



RETAIL PAY AND BENEFITS

INTRODUCTION

Retail is an exciting, diverse and dynamic industry undergoing transformational change. The SRC is at the forefront – enhancing, assisting, informing and shaping. Our mission is to make a positive difference to the retail industry and to the customers it serves. In addition to publishing leading bell-weather indicators on Scottish retail sales, footfall and shop vacancies, our policy positions are informed by our 255-strong membership and determined by the SRC's Board.

Retail is currently Scotland's largest private sector employer, employing 252,000 people; some 13% of the private sector work-force. In addition to the pay and benefits on offer, the overall cost of employment includes employers' national insurance contributions, statutory employers' pension contributions, and from Spring 2017 the apprenticeship levy for retailers of scale.

SUMMARY

- Retailers have a strong record of investing in their staff both in terms of pay and benefits but also training. An average retail package offers benefits which go significantly above and beyond the statutory minimum required. The SRC produces regular reports on pay and progression within the retail industry, with our latest research conducted in late 2016.
- Once bonuses, additional holiday pay and paid breaks are taken into account, the average retail employee earns £8.81 per hour. That equates to an uplift of more than 6% on the basic hourly wage. It is 22% above the current National Living Wage and 27% above the National Minimum Wage.

Table 1: Total Reward, average retail employee:

Median wage	£	8.30
Bonus	£	0.30
Additional holidays	£	0.09
Paid Breaks	£	0.13
Total	£	8.81

Source: SRC analysis

- Many retailers also offer staff discounts, pension provision above the statutory minimum wage and other benefits such as enhanced maternity or paternity pay, a subsidised staff canteen, medical insurance, childcare vouchers, share purchase schemes and salary sacrifice schemes. Once all of these are taken into account the total reward offered a retail worker on the shop floor may be in excess of 10% of their basic pay.
- A job in retail also offers benefits other than those that can be easily translated into a pay equivalent. The ability to work near home and the ability to work flexibly were the two highest ranked attractions of working in retail, according to a survey undertaken by the SRC¹. Perks and benefits were ranked 4th and pay 6th.

¹ SRC/BRC (2016): 'Retail 2020 Part 2: What our employees think'

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PAY

Although Median hourly pay in retail grew 5.6% in 2016 compared to just 3.4% for the UK as a whole, average hourly pay is lower in the retail industry than for the UK as a whole, with part-time workers' earnings less per hour than full-time workers. However, retail is not a "minimum wage" industry.

In April 2016, the National Living Wage for workers aged 25 or older was implemented, increasing the effective minimum wage for workers older than 25 by more than 10% compared to April 2015, reaching £7.20. The National Minimum Wage for 21-24 year olds increased by 3.7% in October 2016 to £6.95. Despite this, in April 2016:

- More than 80% of retail workers aged over 30 earned more than the National Living Wage of £7.20 an hour
- More than 90% of all retail workers earned above the National Minimum Wage for 21-24 year olds (£6.95 as at October 2016); with 95% of retailers choosing not to pay the lower youth rates and 89% not paying the apprentice rate, but paying the adult rates instead.

Figure 1: Median Wages, Retail and all UK



Source: ONS ASHE 2014, 2015, 2016

REGIONAL PAY IN THE UK

Pay in retail varies across the UK. Many retailers will adapt their pay offer to reflect local living costs and the local labour market. In some areas of the UK, a high degree of retailer concentration leads to tougher competition to recruit the most experienced and sought-after staff. Flexibility in wage structures is essential to adapt to local labour market conditions which go beyond the traditional location-based approaches. Location-based approaches to pay have become more sophisticated, helping retailers recruit staff more effectively, reduce staff turnover and enable flexibility for larger employers to adjust to local labour market conditions.

At a regional level London and the South East see the highest median wages for retail employees, and Wales and the North West of England among the lowest. However, there will be considerable variation within regions, with retailers using differential pay rates to attract talent to hotspots such as airports or retail parks.

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Table 2: Median Wages, by region/nation and part-time/full-time

	MEDIAN HOURLY WAGE (£)		GROWTH 2016	
	FT	PT	FT	PT
United Kingdom	9.74	7.58	4.2%	6.2%
London	12.02	8.13	2.7%	4.4%
South East	10.52	7.73	6.9%	4.9%
East	10.01	7.57	4.8%	5.4%
East Midlands	9.76	7.59	3.1%	6.6%
Yorkshire and The Humber	9.49	7.53	5.2%	5.9%
North East	9.41	7.47	6.3%	5.7%
Scotland	9.36	7.58	5.1%	6.5%
South West	9.32	7.54	3.9%	6.2%
West Midlands	9.31	7.47	5.3%	5.5%
North West	8.88	7.47	2.7%	6.4%
Wales	8.70	7.48	3.1%	6.3%

Source: ONS ASHE 2015.2016

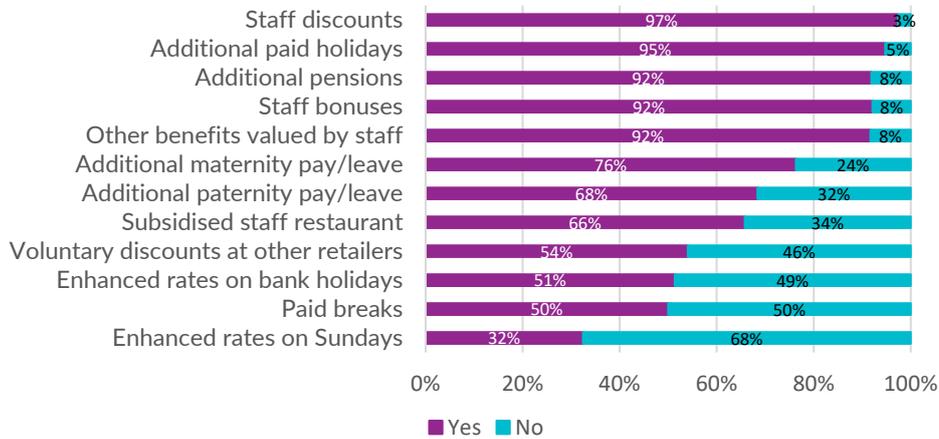
SRC RESEARCH INTO TOTAL REWARD

An average retail package offers benefits which go significantly above and beyond the statutory minimum required. The SRC has conducted a survey of our members to assess retailers' total reward package. Our survey covered 38 retailers, who collectively employ 1.3m people across the UK, accounting for around just over 40% of all retail employment.

We identified a number of benefits offered by most retailers which play a significant role in boosting the overall package of those working in retail in Scotland. The vast majority offered staff discounts, additional paid holidays, bonuses, pensions above the statutory minimum and enhanced maternity/paternity pay (Figure 2).

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Figure 2: Does your company offer the following total rewards?



Source: SRC

BONUSES

Bonus schemes are used by retailers to reward employees and are often linked to key objectives such as productivity, sales, customer service and individual performance. Our survey showed that 92 per cent of respondents use bonus schemes to reward employees.

Bonus payments varied by retailer but on average added £0.30 per hour to the average salary of a retail employee in the UK. Whilst some retailers have increased bonuses, a number indicated that they had invested in basic pay for shop floor staff rather than bonuses this year.

HOLIDAY

All employees are legally entitled to 5.6 weeks paid holiday per year in line with the statutory minimum however, many retailers go beyond the basic requirements by offering their staff additional days of annual leave. The number of paid holiday days varied by retailer but 95 per cent of those surveyed offered above the minimum required. Many retailers rewarded staff with additional holiday days for long service while some even provide additional days, such as ‘celebration’ days for weddings or birthdays.

On average our survey found retailers offer 2.7 days additional to the minimum requirement. To quantify this additional benefit, paid holidays above the statutory minimum are worth an additional £0.09 per hour to the average retail worker.

PAID BREAKS

The basic requirement is for a retailer to allow staff a 20-minute non-paid break every six hours but over 60 per cent of the sample go beyond the statutory minimum, placing additional value on a worker’s overall package. Our estimates suggest that paid breaks equate to £0.13 per hour for the average retail employee.

PENSIONS

Pension auto-enrolment began for employers of scale in October 2012 with the minimum contribution level starting at one per cent. In the following years, these retailers have been joined by others of descending size. All of the retailers in our sample are now part of auto-enrolment. However, our survey showed that 92 per cent of the sample offer pension packages above the minimum.

STAFF DISCOUNT

Staff discounts varied widely depending on the industry sub-sector in which the retailer operates and the individual retailer. However, 97 per cent of the sample surveyed offered staff discounts, with these discounts varying between 10 and 50% on different product ranges.