

Retail Sector Council

Charter

February 2019

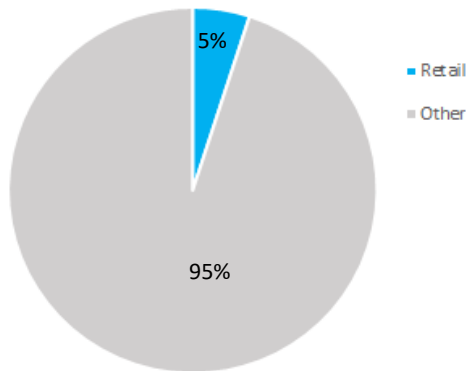
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Background

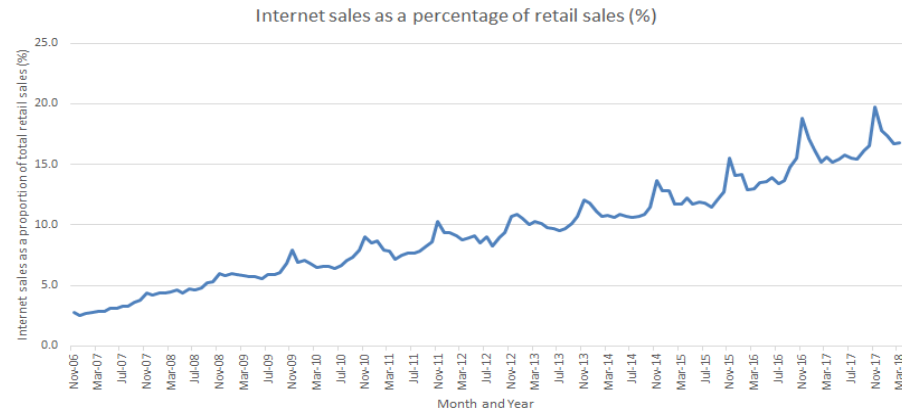
Background - Our Sector

The UK's retail sector is a large, high-profile, successful, mature industry and a driving force in the economy. It plays a significant role in its contribution to the economy, taxes, level of FDI investment, employment figures and the social role it plays across society in the UK.

GVA (%) – Retail contributes 5% to total UK GVA



Source: ONS GDP output approach – low-level aggregates

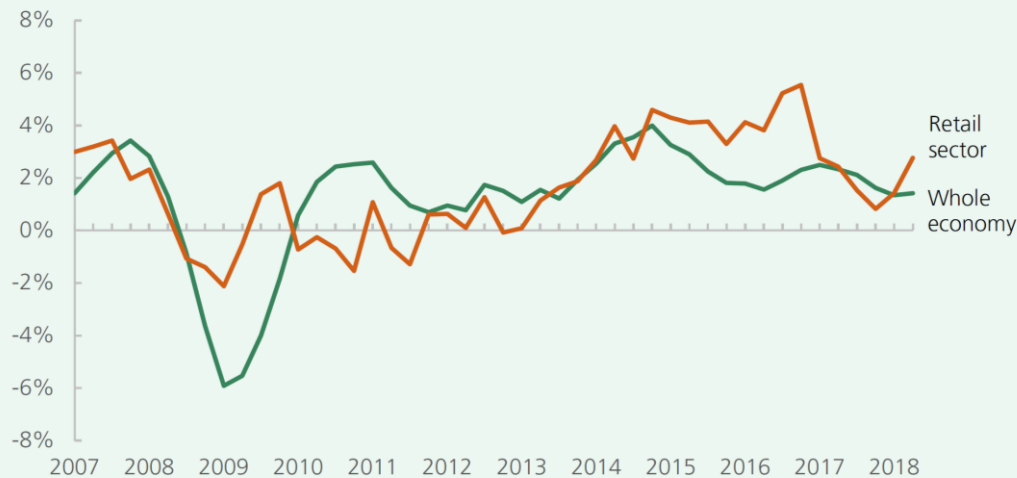


Source: ONS Internet sales as a percentage of total retail sales (ratio) (%)



Economic output in real terms (Gross Value Added)

% change on previous year; quarterly data



ONS, GDP low level aggregates data, August 2018

Macroeconomic Drivers

The macroeconomic drivers in the industry include productivity, inflation compared to wage growth, urbanisation and exchange rate movements

3 million jobs

Between 2000 and 2017 the growth in the workforce in the retail sector (2.0%) outstripped the growth in employment across the UK (1.0%) by 1.0 percentage point. However, after a challenging first half to 2018, the sector has seen a net fall on 2000 levels by 3.8 percentage points.

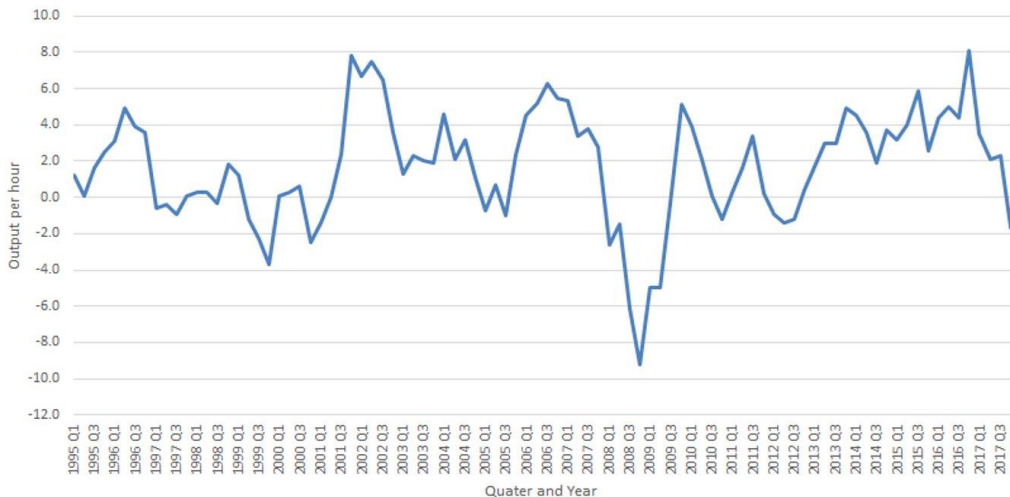
Strong and sustained growth

Since 2000, GVA growth across the Retail sector (2.8%) has exceeded total UK growth (1.7%) by 1.1 percentage points over the last 18 years.

The retail sector is going through a prolonged period of upheaval. Factors such as changing consumer behaviour, increased internet shopping and challenging economic conditions are changing the way retailers operate and engage with their customers.

Quarterly productivity growth (1995 – 2017)

Output per hour: Wholesale & retail services GSI07, % change on Y, SA, UK



% of employment in the retail sector by country and region, 2017



ONS, Business register and employment survey, 2018

Key Figures

- Retail sector economic output was £92.8 billion in 2017
- Retail sector employment was over 3 million in 2018, 9.5% of UK total employment
- There were 319,000 retail businesses in 2018

Retail Sales

- In 2017, retail sales in the UK were worth £395 billion. For every pound spent:
 - 39p was spent in food shops
 - 12p was spent in clothing shops
 - 9p was spent on automotive fuel
 - 8p was spent on household goods

Internet Sales

- In January 2008 when the data series began, internet sales accounted for 5% of retail sales
- In August 2018, internet sales accounted for 18%

Store Closures

- The local data company estimate that in the first half of 2018 the number of store openings dropped by 2.1% compared to the first half of 2017, while the number of closures increased by 16.9% equating to a net loss of 4,042 units across GB
- According to the Centre for Retail Research in the year to August 2018, 28 retail companies with multiple stores have ceased trading, affecting 2,085 stores and 39,000 jobs

Purpose

Aim

The Council will provide a single source of strategic liaison between the Department for Business, Energy and Industrial Strategy (on behalf of all other Government Departments) and the retail sector. The objective is to accelerate positive change, increase the productivity of the sector **and ensure the sector remains robust and sustainable to continue providing a beneficial service to consumers and the community**. The Council will inform and challenge both the sector and government on the key issues the retail sector faces and the potential solutions. Its objectives will remain driven by industry **and consumer** needs.

Objectives

Over the next two years (2019 – 2021), the primary objectives of the Council are to:

- i) Identify sector-led priorities and actions
- ii) Oversee and drive implementation of actions, working with Government, into tangible results-focused outcomes for the sector **and consumers**
- iii) Make recommendations for areas of action for both the sector and government.

The Council will achieve these objectives by meeting with government, agreeing priority initiatives that support the growth and productivity of the retail sector and taking steps to facilitate their implementation.

Scope

Scope

Our council including its working groups reflects the collective voice of the sector and will address key issues

Priority Areas

- The RSC will establish and align Working Groups to complete analysis and make recommendations on specific priority areas. The priority areas for our sector – under an overarching theme of “**Productivity and growth**” – **to be considered over the next two years (2019 -2021)** are:
 1. **Business Costs**
 2. **Skills and lifelong learning**
 3. **Industrial Strategy**
 4. **Employment**
 5. **Circular economy**
 6. **Consumer protection**

The Council will feed in to the work of other Government Departments where appropriate to contribute to and inspire initiatives that support the Council's objectives. This includes the Ministry for Housing, Communities and Local Growth around the high streets, community and place.

Focusing on these priority areas ensures that the RSC has a positive impact on the sector; developing a strong evidence based and effective outcomes and solutions that ~~both~~ serve the interests of the sector, **consumers, and the wider community**, and support the UK government in meeting the short and long term challenges and priorities.

Working Groups

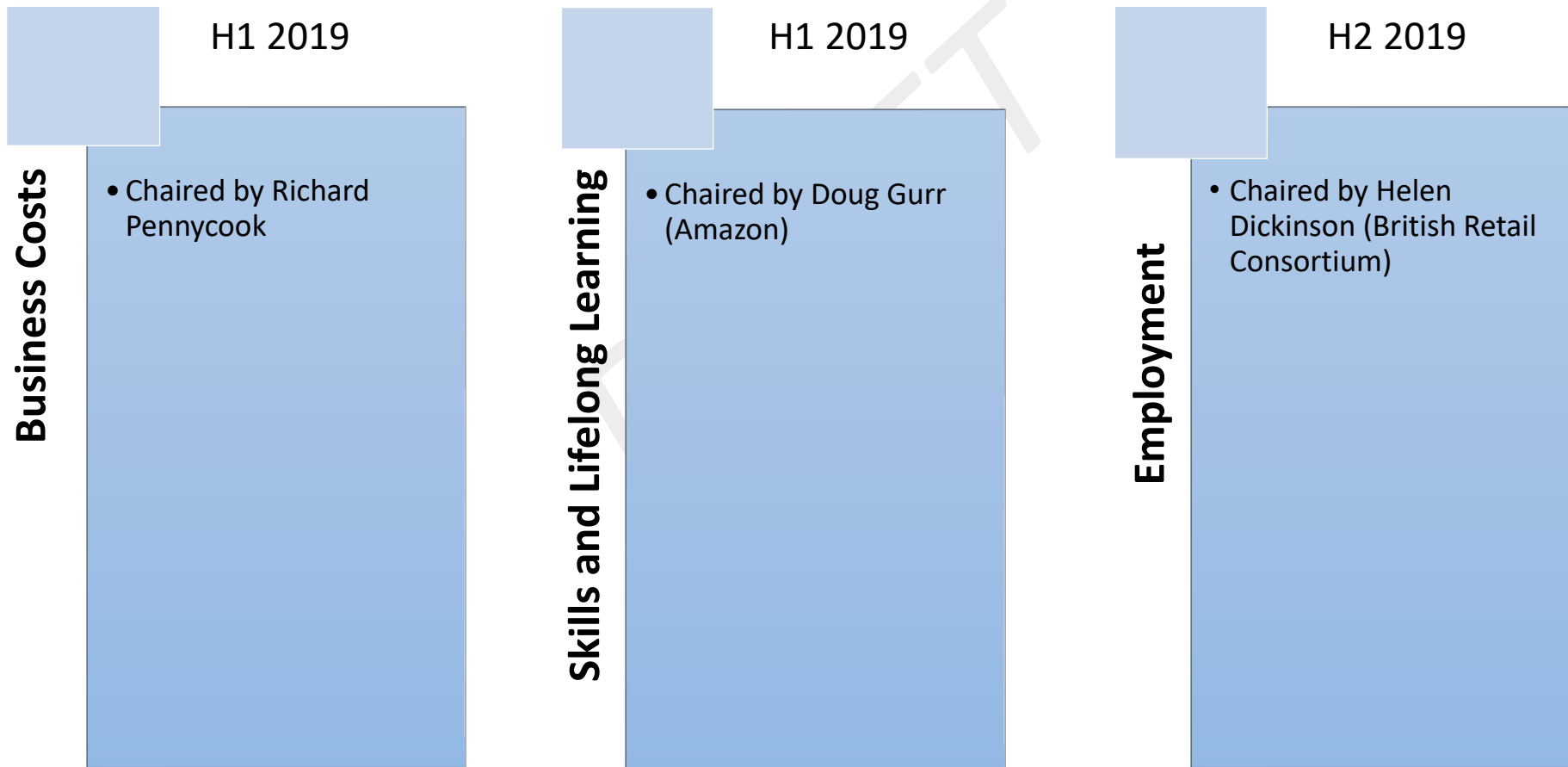
Working Groups

High level Mandate: To inform and challenge both the retail sector and government (specifically Department for Business, Energy & Industrial Strategy) on the key issues facing the sector. To gain insight into the future direction of the sector and help shape the development of actions for/recommendations to both the sector and Government.

- The Council will convene Working Groups for each priority identified.
- Each Working Group will be led and chaired by a Council member [or another senior figure from a Council member's organisation] who will ensure objectives are met and provide regular progress reports to the Council.
- The Chair will be supported by a sub-group. Sub-groups will be representative of the sector (including SMEs, bricks and mortar and e-commerce retailers) and include industry representatives and civil servants.
- Each Working Group will have objectives, terms of reference milestones and a timetable agreed with the Council and be responsible for developing an outcome and delivery focused action plan, identifying workstreams to deliver priority tasks within a set timeframe and for monitoring progress against those actions.

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H2 2019

Industrial Strategy

- Chaired by Sir Chairlie Mayfield (JLP)

H1 2020

Circular Economy

- Chaired by Victoria Robertshaw (Keelham Farm Shop)

H2 2020

Consumer Protections

- Chaired by Ursula Lidbetter (Lincolnshire Co-op)

Annex A

Roles & Responsibilities

- 1. Organisation.** The RSC will be co-chaired by a government minister and senior representative of the retail sector. The RSC structure is also served by a secretariat led by the British Retail Consortium (BRC). The Council will create working groups, led by a member of the Council, that in turn may establish workstreams to deliver agreed objectives. Working groups will be supported by a Sherpa from within the lead's organisation and a BEIS official.
- 2. Leadership.** The Council is currently co-chaired by Kelly Tolhurst (Retail Minister, BEIS) and Richard Pennycook (Chair of the BRC). It is the responsibility of the Co-chairs to lead, develop and provide strategic direction to the Council, as embodied by the activities of the working groups.
- 3. Secretariat.** The Council is supported by a permanent Secretariat (the BRC). Each Working Group will be supported by a Sherpa from within the lead's organisation and a BEIS official. The Sherpa, supported by the lead BEIS official, will be responsible for the smooth running of the working groups, preparing the lead for Council meetings, co-ordinating between working groups and day-to-day interactions with the RSC Secretariat.
- 4. Members.** Members of the Council have been selected to ensure broad representation across the retail sector. Each Council member should seek to represent the views of their sub-sector and aim to participate in at least one of the Working Groups. Working Group leads should nominate a Sherpa from within their organisation to assist them in day-to-day interactions with the RSC Secretariat and BEIS.

Roles & Responsibilities - continued

5. It is the responsibility of all Council members to engage with the wider retail sector, across the UK and all sizes of business. Papers and minutes of meetings will be made available to aid transparency of the Council's activities. These are to be collated and stored for reference by the secretariat. Meeting summaries will also be published on the Council's website by the Secretariat.
6. **Sherpas**. Sherpas are to support the members by driving and coordinating the actions of the working groups to ensure they are aligned with Council aims and objectives and completed on time. The 'Sherpas' will be nominated by each Council member to represent them in day-to-day running of the Council and Working Groups. Council members may nominate an individual from their own organisation or from another within their sub-sector, such as a trade association.
7. The Sherpas will meet regularly between Council meetings to ensure the work of the Council is on track and to ensure views from across the wider retail sector are reflected – to this end, sector trade associations and professional bodies may also attend the meetings. Sherpa meetings are to be tracked and minutes taken. These are to be stored for reference by the Secretariat.

Annex B

Retail Sector Council Agreed Terms of Reference

The Retail Sector Council will provide a single source of strategic liaison between BEIS (on behalf of all relevant government departments) and the retail sector in order to accelerate positive change and increase productivity. All retail activity in the United Kingdom – being the provision of goods and related services to end consumers through physical stores and online – will be in scope.

Co-chaired by BEIS Retail Minister and Richard Pennycook

Around 15 members with retailers represented at CEO/Board level

British Retail Consortium resourced secretariat to deliver the main work of the Council and organise meetings. Members to organise resource to deliver Working Group activity. BEIS to co-develop the Council's meeting agenda with the secretariat and manage ministerial attendance

Meetings to be three times per year

Nolan principles of public life to apply

Council members undertake to represent the views of their sub-sector in meetings e.g. supermarkets, department stores, online retailers, and to manage the consultation and onward communication requirements of their stakeholders

Term of office to be two years rolling, but half of first membership to serve three years for continuity

Annex C

Working Group Terms of Reference

Overview

The working groups, established by the Retail Sector Council, support the delivery of the Council's aim of challenging and informing both the sector and government of the key issues it faces and developing potential solutions to accelerate positive change and increase the productivity of the sector.

Their high level function will be to enhance discussion and strengthen co-operation and co-ordination between Government, the industry sector and other interested groups.

The working groups will run for a fixed term and their work will feed directly into that of the Retail Sector Council. The groups will meet as necessary and will be expected to engage between formal meetings as needed.

Aims and objectives

Working groups will be led and chaired by individual Council members who will ensure objectives are met and provide regular progress reports to the Council.

Their aim is to deepen understanding of the issues faced by the sector, to gain insight into the future direction of the sector, help shape the development of actions for/recommendations to both the sector and government and to support overseeing and driving the implementation of those actions. They will be the key source of advice and guidance to the Co-Chairs of the Retail Sector Council and to government.

Working Group Terms of Reference

Membership

Membership of the group will be decided by the Council lead and may comprise of a small sub-group. Diverse representation on sub-groups is encouraged, including:

- SMEs
- bricks and mortar and e-commerce retailers
- industry representatives
- other interested organisations/experts
- civil servants

Governance

Attendees should be senior figures from the participating organisations with expertise of the agenda topics to be discussed. To ensure that attendees can fully contribute and benefit from discussions the participation in specific meetings is with agreement of the Chair based upon the proposed agenda for that meeting.

Participants are expected to make constructive and honest contributions to discussions, being frank about opportunities and challenges so others can benefit from their knowledge and experience. Participants will work on the understanding that information shared at the meetings can be shared more widely unless they state otherwise.

Participants will bring with them the authority and commitment necessary to help fulfil the work of the task group.

It is not possible to include every group active in this area so a key feature of membership will be a commitment to communicate more widely with the broader community of stakeholders.

Secretariat

The working groups will be supported by a Sherpa from within the lead's organisation and a BEIS official. The Sherpa, supported by a BEIS official, will be responsible for the smooth running of the working groups, preparing the lead for Council meetings, co-ordinating between working groups and day-to-day interactions with the RSC Secretariat.