



ACS Submission – Next steps for Deposit Returns Schemes

1. ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Environmental Audit Committee's call for evidence on next steps for deposit returns schemes. ACS is a trade association, representing 33,500 local shops across the country including the Co-op, One Stop, Spar, Costcutter and thousands of independent retailers. More information on ACS is available in annex A.
2. ACS is committed to working with the UK Government and devolved nations on the development and implementation of deposit returns schemes across the UK. We welcome further engagement with the Government on the delivery of their plans for a deposit returns scheme by 2024 to ensure that it is workable for convenience retailers. ACS is a member of the DEFRA working group on DRS and we await further details on the introduction of DRS in forthcoming policy consultations.
3. It is important that the convenience sector is recognised in its role of hosting a significant proportion of return points which allows DRS to operate. It is essential that the impacts and costs associated with the implementation of the scheme are recognised and mitigated to ensure that convenience retailers can sustainably operate return points as part of the scheme into the future.
4. ACS is aware of the impact that a deposit return scheme will have on retailers, particularly regarding their role in taking back containers. As such, we believe the following principles reflect what a well-designed deposit return scheme looks like to ensure that the introduction of a DRS does not place considerable burdens on small retailers. ACS' preferred model for a deposit return scheme includes the following principles:
 - a. Strategically map the location of return points rather than mandating every location that sells drinks to take back containers.
 - b. Small retail outlets should be able to apply for exemptions from DRS where they have limited sales and storage space to facilitate a return point.
 - c. Containers should only be return through a network of reverse vending machines. No retailer should be forced to ask staff to manually take back packaging, which places additional pressure and associated hygiene issues.
 - d. The inclusion of glass presents additional logistical challenges and cost for retailers due to more expensive equipment and storage space, this must be recognised in the development the scheme.
 - e. Handling fees must adequately cover the cost of taking back drinks containers, accounting for staff costs, the cost of reverse vending machines and lost sales space so that DRS is cost neutral for return points.

For further information on this submission please contact ACS Public Affairs Assistant Lydia.hamilton-rimmer@acs.org.uk

Please see the below responses to the call for evidence sections;

The materials to be included in the scheme's scope

5. ACS continues to have significant reservations about the inclusion of glass within the deposit returns scheme. Including glass brings significant costs in respect to reverse vending machines (RVMs). The cost for RVMs that can manage glass are considerably higher and more space intensive. It also presents several logistical operational challenges to convenience retailers who have little space in stores to cater for space intensive RVMs.
6. Where retailers will only be able to offer manual takeback, the inclusion of glass will place pressure on staff and additional health and safety issues. For example, there is an increased risk of breakage which would mean staff handle broken glass. Glass containers also take up more storage space and difficult to move around retail premises.
7. We are concerned about the challenges associated with crushed glass alongside food-to-go settings and food preparation areas. 12% of convenience stores operate food-to-go concessions, 28% have in-store bakeries and 22% host hot food to go counters¹. The presence of crushed glass within a close proximity of food preparation and serving incurs several environmental health concerns as well as difficulties for in-store logistics.

Scheme design ('all-in', 'on-the-go' or other models) and the level and scale of deposit charges

8. ACS understands that the Department for Food and Rural Affairs is in favour of an all-in system.
9. Ensuring the scheme is cost neutral for convenience retailers is essential as the Governments' current DRS scheme design requires all retailers to take back containers. Handling fees must be used to adequately compensate return point operators as part of the scheme. The handling fee must account for the following costs; the costs of purchase, lease, maintenance or upkeep of any infrastructure associated with the collection and storage of scheme packaging, rental value of any floor space utilised for collection or storage of packaging and staff time dedicate to the collection and storage of materials.
10. The Scheme Administrator and Government must use its own system for calculating handling fees to ensure calculations are correct for UK retailers. The calculation of the handling fee must also account for different operating models, there will be disparity between large and small retailers operating costs. The calculation of handling fees in other countries can be confusing as they vary depending on both the material accepted and whether it was returned through manual take back, reverse vending machines (without compaction) and reverse vending machines with compaction. As such, we would encourage the Government to undertake research into the cost of handling for different types of return points so that the handling fee provides appropriate compensation.

¹ ACS Local Shop Report 2020

The obligations on retailers at all levels (including online-only retailers) to participate in the scheme

11. ACS is committed to supporting the Government and our members on delivering a scheme that is fit for purpose. However, the Government must understand the significant cost and operational burdens it places on retailers, especially smaller format retailers.
12. ACS asked 1,210 independent retailers in the ACS Voice of Local Shops survey whether they would have the space to accommodate DRS in their store. The results of the survey reiterated retailers' concerns that lack of space-instore to process returns is a significant concern. 71% of retailers responded that they either did not have the space to process bottle returns in-store or would have to make significant changes to their stores to facilitate a deposit return scheme².
13. The location of RVMs must be strategically mapped. This is to ensure that they are hosted where necessary and areas do not become overburdened with RVMs. There is precedent for this approach with the provision of other services such as Post Office, National Lottery terminals and ATMs. The providers of these services strategically map where service should go according to consumer demand across their networks.
14. For example, the Post Office have a statutory duty to comply with the Government's access criteria for post office branches, which focuses on the distance to a Post Office and how much of the population is 'x' distance from a Post Office³. LINK has a Financial Inclusion Programme to ensure that consumers have free access to cash through ATMs which is based on distance⁴, while Camelot determine locations based on criteria including current and projected sales, footfall, store size, access and potential demand. The Government should consider how the mapping criteria is developed for these types of services and incorporate it within the deposit return scheme in England, Wales and Northern Ireland.
15. Small retail outlets should be able to apply for exemptions from DRS where they have limited sales and storage space or to facilitate a return point. Convenience retail should not be forced to manually handle return containers within scope of the scheme. We believe that exemptions from DRS need to be carefully assess on a case by case basis and not based a small number of binary thresholds.

The effect on scheme design of recent changes in patterns of retail activity

16. ACS continues to ask for Public Health England to conduct an analysis on the impact of Covid-19 on DRS. We believe that there is a potential concern of contaminated containers being handled by retail staff, putting their health at risk.
17. A parliamentary question on these issues was tabled in July 2020⁵ The response from the Minister suggested the Government is liaising with PHE to analyse the role Covid-19 will play in the development of proposals but no further information on this has been provided. The Government should carefully review the impact that Covid-

² ACS Voice of Local Shops survey May 2017

³ [The Post Office Network Report 2018](#)

⁴ [LINK Financial Inclusion Programme](#)

⁵ Mark Pawsey MP 75270

19 will have manual handling of goods in stores and the associated risk to shopworkers.

The potential relationship between deposit return schemes and other packaging waste initiatives promoted under the Resource and Waste Strategy, such as EPR

18. ACS agrees with the role and general principles of packaging waste initiatives under the Resource and Waste Strategy but it is imperative that the Government considers how these schemes can work to complement each other without placing double taxation on convenience retailers and other supply chain operators.
19. The operational burdens associated with delivering DRS requires retailers to take back containers whilst Extended Producer Responsibility would require retailers to track and report amounts of packaging going through their businesses, placing considerable burdens and operational challenges on retailers.

The scope for interoperability between any schemes in England, Wales and Northern Ireland to be established under Schedule 8 to the Environment Bill and the scheme to be established in Scotland under the Deposit and Return Scheme for Scotland Regulations 2020

20. ACS supports the development of a consistent UK system. The UK Government must consider lessons learnt from the Scottish scheme set to be implemented in 2022. For example, we believe the Scottish Government's exemptions scheme has not been developed with sufficient consideration of retailers, particularly smaller retailers.
21. ACS is committed to continue working with the Government and specifically DEFRA via working groups and other channels to support a cost neutral DRS' delivery and aid the sectors implementation. Our priority remains with ensuring sector has sufficient support and guidance for implementation aided by Government liaison, guidance, and a reasonable implementation period.

For more information about this submission, please contact Lydia Hamilton-Rimmer, ACS Public Affairs Assistant by emailing Lydia.Hamilton-Rimmer@acs.org.uk or calling 07387262277.

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.



WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents almost 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

SYMBOL GROUPS AND FRANCHISES



ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents over 13,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR



In 2020, the total value of sales in the convenience sector was £44.7bn.

The average spend in a typical convenience store transaction is £7.46.



There are 46,955 convenience stores in mainland UK. 72% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 412,000 people.

13% of independent/symbol stores employ family members only.



22% of shop owners work more than 60 hours per week, while 24% take no holiday throughout the year.

72% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

80% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2019 and May 2020, the convenience sector invested over £585m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of around 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,700 stores. The Local Shop Report also draws on data from Lumina Intelligence, IGD, Nielsen and William Reed.

BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.