



Local shops are at the centre of every community in the UK

Local shops are at the centre of every community in the UK; in every village, neighbourhood parade and high street. The viability of local shops and the parades that they trade on is a key indicator of the positivity and prosperity felt by the communities they serve.

There are **46,388** convenience stores in mainland UK

Convenience stores provide around **405,000** jobs in mainland UK

Source: ACS/HIM 2019

35% of colleagues have worked in their local shop for **more than five years**

Over the last year convenience stores have **invested >> £633m** in their businesses

Over the last year, the convenience sector contributed

Over **£8.8bn** in GVA and over **£7.7bn** in taxes

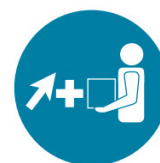
Consumers think that the **most valuable services** offered in their convenience store are:



Cash machine



Post office



Click and collect

19% of shop owners work **more than 70** hours per week



17% take **no holiday** per year

What Local Shops Need from the Next Government

For more information on this briefing or about visiting a convenience store in your constituency please contact Eleanor.o'connell@acs.org.uk or call 01252 515001.

What do local shops need from the next Government?



Increase the Employment Allowance to help local shops continue to offer secure and flexible employment opportunities

Increases in the National Living Wage must be offset for local shops to maintain employment. We want to see the employment allowance doubled from £3,000 to £6,000.

Poor employment practices in the gig economy and elsewhere must be addressed, without introducing new administrative burdens for employers like local shops that offer secure, local employment that is flexible for staff and the business.



Reform the broken business rates system to incentivise investment and level the playing field between high street and online businesses

The business rates system stifles investments. The next Government should introduce a business growth accelerator that allows businesses to invest in new technology to increase productivity and crime prevention equipment to reduce crime, without being subject to a higher tax bill for two years.

The UK economy is changing, and the business rates system must change in parallel. The next Government should reform the business rates system to account for online retailers through an online sales levy or different rating methodologies for distribution centres used by online retailers.



Secure access to the Post Office and free to use cash machines

These essential services are provided by convenience stores, but local shops cannot subsidise their continued presence in communities. The Government needs to work with banks - if necessary taking regulatory action to ensure they are meeting their responsibilities to customers - and service providers, and ensure its own support for the Post Office network is adequate to maintain these services.



Invest in community policing and justice to prevent violence and abuse of shopworkers and crime in the community

Violent crime is rising with 10,000 incidents of violence against shopworkers in convenience stores last year. We need tougher penalties for attacks on shopworkers that are serving the public and enforcing the law.

The next Government must allocate funding to tackle the root cause of violence against shopworkers through reform of the out of court disposals system and early interventions.



Recognise the limitations of local shops to cope with significant new regulatory burdens

We support the delivery of a well-designed bottle return scheme that strategically maps the location of return points and includes exemptions for the smallest stores that cannot take back glass and plastic packaging.

We cannot tax and regulate away the problem of obesity. State regulation of store layouts and promotions will not end obesity.

Employment



Increase the Employment Allowance to help local shops continue to offer secure and flexible employment opportunities.

Continual above inflation increases in statutory wage rates mean that convenience retailers must make difficult choices about their future employment strategies. Convenience retailers responded to the April 2019 NLW increase by; reducing paid working hours in their business (72%), reducing the profitability of their business (64%) and, for independent retailers, working more hours themselves (52%)¹.

The Government cannot continue to make commitments with businesses' employment budgets without offering some concessions to help them mitigate increasing employment costs. We recommend that the next Government seeks to double the employment allowance from £3,000 to £6,000 to further cut employment taxes that are a barrier to job creation. This measure alone will not offset the costs for many local shops and must be considered in parallel with cuts in business taxes such as business rates and corporation tax.

In the longer term, we believe that the Low Pay Commission should independently set wage rates based on objective economic analysis and in consultation with business groups, trade unions and economists. The Low Pay Commission should inform its decisions based on the OECD recommendation to set minimum wages 'at a moderate level' to raise wages and avoid negative employability impacts for workers.



Poor employment practices in the gig economy and elsewhere must be addressed, without introducing new administrative burdens for employers like local shops that offer secure, local employment that is flexible for staff and the business.

The next Government should seek to maintain a flexible labour market that benefits both employers and employees. Convenience retailers offer good local, flexible and secure employment. 69% of colleagues working in the sector are satisfied with their job and 72% state they are valued by their employer². Staff retention levels are high with 55% of employees planning to continue working in the sector³.

We support the principles of the Good Work Plan currently being consulted on, but we do not agree that the Government should seek to regulate the entire labour market to address one sided flexibility present in the gig economy. Requirements to record notice periods for shifts and reimburse employees for cancelled shifts would unnecessarily load more costs on employers.

¹ ACS National Living Wage Survey 2019

² ACS Colleague Survey 2019

³ ACS Colleague Survey 2019

Business Rates



The business rates system stifles investment. The next Government should introduce a business growth accelerator that allows businesses to invest in new technology to increase productivity and crime prevention equipment to reduce crime, without being subject to a higher tax bill for at least two years.

If a business chooses to expand their store or business, their rates bill increases. If they seek to invest in technology or crime prevention equipment, they are punished with a higher tax bill. This is counterintuitive, damaging to UK plc and needs to change. The next Government should introduce a business growth accelerator, like the Scottish Government, to allow businesses a two-year period to recoup their investment costs before their business rates bill increases.

We welcome the existing package of small business rates relief to support local shops. This has been welcomed by our members with many small convenience retailers removed from paying business rates or had significantly reduced business rates bills. We urge the next Government to go further and seek to support local shops trading in villages, neighbourhood parades and high streets by increasing the small business rate relief thresholds.



The UK economy is changing, and the business rates system must change in parallel. The next Government should reform the business rates system to account for online retailers through using different rating methodologies for distribution centres used by online retailers.

Reform of the business rates system is needed on many levels including to increase parity between traditional bricks and mortar retailers and online retailers. The next Government should look closely at the recommendations of the Treasury Select Committee's business rates inquiry that recommended running a further consultation on business rates reform including more modelling on alternative options such as an online sales levy that supplements the existing business rates system or introducing a specific rating methodology for warehouses of online retailers which is based on the receipts and expenditure rating methodology.

A 2% online sales levy applied to the sale of physical goods sold online that do not interact with physical retail space would raise £1.5 billion that could be used to offset the burden of business rates on physical retail premises. Alternatively, a new rating methodology for warehouses of online retailers could be introduced, similar to the Valuation Office Agency's existing receipts and expenditure methodologies used to value some premises, for example petrol forecourts, ATMs and pubs or restaurants. Applying a similar rating methodology to online warehouse would better reflect the value of these premises in the context of a changing retail market and economy.

Securing the future of the Post Office and access to cash



Secure the future of essential community services like Post Offices by ensuring they are viable for retailers to include in their stores.

Consumers believe that Post Offices and convenience stores have the most positive impact on their local community. The Post Office network is becoming increasingly relevant in relation to access to financial services and cash for consumers in both rural and urban communities. The importance of the network has been reinforced as many big banks are unapologetically retreating from high streets and refusing to properly fund the free to use ATM network that allows their customers to access their cash.

The majority of the Post Office network is now delivered through commercial retail outlets like convenience stores or other high streets providers. The next Government must recognise that the long-term resilience of the network is reliant on overall commercial viability of businesses hosting the Post Office. Operating costs for retailers have escalated since the Network Transformation Programme; increasing employment costs such as the National Living Wage, business rates and a highly competitive grocery market means that all products and services must earn their place in stores.

We have welcomed the Post Office's commitment to a review of the subpostmaster remuneration review. We urge the next Government to review the findings of the BEIS Select Committee Post Office Inquiry report that recommends greater acknowledgment of the social role of Post Offices.



Local shops cannot subsidise the free to use cash machine network. The next Government must use regulatory interventions to maintain a national free to use cash machine network.

The independent Access to Cash Review led by Natalie Ceeney set out a number of meaningful recommendations and findings for the Government to consider. Consumers are using less cash and shifting towards digital payments, but eight million people would struggle to cope in a cashless society. LINK's decision to cut the ATM interchange fee has accelerated the decline in the free to use ATM network, with 500 closing per month, often in rural locations, leaving communities without free access to cash. The free to use ATM network cannot be replaced just by the Post Office and cash back solutions.

We need action from the Payment Systems Regulator to reverse LINK's decision to cut the ATM interchange fees and review the management of the declining use of cash. Once the free to use ATM infrastructure has been lost it will be difficult to replace and will isolate consumers.

Crime



Violent crime is rising with 10,000 incidents of violence against shopworkers in convenience stores. We need tougher penalties for attacks on shopworkers that are serving the public and enforcing the law.

The national debate on violent crime has focused on serious violence and knife crime but often misses the widespread violence and abuse against shopworkers when they are serving in communities and upholding the law. Evidence from the Home Office, police, industry and unions shows that this is a growing problem that needs to be brought under control urgently.

Shopworkers are most vulnerable when they are enforcing the law; dealing with shop thieves, enforcing age restrictions or refusing to serve intoxicated customers. We believe that shopworkers enforcing the law should benefit from additional protections from the law. This means tougher penalties for offenders that attack shopworkers in the course of their work and better use of out of court disposals to tackle the root cause of offending.



The next Government must allocate funding to tackle the root cause of violence against shopworkers through reform of the out of court disposals system and early interventions.

The next Government should allocate more funding to Police and Crime Commissioners to work with the business community to put an end to violence against shopworkers. This would be in addition to the £35 million already allocated to 18 Police and Crime Commissioners to set up Violence Reduction Units. Retailers believe that 79% of offenders are repeat offenders, giving the justice system and police an effective route to intervene at the earliest stages of an offending cycle before it escalates to violence.

Regulation



We support the delivery of a well-designed bottle return scheme that strategically maps the location of return points and includes exemptions for the smallest stores that cannot take back glass and plastic packaging.

We believe deposit return schemes (DRS) would place considerable burdens on small shops if ALL retailers are required to take back packaging in their stores. Our members have raised concerns about the limited space in-store to process returns. 71% of independent convenience retailers stated that they do not have space in-store to facilitate DRS and will face increased staff costs, in-store delays and more pressure on staff handling dirty packaging.

We believe that a size exemption for small outlets is required (under 280sqm) and a strategic mapping exercise is needed to determine the best locations for return points. Failure to strategically map the right locations will result in a highly inefficient and expensive return system with high streets and neighbourhood parades unnecessarily awash with expensive reverse vending machines.



State regulation of store layouts and promotions would be hard to enforce and would not tackle obesity.

We recognise the challenges associated with obesity and acknowledge the ambition to halve childhood obesity by 2030. Local shops have an important role to play in contributing to this target by continuing to adapt the range of products sold in store. In 2018, 66% of convenience stores stocked fruit and vegetables in their stores, and the range and sales of these products are growing in our sector⁴.

We believe that the next Government should pursue policies that support and incentivise food businesses to engage in healthier food provision, for example additional business rate relief for stores offering fresh produce. Local shops are reactive to consumer demand and what products they choose to stock will vary depending on their location and the needs of their community.

Proposals recently consulted on by the Government to restrict where products can be sited in stores would be operationally impossible for local shops. Furthermore, dedicating resources to enforcing these restrictions while the response to crime committed against our members is inadequate, would indicate skewed priorities that would simply be unacceptable to retailers.

⁴ ACS Voice of Local Shops Survey 2018, sample 1,210 independent retailers

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