



Select Committee on Economic Affairs

Corrected oral evidence: Employment and Covid-19

Tuesday 22 September 2020

4 pm

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Members present: Lord Forsyth of Drumlean (The Chair); Baroness Bowles of Berkhamsted; Lord Burns; Viscount Chandos; Lord Fox; Baroness Kingsmill; Lord Livingston of Parkhead; Lord Monks; Lord Skidelsky; Lord Stern of Brentford; Lord Tugendhat.

Evidence Session No. 6

Virtual Proceeding

Questions 45 - 52

Witnesses

I: Tom Ironside, Director (Business and Regulation), British Retail Consortium; Professor Joshua Bamfield, Director, Centre for Retail Research; Joanne Cairns, Deputy Head of Research and Economics, USDAW.

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Examination of witnesses

Tom Ironside, Professor Bamfield and Joanne Cairns.

Q45 **The Chair:** I welcome Tom Ironside, Professor Bamfield and Joanne Cairns to the Committee.

I shall ask the first question about the key challenges facing the retail sector. How many jobs have been lost so far, and how many losses do you estimate in the future? How widespread is the risk of insolvencies across the sector? That is a pretty general question.

Tom Ironside: I will try not to overuse the phrase that this has been a period of unprecedented challenges for retailers, both essential retailers who were permitted to open during the lockdown and non-essential who were not and faced substantial practical issues to resolve.

It is important to say that, overall, retail and its workforce have a very positive story to tell. They have adapted rapidly, invested heavily and continue to meet essential consumer needs.

At the same time, the pre-existing transformation that was already under way has been greatly accelerated. Consumers have moved to online retail through a massive shift. Prior to lockdown 80% of sales overall were taking place in stores, but by April 70% of non-food purchases were online. That shows the extent of what took place. While some consumers have returned to stores since reopening, online remains very significantly up on the pre-lockdown state.

Some analysts have compared it to being equivalent to a five-year transformation in five months, and that has evidenced itself in the employment impact. I believe the last figures I saw indicated that about 120,000 jobs had already been lost in this calendar year. Others on the panel may have a view, because the core analyst view is that in the course of the calendar year one could be looking at about 250,000 job losses in the industry, although that will to some extent be offset by increases in employment in the grocery sector.

Needless to say—this is probably timely given today's announcement—while we are working hard to address the new reality and the implications of the acceleration of the transformation, if at some point further lockdown measures are reintroduced, we will be looking to government for effective support in the immediate term.

The Chair: Professor Bamfield, you need to unmute.

Baroness Kingsmill: In the meantime, may I amplify the point about the shift to online buying? I declare an interest as a non-executive director of Inditex, which has been moving significantly to online.

The employment impact is not quite as you describe. Jobs are lost, but not many. On the whole, you need a lot of jobs to sustain a powerful online presence as well. Some of the other factors might be more significant in relation to supply chains and property. Those will probably

be bigger challenges. Perhaps you would like to comment on that.

The Chair: Professor Bamfield, can you hear us now?

Professor Bamfield: I am sorry about that.

We produced these figures by looking at what happens when companies go into administration, reach agreement on CVA and rationalise. I perfectly agree that the retail sector is also a source of job creation. We reckon that about 50,000 extra jobs will be created by the online sector this year against the 230,000 we expect to be lost. This is the worst news retailing has suffered, going back as far as the late 1980s when the desperate recession occurred at the end of Mrs Thatcher's reign.

It is not just the pandemic that has caused this, but it has accelerated the rate of change. A number of historic problems were faced by most multiple retailers, including business rates, the scale of the rents they had agreed some years ago and the location of stores, given the fact they wanted a store in every town, often more than that. They have been very slow to respond to the changes they have seen going on week by week. That is why they are now in this difficulty.

Part of the Government's strategy must be not only to help to support the retail sector but to guide it so that businesses can continue to exist and provide employment, and move their focus of operation so they are much more online and less dependent on what happens in cities. In cities, with London as the prime example, we see that the retail model on which we have been operating for the past 100 years or so is collapsing, so urgent action needs to be taken.

Until a few days ago I was welcoming the ending of furlough, but now that the Government once again are talking about trying to keep people out of high streets and at home, they need to support the sector by allowing furlough to continue, perhaps until next Easter.

The Chair: Professor Bamfield, did you hear Baroness Kingsmill's question, which I think you have answered?

Professor Bamfield: No.

Baroness Kingsmill: I am a director of Inditex. We have not lost that many jobs in retail. The areas where the difficulties lie, certainly in fashion and home retailing, are more to do with things that—

The Chair: We are losing you, Baroness Kingsmill. You might want to switch off your video.

Baroness Kingsmill: It is not affecting renegotiation—

Professor Bamfield: The picture in retailing is rather mixed.

Baroness Kingsmill: The connection is very poor.

The Chair: I think we have the gist of your question.

Baroness Kingsmill: I think you have.

Professor Bamfield: The pattern with retail is very mixed. Some retailers who are operating bricks-and-mortar stores are doing fantastically well, but they are in a minority. Companies such as Marks & Spencer, John Lewis & Partners and so on have said they have to lose jobs. We saw that trend last year and the year before, but it has been increasing year by year and possibly 2020 will be the peak.

The Chair: I want to move to Joanne Cairns, who has been very patient and has not had a chance to answer the first question.

Joanne Cairns: A lot of what I was going to say has been covered by previous witnesses.

My union, USDAW, represents 400,000 members, mainly in retail. Almost all of them, even if they are not working directly in retail, are working in roles related to retail, such as distribution, food manufacturing and the pharmaceutical sector. The situation facing retail is a real worry for us and our members. The sector employs nearly 3 million people, so it is extremely important.

During lockdown, bricks-and-mortar retailers lost about £1.8 billion a week in sales. The sector was facing significant challenges before the pandemic, but that has been exacerbated. Even after the non-food retail sector reopened, which was touched on by others earlier, recovery on the high street has been quite slow. USDAW worked with the BRC to develop guidance for non-food retailers as they reopened. That was aimed at making shops as safe as possible for staff and customers and to learn some of the lessons from our social distancing work with food retailers and supermarkets.

That was a good example of employers and workers working together during the recovery, but there is still a lack of consumer confidence. Sales in clothing shops on the high street are still at half their February level. At the end of July at least 750,000 retail workers were still furloughed. As previously mentioned, the job retention scheme is about to end and messages are now being given out by government to encourage people to stay at home more. Our members, particularly in non-food retail, are extremely anxious about their jobs and financial security.

Lord Fox: Professor Bamfield, I think you said that 50,000 jobs had been created. There is an assumption that a job is a job. I wondered how these jobs vary from the jobs that have been lost. Are the terms and conditions of the new jobs different? Perhaps Joanne will chip in on this as well. Traditionally, shop workers have had a very high female contingent. Is there a variation now in the new jobs? Is the same proportion of males to females going into these new 50,000 jobs, or are we seeing a difference?

Professor Bamfield: The 50,000 figure relates to the whole of the calendar year rather than the situation now. Most of the jobs created will

be delivery and warehouse jobs where there is a predominance of males rather than females. The contracts of employment are probably less good than those USDAW has negotiated with the major multiples.

Joanne Cairns: Some of the new delivery driver jobs that have been created are within our existing agreements—for example, online grocery delivery—so they would be on the same terms and conditions as we negotiated previously, but there is a whole world outside unionised employers where it is highly likely that the jobs created are more likely to be within the gig economy and more casualised employment. Following the previous recession, we saw a huge growth in zero-hours and short-hours contracts. Our concern is that as new jobs are created, with so much uncertainty, it is likely people will be more willing to take those that do not offer them the security they need because they are desperate for any jobs.

Lord Fox: There are more jobs for men and much less security.

Joanne Cairns: That would be our concern.

Q46 **Lord Skidelsky:** This is a question for Joanne Cairns of USDAW. What does your call for a New Deal for retail, distribution and home delivery entail in practice? What specific schemes should the Government put in place? I understand the emphasis on rate and rent reforms, but in your written evidence you wrote about funding for local authorities so they can invest in their local economy, transport networks and high streets. Will you please enlarge on that?

Joanne Cairns: I will talk a little bit about the New Deal first. Throughout the crisis USDAW members in supermarkets and distribution centres continued to work all the way through the pandemic in very difficult conditions. They dealt with panic buying at the start of the pandemic, worked round the clock to keep shelves stacked and delivered food to people's doorsteps, particularly vulnerable people. They have been rightly recognised as key workers. We think it is about time, but we feel that is not reflected necessarily in their pay and conditions. Low pay and insecure work are widespread in the retail sector.

In 2018 we surveyed 10,000 of our members and found that half had missed meals to pay essential bills. Nearly one in 10 of the lowest paid retail workers have had to use a food bank, and almost two-thirds said that financial worries were having an impact on their mental health. We are calling for a New Deal for workers that recognises their contribution.

We have been campaigning for an increase in the minimum wage to £10 an hour for all workers regardless of age, but alongside increases in the hourly rate there also needs to be more security for workers about their hours. Short-hours contracts are now the norm. Workers employed on very low contracted hours are expected to be flexible to work extra hours as required. We believe that if people are regularly working over their contracted hours those hours should be guaranteed in their contract, which was the recommendation that emerged from the Taylor review.

Covid has made it very clear that statutory sick pay at £95.85 a week is far too low, and the lowest-paid workers do not qualify for it at all. People who are ill should not be forced to go to work because of money worries. We believe that sick pay should be paid at the normal pay rate and extended to all workers.

Another issue is that the pandemic has shown that anybody can find themselves needing help from the social security system. Universal credit as it currently stands is far too difficult to navigate. It creates barriers to workers taking on additional hours, and the five-week wait, two-child limit and sanctions regime are very unhelpful to low-paid workers.

I hope I will get a chance to say a bit more about the need for better protection for retail workers from violence and abuse at work.

Finally, there needs to be action on job security. Clearly, the crisis in job security worsened during the pandemic. Retail workers have been going through round after round of restructuring and redundancies for years. The Government have cut back on protection against unfair dismissal and consultation on redundancy. We need to have proper consultation processes when businesses are looking at redundancies and introducing new technology so that workers and employers can work together to mitigate the impacts.

The reason we have referred to local authority spending is to do with ensuring that our town centres are accessible. Local authority funding has been heavily cut and we need to make sure that public transport is accessible and available, that our town centres are safe and that antisocial behaviour can be prevented. There is a whole range of measures.

The Local Government Association has said that local councils are likely to need an additional £6 billion this year. Analysis from the Centre for Progressive Policy shows that, despite emergency non-ring-fenced Covid-19 funding, 131 upper-tier councils do not have sufficient funds to make up for projected increased costs and reducing Covid-19. It is clear that, while some cost pressures and lost income has been met, councils need clarity about when they are going to get further funding to help communities through the crisis.

Lord Skidelsky: Is it not a bit misleading to use the word "investment" in connection with perhaps increasing access to jobcentres or something like that? "Investment" suggests something else, but you have nothing specific in mind other than what you have just said.

Joanne Cairns: I think that investing in our high streets is investing in our communities because they are central to our communities.

Lord Skidelsky: But what does "investing in the high street" mean?

Joanne Cairns: There is a link between public services and the high street. Transport would be a good example. In order to prosper, local economies need transport networks that are accessible, affordable and

integrated across towns and communities, because if you want people to go to the shops they need to be able to get to them, particularly people on low incomes.

That is even more important, because there is much more pedestrianisation in town centres now and they are more difficult to get to in cars for valid reasons with the restrictions around Covid. The Government acknowledged this in the Reopening High Streets Safely Fund, which is a £50 million investment. We feel there needs to be further investment in that area.

Lord Skidelsky: It is investment in things such as buses, public transport and that kind of thing.

Joanne Cairns: Public transport and other measures to make town centres safe.

The Chair: You might find the Committee's report on universal credit, which was published in July, and our sub-committee's report on IR35 of interest, where the points you make about the gig economy, short-term contracts and universal credit are strongly supported.

Q47 **Lord Stern of Brentford:** My question is for any of you who would like to come in.

Assistance to retail activity can come in a number of ways: support for employment by way of furloughs; and, on the demand side, Eat Out to Help Out, and help with VAT adjustment and fixed costs such as rent and cost of capital through loans and so on.

Will you help us to form a judgment on the balance of those things? I know that if there are three things on offer one reply to all three would be nice. Which are the areas that would make the biggest difference? You might also reflect on whether these things could be made more local given there are local lockdowns.

Tom Ironside: The Government's key policy interventions have played a really important role for retail in ensuring the viability of businesses during the crisis. For us, the fact there has been a mixed approach from a spectrum of possible types of interventions has been an important factor in ensuring that it has a broad and meaningful effectiveness.

Clearly, you need the right short-term responses. The support that has come in relation to employment, access to finance, trade credit insurance and some of the property interventions have been extremely welcome and important. There have been specific areas of demand support. In the question you referenced Eat Out to Help Out, which had a particular focus on the hospitality aspects of businesses.

We would say that, should there be a reintroduction of restrictions, it goes without saying we will need a similar framework and speed of intervention to ensure that viable retailers do not again face those existential challenges.

To go back to where you came in, I suspect it is more about the infrastructure, employment and finance support side of things rather than necessarily at this stage specifically the demand side of things, unless there is a deterioration in the outlook from a consumer perspective.

I think that is where we see the way to useful intervention currently.

Professor Bamfield: It is very difficult to say what would be the right mixture of policies, and the idea of a mixed economy of policies is probably the right way to go.

One of the big problems with bricks-and-mortar retailers is rents and rates. What will make a great deal of difference to bricks-and-mortar retailers is what happens when the zero business rates policy comes to an end. To give retailers time to change their approach, this probably needs to be extended for at least another year, not necessarily as a zero policy but perhaps business rates at one-third of what they are. This would save retailers £5 billion to £6 billion a year, and that would be helpful.

There is also a case for saying you need to do something to stimulate demand on the high streets and stores of all kinds. We were against this policy some years ago, but I would suggest looking at the rate of value added tax and saying that for a period of six months bricks-and-mortar stores should bear a lower rate of value added tax—say, 17.5%—and that online retailers, which include companies such as Next, Tesco, Sainsbury and so on, should pay additional value added tax of 22.5%. This is merely to generate extra footfall and get people to do more shopping, whereas the cries last night, today and no doubt tomorrow and for more weeks will be, “Whatever you do, don’t go shopping. You might die”. It is very difficult for retailers to build up the confidence of consumers. In most towns only 75% of normal footfall is occurring, and it is mainly the smaller towns that have benefited.

In addition, in order to support the ecology of the high street the Government need to look at providing assistance for converting large stores that are now too large for most retailers to want to operate into apartments or offices, or some combination of the two, with perhaps at ground floor level some smaller stores. A large proportion of the stores of British Home Stores that were closed seven years ago are still unlet. It is not beyond the bounds of possibility that more department stores will lie empty by the end of the year.

As long as the high street looks as though it is in trouble and is neglected and no one cares for it, people will say, “We won’t go there. We will go to retail parks or buy online”, whereas the argument should be, “How can we help bricks-and-mortar retailers to change the policies they are adopting to operate out of a smaller number of stores more efficiently and profitably?” Otherwise, they will not be able to afford to pay the higher wages that we have heard one of the speakers here wishes to press for.

Joanne Cairns: There needs to be a balance between those approaches, but it needs to be properly targeted at sectors such as retail that need it particularly badly.

First and foremost, we must protect jobs and pay, because if people do not have security of income there will be little point in putting in place measures to increase demand. There will not be the customer confidence needed to make people feel they can get out and spend. That is why we would like to see the furlough scheme extended so that struggling employers can bring back their staff on reduced hours, if they need to, and top up their pay so they do not suffer hardship as a result as the pandemic progresses.

Underpinning all this is in the interim is an effective test-and-trace strategy if people are to feel confident to go back to the high street; major issues with testing need to be resolved.

Q48 Lord Tugendhat: I was interested in what Professor Bamfield said about converting properties. One thing that has struck me on the walks I have been taking during lockdown in the part of London in which I live is the number of churches being converted into residential accommodation. That perhaps provides a precedent.

I have been surprised by how often the words “high street” have come up during this session. Surely, the retail trade turned its back on the high street some time ago. Even a high street as ritzy and prosperous as High Street Kensington is being ruined by Westfield, and the growth of shopping malls has certainly been the ruination of the high street. I am surprised at the concern that is being raised about the high street, which I thought the retail trade had turned its back on some time ago.

That brings me to the point that the pandemic is exacerbating some pre-existing issues. At an earlier stage of my life there was a change from shops to supermarkets and then supermarkets to shopping malls, and now we have a move to online retailing. Online retailing is in a sense an extension of the changes I have mentioned—supermarkets and shopping malls.

I wonder to what extent, therefore, we ought to think of taxation—VAT or anything else—as something that will encourage a trend in retailing, or whether we should think of it as something to discourage a trend, but surely the pandemic has drawn attention to trends that existed anyway.

It is difficult to draw a distinction between the move from bricks and mortar to online and the changes in shopping habits that the pandemic has introduced. Clearly, because people are saving more money for all kinds of good reasons and not going into offices, their spending pattern is changing. There is a whole lot of different issues muddled up. I just wonder to what extent our witnesses think there is a future for the high street and to what extent taxation ought to be encouraging or discouraging the patterns we already see.

The Chair: Tom Ironside, there is a tightrope for you to walk.

Tom Ironside: From the point of view of the BRC and its members, we have been very clear that the retail transformation was already extremely far-reaching in its implications. The key for us is to ensure that the policy framework does not distort the decisions that companies will take as the industry continues to evolve.

We focus on three areas where we think there need to be effective solutions. The only one that has not been touched on already is skills and training; the others are tax and business rates and high street transformation.

We are completely clear that tax and business rates need a far-reaching overhaul. The industry is overtaxed. It accounts for 5% of GDP; it pays 10% of business taxation and 25% of business rates. Therefore, from our point of view it is essential, particularly if you look at the interests of bricks-and-mortar retailing, that we bring down the overall burden of business rates.

Lord Tugendhat: By “bricks and mortar”, do you mean shopping malls or shops on the high street?

Tom Ironside: We mean any physical retailing space. The reason for being so clear about that is that eight out of 10 of the largest online retailers in the UK today have bricks-and-mortar stores as well. It is very hard to make the distinction, because customers want a unified experience where they can shop and get access to their goods in all sorts of different ways. If you take consumers as the starting point, they are telling us by what they do that what they want is the flexibility either to look online and then come into the store or have something delivered to their homes, or all sorts of different permutations.

For us, a key part of tackling the challenges we face at the moment is bringing down the overall cost of occupying space. We think we need to move away from a business rates system that generates a fixed amount of revenue each year. We want a more frequent series of valuations. The last valuation was back in 2017 based on antecedent dates two years previously, and now we are in a completely different world and people’s liabilities are based on those historical valuations.

There are other things you can do to modernise and make the system more effective, but it seems to us there are some fundamental things that need to be overcome.

It is clear to us that the high street is changing and, while retail will be a key element of many high streets up and down the country in the future, there will be a need to change the mix of what is on offer in the high street in the years to come. That process is already under way. It is just a matter of what support wraps around it from both central and local government as decisions are made with all local interests—local residents, the local authority or businesses in the area concerned.

I will say just one word on skills and training, and then I will stop. There is a retail transformation going on. New skills are needed across the workforce to ensure people can contribute effectively as these new business models develop. What we need from the public skills landscape is greater flexibility to enable retailers and others to invest in the training that will support that, which is not always the formal apprenticeship route; it can be a range of other things as well.

Professor Bamfield: As multiples pull out of the high street and, to some extent, shopping malls, the public will increasingly want to make use of high streets where independents and shops are selling goods made locally or not available on other high streets. Therefore, high streets that are significantly different from others are likely to prosper.

It is not the only basis on which that will happen, but we need to think a lot more about how to promote independent stores and provide them with the ability to operate online as well as offline, and how to get into high streets and shopping malls rent-free or with low rents, even to create quarters of towns that are dominated by, if you like, artisan-type independent shops.

There is a future for high streets. It is certainly true that high streets will change and probably will be smaller and much more oriented to the leisure economy than purely buying goods. There is a role for independents in helping to create a new type of high street that is much more exciting and interesting than the me-too high street of today.

Lord Fox: You paint a wonderful picture of a future shopping arena. Where is the evidence? On what research is this based?

Professor Bamfield: The research is that when you talk to the public it has said for the past 25 years that high streets are much the same wherever you go; you see the same retailers everywhere selling the same goods in the same way. While that can be brilliant for some purposes, it does make the experience very conventional. They say they are looking for different types of high streets and are particularly interested in stores that are selling local produce.

I know that one of the dangers of asking people what they think—is also a problem with democracy—is that they tell you what they think you want them to say or they talk about some utopian world, but there is some evidence, particularly with the rush towards smaller shops in April and May of this year, that people do see and can see smaller shops run by independents as having a role in their life. Although things have gone backwards since May, none the less, if we are talking about how to plan and develop the high street of the future, there have to be independents there, almost certainly not in the West End of London but in towns and smaller cities.

Lord Fox: Without sounding too cynical, everyone in my village says they want to preserve the local stores, but all of them use Morrisons and none of them uses the local stores, so there is an element of action as

well as words.

Q49 Lord Livingston of Parkhead: I declare my interest as chairman of Dixons Carphone, which employs about 35,000 people in the retail sector and, indeed, has a store on High Street Kensington, and rents and rates there are problematic.

I want to return to two points of policy: one that has been mentioned and one that has not been. Tom Ironside, the Exchequer has to consider the cost of rebalancing rates. Is this really about accelerating the revaluation of rent and rates? We have seen the rent bill move quite dramatically for retailers, but the rates bill has lagged behind it, so is the aim to create a non-fiscally damaging way of doing this? Is it about acceleration?

My second question, which you can possibly answer at the same time, is that a lot has been made about online and offline retailing. One of the things that affect bricks-and-mortar retailers is when they are closed people cannot shop at them. What are your views on extending Sunday opening, which in Scotland is regulated but in England is still unregulated? It is obviously tricky for people to buy something at 5 pm on a Sunday if shops have to be shut.

I would like to have your views on both of those. Joanne may have a view on the second one.

Tom Ironside: For us, there is certainly an element of accelerating a rebalancing of business rates that we think needs to take place to avoid the cliff edge after April next year. We very much welcome the relief in place for the current financial year, and there is definitely a very strong case to accelerate that process, and it has formed part of our recent submission to the Treasury's first tranche of its business rates review.

We do think that there is a need—it was part of the terms of reference of that review—for a meaningful reduction in the overall burden that is imposed in this way. Whether that requires a broader look across business taxation as a sustainable and appropriate approach is primarily for the Treasury to consider.

On Sunday trading, you have chosen an issue on which the BRC and its membership tends not to have a single view. A range of companies in the past has argued quite strongly for a relaxation of Sunday trading. You are right. Scotland takes a different approach. Equally, however, there are other retail companies that do not share that view, so there is no one industry view.

Against the backdrop of the changes currently taking place as a result of the pandemic and related measures, there is a continued dialogue about what short-term measures may be needed to enable people to have the capacity to meet consumer demands and everything else that sits around that.

Lord Livingston of Parkhead: Without overcrowding.

Tom Ironside: Indeed.

Joanne Cairns: May I come in on Sunday trading?

The Chair: I thought you would want to come in on that.

Joanne Cairns: You will be pleased to know that USDAW is not divided on Sunday trading, because 91% of our members oppose any move to extend Sunday trading hours. Our members have been on the front line during the crisis. While a lot of people have been working from home or furloughed, retail workers are going to work and keeping food available for shoppers. To extend Sunday trading hours at this time would be a slap in the face for all hard-working shop workers, and we do not see there is a business case for it.

There is no evidence when the Sunday trading rules were extended for the 2012 Olympics that it brought in any additional trade. All it does is spread the existing business more thinly around longer hours. We do not believe it brings in any additional customers, so we do not think it is a solution to the challenge we are facing.

Q50 **Baroness Bowles of Berkhamsted:** We have already discussed quite a lot the fact that the pandemic has or is changing the commercial property landscape across the retail sector, so I will not probe that further, but it still leaves us with immediate problems.

Mr Ironside, to what extent does the extension of the ban on commercial property evictions cover the proposals under the bounce-back scheme that you and others propose?

More generally, will market forces force companies to organise themselves—for example, New Look's company voluntary arrangement? How close are we to finding that that is the way it happens?

Tom Ironside: We have had discussions on the various proposals that we put to government for support for companies forced to close through the lockdown and unable to meet commercial rent issues and debts.

Alongside that, we have been extremely grateful for the debt enforcement moratoria that have been introduced. Last week there was an extension of the core debt enforcement moratorium, but arrangements in relation to statutory demands, winding up notices and county court judgments remain to be confirmed, and we would like the protections that have been introduced for the remaining debt enforcement to be applied in those areas. We think there is something that needs to be tackled there.

The indications are that a fiscal intervention is not going to be forthcoming at this stage. Our proposal had been that there should be one.

On CVAs, clearly there are companies whose position and level of distress require looking at the restructuring of debt, and there are various means to achieve that. No company enters into a CVA lightly. Equally, there are obvious issues within the industry for those that are not pursuing a CVA, so it depends a little on the circumstances that apply in each case.

Q51 **Lord Burns:** I am interested in whether there are any examples of policy from other countries that the Government should be considering that would support the retail sector. I notice that today there has been almost no discussion of interventions that have been made in other countries. Has everybody else been doing roughly the same as we have been doing? Are there any insights from what other people have been doing from which we can learn?

Professor Bamfield: Of course, other countries do not have a system of property taxes and commercial rents that is anything like as high as the UK has. In addition, there is a greater tradition of businesses owning the properties from which they operate, except in capital cities. In Germany, as I understand it, the furlough is rather more generous than the British one, but I think we were all surprised about what the words "furlough" and "work furlough" meant when they were introduced, but no one would criticise the Chancellor of the Exchequer for what he has done.

France has introduced legislation in the food industry to limit the extent of promotions on the basis that this will help farmers, but that approach, where you try to limit price competition, is something that historically retailers, policymakers and academics have been against and have said, "Let's leave it to the free market".

Apart from the difference in property taxes, I do not think there are very many examples of other countries in Europe doing things that are likely to support the retail sector.

However, we come back to what we do about the decline in city centres and the fact that many are becoming increasingly unappealing. If as part of their policy to revitalise the centre of cities to help retail and the night economy the Government were to say, "We'll provide a fund for that", I think there would be a lot of welcome for it.

Q52 **Viscount Chandos:** Following up what Professor Bamfield was talking about, what are the long-term challenges and opportunities facing city centres and high streets if flexible working arrangements become a permanent feature for a large proportion of the workforce? Do you see noticeable differences in footfall between local, regional and urban centres?

Professor Bamfield: One of the many problems about the pandemic is that nothing ever stays the same, but, if things stay the same as they have in September, we would say that a lot of shopping malls have to go the way of American shopping malls, as building sites. A lot of downtown areas have to go the same way and they will be smaller.

If you look at where the footfall is less bad than anywhere else, you see that people want retail parks, probably because you can park your car, which you cannot do easily in Kensington High Street and in many other centres.

If things stay as they are at the moment, it will be impossible in large cities for the high streets to continue in their present form. Most people

would agree on that. What we do not know is how long the fear of this contagion, as well as the actuality of it, will continue in the UK. As I understand it, a much greater proportion of people work from home in Britain than is the case elsewhere. It is about double the rate of Germany and is even greater compared with France and Italy. Until people start wanting to work in cities again, the future for retail is going to be dire.

The only thing I can think of that is at all optimistic is to say that things can change very quickly. If by May and June next year this whole thing is over, possibly people will want to work in cities again, although there will be a proportion of work that was not done at home before but will be done at home in future.

It is interesting that, although a lot of the discussion very early on was about how successful working from home is, many employers now say, "We are not getting productivity and the benefits of people bouncing ideas off one another". In the retail sector, working from home is not impossible but nigh on impossible because we are talking about shops that people go into and warehouses that have to be manned properly by people rather than things being done on the telephone.

The Chair: Tom Ironside, do you have a more cheerful message?

Tom Ironside: For us, it is obvious that without economic activity generated by millions of people using our largest commercial centres there will be clear concerns about impacts on businesses.

An awful lot of this is about getting clear, consistent messaging from government at national and local level. We have local lockdowns in place in a range of areas across the UK, and it is clear that what we really need is some clarity and consistency of approach in those areas so that businesses and consumers can feel confident.

The reality is that, until we know the trajectory of what is going to happen in the weeks and months ahead, it is hard to be definitive. We saw a very rapid change in approach following the relaxation of lockdown in June, and all the evidence is that retail was able to trade successfully as a result, so we are not unoptimistic about the outlook for the industry as a whole, but it is clear that some areas will face challenges.

Lord Fox: As an observation, I am surprised none of you has mentioned the impact of tourism, or its absence, on retail, which in some areas has been highly significant.

This line of question really focuses on customer safety and the safety of key retail workers. We saw some adjustments today in the rules that they and customers will be expected to adhere to, but in the midst of a reported rise in the pressures being exerted on retail staff what can be done to protect them better and make sure they are not put in danger by government regulation? I suspect that USDAW is the first to answer.

The Chair: Have we lost Joanne Cairns?

Lord Fox: That was really the purpose of that question. Perhaps we could put it in writing to the witness.

The Chair: Professor Bamfield or Mr Ironside, do you want to say anything?

Professor Bamfield: As somebody who has written a book, "Shopping and Crime", on the problems of undesirable activities against retailers and the workforce, I think this is very important.

It is very difficult to see how retailers can police this—even if they do so in the most sideways manner without trying to put the backs of their customers up—to protect their staff in any way. It is easy to say, "Let's pass some legislation", but the legislation is already there and there are not the police available. If there is an act of strong physical violence the police will turn up very quickly, but if it is something less undesirable than that, which may make a worker feel they do not want to work there any more, you will not get a police presence.

The best one can do is to say that it would be good for police to go into shops occasionally so that people know there is a police presence nearby, but probably after that it is a matter of the good humour of staff and their willingness to accept quite unfortunate comments from customers who either do not believe in face masks or could not care less. It is a terrible thing, but I do not see any way in which the legislature can do anything to resolve this.

The Chair: Thank you for that answer, Professor Bamfield, and thank you, Tom Ironside, for giving evidence. We will try to find out what happened to Joanne Cairns, but I want to thank her in her absence for fielding our questions so competently.