

Energy Strategy, Just Transition and Net Zero
Sent by E-mail to: energystategy@gov.scot

4th May 2023

To whom it may concern,

Scottish Government: Draft Energy Strategy and Just Transition Plan consultation

The Scottish Grocers' Federation (SGF) is a trade association for the Scottish Convenience store sector. There are 5,098 convenience stores in Scotland, which includes all the major symbol groups, co-ops and convenience multiples in Scotland. SGF promotes responsible community retailing and works with key stakeholders to encourage a greater understanding of the contribution convenience retailers make to Scotland's communities. In addition, Convenience stores are known to be economic multipliers and an important source of local employment, providing over 49,000 jobs in Scotland.

Convenience stores trade across all locations in Scotland, providing a core grocery offer and expanding range of services in response to changing consumer demands close to where people live. According to our Scottish Local Shop Report 2022, the valued services provided by local shops include post office services (27%), bill payment services (78%) and free-to-use cash machines (49%).

Three quarters of independent convenience retailers have engaged in some form of community activity in the past year. Meanwhile, 59% of customers and at least 55% of staff either walk or cycle to their local store (Scottish Local Shop Report 2022).

With the UK convenience sector expected to grow to £48.6bn by 2025, the sector is more relevant than ever to every type of customer and has key social benefits and is of key economic value to the economy. Over the last year, the UK convenience sector contributed over £9.7bn in GVA and over £9bn in taxes (Scottish Local Shop Report 2022).

SGF welcomes the opportunity to respond to the first review of the Scottish Government's Draft Energy Strategy.

Draft Energy Strategy and Just Transition Plan Consultation Chapters 1 and 2

SGF will respond primarily to the questions set out below, relating to Chapters 1 and 2 of the consultation paper. <https://consult.gov.scot/energy-and-climate-change-directorate/energy-strategy-and-just-transition-plan/>

Chapter 1 - Introduction and vision

1. *What are your views on the vision set out for 2030 and 2045? Are there any changes you think should be made?*

Chapter 2 (Questions 2-5) - Preparing for a just energy transition

2. *What more can be done to deliver benefits from the transition to net zero for households and businesses across Scotland?*
3. *How can we ensure our approach to supporting community energy is inclusive and that the benefits flow to communities across Scotland?*
4. *What barriers, if any, do you/your organisation experience in accessing finance to deliver net zero compatible investments?*
5. *What barriers, if any, can you foresee that would prevent you/your business/organisation from making the changes set out in this Strategy?*

SGF promotes responsible retailing and welcomes the Scottish Government's commitment to transitioning to green technology and energy production, while improving environmental outcomes at both a local and national level.

A significant number of our members regularly carry out energy saving measures and use sustainable energy sources, such as renewing older model fridges, installing doors on fridges and freezers, installing of LED lights that are on timers and installing solar panels for their business etc. Which has the added benefit of reducing energy costs across the year.

SGF regularly shares updates from Business Energy Scotland (BES) with our members on 'help for SMEs to cut energy costs'. This includes the 'solar PV fast track assessment' and

the 'energy efficiency assessment' offered by BES and the Scottish Government's SME Loan Scheme. In addition, a representative of BES spoke at a recent meeting of SGF's Cross Party Group on Independent Convenience Stores which provided beneficial information for our members.

SGF also recently took part in the UK Government's 'Help for Households' energy saving campaign. Which can be viewed at: <https://helpforhouseholds.campaign.gov.uk/energy-saving-advice/>

Near the end of 2022, SGF carried out a member's survey which highlighted that energy costs are, by a significant margin, the greatest concern for members (50%), with the Cost-of-Living crisis in second (21%) and the legislative burden (11%) third, of the eleven issues cited.

Of members who had recently renewed their energy contract, over 55% had seen a level of increase of 200% or more. With around 20% experiencing a 400% increase or more. Over 88% over respondents reported that the increase in energy costs could put their business at risk of failure.

Many convenience retailers in Scotland are already facing an extremely challenging trading environment. Alongside soaring energy costs, rising inflation & interest rates and the cost-of-living crisis is having a significant impact on customers, footfall, and household budgets.

With the recent survey of SGF members showing that some convenience retailers are experiencing an energy cost increase of up to 800%, some operators may be forced to increase prices across their stock, to cope with the associated losses and extra costs. Indirectly impacting household budgets, inflation and on vulnerable people.

The sector as a whole is among the hardest hit by the issues mentioned above. The cumulative cost burden of legislation and high business rates on top of the pressure of these other factors are significantly adding to vulnerability of many businesses. That may mean fewer jobs in the community, a decreased tax take, and fewer choices for customers.

SGF welcomes several of the measures and investments set out on Pages 28-23 of the Draft Energy Strategy and Just Transition Plan. In particular, those which could help support local

businesses and their communities in subsection: '*Communities and places can participate in and benefit from the net zero energy transition*'.

We also recognise the support which is already available, some of which has been mentioned above. However, we believe that there is more that can be done to aid businesses in cutting energy costs and transitioning to low carbon alternatives. This could include schemes directed specifically at small businesses and the retail sector, with additional support and incentives in place that would provide a long-term energy benefit for local shops and their customers.

Our members have told us that they would like to invest more in energy saving and green energy alternatives for their store, but that would require reducing the financial burden in other areas, such as business rates for example.

Convenience retailers work very hard, with 11% working more than 70 hours per week and 28% taking no holidays throughout the year (Scottish Local Shop Report 2022). This represents a challenge for many shop owners, who may not have the time to engage with energy transition programmes, such as those provided by BES. Action taken to engage with retail directly, on energy issues, presenting timely and cost-free support/measures would be the most likely to see an uptake in the convenience sector.

We trust that you will find our comments helpful and are happy to engage further with you on this important matter.

Yours sincerely

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- SGF gives permission to the Scottish Government to publish its consultation response and to share this response internally with other Scottish Government policy teams who may be addressing the issues discussed.

SGF

Scottish Grocers' Federation

www.scottishshop.org.uk

Promoting Responsible Community Retailing Since 1918
to ensure a sustainable and prosperous convenience industry in Scotland



- SGF is also content to be contacted again in the future, in relation to this consultation exercise. I also confirm that I have read the privacy policy and consent to the data I have provided being used as set out in the policy.

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Find us on



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