

## FAIRER SCOTLAND DUTY SUMMARY TEMPLATE

<p><b>Title of Policy, Strategy, Programme etc</b></p>	<p><b>Getting the Right Change – A Retail Strategy for Scotland</b></p>
<p><b>Summary of aims and expected outcomes of strategy, proposal, programme or policy</b></p>	<p>The Scottish Government's 2021-22 Programme for Government - A Fairer, Greener Scotland"<sup>1</sup> contained a commitment to publish a retail strategy "<i>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.</i>"</p> <p>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.</p> <p style="text-align: center;"><b><i>Scotland's Vision for Retail</i></b></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p>Once the Steering Group was established, proposals on the aim of the strategy were considered by the Group. Those initial proposals were distilled into three thematic areas on which the strategy should focus – <b>Sector, People and Place</b>. The strategy document sets out our aims and supportive actions for each of these areas.</p>

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<sup>1</sup> [fairer-greener-scotland-programme-government-2021-22.pdf](#)

	<p><b>Sector</b> – successful and profitable, by being more productive and innovative, and encouraging, promoting and celebrating entrepreneurial activity and business growth.</p> <p><b>People</b> – 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.</p> <p><b>Place</b> – strengthening the vital contribution that retailers make to the economic and social success of our local communities.</p> <p>The importance of sustainability and the role that retail has in helping contribute towards our net zero ambitions was prevalent in each of the three thematic areas and merited a further, separate area of <b>Just Transition</b>.</p> <p><b>A Just Transition</b> - 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.</p> <p>A new Industry Leadership Group (ILG) will drive and support delivery of the strategy actions, in particular on improving fair work across the sector. This ILG will be co-chaired between Scottish Ministers and the Sector, and have an overarching purpose to:</p> <ul style="list-style-type: none"> <li>• promote the delivery of all aspects of Fair Work across the sector</li> <li>• ensure those working in retail have the skills necessary to be successful</li> <li>• deliver a sustainable retail sector in the future</li> </ul>
<p><b>Summary of evidence</b></p>	<p>The retail strategy has been informed by evidence and input from the Steering Group, which included the Trade unions USDAW and GMB, the Joseph Rowntree Foundation and from published business related statistics. A summary of relevant evidence is provided below.</p> <p>In regards to pay and working patterns:<sup>2</sup></p> <ul style="list-style-type: none"> <li>• 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</li> </ul>

<sup>2</sup> Annual Survey of Hours and Earnings (ASHE) 2020

employees in the retail industry earned £159 compared to £212 across all industries and services in Scotland.

- 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.

The 2020 report from the Fair Work Convention identified retail as one of the sectors not performing well across multiple dimensions of Fair Work<sup>3</sup> such as employee pay. International evidence shows that implementing fair work practices leads to improved outcomes,

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<sup>3</sup> Fair Work Convention report – Fair Work in Scotland (December 2020)

	<p>such as improved mental wellbeing, reduced in-work poverty, increased real wage growth, and increased productivity<sup>4</sup>. This is backed by recent analysis that found that higher employee wellbeing is associated with higher productivity and firm performance, including customer loyalty, profitability and staff turnover<sup>5</sup>.</p> <p>Research carried out by the Joseph Rowntree Foundation<sup>6</sup> (JRF) found that in order to drive productivity and higher rates of pay, strategies for low-wage sectors such as retail should focus on:</p> <ul style="list-style-type: none"> <li>• increasing the proportion of workers in on-the-job training</li> <li>• improving management practices</li> <li>• increasing the percentage of workers using ICT</li> <li>• reducing the share of temporary workers</li> </ul> <p>Figures from the Joseph Rowntree Foundation confirm the child poverty rate in households where someone works in retail is 24%. This is compared to 17% in working households where no one works in retail. The child poverty rate in household where no one works is 60%.</p>
<p><b>Summary of assessment findings</b></p>	<p>The findings included in this assessment signify that there is a need for the retail strategy to take measures to improve fair work for the benefit of all those in Scotland who work in retail.</p> <p>A representative from Usdaw chaired the People work stream which set out recommendations on improving Fair Work conditions in the sector, ensuring that the actions emerging have been informed by those actually working in the sector.</p> <p>The ILG will oversee the development of a Fair Work Agreement for the retail sector and the launch of a retail specific Skills Audit and Action Plan. Specifically, we will:</p> <ul style="list-style-type: none"> <li>• deliver a Fair Work Agreement that retailers can sign up to, demonstrate their commitment to Fair Work principles.</li> <li>• work with Skills Development Scotland to undertake a Skills Audit and corresponding Skills Action Plan.</li> <li>• focus on the delivery of the actions in the National Strategy for Economic Transformation that will directly support of the retail sector.</li> <li>• develop a Just Transition Plan for Retail to ensure a transition to an environmentally and socially sustainable sector in the economy of the future.</li> </ul>

<sup>4</sup> [Fair-Work-in-Scotland-Report.pdf \(fairworkconvention.scot\)](#)

<sup>5</sup> [Happy employees and their impact on firm performance | LSE Business Review](#)

<sup>6</sup> [The links between low productivity, low pay and in-work poverty | JRF](#)

	<p>We will continue to use, build and understand the evidence on socio-economic disadvantage and inequalities of outcome to support policy development. Fairer Scotland Duty Assessments will be progressed as required for any relevant individual policies put in place to deliver the retail strategy.</p>
<b>Sign off</b>	<p><b>Name: Debbie McCall</b></p> <p><b>Job title: Deputy Director, Local Economic Development</b></p>