.4%).

In regards to pay and working patterns:²

- Median weekly pay – excluding overtime – for full-time employee jobs in the retail industry (SIC 2007 – division 47) in Scotland was £393 in April 2020. This is significantly lower than the equivalent median value across all industries and services in Scotland, which stood at £576. Part-time employees in the retail industry earned £159 compared to £212 across all industries and services in Scotland.

² Annual Survey of Hours and Earnings (ASHE) 2020

- Employees in the retail sector are paid less than average and are less likely to earn the real living wage than the average for all industries in Scotland. In 2021, 35% of employees aged 18+ in the wholesale, retail, repair of vehicle industry (SIC Section G) earned less than the real living wage (£9.00), compared with 14% of all employees in Scotland.
- In the period April to June 2021, 10% of employees were on zero hours contracts in the wholesale and retail sector in the UK. Large employers are also more likely to make use of zero hours contracts than smaller firms according to research from 2017.
- The gender pay gap median for the retail sector in Scotland stood at 6.5 in 2021 compared to 11.6 for Scotland as a whole. The gender pay gap is estimated here as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings of men. In this case, a median gender pay gap of 5.8 for the retail sector means that women earn 5.8% less, on average, than men.
- 60.1% of employees in the retail sector in Scotland worked part-time in 2020 compared to 33.0% of the total employee population. The proportion of part-time employees in the retail sector has remained broadly stable since 2015. Employees working in the predominantly food retail sub-sector are more likely to work part-time than those in other retail (58.3%).
- In Jan-Dec 2020, it was estimated that 95.7% of employees aged 16+ in the retail sector in Scotland were in contractually secure employment (employees employed on a permanent contract), only marginally higher than all sectors in Scotland (94.6%).
- In 2020, it was estimated that 8.1% of those working in the wider wholesale and retail sector were self-employed compared to 11.6% for all sectors in Scotland.

Research carried out by the Joseph Rowntree Foundation³ found that in order to drive productivity and higher rates of pay, strategies for low-wage sectors such as retail should focus on:

- increasing the proportion of workers in on-the-job training

³ [The links between low productivity, low pay and in-work poverty | JRF](#)

- improving management practices
- increasing the percentage of workers using ICT
- reducing the share of temporary workers

The Scottish Government is mindful of the requirement to have due regard to the three needs of the Public Sector Equality Duty (PSED) - eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between people who share a protected characteristic and those who do not.

It recognises while new policy measures may positively impact on one or more of the protected characteristics, the introduction of such measures may also have a disproportionate negative impact on one or more of the protected characteristics. The development of the strategy sought to understand any negative impacts that were identified, and consider what measures may be taken to mitigate/eliminate these. We are also mindful that the equality duty is not just about negating or mitigating negative impacts, as we also have a positive duty to promote equality.

The Scottish Government promotes a mainstreaming approach to equality to ensure that the impact of its policies, programmes and legislation on groups of people who share a protected characteristic are assessed by all areas and at all levels. We will seek to advance equality through delivery of the retail strategy by ensuring that any new or changing policy is informed and shaped by an Equality Impact Assessment (EQIA).

The retail strategy identifies a number of existing programmes or policies that will have a direct or indirect impact on retail businesses and those who work in them. It also sets out priorities for action that we anticipate will make a significant contribution to promoting equality and addressing the issues identified in the evidence. Specifically, we expect these to have a positive impact on women, young people and disabled people.

Examples of retail strategy priorities and actions that will promote equality include:

Fair Work

Scotland is committed to fair work practices. Fair work balances the rights and responsibilities of employers and workers, benefiting people, organisations and society.

The five dimensions of fair work are: opportunity, respect, security, fulfilment and effective voice. Fair work is flexible and versatile – workplaces can adopt fair work practices that work for them and adapt them to suit the business and its employees.

The retail strategy sets out the Scottish Government's aim of fair work for all workers, regardless of sector, an end to low pay and in-work poverty; an end to the practice of workers being fired and rehired with lower terms and conditions; better protections for personal time off for workers; and an end to the inappropriate use of zero hour contracts.

Economic analysis shows that the retail sector can lag behind other sectors when it comes to fair pay and benefits. The 2020 report from the Fair Work Convention highlighted retail as one of the sectors not performing well across multiple dimensions of fair work⁴ - with wages, trade union membership and job-related training all showing comparatively low scores.

Embedding fair work is an important contributor in addressing inclusion and diversity in the workplace and bolstering equalities. Whilst there have been positive steps taken by the industry in supporting greater inclusion⁵ amongst businesses, the adoption of better fair work practices across all of retail will improve equality and opportunities and support our national goal to reduce the effects of child poverty: employers adopting the real Living Wage, for example, would lift an estimated 20,000 children out of poverty.⁶

The Scottish Government will work in collaboration with the sector and trade unions, through the Industry Leadership Group, to deliver a Fair Work Agreement that retailers can sign up to and demonstrate an ongoing commitment to Fair Work principles. In doing so, we expect employers will take action to improve fair work conditions across retail and contribute to the reduction of in-work poverty.

Skills

Having a skilled workforce is essential for the success of any sector. For retail in particular it is vital that workers are supported to upskill and reskill to deliver the transformational change which is underway within the sector. The adaption and adoption of technology may mean there

⁴ [Fair Work Convention report – Fair Work in Scotland \(December 2020\)](#)

⁵ An example is The British Retail Consortium's [Diversity and Inclusion Charter](#)

⁶ [Joseph Rowntree Foundation report - Laying the foundations for a Scotland without poverty](#)

are fewer physical stores, with different shopping experiences on offer in retail's future.

Retailers may need new and different skills to address these transformations in addition to the strong customer service skills that drive retail profits and success. Future skills requirements may include programming, web development, events management and data analysis, in addition to more traditional requirements such as organisational, managerial, logistics and customer management skills.

The Scottish Government will, through the Industry Leadership Group, work with Skills Development Scotland, the Scottish Funding Council and other partners to develop a retail Skills Audit and Action Plan.

It will focus on supporting retail staff through **upskilling** those who remain in the sector - to build on their existing experience and capabilities and to assist them to transition into new or different roles; and **reskilling** for those who move to work in different sectors as a result of declining or changing retail opportunities.

Other opportunities within the retail strategy to promote equality include the Industry Leadership Group's focus on actions in the National Strategy for Economic Transformation that will directly support the retail sector. It will also oversee the development of a Just Transition Plan for retail, to protect jobs and benefit the environment, our people and our economy whilst addressing the challenges around sustainable retail practices that contribute to reaching net zero emissions by 2045.

Recommendations and Conclusion

We have a clear vision for retail in Scotland; a sector that is successful, resilient, sustainable and profitable. Achieving this must be done in a way that tackles inequality and advances equality for people with protected characteristics, as well as other disadvantaged groups, in our society.

The retail strategy has been developed with evidence and feedback from stakeholders. The actions within, especially on fair work and skills, are expected to have a positive impact on those with protected characteristics where the retail workforce has a disproportionately higher representation than the Scottish average – namely women, young people and disabled people.

A new retail Industry Leadership Group (ILG) will be established to drive delivery of the strategy. We will continue to use, build and understand the evidence on equalities to support policy development as the ILG finalises its delivery plan and oversees the successful implementation of this strategy in the coming years. EQIAs will be progressed for the individual policies put in place to deliver the retail strategy as they are developed.

Equalities Impact Assessment approved by:

Debbie McCall,
Deputy Director, Local Economic Development

Signature: Debbie McCall

Date approved: 23 March 2022