ACS Submission: Budget 2017

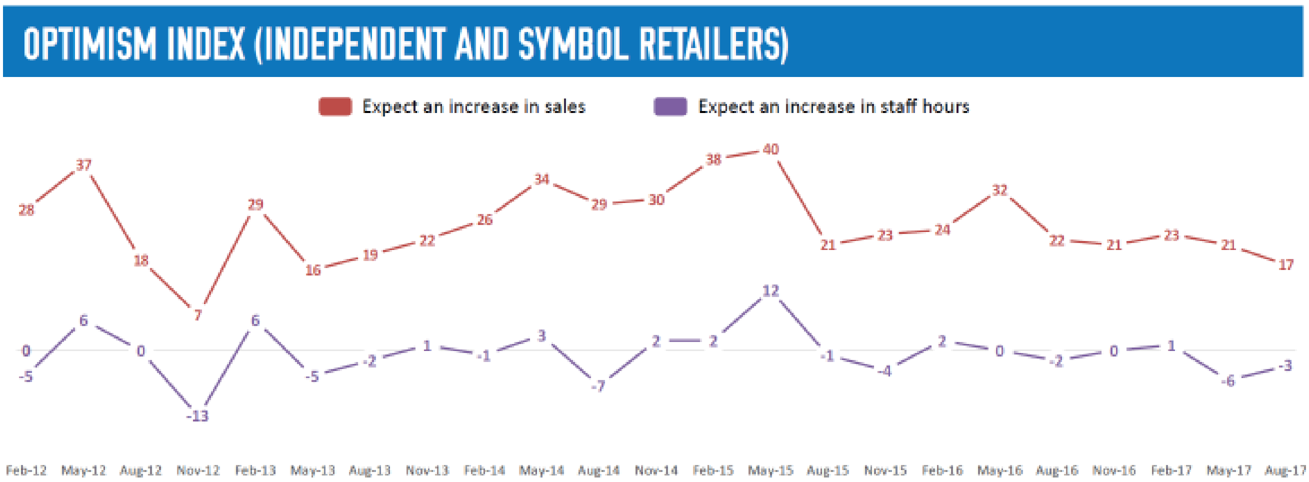
ACS (the Association of Convenience Stores) welcomes the opportunity to provide evidence in advance of the Autumn Budget 2017. ACS represents 33,500 local shops across the UK including the Co-op, Spar UK, One Stop, McColls Retail and thousands of independent retailers. For more information about ACS, please see annex A.

The convenience sector is worth £38 billion and by the end of 2017 sales are projected to reach £40 billion. We employ 370,000 people in the convenience sector, 66% of whom are women. In the last year retailers' have invested over £858 million in improving their stores to keep pace with consumers continuing demand to shop little, often and locally[1].

The convenience sector, like the rest of the retail sector, is experiencing great change in terms of consumer expectations, new trading formats and increased operating costs. These changes are what is driving retailers to invest significantly in their stores and service offer. The high-profile merger of Tesco and Booker, the biggest UK retailer and UK wholesaler operator has also highlighted the interested and further potential growth the convenience sector can offer.

The investments that retailers are making and the mergers and acquisitions being considered in the market are greatly influenced by the regulatory back drop and operating costs faced by retailers. Concerns at the top of retailers' agenda include; increasing employment costs, largely from the National Living Wage, increased property costs as a result of the business rates revaluation and new regulatory interventions that will load further administrative and cost burdens on retailers.

The graph below shows an index of retailers reporting an increase in sales and staff hours in their business over the next three months. Retailers are pessimistic about their sales performance in the months ahead, most probably driven by increases in food inflation and declining consumer confidence[2]. Their optimism about staff hours has risen marginally, but from an extremely low base. The low optimism for staff hours is driven by ratcheting costs from the National Living Wage, forcing retailers to cut paid staff hours, delay investment decisions and reduce profitability.



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[1] ACS Local Shop Report 2017

[2] ACS

Executive Summary

Business Rates

- Deliver a review of the business rates system that looks at long term structural reform, incentivising investment and balancing the burden of rates between traditional 'bricks and mortar' retail and growing online formats.
- Deliver more frequent three yearly revaluations and work to exempt the smallest businesses from the rating list.
- Clarify the timetable for the delivery of the change in indexation of business rates from RPI to CPI and the 100% funding of rural rate relief originally contained in the Local Government Finance Bill.
- Review rating methodologies for premises not based on rental value such as petrol forecourts and cash machines. Exempt free to use cash machines from paying business rates.
- The online portal for the Check, Challenge, Appeals system is not working to allow businesses to challenge their rates bills – urgent developments are required.

Employment

- Reinstate the independence of the Low Pay Commission to set wage rates based on economic analysis and consultation, without reference to arbitrary political targets.
- The introduction of a surcharge on the National Living Wage for employees working outside of contracted hours would be costly and complex for businesses to implement and would undermine the flexible employment that employees value.
- Mitigate increased employment costs by making statutory sick pay an accrued employment right and reform the 'fit note' system to hasten the return to work of employees.

Post Office

- HM Treasury should monitor responses and outcomes of the Department for Business, Energy and Industrial Strategy's consultation on the future of the Post Office network, being conscious of the pressure on the network and its viability in all locations.

Alcohol and Tobacco Duties

- Freeze or reduce duty levels on alcohol and tobacco. Increased duty rates drive consumers to the illicit trade and cause increased revenue gaps for the Exchequer.
- Any changes to the duty rates for alcohol and tobacco products should be delayed until at least January 1st 2018 to minimise pricing disruptions in the lead up to Christmas.

Tackling the Illicit Trade

- Increase funding to tackle the illicit tobacco market considering the introduction of a Minimum Excise Tax on cigarettes, which will increase the price of low cost tobacco, driving consumers away from retailers to illicit tobacco sources.
- Refocus enforcement action against retailers selling illicit goods by removing alcohol licences instead of issuing verbal or written warnings or pursuing criminal prosecution.
- Transfer more powers to Trading Standards officers to tackle the illicit trade and request that the Sentencing Council develops new sentencing guidelines for selling illicit or non-duty paid alcohol and tobacco products.
- Stop the burdensome draft EU 'track and trace' system for cigarettes and roll-your-own tobacco regulations'

Fuel Duty and Ultra Low Emission Vehicle Infrastructure

- Freeze Fuel Duty.
- Scrap plans to mandate the introduction of electric charging points and hydrogen refuelling stations at Motorway Service Areas and 'large' fuel retailers. Instead, form a cross government working group looking at the costs, benefits and feasibility of a national network of suitable electric vehicle charging points.
- Use the Automated and Electric Vehicles Bill to introduce incentives for businesses to host electric vehicle charging points, such as business rates exemptions.

For more information on this Budget submission please contact Edward Woodall, ACS Head of Policy and Public Affairs by emailing Edward.woodall@acs.org.uk or call 01252 515001.

ACS Policy Recommendations in Detail

Business Rates

- Deliver a review of the business rates system that looks at long term structural reform, incentivising investment and balancing the burden of rates between traditional 'bricks and mortar' retail and growing online formats.

We welcome the Government's Manifesto commitment to deliver a review of the business rates system[3]. Despite the £6.7 billion package already announced by the Government, to fund additional relief and changes to annual indexation rates, more structural reform of the business rates system is required. We recommend that the Government's next review of the business rates system does not follow the same format as the last review and instead works with the business community to develop the terms of reference and review questions.

The next review must not be constrained by fiscal neutrality, which hampered the discussion of innovative ideas about the structure and application of business rates. At the centre of the review should be a focus on incentivising investment and reversing the perverse outcomes of the current system that rewards stagnation and penalises investment and innovation. The Barclay Review report[4], commissioned by the Scottish Government and published in August 2017, has made a range of challenging recommendations including a growth accelerator for businesses investing in their premises. In the convenience sector alone this could unlock investment in premises and the expansion of stores.

We welcome the Chancellor's commitment in the 2017 Spring Budget to address 'in the medium term' the taxation of the digital economy through the business rates system. This should be a central pillar of the business rates review. Whilst we agree that the business rates system should remain a property based tax we must also explore how business rates will remain sustainable when increasing numbers of businesses are moving their formats online.

- Deliver more frequent three yearly revaluations and work to exempt the smallest business from the rating list.

We welcome that the Government is committed to delivering more frequent revaluations and we hope that an announcement will be made in the Budget about the timeframe and details of these reforms. The current five-year revaluation period, or in the most recent instance seven-year revaluation, saves up big problems between revaluations. As a result of the most

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[3] Conservative Manifesto 2017, pg 14
[4] Barclay Review 2017

recent revaluation one in three convenience stores has seen an increase in their rateable value[5].

More frequent revaluations will make rates bills more accurate as they will more closely flex with the economy and the non-domestic property market. However, more frequent revaluations will require more funding for the Valuation Office Agency for them to accurately value properties in a shorter time. In ACS' response to the Government's consultation on the frequency of revaluations we outlined the need to explore how self-assessment could aid more frequent revaluations. We have argued strongly[6] the best approach would be remove the smallest businesses below the £12,000 RV threshold from the rating list completely, to reduce the work load for the VOA when revaluing properties.

- Clarify the timetable for the delivery of the change in indexation of business rates from RPI to CPI and the 100% funding of rural rate relief originally contained in the Local Government Finance Bill.

The Local Government Finance Bill 2016 did not return to the new Parliament, which delayed important reforms to Local Government funding discussions and also planned reforms to the indexation of business rates and rural rate relief. We have received confirmation via a letter from the Chancellor[7] that the Government will deliver the reform but we are seeking clarification that this will be included in the 2017 Finance Bill. We also urge the Government to bring forward the change in indexation from RPI to CPI sooner than 2020. RPI is currently 3.6%, tracking 1% above CPI, and rising[8]. The Government should bring forward the change in business rates indexation to mitigate the increase in rates retailers will have to incur in April 2018, 2019 and 2020.

The Local Government Finance Bill also included plans to reform Rural Business Rate Relief to make it equitable with the Small Business Rate Relief scheme. Currently, rural businesses that qualify for Rural Rate Relief are dependent on local authorities topping up the 50% of their relief that isn't funded by central government. As local authorities' budgets have been cut many have decided not to top up the rate relief of rural businesses. The reforms to rural rate relief policy should be included in the Finance Bill 2017 to ensure that small rural business receive the same benefits as small urban businesses.

- Review rating methodologies for premises not based on rental value such as petrol forecourts and cash machines. Exempt free to use cash machine from paying business rates.

Rating methodologies that are not based on rental data require review. Petrol forecourt sites and ATMs are rated based on turnover, which results in disproportionate rating bills. We encourage Government to review the rating methodology for convenience stores on petrol forecourt sites, which are based on turnover, resulting in significantly higher increases.

Through the wall free to use ATMs should also be removed as rateable hereditaments in recognition of their role as high street enablers by strengthening local cash access. ATM provision is important to encourage consumer spending on the high street and support cash access for the financially excluded and the 1.6 million people who are reliant on cash[9]. Recent reported discussions within the LINK network suggest that banks may be seeking to reduce the interchange payments they make when their customers use an ATM operated by

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[5] ACS Voice of Local Shops Survey May 2017
[6] ACS Submission more frequent revaluation consultation 2016
[7] https://www.acs.org.uk/wp-content/uploads/2017/07/Chancellor-Response-to-Joint-Business-Rates-Letter-25-July-2017.pdf
[8] ONS CPI and RPI Inflation Tracker July 2017
[9] Payments Council.

a third-party company, often at a convenience store. This would place further pressure on the economic viability of free to use ATMs.

A report by the think tank Localis found that 77% believe local economic growth would suffer if local access to cash was reduced[10]. Very few councils have used their local discount powers for ATM sites, so we believe Government must act to remove free to use ATMs from the rating list completely.

- The online portal for the Check, Challenge, Appeals system is not working to allow businesses to challenge their rates bills – urgent developments are required.

The Valuation Office Agency has introduced the Check, Challenge, Appeal reforms and now have a ‘beta’ online system in operation for the management of appeals. The new online system is causing significant problems for businesses of all sizes to check their business rates assessment. Large businesses with in-house property management functions are having to find additional resources to upload individual appeals and small businesses are outsourcing the process to third party consultants – this is the complete opposite effect the reforms were meant to have.

We believe that the Government is failing to meet the guiding principles of the reforms that; rate payers can set out their issues fully and clearly, the VOA can respond quickly and that there is a structured and transparent approach. Following the 2010 rating list 32% of convenience retailers challenged their rates bills. Of those to have received an outcome, 71% saw a change to their rating bill[11]. The VOA needs additional resource to manage cases against the 2017 rating list and to quickly improve the online portal, to allow bulk uploading of data for business that have multiple sites, to improve the support for small businesses that want to check and appeal their valuation and to fast track Material Change in Circumstance (MCC) applications.

Employment

Employment costs are the number one concern for local shops, driven mainly by the introduction of the National Living Wage. Based on responses to ACS’ National Living Wage Survey, retailers are responding in the following ways to the 2017 wage rates increase: making their business less profitable (78%), reducing the hours they employ staff (78%) and increasing the hours they work (65%)[12].

The Local Shop Report 2017 has confirmed that there has been three years of successive decline in the number of people employed in the convenience sector. From the 2016 to 2017 there has been a 5% decline in the number of employees and a 9% reduction from 2015. We envisage this trend continuing as National Living Wage rates continue to ratchet up towards the 60% median earnings target.

- Reinstate the independence of the Low Pay Commission to set wage rates based on economic analysis and consultation, without reference to arbitrary political targets.

The Low Pay Commission (LPC) has proven itself as an objective body to monitor, review and recommend wage rates. The LPC should have its independence reinstated to recommend wage rates based on thorough economic deliberation instead of by arbitrary political targets. This would allow wage rates to increase as much as possible without damaging employment prospects at the bottom end of the labour market.

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[10] Localis. Is Cash king? Examining the importance of cash for local economies and communities. May 2016.
[11] ACS Convenience Dashboard: February 2015
[12] ACS Submission to the Low Pay Commission Figure E, pg 9

- The introduction of a surcharge on the National Living Wage for employees working outside of contracted hours would be costly and complex for businesses to implement and undermine the flexible employment that employees value.

We have welcomed many of the recommendations made by the Matthew Taylor Review[13] but we have significant concerns about the introduction of a National Living Wage surcharge for employees working outside of their contracted hours. The structure of employment in the convenience sector is dominated by part-time employment, 75% of employment contracts in independent retailers' stores offer 16 hours or less[14]. Employees in the convenience sector also report that one of the most valuable parts of working in the convenience sector is its flexibility as 72% have other commitments restricting the working hours they can commit to[15].

A National Living Wage surcharge would exacerbate the trends of declining employment numbers and paid work hours already occurring as a result of the National Living Wage. In addition, retailers are concerned about the complexity a surcharge would cause in terms of calculating the wages of staff and budgeting wage bills for the year ahead, as employment in the sector is currently based on matching employment levels with fluctuations in the trading environment of the store. Based on polling of 807 convenience retailers from August 2017, 65% of staff work outside of their contracted hours, but this is mainly accounted for by "busy seasonal periods" (32%). While we commend the Taylor Review for trying to deliver positive work environments for all workers, a surcharge would have a damaging impact on employment prospects in the convenience sector.

- Mitigate increased employment costs by making statutory sick pay an accrued employment right and reform the 'fit note' system to hasten the return to work of employees.

We welcome the recommendation contained in the Taylor Review calling for statutory sick pay (SSP) to become an accrued benefit for staff members, like holiday entitlement[16]. According to ACS' National Living Wage Survey, SSP costs on average £673.95 per convenience store or £33.7 million across the sector, without accounting for the additional cost to a retailer of funding another wage to cover employee absence[17].

Moving to an accrued system for SSP will reduce the cost burden on employers that are currently responsible for paying SSP for employees that have worked in their business for only very short periods of time. We also welcome the Department for Work and Pensions reviewing the effectiveness of the "fit note" system, by assessing how frequently fit notes are issued based on a consultation with a doctor or occupational therapist.

Post Office

- HM Treasury should monitor responses and outcomes of the Department for Business, Energy and Industrial Strategy's consultation on the future of the Post Office network, being conscious of the pressure on the network and its viability in all locations.

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13 ACS Response to Matthew Taylor Review
14 ACS Voice of Local Shop Report August 2017 – sample of 807 retailers
15 ACS Colleague Survey 2017
16 Taylor Review, pg99: "It should be payable by the employer and should be accrued on length of service, in a similar way to paid holiday currently."
17 ACS National Living Wage Survey 2017: "In total, over the last 12 months how much have you paid your staff in statutory sick pay?"

HM Treasury should monitor the viability of the Post Office network in all locations and engage in the Department for Business, Energy, Industrial Strategy's consultation on the future of the Post Office network.

Alcohol and Tobacco Duties

- Freeze or reduce duty levels on alcohol and tobacco.

Alcohol and tobacco are important product ranges for the retail sector. Alcohol represents on average 14.3% of UK sales in convenience stores, while tobacco represents, on average, 15.4% of sales[18]. ACS believes that increases in duty rates on alcohol and tobacco products promote the illicit trade by growing the price differential between legal and illicit products. The illicit trade poses a growing threat to legitimate sales of alcohol and tobacco products. In HMRC's Measuring Tax Gaps 2016 report, the mid-point revenue loss to the Exchequer for alcohol is £1.8 billion[19] and the losses for HMT on tobacco are £2.4 billion[20].

We urge the Government to consider the impact of increased duty rates on the illicit market and its knock-on effects for revenue lost by the Exchequer, undermining public health objectives and legitimate business objectives. We recommend that the Government freezes duty rates on alcohol and tobacco products and focuses its resource on enforcement activity to remove criminals from trading illicit and non-duty paid goods.

- Any changes to the duty rates for alcohol and tobacco products should be delayed until earliest of January 1st, 2018 to minimise pricing disruptions in the lead up to Christmas.

The implementation of the price increase for alcohol and tobacco products should be delayed until at least 1st January 2018 to minimise price changing disruption for retailers during the busiest trading period of the year.

Tackling the Illicit Trade

- Refocus enforcement action against retailers selling illicit goods by removing alcohol licences instead of issuing verbal or written warnings or pursuing criminal prosecution.

There is an extensive range of sanctions already available to HMRC and to tackle the illicit market, but under-resourcing at HMRC prevents fast and consistent enforcement. In our submission to HMRC's consultation on sanctions to tackle tobacco duty evasion and other excise duty evasion, while we outlined our support for HMRC's proposed sanctions (including: consideration of exploring sharing powers across partner agencies, removing trading licences and applying closure notices, and promoting more effective targeted use of appropriate sanctions to fit the offence at the lower end of the supply chain), we encouraged HMRC to remove retailers' ability to trade by removing their alcohol licence if they are found to be selling illicit or non-duty paid products. This is an effective but underused sanction which we know would deter business in our sector for engaging in the illicit alcohol and tobacco trade. consider removing alcohol licences from retailers selling illicit tobacco

In our submission[21], we also encourage HMRC to extend the offences of Restricted Premises Orders (RPO) and Restricted Sales Orders (RSO) to include illicit tobacco

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[18] ACS Local Shop Report 2017
[19] HMRC: Measuring Tax Gaps 2016
[20] HMRC: Tobacco Tax Gaps 2016
[21] ACS Submission: Sanctions to Tackle Tobacco Duty Evasion and Other Excise Duty Evasion

offences. Trading standards officers already have powers available to them to make provision for Restricted Premises Orders (RPO) where there has been a total of three underage sales offences at a premises in a two-year period. This prohibits a retail premises from selling tobacco products for a period of up to 12 months. However, trading standards officers do not have the power to use RPOs to sanction retailers involved in the sale of non-duty paid tobacco products. This would be a more effective way for dealing with low volume and low value illicit tobacco offences instead of fines or written or verbal warnings.

- Transfer more powers to Trading Standards officers to tackle the illicit trade and request that the Sentencing Council develops new sentencing guidelines for selling illicit or non-duty paid alcohol and tobacco products

While there are a robust set of sanctions available to HMRC to tackle the illicit market, trading standards teams, who are responsible for tackling inland illicit tobacco activity, have extremely limited powers and sanctions to deal with illicit tobacco and limited intelligence is shared with them by HMRC. Currently, trading standards officers only have the power to sanction retailers if they breach the Trade Marks Act 1994 (by selling counterfeit goods) or if they breach the Consumer Protection Act 1987 (by selling tobacco products which do not comply with UK labelling) to deal with illicit tobacco offences.

We welcome that 91% of all councils[22] are focusing enforcement activity in relation to illicit tobacco products. However, we are concerned that 56% of actions[23] taken by trading standards teams to sanction retailers selling illicit tobacco are verbal or written warnings. ACS does not believe that verbal or written warnings act as a significant deterrent to the sale of illicit tobacco. We believe that an extension of powers to Trading Standards officers would enable them to deal with offenders quickly and more effectively than at present.

ACS believes that there needs to be a significant up-lift in inland enforcement activity by HMRC to reduce the illicit trade and additional powers should be given to trading standards officers to enabled them to enforce more effectively. We recommend that trading standards be given the authority to sanction retailers participating in the sale of illicit tobacco using the Customs & Excise Management Act 1979. This Act specifically addresses the sale of non-duty paid tobacco as an offence.

Moreover, there are currently no sentencing guidelines for offences related to the sales of illicit and non-duty paid alcohol and tobacco. We recommend that the Sentencing Council develop new sentencing guidelines to aid Magistrates decision making.

- Stop the burdensome draft EU 'track and trace' system for cigarettes and roll-your-own tobacco regulations'

As part of the EU Revised Tobacco Products Directive, a 'track and trace' system and security features for cigarettes and roll-your-own tobacco will be implemented by 20th May 2019 in each member state. The EU Commission has published its draft implementing act under Article 15(11) of the Tobacco Products Directive 2014/40/EU for consultation[24].

ACS is concerned about the costs and administrative burdens that the EU Commission's implementing regulations for the track and trace of tobacco products will place on retailers. From the outset, the EU Revised Tobacco Products Directive has stated that the track and trace proposals would only effect "the last economic operator before the first retail outlet"[25].

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[22] CTSI: Tobacco Control Survey, England 2015/16
[23] CTSI: Tobacco Control Survey, England 2015/16
[24] EU Commission: Public feedback on the draft secondary legislation relating to systems of traceability and security features for tobacco products, as provided for under Articles 15 and 16 of Directive 2014/40/EU
[25] EU Revised Tobacco Products Direct (Article 15 – 5)

We understood this to mean that the track and trace regulations would have no impact on the retail sector but would require wholesalers and manufacturers to work closer together to track tobacco products through their supply chain.

Fuel Duty and Ultra Low Emission Vehicle Infrastructure

- Freeze Fuel Duty

We welcome action from the Chancellor in Spring Budget 2017 to maintain a freeze in the fuel duties. We urge the Government to continue to freeze fuel duties in 2018.

- Scrap plans to mandate the introduction of ULEV infrastructure at Motorway Service Areas and 'large' fuel retailers. Form a cross government working group looking at the costs, benefits and feasibility of a national network of suitable electric vehicle charging points.

The Vehicle, Technology and Aviation Bill, which was introduced in the last Parliament included measures that would require "large" fuel retailers and motorways service areas to include electric vehicle charging points and hydrogen refuelling stations on their sites[26]. We expect these measures to be included in the Automated and Electric Vehicle Bill when introduced to Parliament later in 2017. We support and understand the need for the expansion of the electric vehicle charging network but we do not believe a legislative approach focusing on large fuel retailers is the right approach.

There are a number of barriers to the inclusion of electric vehicle charging points on petrol forecourts; many fuel sites do not have a direct connection to the national grid to support electric vehicle charging, some fuel retailers may have a large throughput of fuel volumes which could perhaps designate them as a "large fuel site" but do not have space to facilitate electric vehicle charging. There is also a significant cost associated with installing electric vehicle charging points.

We urge the Government to consider broadening its view on where electric vehicle charging points should go in the future. We believe that electric vehicle charging infrastructure should be determined by consumer demand, through the identification of strategic locations on the road network and long-term incentives for all types of businesses to invest in electric vehicle charging. Mandating the provision of electric vehicle charging at only motorway service areas and large fuel retailer sites will not meet the vehicle charging infrastructure the UK requires in future.

A recent report by the National Grid[27] identified the limitations of home charging and the significant challenges of placing electric vehicle charging infrastructure on petrol forecourts. The report also highlights that the extension of vehicle charging times will mean electric vehicle owners will have to charge in locations where their vehicles have long dwell times at large retail, leisure facilities and work places. Rather than forcing petrol forecourts to host electric vehicle charging points, we recommend that the Automated and Electric Vehicle Bill include a provision that requires the Department for Transport to complete a study on the cost, benefits and feasibility of more suitable electric vehicle charge points.

- Use the Automated and Electric Vehicles Bill to introduce incentivise for businesses to host electric vehicle charging points, such as business rates exemptions

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[26] Vehicle Technology and Aviation Bill Clause 10
[27] National Grid

Instead of mandating the installation of the electric vehicle charging points at large fuel retailers and motorway service areas, the Government should try to incentivise relevant businesses to invest in new technology.

Currently there is no provision in the VOA rating manual for the assessment of electric vehicle charging for business rates or the parking spaces that the vehicle occupies to charge - this is likely to change at the next revaluation. The Government should pre-empt this and introduce an exemption for electric vehicle charging points and the associated car parking space from the rating list as a new provision in the Automated and Electric Vehicle Bill. This will provide businesses with the certainty to invest in the new technology without incurring additional tax liabilities.

We would also welcome greater clarity from government about the funding available for the delivery of new electric vehicle infrastructure by businesses such as petrol forecourts. For example, £80million was allocated in the 2016 Autumn Statement[28] for spending on electric vehicle infrastructure, a further £8million to support public charging infrastructure and £15million was made available to the Highways Agency for increasing access to electric vehicles across the road network[29]. The Government should consider how existing funding or a new programme of funding could be developed for supporting petrol forecourts in strategic locations across the road network to invest in electric vehicle charging points.

Annex A

[28] Autumn Statement 2016 pg 28. Point 3.18
[29] https://www.gov.uk/government/news/43-million-for-infrastructure-and-research-and-development-plug-in-vehicle-funding

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 50,000 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.

ACS | the voice of local shops

WHO WE REPRESENT

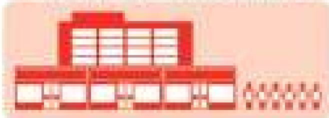
INDEPENDENT RETAILERS

ACS represents 22,878 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 15,080 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



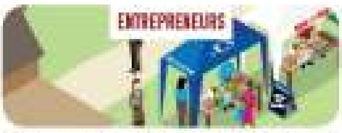
ACS represents 12,105 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls, Conviviality Retail and others. Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR

In 2016, the total value of sales in the convenience sector was £37.5bn. The average spend in a typical convenience store transaction is £6.13.

There are 50,095 convenience stores in mainland UK. 74% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.

The convenience sector provides flexible employment for around 390,000 people. 21% of independent/ symbol stores employ family members only.



24% of shop owners work more than 70 hours per week, while 22% take no holiday throughout the year. 74% 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. 84% of independent/symbol retailers have engaged in some form of community activity over the last year.

Between August 2015 and May 2016, the convenience sector invested over £800m 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 1200 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 1200 independent and symbol retailers which is combined with responses from multiple businesses representing 3,970 stores.

ACS LOCAL SHOP REPORT

Annual survey of over 2200 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 5,765 stores. The Local Shop Report also draws on data from him! research and consulting, IGD, Nielsen and William Reed Business Media.

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.

For more information and data sources, visit www.acs.org.uk