

## **USDAW'S INDUSTRIAL STRATEGY FOR RETAIL**

The retail sector has experienced a turbulent and challenging number of years on a variety of fronts. There has been widespread coverage of these economic difficulties, how large and small retailers have responded to these difficulties, and the impact on customers and workers.

The retail sector employs 2.98 million people and this rises to 4.6 million when wholesale trade and motor vehicle trade and repair are included - making it the largest industrial sector in Great Britain. It contributes 11% to the UK economic output and is also fundamentally connected with other key sectors including distribution and food manufacturing.

It is clear that the challenges affecting the retail sector are having a huge knock on effect, impacting not just the UK economy but a significant number of workers. As such, Usdaw is working on developing a proper industrial strategy for the retail sector, developed in partnership with all key stakeholders including national and local government, retailers and trade unions, which provides a framework for the support and development of the sector.

### **ECONOMIC**

A new economic framework to support and develop the sector, as opposed to the current one which is no longer fit for purpose. This should include:

- A comprehensive review of rents within the sector and other initiatives, including the Labour Party's proposal to establish a register of landlords of empty shops in each local authority.
- A review/freeze on business rates for two years in line with the BRC position (see Appendix A).
- A review of town/city centre parking charges and other transport issues. For example, free bus travel for under 25's as highlighted by the Labour Party's five-point plan.
- Other initiatives to improve town centre footfall. This needs to involve a range of measures from tackling the issue of anti-social behaviour in town centres, as well as pursuing more creative measures to attract shoppers, for example Manchester's Bee in the City project.
- Reform of tax laws to ensure that company's pay their fair share of tax (i.e. reducing corporation tax avoidance) as well as creating more of a level playing field between online and bricks-and-mortar retailers e.g. online transaction tax or sales tax.
- Closing the pay gap between CEO pay and the lowest paid workers, stronger corporate governance rules to curb asset-stripping and ensuring that business failure cannot be rewarded with excessive bonuses and pay-outs, as was the case with BHS.
- A full review of the Apprenticeship Levy. If there was greater flexibility in the system this would allow retailers to create more, quality and properly paid apprenticeships as well as increasing the number of training opportunities for staff.

### **PEOPLE AND PRODUCTIVITY**

Retail staff are working under a cloud of uncertainty/insecurity and morale in the sector is at an all-time low. The constant cycle of restructures, store closures and contract variation has left staff overworked and underpaid. While the NLW may have offered some initial relief for those 25 and above, this has been offset by pay/benefits consolidation, rising inflation and the reduction of in-

work benefits. This means there has been no real terms increase in take home pay for staff working in the retail sector for several years.

Furthermore the ongoing productivity issues within the sector need to be addressed, and decent pay and conditions play a key role in this. There is evidence that paying the real Living Wage enhances productivity, improving employee retention and engagement. Unfortunately, within retail, the word productivity has become synonymous with job losses or cuts in hours. These cuts can have a negative impact on workers' mental health and wellbeing, which creates a downward spiral in productivity.

A range of measures need to be taken to tackle these issues including:

- Minimum pay of £10 per hour.
- The introduction of legislation that will tackle the issue of insecure work by providing a minimum contract of 16 hours (for those who want them).
- A right to an employment contract that reflects an individual's actual hours of work.
- A commitment from employers and government to invest in skills within the retail sector. This should include sustained investment in skills for workers affected by automation, including through union learning and high quality apprenticeships.
- A legal right to collective consultation on the implementation of new technology in the workplace. The pace of automation is a major worry and concern for many retail workers – in a survey conducted jointly by Usdaw and the Future of Work Commission, over 40% of Usdaw members were concerned that technology would impact on their job security.
- A broader analysis of productivity that takes into account employee engagement and pay and benefits.
- Promoting greater worker voice for retail workers and stronger rights to be informed and consulted. Usdaw believes that only a trade union will give workers an effective voice which is why a reduction should be put in place for statutory trade union recognition claims.
- A review of the law on redundancy, to remove the loophole which allows large chains to avoid collective consultation over small sites. This would ensure some protections for workers in smaller establishments (less than 20 employees) who are particularly vulnerable in the current climate.
- A new model for co-operation around tackling retail crime, particularly in light of automation (e.g. self-service tills) and the lack of investment in stores which has, in some cases, resulted in severe understaffing. It's no surprise then that in recent years we have seen rising levels of retail crime and abuse, as highlighted by our Freedom from Fear campaign. Retailers need to start addressing both the human and business cost of retail crime, which not only hits the bottom line through high shrinkage levels but affects productivity at work.
- A review of the role and function of the Competition and Markets Authority in light of the increase in proposed mergers within the sector. This should include permanent trade union representation within the CMA's internal structures to ensure the interests of workers are considered at every level of decision-making.

**CHANGING PERCEPTIONS – 'RETAIL JOBS ARE REAL JOBS'**

This part of the strategy is about changing mind-sets and ensuring retail is treated as a key part of the economy. A shift in viewpoint involves challenging the overt perception that women simply work in retail for “pin money”. Retail jobs make a critical contribution to household incomes and most people (both men and women) who work in the sector need their wages to pay bills and put food on the table. Concentrated efforts to change mind-sets and outdated ideology should include:

- Increased focus on retail across government policy and decision making mechanisms. For example, the Brexit White Paper makes no reference to retail or the potential impact on this sector, despite the fact that retail is the largest industrial sector in the UK.
- A commitment from employers and government to invest in skills within the retail sector. This should include sustained investment in skills for workers affected by automation, including through union learning and high quality apprenticeships.
- A robust strategy from business, government and unions on how to deal with the short and long term impact of automation on key sectors such as retail. Aside from the obvious issue of up skilling and retraining (as covered under the people strand), business and government need to be aware of the importance for consumers of face to face interaction when looking at new technologies. Good customer service is a valued element of the in-store retail experience and while in the short term reduced headcount and automation may reduce costs, the long term damage to the sector needs to be considered in its entirety.
- Promotion and recognition of the benefits of working in the retail sector to help develop talent and increase retention levels - retail offers employees greater flexibility than most sectors, often allowing people to work around their family/caring commitments or studies.
- A seat for Usdaw on panels and inquiries into the retail sector such as the Expert Advisory Panel on High Streets. Usdaw members have direct experience from the shop floor on the issues that are affecting the sector and should have a voice and input into policy making and key decisions. The fact that retail workers have not been given a voice on the panel, only serves to highlight how undervalued retail workers are by government and this needs to change.

## **APPENDIX A: BRITISH RETAIL CONSORTIUM POSITION ON BUSINESS RATES**

The business rates burden for retailers large and small, online and physical, needs to be reduced. As part of the Government’s goal to maintain a competitive tax environment for business, further measures to reform business rates are needed to fix an unsustainable system that continues to discourage investment in jobs and growth.

Despite last year’s review, retailers will pay an additional £2 billion over the next three years compared to the last three years. Business rates are deterring investment in local communities, causing shop closures and job losses in hard-pressed communities and preventing retailers from delivering what their customers want in an efficient and cost-effective way.

In England, the retail industry contributes approximately £7 billion of rates annually – nearly one-quarter of all receipts – far more than any other industry. Internationally, the UK pays among the highest tax on property as a proportion of GDP. A fairer level of property taxation, which is internationally competitive, will encourage growth and ensure continued business tax revenue.

The BRC recommends the following:

**Revisit the business tax road map and commit to further reform:** In the road map published before the EU referendum, the Government committed to reform some aspects of business rates, which we welcomed. However, further action is needed for businesses to effectively plan and invest. An important component of an updated road map should be a timetable to reduce the disproportionate burden of business rates and commit to fundamentally reforming business rates alongside the entirety of business taxation.

**Freeze rates for two years and commit to further reform:** Fundamental reform of the business rates system is needed and must be considered as part of a wholesale modernisation of business taxation. The BRC's proposal for a two-year freeze in rates increases would take some of the cost pressure off the industry, while allowing time for a dialogue between government and industry to develop a proposal for a modern business taxation system, fit for commerce in the 21st century, which supports business growth and improves productivity.

**Fix the Check, Challenge and Appeals system:** The new system of appeals has added to the complexity of correcting inaccurate valuations. We agree with the principle to reduce the number of unnecessary appeals, however, given the large burden it is only fair businesses have the opportunity to challenge valuations. Improvements are needed to enable ratepayers to easily claim multiple properties in addition to allow a ratepayer to easily track progress and communicate with the Valuation Office.

**Improve Independent Valuations, Enabling Three-Year Revaluations from 2021:** The Government has chosen to continue relying on the Valuation Office to conduct independent valuations to enable more frequent revaluations. This will likely require ratepayers sharing more information on their property and rent upfront. In addition to further information, the Valuation Office requires adequate resources to ensure better communication with ratepayers leading to fair and accurate valuations.

**APPENDIX B:** At the recent **Labour Party** Conference in Liverpool, Shadow Secretary of State for Business, Energy and Industrial Strategy, Rebecca Long-Bailey MP, unveiled a five-point plan to save British high streets as well as making reference to a long-term strategy for the high street:

- Ban ATM charges and stop bank branch and post office closures.
- Provide free bus travel for under-25s.
- Free public wifi in town centres.
- Establish a register of landlords of empty shops in each local authority.
- Review business rates to bring them into the 21st century.

**APPENDIX C: The Mirror High Street Fightback has called for:**

- Online retailers to pay fair business rates.
- New tax on online sales, with money going to the wider sector.
- Online firms to collect the right VAT from overseas sellers.
- New fund to revive town centres.
- More rate relief for firms that fill town centre shops empty for a year.
- Easier planning laws to convert shops for offices, leisure or housing.

- Help councils crack down on landlords with run-down properties.
- Give councils more compulsory purchase powers for neglected sites.
- Better public transport into towns.
- End rip-off parking charges.