

## **Retail Sector Council Meeting**

Wednesday 18 March 9:30 – 11:00  
Department for Business and Trade, In person and MS Teams

### **Attendees**

**Co-Chairs:** Minister for Employment Rights and Consumer Protection Kate Dearden MP and Richard Pennycook.

**Attendees:** Dave McCarthy, Andrew Goodacre (British Independent Retailers Association), James Lowman (Association of Convenience Stores), Helen Dickinson (British Retail Consortium), Tom Ironside (British Retail Consortium), Kari Rodgers (Primark), Nick Beighton (Secret Sales), Simon Roberts (Sainsbury's).

**Guests:** Chris Morris (USDAW and Delivery Group), David Leach (Boots and Delivery Group).

**Officials in attendance:** Aphrodite Spanou (Deputy Director for Consumer, Agri and Health) Charles McCall (Head of Retail and Consumer Goods Manufacturing), Mark Holmes (Deputy Director for Security of work), Otis Long (Head of Trade Union Policy), Theo Heren (Head of High Streets Policy, MHCLG).

**Apologies:** Robbie Feather (The Very Group), John Boumphrey (Amazon), Joanne Thomas (General Secretary USDAW), Anthony Hemmerdinger (Boots).

### **Summary of Actions**

<b><u>Action</u></b>	<b><u>Owner</u></b>
To discuss offline ways on how the Council can take work on cyber-crime forwards.	Richard Pennycook and the BRC
The Council will submit a response to the guaranteed hours consultation once live.	RSC
To engage with the High Streets Delivery Group to support the High Street Strategy.	MHCLG
Andrew Goodacre to draft a follow up letter to the Chancellor on possible interim measures on LVI.	Andrew Goodacre/RSC

#### **1. Welcome**

Richard Pennycook opened the meeting and asked the group for feedback on cyber-crime, noting it remains a significant issue in the sector and that offers of engagement have been low. The group acknowledged the positive work underway through the British Retail Consortium and the NCSC but undertook to explore how the Council may be able to support more.

Minister Dearden welcomed everyone attending and noted the sizable agenda. The purpose of the meeting is to hear immediate concerns around the Middle East

conflict, updates on upcoming Employment Rights policies and the High Streets Strategy, and to hear views from members. The Minister also noted her keenness to receive views on the recently announced Youth Guarantee if the agenda allows.

**Action:** Richard and the BRC to discuss offline ways on how the Council can take work on cyber-crime forwards.

## **2. Middle East disruptions - impact on the sector**

Members noted that operational challenges are currently being managed, thanks to the experience gained and increased resilience from previous global events like the Russian/Ukraine conflict and Covid. Many businesses are adjusting logistics, including rerouting goods via alternative transport methods.

Concerns were raised about energy supply and costs, with inflation expected to persist if the situation continues. The sector anticipates more pronounced impacts in the coming months, particularly for businesses with existing, fixed term contracts.

Rising input costs, such as fibre and fertiliser, are likely to affect product pricing in the near future, prompting businesses to prepare for changes in consumer behaviour. The importance of flexibility in the Fuel Finder to improve price transparency and facilitate access to fuel was highlighted as a means of supporting the sector.

Members emphasised the supply chain remains robust unless panic buying occurs and stressed the need for Government to help manage media stories that cause consumer panic. Consumers are unlikely to get an easing of prices in the way the sector had hoped. Mitigating this will be key.

## **3. Employment rights**

The Minister highlighted the interconnected nature of ongoing work, including collaboration with other departments such as the Department for Work and Pensions on initiatives like the Youth Guarantee. Reference was made to the [recently launched website](#) intended to support businesses in preparing for regulatory changes, and attendees were invited to suggest effective channels for communicating updates and consultations. Imminent changes will be made to regulations, including those relating to unpaid parental leave, statutory sick pay, and adjustments to fair work agency arrangements.

### **a) Unfair Dismissal**

Mark Holmes gave an update on the policy, explaining that the required length of employment for eligibility has been reduced to six months. The limit on compensatory awards will also be removed. The new qualifying period is

expected to take effect in relation to dismissals from 1 January 2027. Employers are advised to prepare for Unfair Dismissal changes now, alongside changes being introduced earlier in April 2026, as outlined on the website. Unfair Dismissal changes are set out in the body of the Employment Rights Act 2025 and will not be subject to consultation.

Members agreed that guidance on the website was straightforward and offered to help spread the message. However, they stressed the importance of clearly defining what constitutes fair dismissal. The removal of the compensation cap was also raised, as it may lead to more tribunal claims, especially from senior managers. Since employees do not face tribunal costs, there may not be enough deterrents to prevent weak claims.

The Minister emphasised the ongoing collaboration with the Ministry of Justice regarding tribunal system challenges. Mark Holmes expanded on this work by the Dispute Resolution Taskforce and highlighted the Government's commitment to publishing a summary of sector views on changes to the compensation cap.

It was noted that awareness of regulatory changes remains varied. There is a need for better communication from Government, trade associations, and unions. Concerns about the rise of pop-up unions were also mentioned. Changes will be implemented in stages, with ACAS providing training and support. DBT is working with ACAS and unions to ensure effective communication.

Members agreed that changes to Employment Rights should be viewed as an opportunity for sector growth.

#### b) Zero Hours Contract

A consultation will take place soon, but the date is not yet set. Mark Holmes acknowledged that many delegated powers require consultation and that details will affect businesses. There is an intention to engage with the retail sector throughout this process.

Members welcomed a full consultation but highlighted that the current proposals do not fit how the sector operates, especially during busy trading periods such as Christmas. They stressed the need to consider the practical business operational constraints. The importance of measures to prevent poor practices, such as bypassing disciplinary procedures in favour of cutting hours was also highlighted. The need to protect groups more likely to have contracts with guaranteed hours at lower levels, including women, people from BAME

backgrounds, and those with disabilities was also raised. Members agreed that legislation should address exploitative contracts. The importance of carefully considering at what level to set the hours threshold was emphasised. Depending on where this is set, this could affect up to 1.6 million retail employees.

Members noted potential unintended consequences, such as employers moving to fixed-term contracts during busy periods or reducing the availability of part-time roles, which are important for young people. Retail employs people that value flexibility and is a major employer of young people. Setting the hours threshold too high could negatively affect entry-level opportunities. SME retailers in particular rely on part-time staff and require flexibility. There is a risk that boards see additional investment in AI and robotics as more attractive than expanding their workforces if there is less flexibility to employ.

**Action:** The Council will submit a response to the consultation once live.

c) Trade Union Policies

Otis Long outlined 3 key elements:

1. Changes that are already in effect.
2. Trade Union Access: The Employment Rights Act provides for a new right of trade union access. The government has consulted on proposals on how this right will work in practice which will be set out in secondary legislation. The government will issue a government response to the consultation shortly, along with a further consultation on a new Code of Practice on access. The new right will take effect in October 2026.
3. Trade Union recognition: From April 2026, legislative changes are taking effect that will eliminate the 40% threshold for recognition ballots and revise the requirements for applying for recognition. Ahead of broader reforms set for October 2026, a consultation is being held to update the code of practice regarding access and unfair practices during the recognition process.

Members emphasised that changes should be practical, workable, and consider multisite retailers and geography, while aiming to keep a positive union relationship. Guidance and collaboration with employers is essential.

#### **4. High Streets Strategy**

The Minister emphasised this is the beginning of engagement and looks forward to Council input as this work develops.

Theo Heren updated members on the cross-Government strategy, aimed at addressing visible decline and supporting high street adaptation. He noted that it will be published later this year, possibly in summer. The focus is on strengthening local placemaking and exploring broader business support. Theo mentioned a recent Chancellor and MHCLG Secretary of State roundtable discussion about planning and business regulations and noted MHCLG's intention to engage with the Council's high street working group. Feedback on which strategic priorities to address was welcomed.

It was noted that the Council is well placed to support this work. The Council's *Retail: The Great Enabler* paper, as well as the Delivery Group's high streets were noted as good examples of work already undertaken. Members highlighted their keenness for the High Street Strategy to build up on work that has already taken place.

**Action:** MHCLG to circulate targeted questions to the high street delivery group to support the development of the High Street Strategy.

## 5. AOB

### Low Value Imports

There is still widespread concern at the four-year timeline for change on LVI. Members agreed to send a follow up letter to the recent Council paper on trade and LVI the Chancellor, setting out potential interim measures to support the sector

**Action:** Andrew Goodacre to draft a follow up letter to the Chancellor on possible interim measures on LVI.