

ISLAND COMMUNITIES IMPACT ASSESSMENT TEMPLATE

Please ensure this template is completed in conjunction with the Island Communities Impact Assessment (ICIA) Guidance on the [Scottish Government Website](#)

Name of Policy, Strategy or Service	Getting the Right Change – A Retail Strategy for Scotland
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STEP ONE – DEVELOP A CLEAR UNDERSTANDING OF YOUR OBJECTIVES

What are the objectives of the policy, strategy or service?	<p>The Scottish Government’s 2021-22 Programme for Government - A Fairer, Greener Scotland”¹ 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><i>Scotland’s Vision for Retail</i></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>
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¹ [fairer-greener-scotland-programme-government-2021-22.pdf](#)

<p>What are the intended impacts/ outcomes and how do these potentially differ across the islands?</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 – Sector, People and Place. The strategy document sets out our aims and supportive actions for each of these areas.</p> <p>Sector – successful and profitable, by being more productive and innovative, and encouraging, promoting and celebrating entrepreneurial activity and business growth.</p> <p>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.</p> <p>Place – 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 Just Transition.</p> <p>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.</p> <p>A strong, prosperous and vibrant retail sector is essential to the vision of a wellbeing economy described in Scotland’s new 10 year National Strategy for Economic</p>
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Transformation. The retail strategy contains a number of actions which aim to support retail businesses across Scotland to be successful, profitable and to create new and better jobs, becoming an exemplar for inclusive growth.

It sets out the crucial role for the new retail Industry Leadership Group which will be responsible for oversight and delivery of a number of priority objectives, including:

- the **actions in the National Strategy for Economic Transformation** that will directly support the retail sector
- **a Fair Work Agreement**, which encourages retail businesses to demonstrate their commitment to Fair Work principles
- **a Skills Audit and Action Plan** for the sector, in partnership with Skills Development Scotland
- **a Just Transition Plan** for retail to ensure a transition to an environmentally and sociably sustainable sector, working with industry to guide the path to net zero
- agree, within the first six months of its establishment, **a Delivery Plan** that sets out how it will deliver its identified priorities as well as a critical review process and timelines for measuring success

This is a Scotland-wide strategy and the intended impact is to strengthen the retail sector in all communities, including those of the islands. The importance of retail businesses in local communities is recognised, particularly in the Place theme where the aim is to strengthen the vital contribution that retailers make to the economic and social success of local communities in all areas of Scotland.

Building strength in and empowering local economies and communities has the potential to unlock local benefits quickly. Nurturing a mix of business types, including sustainable business models, co-operatives, employee-owned businesses and smaller or independent stores, will help locations to be more vibrant and attract footfall. Making it easier for stores to source goods from local suppliers will build wealth in communities and reduce the carbon footprint of goods bought in stores.

	<p>The volume of online sales has grown significantly in the last 15 years – from less than 3% in 2007 to 27.1% in January 2022². The strategy details government action already taken in improving digital capability and infrastructure and the commitment to exploring the introduction of a new national digital sales tax in Scotland, and to consider whether this could help make the tax burden more equal between bricks and mortar and online retailers.</p> <p>Improving the availability of online retail can provide consumers with access to a larger marketplace and so offer more choice, although island communities may be subject to additional delivery charges which can vary depending on the vendor or the carrier.</p>
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STEP TWO – GATHER YOUR DATA AND IDENTIFY YOUR STAKEHOLDERS

<p>What data is available about the current situation in the islands?</p>	<p>The majority of retail businesses operating in Scotland are micro and small businesses. It is estimated, based on the Inter-Departmental Business Register 2020 and 2019 Business Register and Employment Survey that there are 13,790 business units in the retail sector in Scotland, employing directly 233,000 people. Table 1 below shows a Scotland-level disaggregation of characteristics of areas of the retail sector that may be affected by the measures discussed including estimates of employment, number of businesses and business sites and number of premises.</p> <p>Table 1: Breakdown of the Scottish retail sector</p>
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² [ONS Online Sales as a Percentage of Retail Sales](#)

Sector	Employment (2019)	Number of Registered Businesses (2020)	Number of Registered Business Sites (2019)
SIC 47 Retail Trade, except of motor vehicles and motorcycles	233,000	13,790	22,340

Source: Business Register and Employment Survey; Businesses in Scotland, NDR roll.

Sector	Number of Registered Businesses	Small Registered Businesses (<49 employees)	Medium-Sized Registered Businesses (50-<249 employees)	Large Registered Businesses (250+ employees)
SIC 47 Retail Trade, except of motor vehicles and motorcycles	15,535	15,000	230	305

Source: Businesses in Scotland 2021.

The number of registered wholesale, retail and repair businesses in Scotland, their total Scottish employment and turnover by urban/rural classification

	Number of businesses	Total Scottish employment	Total Scottish turnover (£m)

Large Urban Areas	8,650	140,660	23,313
Other Urban Areas	8,695	147,190	26,178
Accessible Small Towns	2,165	20,570	2,946
Remote Small Towns	1,510	16,110	2,500
Accessible Rural	3,040	25,950	5,158
Remote Rural	2,060	12,380	1,722

Source: *Business in Scotland 2021*

Who are your key Stakeholders?

Key stakeholders are retail businesses, trade unions, retail employees, customers, suppliers, skills development agencies, training providers, local authorities and communities.

How does any existing data differ between islands?

There is no information on the numbers and scale of retail business on an island by island basis. Some information is available on the number of retail units by Local Authority that indicates the number and size of retail units for Island local authorities (Shetland, Orkney and Na-hEileanan Siar) the data does not differentiate between mainland and island retail units in those local authorities which have both.

Islands councils highlighted in yellow below.

-Table 7: Retail Units by Local Authority

Local Authority	Total Retail (SIC 47) Units	% of total retail units in Scotland	Micro (0-9 employees)	Small (10-49 employees)	Medium (50 - 249 employees)	Large (250+ employees)
Aberdeen City	845	3.5%	585	235	20	5
Aberdeenshire	830	3.4%	610	190	30	0
Angus	440	1.8%	355	75	10	0

Argyll and Bute	500	2.1%	435	60	5	0
City of Edinburgh	4,045	16.8%	3,475	505	60	10
Clackmannanshire	175	0.7%	130	35	5	0
Dumfries and Galloway	670	2.8%	515	145	15	0
Dundee City	690	2.9%	525	135	25	5
East Ayrshire	415	1.7%	315	85	10	0
East Dunbartonshire	325	1.3%	260	55	10	0
East Lothian	335	1.4%	260	70	5	0
East Renfrewshire	285	1.2%	225	55	5	0
Falkirk	525	2.2%	400	110	15	0
Fife	1,405	5.8%	1,085	290	30	5
Glasgow City	3,570	14.8%	2,805	665	85	15
Highland	1,165	4.8%	905	235	25	0
Inverclyde	280	1.2%	210	60	5	5
Midlothian	260	1.1%	200	50	10	5
Moray	385	1.6%	290	85	10	0
Na h-Eileanan Siar	105	0.4%	80	20	0	0
North Ayrshire	480	2.0%	355	110	15	0
North Lanarkshire	1,050	4.3%	795	220	25	5
Orkney Islands	105	0.4%	70	35	0	0
Perth and Kinross	680	2.8%	545	115	15	0
Renfrewshire	700	2.9%	510	160	25	5
Scottish Borders	550	2.3%	450	90	10	0
Shetland Islands	105	0.4%	70	35	0	0
South Ayrshire	550	2.3%	430	110	10	0
South Lanarkshire	1,135	4.7%	865	240	30	5
Stirling	495	2.0%	395	85	10	0

Are there any existing design features or mitigations in place?	West Dunbartonshire	330	1.4%	245	80	5	0
	West Lothian	685	2.8%	500	170	15	5
	Scotland Total	24,110	100.0%	18,890	4,605	535	80
	We are committed to delivering future-proofed mobile and broadband connectivity for homes and businesses in remote, rural and island communities through a combination of the £579 million R100 contracts, the R100 Scottish Broadband Voucher Scheme , the £28.75 million Scottish 4G Infill Programme and commercial build to enable island businesses to offer competitive e-commerce retail businesses.						

STEP THREE - CONSULTATION

Is there information already gathered through previous engagements?	Yes, through the members of the Retail Strategy Steering Group and through the development of the thematic work-streams.
How will you carry out your consultation and in what timescales? Public meetings /Local Authorities/ key Stakeholders?	Meetings of the Steering Group and thematic work-streams took place throughout 2021. Participants included representatives of national organisations, including the Scottish Retail Consortium, trades unions, academia, local authorities, Federation of Small Businesses, The Scottish Grocers Federation, Scottish Wholesale Association, Federation of Independent Retailers, Business Gateway and Skills Development Scotland.
What questions will you ask when considering how to address island realities?	Each Steering Group member was invited to submit proposals for areas that the strategy should consider or address and these were distilled into the main themes and actions in the strategy.

Separate consultation events for Island communities/Local Authorities?	None. The Steering Group was specifically selected for their particular expertise and understanding of the challenges and the opportunities for retail businesses and their communities.
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STEP FOUR - ASSESSMENT

<ul style="list-style-type: none"> • Does your assessment identify any unique impacts on island communities? (Further detail in the Guidance): <ul style="list-style-type: none"> – Demographic – Economic – Gaelic – Social <p>Does your assessment identify any potential barriers or wider impacts? Are there mitigations already in place for these impacts raised?</p>	<p>No. However the Retail Strategy was not developed in isolation and recognises other policies and activity that has a direct or indirect impact on the retail sector.</p> <p>Our place-based approach recognises that different locations have distinct needs and that retail, which is a key component of all local communities across Scotland, continues to adapt and evolve to take into account the physical, social and economic elements of places. This includes our islands and remote and rural communities, as well as in urban and suburban centres.</p> <p>In addition, the cross-cutting nature of retail relative to other policy areas has been integrated into the Retail Strategy to reflect the totality of support for the sector and actions proposed or already underway which will have an impact on retail businesses, their supplier and communities.</p> <p>As with tourism, Scotland’s food and drink businesses can be strengthened by a strong localised retail offer. The food and drink industry is a major contributor to Scotland’s economy with turnover of £15 billion and 17,000 businesses employing around 122,000 people, many in remote and economically fragile rural and island communities.</p> <p>We have begun action to advocate on behalf of Scottish consumers, especially those who use online deliveries, through the launch of fairdeliveries.scot. The passage of the Consumer Scotland Act 2020 through the Scottish Parliament will ensure that the new consumer body, Consumer Scotland, represents the views of consumers and takes an</p>
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evidence-based approach to tackling the most serious issues of consumer harm in Scotland.

To ensure future success, retail businesses need to commit to:

- utilising local retailers and providers wherever possible
- promoting support for local retail business and local goods and produce where possible to reduce retail's carbon footprint and build wealth into local communities
- building new operations or stores with sustainability as a key consideration
- working with businesses and communities to help promote 'localism' as part of a Community Wealth Building approach including via the Scotland Loves Local programme and Business and Community Improvement Districts

In addition, the Place Workstream of the Strategy sets out actions that will affect retailers in Island communities, stating that we will:

- support the matching activity (such as the GoLocal programme) that enables local vendors and suppliers to connect more easily, saving transport and financial costs
- support retailers to consider local sourcing and support for local businesses, including through the Scotland Loves Local programme, alongside work with Scotland Food & Drink and the Scottish Grocers' Federation
- encourage retail businesses through community planning partnerships to work with local communities and local authorities to develop and promote a retail offer appropriate to their needs, building on the wider identity, cultural heritage, skills base and anchor institutions within an area
- work with retail stakeholders to support delivery of our joint response with COSLA to the Town Centre Action Plan Review
- support and promote place-based and creative responses to repurposing vacant retail units, including showcasing demonstrators
- ensure that retailers can participate in the consultation on whether new permitted development rights and/or changes to the use classes order could support the resilience and recovery of Scotland's retail industry

Is a full Island Communities Impact Assessment required?

You should now determine whether, in your opinion, your policy, strategy or service is likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities). To form your opinion, the following questions should be considered:

<ul style="list-style-type: none">• Are there mitigations in place for the impacts identified and noted above from stakeholders and community consultations? (If further ICIA action is not required, complete the section below and publish).	No
<ul style="list-style-type: none">• Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as levels of satisfaction, or different rates of participation)?	No
<ul style="list-style-type: none">• Are these different effects likely?	No
<ul style="list-style-type: none">• Are these effects significantly different?	No
<ul style="list-style-type: none">• Could the effect amount to a disadvantage for an island community compared to the mainland or between island groups?	No
<ul style="list-style-type: none">• If your answer is 'no' to the above questions, please complete the box below.	
<ul style="list-style-type: none">• If the answer is 'yes', an ICIA must be prepared and you should proceed to Step 5.	

A full Islands Community Impact Assessment is NOT required

In preparing the ICIA, I have formed an opinion that our policy, strategy or service is **NOT** likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities). The reason for this is detailed below.

Reason for not completing a full Islands Communities Impact Assessment:

The Retail Strategy will provide a national policy framework aiming to guide sector development over the course of the next five years and beyond. We will finalise detailed delivery plans within six months of publication of the strategy, setting out how the programme of actions will be taken forward. We have made a commitment to ensure delivery plans and their actions take full account of different regional circumstances, especially in rural and island areas. As this work is taken forward, it will necessitate development of relevant impact assessment requirements, including ICIA's, at the appropriate time. Specific policy and/or legal provisions will be considered, developed and implemented in order to achieve the Strategy vision, ambitions and delivery plan.

Some differences of impact or differences of experience across different regions may occur. Island communities face unique economic challenges which will need to be considered. However, the intention is to achieve equality of outcome and so our view is that these differences should be further explored at a point when specific policies and/or legal provisions outlined in the Retail Strategy are developed to ensure a comprehensive assessment of any potential impact on island communities.

Screening ICIA completed by (name)	Anne Buchanan
Position	Retail Policy Team Leader
Signature and date	Anne Buchanan, 14 April 2022
ICIA authorised by (we recommend DD level)	Debbie McCall
Position	Deputy Director, Local Economic Delivery
Signature and date	<u>Debbie McCall, 11 May 2022</u>