

Retail Sector Council – 21 March 2023
Meeting Note

1. Attendees

Co-Chairs: Minister Kevin Hollinrake MP, Co-Chair
Richard Pennycook, Co-Chair

Attendees: John Boumphrey (Amazon)
James Lowman (Association of Convenience Stores)
Simon Roberts (Sainsbury's)
Victoria Robertshaw (Keelham Farm Shop)
Dave McCarthy (HSBC)
Helen Dickinson (British Retail Consortium)
Nick Beighton (Matches Fashion)
Sebastian James (Boots)

Apologies: Nick Read (Post Office), John Rogers (WPP), Alex Baldock (Dixons Carphone), Ian Filby (Joules), Andrew Goodacre (British Independent Retailers Association), Paul Marchant (Primark), Peter Jelkeby (IKEA), Paddy Lillis (USDAW)

Officials: Carl Creswell (DBT), Charles McCall (DBT), Claire Gregory (DBT), Andrew Opie (British Retail Consortium), Tom Ironside (British Retail Consortium), Stephen Bethel (British Retail Consortium)

2. Summary of actions

<u>Action</u>	<u>Owner</u>
Action: DBT to provide an update on the outcome of engagement with Ofgem.	DBT
Action: Sector Council members to provide evidence on the accurate inflation picture if they have it.	Sector Council Members
Action: BRC to circulate its regulatory calendar summary to illustrate the breadth of upcoming initiatives with an impact on retail.	BRC
Action: DBT to explore retailer objectives for VAT relief on goods donated to charities, where these goods will later be provided free of charge to people in need.	DBT
Action: DBT to liaise with government departments leading on key next steps in relation to the development of the detail associated with the Windsor Framework to ensure it is fit for purpose.	DBT

Action: Dave McCarthy to revisit the Future of Retailing report in the light of the comments received.	Dave McCarthy
Action: The Sector Council to finalise and publish the Future of Retailing report.	Sector Council
Action: Council business members to meet to consider how they would like to position and finalise associated recommendations.	Sector Council Business Members
Action: CMA to be invited to a future Sector Council meeting to outline its overall approach to green issues - the household goods inquiry; the consumer protection guidance; and the competition guidance.	DBT
Action: DBT to circulate updated Sector Council Charter among Council members.	DBT - complete
Action: Sector Council members to provide comments on the updated Sector Council Charter and to provide contact details for member from their organisation to join the Sherpa Group.	Sector Council members
Action: Sector Council members to propose key areas for the Council to focus on in the coming months.	Sector Council members

3. Note of Discussion

a) Welcome and Introductions

Richard Pennycook and the Minister welcomed attendees to the meeting. Richard noted that the last meeting had focused on the Strategy document and that the document had been evolved in the light of the comments received at the meeting. The meeting had also covered the Skills paper developed by John Boumphrey, which had been submitted ahead of the Budget.

The Minister noted the Government's continued focus on key areas of importance to the industry, including energy costs and related issues. Work is underway with Ofgem and energy suppliers to ensure that the benefit of falling prices is passed on to customers. He also said that engagement is ongoing on the Apprenticeship Levy with the Department for Education.

Members expressed concern that the ONS inflation figures do not provide an accurate read on real experience - members were invited to contribute evidence if they had any.

Action: DBT to provide an update on the outcome of engagement with Ofgem and the Department for Education.

Action: Sector Council members to provide evidence on accurate inflation picture if they have it.

b) Impacts of Budget

Following the Spring Budget, the Minister noted there were a number of measures that will be introduced with relevance for retail. These included Full Expensing of Capital Allowances and measures to support people back into the workforce, particularly childcare reforms and Universal Credit changes. He invited views from the Sector Council about the measures introduced.

Sector Council members noted that engagement with Ofgem could still be very beneficial if it led to more immediate pass through of falling energy costs to business customers. The need for rapid action was emphasised.

Members welcomed the full expensing modifications and the measures to support people back into the workforce. It was noted that operating cost inflation would be an extremely significant challenge for businesses in the year ahead, and the nature and timing of introduction of any new regulations is therefore crucial – the challenges presented by the Extended Producer Responsibility and the Deposit Return Scheme were cited. Action on the Apprenticeship Levy is still a priority for the Sector Council.

The industry letter on VAT relief on goods donated to charities, where these goods will later be provided free of charge to people in need, was also highlighted as needing attention in the future.

Action: BRC to circulate its regulatory calendar summary to illustrate the breadth of upcoming initiatives with an impact on retail.

Action: DBT to explore retailer objectives for VAT relief on goods donated to charities, where these goods will later be provided free of charge to people in need.

c) BRC Views on Northern Ireland Arrangements

Andrew Opie provided a summary of the BRC's views in relation to the Windsor Framework. Noting the industry's support for the framework and the many associated positive elements, he also noted that concerns have emerged relating to the detail. Particular concerns have been identified relating to labelling requirements and customs requirements for variable loads and in both areas a resolution with the EU is very important. It was also noted that the initial October deadline was very challenging as the legislative underpinning is still in train. Many companies are concerned that they would be non-compliant for the October deadline and that further discussions on transitional arrangements would be beneficial. It was noted that introducing new labelling and other requirements in the run in to the Christmas trading period would also increase the difficulties for companies, which again supported the case for additional deferral of the deadline.

Action: DBT to liaise with government departments leading on key next steps in relation to the development of the detail associated with the Windsor Framework to ensure it is fit for purpose.

d) Progression of RSC Work

Strategy Update: Dave McCarthy noted that current inflation expectations were made more complex by changing basket compositions and customer behaviours. He went on to

introduce the evolved structure of his report and the key areas covered in the new Future of Retailing section. He noted the core future themes that he anticipates will shape the retail industry in the years to come.

Sector Council members welcomed the work that Dave had carried out on the new section of the report. The value of designing effective regulatory interventions was also highlighted. Retail's role as a "great enabler", which fosters entrepreneurship should also be brought out more clearly.

It was suggested that the report needs to be careful not to overly stress the delineation between traditional retail models and digital based businesses, given that many businesses now offer integrated channels of customer engagement. The scale of the environmental commitment of retailers as they seek to tackle associated challenges should also be brought out clearly in the paper. The importance of government providing certainty about the scope for businesses to innovate and collaborate positively was also highlighted, noting the CMA's current focus on environmental collaboration. It was noted that the growth of the reuse and repair sector presents an effective response to aspects of concern in relation to levels of consumption.

The importance of setting a clear regulatory horizon of five to ten years, rather than a one to two year horizon as at present, was emphasised.

Action: Dave McCarthy to revisit the Future of Retailing report in the light of the comments received.

Action: The Sector Council to finalise and publish the Future of Retailing report.

Action: Council business members to meet to consider how they would like to position and finalise associated recommendations.

Action: CMA to be invited to a future Sector Council meeting to outline its overall approach to green issues - the household goods inquiry; the consumer protection guidance; and the competition guidance.

Action: DBT to circulate the updated Charter document.

Action: Sector Council members to provide comments on the updated Sector Council Charter and to provide contact details for member from their organisation to join the Sherpa Group. seek any member comments on its content. **Action:** Sector Council members to provide any amendments or updates to the Sector Council Charter.

Action: Sector Council members to propose two or three key areas for the Council to focus on in the coming months.

e) AOB

No items identified.

Dates for forthcoming meetings - 2023:

- **24 May 2023 10:00-11:30**
- **26 Sept 2023 14:00-15:30**
- **13 Dec 2023 10:00-11:30**