

PE1780/D

Minister for Business, Fair Work and Skills submission of 6 November 2020

I am writing to respond to the Petitions Committee's further request for the Scottish Government to reconsider its position on holding a consultation on the closure of large shops on New Year's Day.

When I last wrote to you on this matter on 31 March it was at the start of the Coronavirus pandemic and, at that time, the impact that it would have on the retail sector, its employees and the wider Scottish economy could not have been fully anticipated. The position that I set out at that time – that this issue should be reconsidered at a future date – was, I believe, the correct one as 8 months on, the position regarding retail operations and trading conditions are significantly different from what they were when this petition was first lodged.

The retail sector has experienced significant challenges - working to maintain supply chains of goods that were in high demand during the first wave and national lockdown and investing in and adapting to new mitigation measures to ensure the safety of staff and customers. For many retailers the challenge is to continue to ensure that the shopping experience is as safe as it can be, whilst trying to recover from the significant loss of revenue as a result of months of closure and an overall reduction in footfall.

As my previous letter set out, this petition will affect large retailers, which the Christmas and New Year's Day (Trading) (Scotland) Bill defines as those with 280 square metres or more of floor space. This may be only 2.2% of all retail enterprises, but accounts for 69.8% of employment and 77.4% of turnover. It is still therefore vitally important that any decisions taken that may affect this cohort of retail companies is done with regard to other issues which are having or could have an economic impact.

There is also a need for clarity on how exiting the EU single market will impact on retailers and its supply chain. 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.

For all the reasons I have mentioned, it is clear the sector is still facing considerable challenges and therefore I can confirm that the current rationale against a running a consultation at this time still holds. However, I am seeking further views and opinions from unions and retailers and will advise the committee of my findings in due course.

I hope that this reply is helpful.

JAMIE HEPBURN