



Small Business, Enterprise and Employment Bill 2014-15

Submission to the Public Bill Committee by the Association of Convenience Stores

1. ACS (the Association of Convenience Stores) represents 33,500 local shops across the UK who employ 386,000 people. We welcome the opportunity to submit evidence to the Public Bill Committee.
2. The vast majority of shops in the convenience sector are owned by small business owners, with independents making up 77% of the sector, either as non-affiliated independents or as part of a symbol group trading under a common brand. ACS welcomes the Government's commitment to introducing mechanisms such as One in Two Out to reduce the regulatory burdens on small business.
3. In this submission we will highlight the successes of the Bill in reducing regulatory burdens on small business, but also the areas where further improvements could be made.

Regulatory Reform

4. Regulation provides clear protections and boundaries for both consumers and businesses, however it also places costs and burdens on affected premises, with small business often being disproportionately affected. It is essential that the Government balances these two issues in policy making.
5. As outlined in ACS' submission to the Regulatory Reform Inquiry, ACS welcomes the Government's commitment to removing two pieces of regulation for each new regulation introduced. Setting a business impact target would therefore ensure these are maintained on a statutory footing.
6. Policy on deregulation targets must be sector specific and are often focused on sectors which are not directly affected by the new regulations. If 'One-in, Two-out' is to deliver the desired outcomes at the lowest possible cost, further regulation in the retail sector must be balanced by deregulation within the same sector and not elsewhere to reduce burdens on business.
7. If a business impact target is to minimise any disproportionate impact of regulation on small business, it is important that the Secretary of State's report on the economic impact of regulation must define regulation not solely by cost. Operational and administrative costs also place a huge burden on small business, which can consequently damage their economic viability. It is important these costs are also considered, as without a correct analysis of what costs affect business, there is no certainty that the policy can or will deliver a reduction in regulatory burdens for small business.

8. We welcome the provision to ensure that all new regulations affecting business are reviewed regularly, including the provision for a specific duty to review regulatory provisions in secondary legislation.

Definition of small and micro business

9. ACS supports the creation of statutory definitions for the terms 'small business' and 'micro business'. Convenience stores employ on average 7.6 employees per store and 91% of independent are less than 2,000 sq. ft. in size¹. These definitions can be relied on when establishing whether small and micro businesses are exempted from new regulations.
10. However, these definitions must not become the only definitions of small business for regulatory purpose. Within the retail sector the definition of a small shop can often most appropriately by the size of the premises that the business occupies. For example:
 - a. premises that are smaller than 280square metres of retail floor space are exempt from opening hours restrictions under the Sunday Trading Act 1994. This floor space threshold has been used in other areas like in the implementation of the new law restricting tobacco display.
 - b. The rateable value of the premise is used for the purposes of assessing a business rates tax liability (i.e qualification for the small business rates multiplier) and entitlement to reliefs.
 - c. Energy consumption – this is an important way of defining whether a small business is afforded protections in the energy market.
11. ACS support for the definitions proposed to be enshrined in this Act does not extend to these definitions being used to the exclusion of all others. It is clear for the examples set out that there are contexts where other definitions are far more appropriate.

Financial penalty for underemployment of national minimum wage

12. Enforcement of the minimum wage is essential to ensure that legitimate employers are not undercut by those who do not deliberately pay the correct NMW rate. Penalties against underpayment must be sufficiently high so as to deter employers from underpaying workers; however these have diminishing returns of value. We believe that local authorities should have the power to prosecute employers who deliberately break the law.

Exclusivity in zero hours contracts

13. Many people enter into convenience sector employment because of its flexible nature that allows them to balance other commitments; 67% of employees in the sector work less than 30 hours a week². It would therefore not be beneficial for retailers to prevent their staff from working elsewhere.

¹ ACS Local Shop Report 2014

² ACS Local Shop Report 2014

14. It is also unlikely that convenience store employees would be entrusted with sensitive data that would justify the use of an exclusivity clause in their contracts. Making exclusivity clauses invalid and unenforceable would therefore allow employers and employees to benefit from the flexibility of zero hours contracts whilst addressing their abuse by some employers.

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