



ACS Submission: London Environment Strategy

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Mayor of London's call for views on the draft Transport Strategy for London. ACS represents 33,500 local shops across the UK including the Co-op, Nisa Retail, Costcutter, Spar UK and thousands of independent retailers. See Annex A for more details on ACS' membership. In London, there are an estimated 6,256 convenience stores¹. Our submission addresses three areas of the Mayor's draft Environment strategy including reducing air quality, encouraging businesses to reduce energy, and increasing recycling.

Please see ACS' response to the relevant questions below.

Air Quality

Do you agree that the policies and proposals outlined will meet the Mayor's ambitions for air quality in London and zero emission transport by 2050? Is the proposed approach and pace realistic and achievable, and what further powers might be required?

We are currently in discussions with Transport for London to explore how we can work in partnership to promote the use of electric vehicle charging points and reducing emissions of freight deliveries.

We would also welcome further engagement with Transport for London's work on red diesel. Earlier this year, ACS responded to HM Treasury's call for evidence on red diesel. Our submission can be found [here](#).

Climate Change Mitigation and Energy

Which policies or programmes would most motivate businesses to reduce energy use and carbon emissions?

The nature of convenience retail, with long operating hours, intrinsic use of refrigeration and other mandatory equipment, means that energy costs are a significant burden. The convenience sector is heavily reliant on refrigeration and other mandatory equipment, with 33% of investment in the sector on refrigeration and 28% on in-store lighting².

We welcome the Mayor's intention to provide technical support and guidance to businesses (in particular SMEs) on how to cut down the amount of energy to save money. We would welcome further engagement with the Mayor's office to look more into what guidance would be useful for convenience retailers and what incentives could be offered to transition to more energy efficient equipment.

¹ ACS Local Shop Report 2017

² ACS Local Shop Report 2017

Waste

Do you agree that the Mayor's policies and proposals will effectively help Londoners and businesses to recycle more?

We welcome the Mayor's focus on cutting waste and promoting consistency in recycling across the 33 waste authorities in London. We recently commissioned Populus polling of over 2,000 UK adults, which suggested that consumers would recycle more if:

- more packaging was recyclable (37%)
- packaging was more clearly labelled as recyclable (35%)
- collections from their home took a greater range of recycled goods (29%)
- all types of recyclable materials could be placed in one bin (28%).

What are the most effective measures to reduce single-use packaging in London such as water bottles and coffee cups?

We acknowledge that action needs to be taken to increase recycling rates and reduce litter, and have previously encouraged Defra to look at the problems regarding glass, plastic, and aluminium drinks container recycling and litter and whether more holistic interventions could be taken between industry and government, for example, increasing consumer awareness, investing more in improving kerbside collections or on-the-go recycling infrastructure. Therefore, we welcome the Mayor's partnership approach with business to cut waste and encourage recycling.

As part of this work, we would welcome further engagement with the Mayor's office in exploring what can be further delivered, following the government's litter strategy. We are keen to have discussions with the Mayor's office about what more can industry do to tackle on-the-go waste. For example:

- In-store promotion of recycling products – this could be standalone or part of a national campaign to increase on-the-go recycling. For example, it could include Point of Sale materials, or displays at drinks fridges stating: 'everything in this fridge is recyclable' and which bin it is recycled into.
- Develop guidance for retailers on preventing litter – guidance would be aimed at retailers on the law around littering and retailers' obligations to prevent littering outside their store. The guidance would aim to set standards, share best practice, develop partnership working and support retailers engaging and mobilising communities to tackle litter in their area. We would also produce materials for retailers to communicate litter issues to their customers.

Deposit Return Schemes

We have serious concerns about the impact that interventions such as deposit return schemes could have on retailers, especially related to containers being returned to a shop for recycling, either manually at the shop counter or through an automated Reverse Vending Machine in-store.

ACS commissioned research comprising of six focus groups across the UK to look at the views of both retailers and consumers on DRS to inform our understanding of the impact of DRS (a summary of the focus groups findings can be found in Annex B)³. There was a strong consensus from retailers that a DRS would place additional burdens and pressures on retailers. In particular, they raised concerns about the lack of space in-store to process returns, increases in staff costs, in-store delays, and staff handling dirty containers.

In addition to the retailer focus groups, we 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 scheme⁴.

ACS' research also looked at how consumer behaviour will change if a DRS is introduced. The focus groups suggested that while consumers were sympathetic to the principles of DRS, they believed there were other solutions that would be more effective to increase their level of recycling. In particular, consumers had concerns that a deposit return scheme would place additional costs on consumers, make recycling more complex, and may impact on individuals who cannot return their empty containers, for example, car-less households⁵.

To support the work of the consumer focus groups, we commissioned consumer polling of 2,000 UK adults to understand their current recycling habits and what interventions would encourage them to recycle more. The polling⁶ suggests that that 70% of consumers preferred to have kerbside household recycling collections rather than a DRS for bottles and cans. Consumers also responded that they were likely to recycle more if more packaging was recyclable (37%), packaging was more clearly labelled as recyclable (35%) and recycling household collections took a greater range of recycled goods (29%). A summary of the results from consumer polling can be found in Annex B.

For more information, please contact Julie Byers, ACS Public Affairs Manager by emailing Julie.Byers@acs.org.uk or calling 01252 515001.

³ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

⁴ ACS Voice of Local Shops survey May 2017

⁵ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

⁶ Populus DRS Consumer Polling 2017

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of around 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.



WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents 22,397 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 14,659 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 12,862 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColl's, 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 2017, the total value of sales in the convenience sector was £38bn.

The average spend in a typical convenience store transaction is £6.28.



There are 49,918 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 370,000 people.

24% of independent/symbol stores employ family members only.



20% of shop owners work more than 70 hours per week, while 19% 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.

79% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2016 and May 2017, the convenience sector invested over £858m 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 over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of over 2400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,291 stores. The Local Shop Report also draws on data from HIM, 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.

ANNEX B

Impact of Deposit Return Schemes on Retailers

Space is at a Premium

- Space is at a premium in convenience stores. Convenience stores are small format businesses, they are generally defined as being under 280 square metres.
- 71% of retailers either do not have space in their stores for a deposit return scheme or would have to make changes to their stores to make space
- There are 49,918 convenience stores across Great Britain, 85% are under 186 square metres, and 50% are under 93 square metres⁷.
- Independent convenience stores are even smaller; 94% are under 186 square metres¹ and 61% under 93 square metres⁸.
- Retailers have considerable concerns about where and how they would collect and store bottles and packaging: *“We are fighting for every space inch of space. If someone comes in with a black bag of plastic bottles, where are you going to keep this stuff?” Retailer, Scotland*
- Reverse Vending Solutions (RVS) are estimated to take up five metres² in store. Giving up this much space in-store will result in significant costs for retailers and loss of important sales space for other products and services.

Increasing pressure on staff and increasing queuing times in stores

- 35% of consumers said they would return their recycled packaging to stores resulting in a high volume of packaging to be processed at local shops⁹.
- Store staff processing container returns would double the length of queue in a convenience store. The time it would take for a cashier to manually process and accept an average of 15 containers and store them is an estimated 45 seconds¹⁰, while the average shopper queues for 43.8 seconds in a convenience store.
- Increasing service time in store would damage trade as one of the top drivers for customers to visit a convenience store is the speed of service/short queues¹¹.
- The average consumer spends 4.2 minutes in a convenience store. With the majority of consumers visiting for 1 – 3 minutes (42%)¹².

Cost to Retail Sector

- A deposit return scheme would place additional financial costs on retailers due to: lost trade from in-store delays; additional staff and staff hours to process returns; installation of RVS; lost retail floor space to accommodate Reverse Vending Solutions (RVS); and backhauling containers.
- It would cost retailers an estimated £30,000 to purchase a Reverse Vending Solution and an additional £2,000 for installation¹³.
- Studies suggest that 40% of convenience stores would require one reverse vending machine to process returns¹⁴. Based on these figures, a UK wide scheme could potentially cost the convenience sector over £638million just to install RVS in their stores¹⁵.

Hygiene and Health and Safety Issues

- Local shops are concerned about hygiene and health and safety issues associated with collecting used packaging in stores as it could damage food hygiene ratings.

⁷ ACS Local Shop Report 2017

⁸ ACS Local Shop Report 2017

⁹ Jericho Chambers 2017

¹⁰ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

¹¹ ACS Local Shop 2017

¹² Him! CTP Data 2017

¹³ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland) – TOMRA Communications

¹⁴ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

¹⁵ Cost of RVS x 40% number of convenience stores in the UK who would have RVS (19,967)

ACS Research Methodology

ACS commissioned three independently chaired focus groups with convenience retailers in England, Scotland and Wales between 20 and 22 March 2017.

Audience	Age	Gender	SEG	Location type	Location
Convenience store manager/ owners				Urban	Glasgow
Convenience store manager/ owners				Market town (Rural)	Diss
Convenience store manager/ owners/ workers				Deprived	Bridgend

Across the groups, the convenience sector was represented by individual store managers (and in some cases their staff) including those who operate single or small groups of stores and those who look after the interest of larger store groups. In the focus groups retailers were asked to discuss the impact that a deposit return scheme would have on their business and operational challenges they would have to contend with. Following the focus group ACS conducted polling of 1,210 retailers in its Voice of Local Shops survey about whether they had the capacity to process a deposit return scheme in their store.

Lack of Space

Of the 49,918 convenience stores across Great Britain, 85% are under 186 square metres, and 50% are under 93 square metres¹⁶. Independent convenience stores are even smaller; 94% are under 186 square metres¹ and 61% under 93 square metres¹⁷.

Convenience stores are small format businesses, they are generally defined as being under 280 square metres. Retailers have considerable concerns about where and how they would collect and store bottles and packaging:

"We are fighting for every space inch of space. If someone comes in with a black bag of plastic bottles, where are you going to keep this stuff?"

"I don't have room in any of my stores. It's filled with stock or cardboard to go back. There isn't the room."

Retailers are also concerned about the space that a RVS would take up, would not only take the place of profitable retail lines leading to reduction in business, but would also mean there would be fewer products available to those who rely on local shops. One retailer noted that:

"if they are the size of a regular vending machine, that's takes the place of quite a few shelves of product that I could sell, that I won't be able to sell that, and I won't be able to provide for my customers."

Impact on Customer Service

Retailers suggest that accepting and processing bottles at the till would increase service times, put more pressure on staff and require them to invest in more staff. Transaction time is considerably important to the convenience store business model. One of the top drivers for customers to visit a convenience store is the fast speed of service/short queues¹⁸.

¹⁶ ACS Local Shop Report 2017

¹⁷ ACS Local Shop Report 2017

¹⁸ ACS Local Shop 2017

The time it would take for a cashier to manually process and accept an average of 15 containers and store them is an estimated 45 seconds¹⁹, while the average shopper queues for 43.8 seconds in a convenience store. Store staff processing container returns would double the length of queue in a convenience store.

The average consumer spends 4.2 minutes in a convenience store. With the majority of consumers visiting for 1 – 3 minutes (42%), and 7% of consumers visit a convenience store for less than a minute²⁰. Any additional time at the till will have a considerable impact on retailers as well as customers' experience.

“You’ve got someone wanting £5 on a Paypoint, 20 king-size, a bottle of Buckfast, and, oh, ‘here’s a bag of empty milk bottles’. You have to sort them, scan them. You could not do it. It’s ludicrous. There’s three or four people standing in a queue, they’ll walk away. Speed of service is key thing and you would lose your customers.”

Financial Cost to Retailers

Retailers are very concerned about the amount they will have to invest in additional staff time and reverse vending machines if a deposit return scheme were to be introduced. DRS would also place other costs on retailers, including: lost trade from in-store delays, lost retail floor space and backhauling containers.

Reverse Vending Solutions also present significant financial cost to retailers. It would cost retailers an estimated £30,000 to purchase a Reverse Vending Solution and an additional £2,000 for installation²¹. This is a considerable investment for a small convenience retailer. Studies suggest that 40% of convenience stores would require one reverse vending machine to process returns²². This could potentially cost the convenience sector over £638million just to install RVS in their stores²³.

Retailers will also be financially burdened by having to employ more staff or increase staff hours to process returns manually. For beverage containers to be accepted manually, retail staff would need to be able to recognise deposit labels, inspect the packaging to ensure it is still intact, and refund the value of the deposit. This would require a great deal of time from staff in store. Once collected by staff, the containers would have to be sorted, bulked and sent for reprocessing – again this would place pressures on small stores' employees.

“If you come in the front door with a can, it’s got to go somewhere where its being recycled, so now a member of staff – at 12p a minute – as got to walk out the back and walk back again. That’s 5 minutes, or 60p we’re paying to get a 5, 10 or 20p refund on a can – it doesn’t make sense. And most of this stuff is already recycled in private anyway.”

Hygiene and Health & Safety Issues

Retailers in the focus groups also raised concerns that a DRS would not work alongside current health and safety regulations. The idea that the same physical space at point of sale would be used to serve food-to-go and accept soiled packaging was thought to be unpragmatic by retailers.

“There’s no way they’re coming in my store. ... I don’t need to be in the situation where I could be sued by a customer, I could have Health and Safety after me, I could have the EHO round after me, simply because I’m accepting a tin of beans that hasn’t been cleaned out properly.”

The Workplace (Health, Safety and Welfare) Regulations 1992, Regulation 9 Cleanliness and Waste Materials stipulates that “so far as is reasonably practicable, waste materials should not be allowed to accumulate in a workplace except in suitable receptacles”. Staff would need to be provided with protective clothing and gloves in order to process the packaging returned to stores.

¹⁹ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

²⁰ Him! CTP Data 2017

²¹ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland) - TOMRA Communications

²² Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

²³ Cost of RVS x 40% number of convenience stores in the UK who would have RVS (19,967)

Impact of Deposit Return Schemes on Consumers

To support policy makers' understanding of the impact of a deposit return scheme (DRS) on consumers ACS (the Association of Convenience Stores) commissioned Jericho Chambers²⁴ to run three focus groups of consumers across the UK to discuss their views on DRS:

Audience	Age	Gender	SEG	Location type	Location
Consumers	18-34	F	C1C2	Urban	Glasgow
Consumers	55+	M/ F	BC1	Market town (rural)	Diss
Consumers	34-54	M	C2DE	Deprived	Bridgend

Following the focus groups, ACS commissioned Populus to complete polling of 2,034 UK adults to find out their views on DRS and what policy interventions would encourage them to recycle more. The polling took place between 24 and 26 March 2017.

The key findings from the research were:

Consumers were sympathetic to the principles of DRS but ultimately favour household collections

- Given the choice between kerbside recycling collections and deposit return schemes - 70% of consumers favoured their existing household collection, compared to 21% that favoured a new deposit return scheme.

The difficulty of returning empties for those without cars, the housebound, or less mobile

- A higher proportion of those with long term disabilities (73%) or those aged over 65 years old (76%) supported household collections instead of a deposit return scheme.²⁵

There are alternative solutions to tackling recycling

- Consumers suggest they would recycle more if more packaging was recyclable (37%), packaging was more clearly labelled (35%) and their household recycling collection took a wider range of products (29%).
- Only 9% thought a deposit return scheme would make them recycle more.

The associated costs that would be borne by all, and would most effect those already struggling

- The complexity of any scheme and its impact on retailers and consumers
- The current effectiveness of at-home schemes

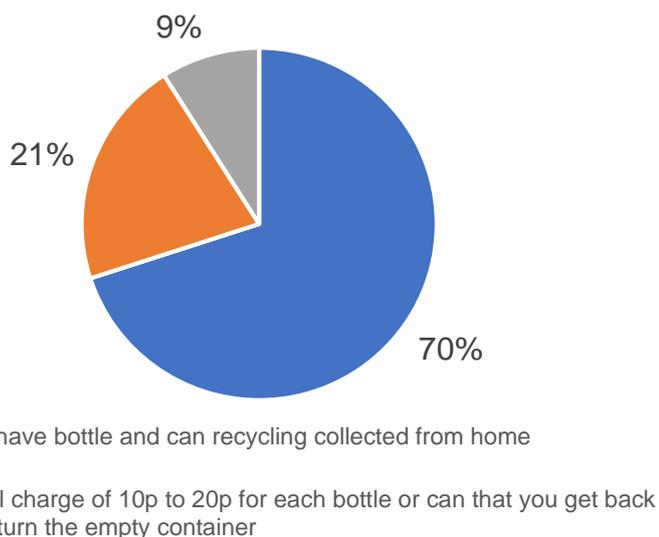
Household Recycling is Favoured Over DRS

Given the choice 70% of consumers favour their existing household collections, compared to 21% that favour a new Deposit Return Scheme.

²⁴ Jericho Chambers completed the focus group between 20 and 22 March 2017

²⁵ Populus Online Consumer polling March 2017

Which of the following would you prefer?



Alternative Solutions to Tackling Recycling

Consumers suggest they would recycle more if more packaging was recyclable (37%), packaging was more clearly labelled (35%) and their household recycling collection took a wider range of products (29%). Only 9% thought a Deposit Return Scheme would make them recycle more.

I would recycle more if...



Impact on Household Recycling Collections

While consumers were sympathetic to the principles of DRS, they believed that there were other solutions that would be more effective to increase the level of recycling, and had concerns that a deposit return scheme would place additional costs on consumers, and make recycling more complex²⁶.

"If you're sticking prices up on everything, it's like a tax, and not everyone can afford that tax." Dad, Wales

"It's an awful idea, it's going to put so much money on the cost of something, and that's money we are not going to get back as prices are going to have to go up by 5p or 10p for the retailer to handle it." Dad, Wales

Consumers in the focus groups noted that DRS may actually reduce the volume of recycled goods, if kerbside schemes were no longer in use or had reduced collections. Given the choice between the introduction of a deposit return scheme compared with their existing household recycling, 70% of consumers support their existing household recycling.

No Silver Bullet

Consumers indicated that they would recycle more if their household recycling services were extended and improved rather than the introduction of a deposit return scheme. Populus consumer polling found that consumers would recycle more if more packaging was recyclable (37%), packaging was more clearly labelled as recyclable (35%), and collections from their home took a greater range of recycled goods (29%)²⁷.

*“We have different colours [of recycling bins] but I don’t really know what they are for. I don’t have a clue; my rubbish just goes in the bin and that’s it.” **Younger Female, Scotland***²⁸

Impact on Carless and Vulnerable Households

The most vulnerable in society support household kerbside recycling; people with long term disability (73%), carless households (70%) and people aged 65 and over (76%)

A higher proportion of those with long term disabilities (73%) or those aged over 65 years old (76%) supported household collections instead of a deposit return scheme.²⁹

*“I don’t have a car, I’m not going to be taking glass bottles out with me out on to the bus. I don’t think I’d bother.” **Younger Female, Scotland***

*“If you’ve got a garage then you’re fine, but if you live in a flat then you’re knackered.” **Dad, Wales***

*“Where would you store this stuff? It’s tough enough as it is trying to keep your house tidy before you put it in the wheelie bin. Would I have to keep it in the car?” **Younger Female, Scotland***

Customer Confusion

Consumers in our focus groups identified the potential complexity of a deposit return system. They raised concerns about the ability to know what could or could not be recycled in the system. One consumer in England said:

*“How many product lines are there out there that have to be washed, cleaned and returned? 500? 400? 300? It might be that we can just deal with a few of them, and that makes it doable, ok, but once we get into the enormity of the different types of materials, you starting to get a bottleneck problems, and how could anywhere – like the village shop – cope with 25, 100, 500 different types of products” **Older Male, England***³⁰.

There is customer confusion about what can and cannot be recyclable through kerbside collections³¹. A BBC Freedom of Information request found that 3% of recyclable waste was rejected by local authorities, with some local authorities experiencing a rate of 14.99%³². As such, we have concerns that customer confusion would only be exacerbated if a DRS were to be introduced.

²⁷ Populus DRS Consumer Polling

²⁸ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

²⁹ Populus Online Consumer polling March 2017

³⁰ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

³¹ [BBC News: Rejected recyclable waste up 84% in England since 2011, data shows](#)

³² [BBC News: Rejected recyclable waste up 84% in England since 2011, data shows](#)