ACS Submission – National Food Strategy - Call for Evidence

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Department for Environment, Food and Rural Affairs' call for evidence to inform a National Food Strategy for England. ACS represents over 33,500 convenience retailers across the UK. Members include the Co-Op, One Stop, Costcutter, Spar UK and thousands of independent retailers. For more information about ACS and the convenience sector, please see Annex A and ACS' Local Shop Report 2019 here.

Convenience stores are represented in every village, neighbourhood parade and high street across the country. 38% of convenience stores trade in isolated locations with no other retail/service businesses close by, 42% are located on small parade with up to five other businesses close by and 10% are on a main high street or in the city centre. 80% of customers travel less than a mile to visit their local shop and 57% access their local shop on foot. Consumer polling suggests that Post Offices and convenience stores are deemed to have the most positive impact on their local community compared with other businesses[1].

Planned weekly shops at supermarkets remain the dominate means of grocery shopping in the UK but convenience retailers are fundamental to people's lives, shopping habits and fabric of their communities. The typical consumers visit their convenience store every other day to top up their weekly shop or for distress purchases when they have run out of something. Traditional categories like tobacco and alcohol continue to be important for convenience retailers, but this is changing quickly as consumers seek to reduce or quit smoking and drink less alcohol. There is a growing trend in fresh and ambient produce and food on the go offered in stores such as chilled foods (12.8%), canned and packaged grocery (7.2%) and fresh fruit and vegetables (4.2%)[2].

The retail format and supply chains in the convenience sector are complex. Annex B details the different types of store formats that operate in the sector and the wholesalers that own the buying platforms that supply the stores. The convenience sector is predominately made up of independent retailers (71%).

ACS would like to support the National Food Strategy team with the development of the new strategy and would be happy to facilitate further conversations with convenience retailers from across the UK. For more information on this submission please contact Eleanor.O'Connell@acs.org.uk or call the ACS public affairs team on 01252 515001.

Convenience Sector Challenges

All parts of the retail sector, including convenience stores, are dealing with disruptive changes to consumer shopping habits and business model innovation. These changes come alongside fierce competition from supermarkets, the rise of discounters and online grocery retailing models, like Just Eat and Deliveroo, that are redefining what 'convenience' means for consumers.

[1] ACS Local Shop Report 2019 p20

[2] ACS Local Shop Report 2019 p9

Convenience retailers are also contending with a challenging regulatory environment that is delivering higher operating costs and administrative challenges. Increases in the National Living Wage, both in the short and medium term, have changed the nature of employment in the convenience sector with more people working shorter hours[3]. Despite government action to reduce the burden of business rates on small shops, the rates system continues to deter investment and not provide equality between online and bricks and mortar retailers[4].

New environmental regulations are also being considered which will load further costs on retailers. The introduction of a Deposit Return Scheme will result in huge operational challenges to convenience retailers. We are not seeking to stop these important environment interventions but to encourage the Government to design systems that work for local shops[5].

Workforce

The convenience sector provides flexible, local and secure employment to 405,000 people in mainland UK[6]. The majority (72%) of people working in the sector are female, with most (43%) store colleagues working under 16 hours per week and are paid at or slightly above the National Living Wage rate. More than two-thirds (69%) of colleagues are given at least two weeks' notice of their work schedules and 70% feel valued by their employer[7]. Colleagues are often attracted to working in the sector because of the flexible and local nature of the work.

Many people working in the convenience sector are balancing other commitments around their work; 30% have childcare commitments and 23% care for older family members[8]. Most colleagues working in the sector (69%) are satisfied with their job and 72% state they are valued by their employer[9]. Therefore, staff retention levels are high with 55% of employees planning to continue working in the sector[10].

Healthy Eating

We recognise the challenges associated with obesity outlined in the National Food Strategy and acknowledge the government's ambition to halve childhood obesity by 2030. Convenience retailers 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, with one in four increasing their sales, range and promotions in the last year[11].

We believe that the government should pursue policies that support and incentivise retailers to engage in healthier food provision, for example additional business rate relief for stores offering fresh produce. Convenience retailers are reactive to consumer demand and what products they choose to stock will vary depending on their location and the needs of their community, 80% of convenience store customers from within less than a mile of the store.

Childhood Obesity

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[3] ACS Low Pay Commission Submission 2019 outlines the convenience response to increases in the NLW
[4] ACS Business Rates Briefing outlines recommendations for the Treasury to reform the business rates system
[5] ACS Submission – Introducing a Deposit Return Scheme
[6] ACS Local Shop Report 2019
[7] ACS Colleague Survey 2019
[8] ACS Colleague Survey 2019
[9] ACS Colleague Survey 2019
[10] ACS Colleague Survey 2019
[11] ACS Voice of Local Shops Survey 2018, sample 1,210 independent retailers

The proposals in the Childhood Obesity Strategy Chapter 2 to restrict the location of high fat, salt, sugar (HFSS) products in stores and banning multi-buy promotions would be extremely difficult for convenience retailers to deliver based on the physical space available to small shops. We have submitted extensive evidence to DHSC detailing our concerns[12] about the wide-ranging definition of HFSS products and the need to include exemptions for small stores if restrictions on the location of products are introduced. We believe that state regulation of shop layouts is a step too far and will have little impact on childhood obesity.

Healthy Start

ACS is working closely with officials at DHSC to promote the Healthy Start scheme to more convenience retailers so that more low-income families can gain access to fruit, vegetables and milk at convenience stores. Our research suggests that one third of independent convenience retailers accept Healthy Start vouchers but awareness across the rest of the sector is low[13]. ACS developed an animation to explain what Healthy Start is and how retailers can use it in their store. The animation is available here.

Peas Please

ACS has been working with the Food Foundation to support the delivery of the Peas Please campaign to increase the amount of vegetables in people's diets. ACS has made numerous pledges[14] to support the campaign include sponsoring three industry awards to showcase retailer best practice, developing the business case for selling fresh produce and encouraging our members to make their own pledges.

Brexit and Food Security

Brexit has highlighted the long and complex nature of the UK's food supply chains. We have worked hard to help our members prepare for no deal, but no amount of preparations will fully mitigate the impact of no deal. Stores typically receive deliveries every other day, meaning that any delays at borders or product shortages as a result of a no deal Brexit would quickly be visible in local shops. We have produced a Brexit Readiness Briefing for our members that focuses on encouraging retailers to speak to supply chain providers, prepare their workforce and think about regulatory changes[15].

The location of convenience stores in villages and local neighbourhood parades close to where people live and work means that they are an important stakeholder in the food supply chain. Convenience retailers often play an essential role during extreme weather conditions to ensure that the local communities have access to essential supplies. Any disruption to food supplies in local convenience stores can often mean that more vulnerable or less mobile customers reliant on their local shop have reduced access to food.

Food Regulation

ACS recognises the importance of food hygiene regulations which prevent the contamination of food and the spread of disease and continues to provide information and advice to members in this important area of the law. As part of our Primary Authority partnership with

[12] ACS Submission - Restricting Promotions HFSS by Location and by Price
[13] ACS Voice of Local Shops Polling 2018
[14] ACS Peas Please Pledges
[15] ACS Brexit Readiness Briefing

Buckingham and Surrey Trading Standards we have developed Assured Advice for convenience retailers, including advice on food safety and hygiene[16].

We recognise that the introduction of an enhanced registration system, as currently proposed by the Foods Standards Agency, would lead to benefits including a single system for registration, providing consistency and better data collection from businesses, which would lead to more targeted enforcement to tackle non-compliant businesses. However, these benefits from the operation of an enhanced registration system are separate to the operation of a Permit to Trade or licensing system, which would instead place significant operational and financial burdens on convenience retailers. We are opposed to the enhanced registration system evolving into a Permit to Trade or a licensing system for all food businesses and have expressed these concerns directly to the Food Standards Agency.

For more information on this submission please contact Eleanor.O'Connell@acs.org.uk or call the ACS public affairs team on 01252 515001

[16] ACS Assured Advice Scheme

Annex A

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.

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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

SALES

In 2019, the total value of sales in the convenience sector was £40.3bn.

The average spend in a typical convenience store transaction is £6.38.

SHOPS

There are 46,388 convenience stores in mainland UK. 71% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.

JOBS

The convenience sector provides flexible employment for around 405,000 people.

18% of independent/symbol stores employ family members only.

ENTREPRENEURS

19% of shop owners work more than 70 hours per week, while 17% take no holiday throughout the year.

70% of business owners are first time investors in the sector.

COMMUNITIES

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.

78% of independent/symbol retailers have engaged in some form of community activity over the last year.

INVESTMENT

Between August 2018 and May 2019, the convenience sector invested over £633m 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 7,556 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.

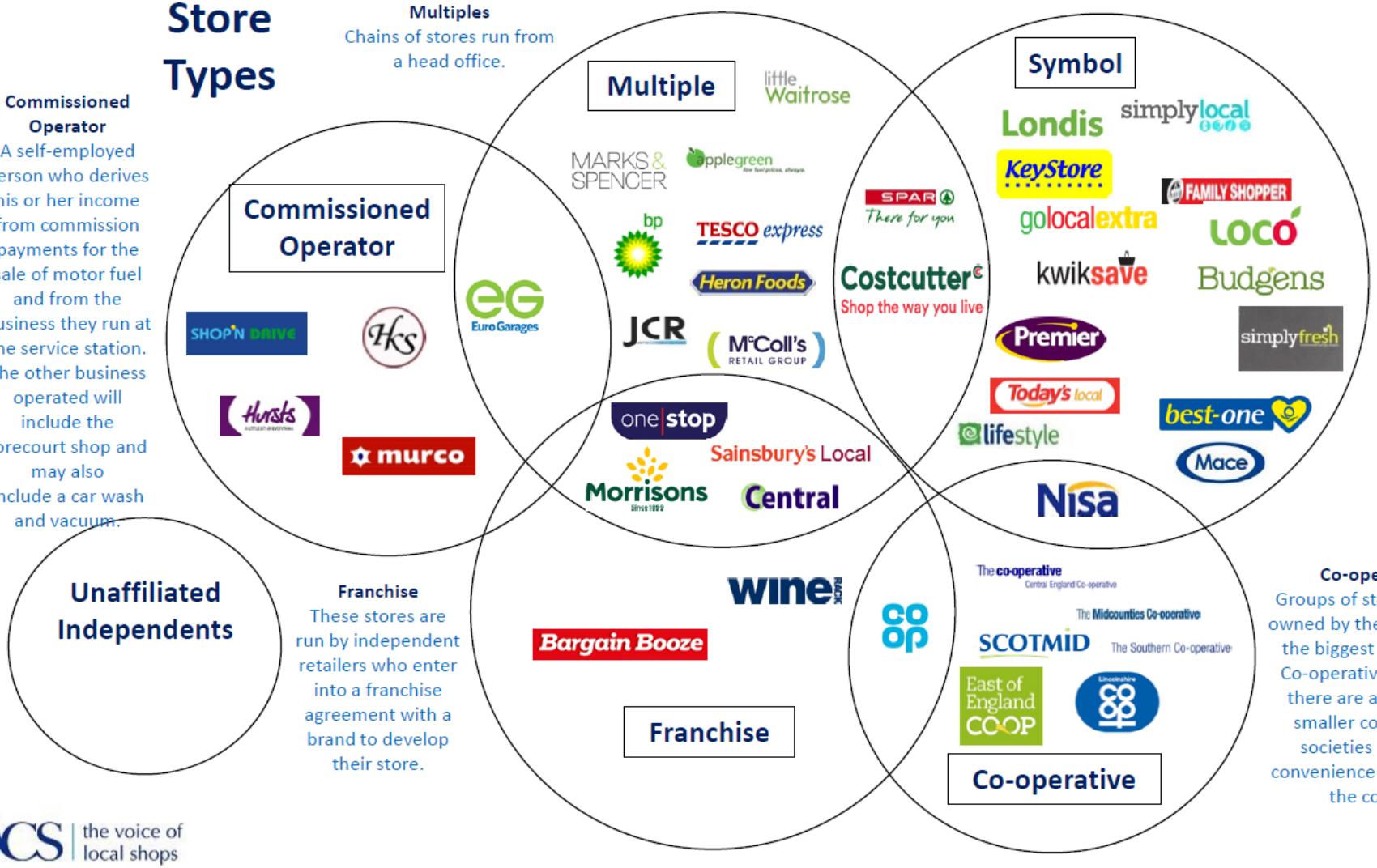
For more information and data sources, visit www.acs.org.uk

Annex B

Store Types

Multiples
Chains of stores run from a head office.

Commissioned Operator
A self-employed person who derives his or her income from commission payments for the sale of motor fuel and from the business they run at the service station. The other business operated will include the forecourt shop and may also include a car wash and vacuum.



Symbol Groups
These are groups usually organised by a wholesaler that are made up of independent businesses but collaborate in joint buying and marketing initiatives.

Unaffiliated Independents

Franchise
These stores are run by independent retailers who enter into a franchise agreement with a brand to develop their store.

Co-operatives
Groups of stores that are owned by their customers, the biggest by far is the Co-operative Group, but there are a number of smaller co-operative societies operating convenience store around the country.

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Buying Platforms