

PE1780/A

Minister for Business, Fair Work and Skills submission of 31 March 2020

The Scottish Government takes the rights of workers in all sectors of Scotland's economy very seriously. Our 2016 Labour Market Strategy clearly sets out our approach for the labour market and includes actions that will help achieve our vision for a strong labour market that drives inclusive, sustainable economic growth, characterised by growing, competitive businesses, high employment, a skilled population capable of meeting the needs of employers, and where fair work is central to improving the lives of individuals and their families.

The retail sector is of particular importance to Scotland's economy, employing around 9% of total employment in Scotland and generating almost £6 billion in Gross Valued Added.

The Christmas and New Year's Day (Trading) (Scotland) Bill defines large retailers, who would come under the scope of this petition, as those with 280 square metres or more of floor space. This is more likely to be large companies which, although comprising only 2.2% of retail enterprises, account for 69.8% of employment and 77.4% of turnover. It is therefore extremely important that any decisions taken that may affect this important cohort of retail companies is done with regard to other issues which are having or could have an economic impact.

Scotland, along with the rest of the UK, is facing unparalleled challenges in our economy due to the COVID-19 pandemic. Retail is one of the sectors facing significant challenges – not only in trying to maintain supply chains of goods that are currently in high demand, but in continuing to trade whilst operating with what is likely to be a greatly diminished workforce. The situation is changing daily and there at present no clear end point from which our economy will revert to pre-COVID–19 trading conditions.

In addition, there is a continued need for clarity on how exiting the EU single market will impact on retail. Many retailers currently use EU supply chains which could be severely disrupted, curtailed or, due to the introduction of tariffs, affect the affordability of products. Research by the Institute of Fiscal Studies has highlighted that the wholesale and retail trade sector faces potentially large negative consequences from higher trade barriers with the EU. There are also 37,000 EU nationals working in Scottish retail stores, restaurants and food manufacturing companies that may choose to leave Scotland, thus potentially creating gaps in retail stores and their supply chains.

For all these reasons it is the view of the Scottish Government that this is not an appropriate time to reconsider the current position on a consultation on New Year's Day trading. That said, as we move forward with the development of the Retail Strategy we have committed to we will be involving unions as part of that process where there will be the opportunity to discuss and consider these issues in conjunction with other representatives of the retail sector.