



ACS Written Evidence – Environment Bill

1. ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the House of Commons Environment, Food and Rural Affairs Committee's call for evidence to inform their scrutiny of the Environment Bill. ACS is a trade association, representing 33,500 local shops trading across the UK. Our members include the Co-op, One Stop, McColl's and thousands of independent retailers who trade under brands including SPAR, Nisa and Londis. For more information about ACS, please see Annex A.
2. We welcome the aims of the Environment Bill to tackle plastic waste and increase resource efficiency as set out in Part 3 in the Bill. We acknowledge that all businesses, including convenience retailers, have a role to play to reduce the impact of single-use plastics. ACS continues to encourage retailers to promote sustainability in their businesses through initiatives like voluntary plastic bag charging and reducing product packaging.
3. Part 3 of the Environment Bill introduces a range of measures featured in the Resources and Waste Strategy which will impact small shops. We would welcome further clarification on how the following measures will work for convenience retailers and their staff:
 - **Deposit schemes** - Clause 49 and Schedule 9 provide enabling powers to introduce a deposit return scheme (DRS). We believe a 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, pressures on staff and in-store delays, and hygiene issues.
 - **Producer responsibility for disposal costs** - Clause 46 and Schedule 6 give the power for the government to reform the extended producer responsibility system. Smaller businesses could be required to comply with extended producer responsibility if the government decide to maintain the shared responsibility system.
 - **Charges for single use plastic items** - Clause 50 and Schedule 10 allow the government to introduce charges on items which are wholly or partially made out of single use plastic. If charges to be imposed, similar to the carrier bag charge, there should be consistency regarding products in scope and the amount charged across the UK.
 - **Charges for carrier bags** - Clause 51 requires large retailers to pay a charge to fulfil their legal obligations to record information about the sales of single-use carrier bags and the net proceeds of the charge. We do not agree that a charge should be introduced.
 - **Separation of waste: England** - Clause 52 will require businesses to separate 'relevant waste'. We welcomed reassurances in the government's response to

the consultation that they will further consider how to manage the impact of any new costs of waste management on small businesses.

4. Part 4 of the Bill will also introduce requirements for retailers of solid fuels to notify potential buyers that it is an offence to acquire a controlled solid fuel for certain purposes (Clause 68 and Schedule 13). We would welcome clarification as to the reasonable steps that retailers can take to fulfil their obligations and whether the government had considered requiring manufacturers of controlled solid fuel to include this information on their labelling.
5. Please see below for our response to the relevant questions.

Are there concerns about the powers and provisions (including on setting targets) relating to air quality, biodiversity, water resource management and waste management and whether they will be effective? Has the Government provided enough detail on the secondary legislation, or other non-legislative policy measures, that would be required?

Extended Producer Responsibility (Clause 46 and Schedule 6)

6. Clauses 46 and Schedule 6 will allow the government to reform existing extended producer responsibility - the packaging recovery note (PRN) system. The government consulted on two proposed reforms to the extended producer responsibility system to make it more effective to reduce the amount of unnecessary and difficult to recycle packaging from the market and place the full net costs of managing packaging waste on businesses. These included:

Current EPR System	Proposed Reform to EPR System
<p>Currently packaging producer responsibility only applies to all businesses which have a turnover of more than £2 million and handle more than 50 tonnes of packaging. These businesses are required to pay for the cost of recovering the packaging they place on the market as well as record the amount of packaging that goes through their business.</p>	<p>Maintain the current shared responsibility system and lower the de minimis threshold to require smaller business to comply</p> <p style="text-align: center;">or</p> <p>Move to a single point of compliance model which is placed at one part of the supply chain, for example, at brand owner.</p>

Obligated Producers

7. While the Bill does not define which businesses or which part of the supply chain will be obligated, Schedule 4 states that “burdens imposed by the regulations are imposed on persons most able to make a contribution to securing those benefits.” Convenience retailers have very limited influence on producers to reformulate their packaging, especially as 71% of the convenience sector are independent retailers. To achieve the outcomes of extended producer responsibility and for the persons most able to make a contribution to securing those benefits, including for more packaging is designed to be recyclable and for unnecessary packaging to be removed altogether, the obligation must be placed at the highest point of the supply

chain where business have the most influence in changing packaging decisions. This means that the packaging producer responsibility system should move from a shared responsibility system (where businesses throughout the whole supply chain are obligated) to a single point of compliance at brand owner.

8. Convenience retailers do not need to be obligated producers in order to be accountable under the extended producer responsibility system. Under a single point of compliance at brand-owner, we anticipate that the whole supply chain, including retailers, will be accountable under the packaging responsibility system through increased prices of products coming through the supply chain after the full net recovery costs have been applied at the brand owner. Since the Bill does not provide detail about which businesses will be obligated, we welcome an amendment to the Bill to require the government to consult before introducing secondary legislation which will define obligated businesses.

Requirements to Record Packaging Data

9. If the government were to maintain the shared responsibility model, and require more small businesses to comply, this would place significant administrative burdens on small shops to understand how much packaging is being placed on the market by their business. One of the reasons this would be difficult for independent convenience retailers is that they do not have systems already in place to track packaging through their business - 25% of the sector do not even have EPoS system to track their stock take¹.

Full net cost recovery

10. The Bill includes the definition of what costs must be covered under extended producer responsibility, including: costs in relation to products or materials that have been disposed e.g. litter or fly-tipped items and the costs of providing the public with information about the disposal of products.
11. We would welcome more information in the Bill about how these costs will be calculated and requested, particularly regarding the cost of providing communication materials regarding the disposal of products. We would have concerns if local authorities were able to request an infinite amount of funds. There should be a definition regarding how much communication campaigns would cost and what this process to request funds should look like.

Deposit Schemes

12. Clauses 49 and Schedule 9 provides the power for government to establish a deposit return scheme. The Bill sets out the requirements that will be placed on a scheme administrator that will oversee the operation of the scheme, scheme suppliers which will place drinks containers within scope of the scheme on the market, and scheme collectors which will be required to take back drinks containers.

Requirements to take back packaging

¹ ACS Local Shop Report 2019

13. The terminology used in the Bill is confusing and the requirements on scheme suppliers, scheme collectors and scheme administrators is difficult to understand, partly due to crossover of obligations. For example, a scheme collector of drinks packaging would be required to “pay such amounts received to scheme suppliers, other scheme collectors, or a scheme administrator”, what does this refer to? Under deposit return schemes, including the scheme being developed in Scotland, scheme collectors are compensated rather than charged for their participating in a DRS. Schedule 9 also states that scheme collectors may also be scheme administrators, but typically deposit return schemes only one have one scheme administrator. The government must provide further explanation in accompanying notes or guidance to the Bill on how the deposit return scheme will operate under the proposed framework in the Bill.
14. Moreover, the explanatory memorandum states that scheme supplier and scheme collector are to be defined in secondary regulations, however the Bill infers that the scheme supplier and a scheme collector are businesses who supply or produce a deposit item² - limiting the businesses required to comply to manufacturers or retailers of drinks. If the definitions are to be defined in secondary regulations, there should be no reference as to which businesses may be required to comply in primary legislation.
15. We believe that during the consultation process to develop secondary regulations that the government has the opportunity to carefully consider which locations which would be most appropriate to be scheme collectors and take into account the practical implications that it will have on different businesses. 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.
16. To understand the most appropriate locations to be scheme collectors, the government should carry out a strategic mapping exercise to determine which locations should be required to take back containers. This process would be similar to existing mapping criteria used for Post Offices, ATMs and National Lottery terminals. For example, the Post Office have a statutory duty to comply with the government’s access criteria for post office branches, which focuses on the distance to a Post Office and how much of the population is ‘x’ distance from a Post Office. LINK has a Financial Inclusion Programme to ensure that consumers have free access to cash through ATMs which is based on distance, while Camelot, the National Lottery operator, determine locations based on criteria including current and projected sales, footfall, store size, access and potential demand.
17. The size of a store must be taken into consideration when determining which locations are required to be scheme collectors as small shops will find it extremely challenging if they are mandated to be a scheme collector as they have limited sales and storage space to facilitate DRS. Polling of 1,210 independent convenience retailers found that 71% either do not have the space in their store to take back containers or would need to make significant changes to their store to do so.

² Schedule 9 Subsection 1(5)(a)(b)

Regardless of the method of take back (automated or manual), a retailer would be required to sacrifice space either by storing drinks containers nearby the till and at back of house for collection, or with a reverse vending machine taking up significant space in store. Where a deposit return scheme exists in other countries, they have introduced automatic exemptions for small shops.

Financial Costs

18. Scheme collectors, the majority of which will be small businesses, will be responsible for the take back of containers and will incur operational costs for doing so. The Environment Bill must be explicit that scheme collectors will be paid a handling fee for drinks containers that they collect. The Bill only appears to allow for scheme administrators to compensate scheme collectors for deposits they have paid out to consumers.
19. Any deposit return scheme that requires small shops to take back drink containers must be cost neutral and therefore ensure that scheme collectors receive a handling fee. Handling fees must adequately compensate scheme collectors to account for the increase in costs over time, for example wage or property costs increasing. We do not agree that the Environment Bill require scheme collectors, such as small shops and cafes, to pay a fee to participate in the deposit return scheme.

Single Use Plastic Charges

20. Clause 50 and Schedule 10 allow regulations to be made for charging for single use plastic items but does not state which items it will apply to. The Bill also allows for 'relevant national authorities' to impose charges on single-use plastic items which means there could be a charge on certain products in one country, but in another there are not, or the amount charged may differ. If charges are imposed, we believe that as much as possible, they should be consistent across the UK to ensure there is no consumer confusion but to minimise burdens on multiple retailers which trade across the UK.
21. We do not agree that sellers of these products should be required to pay a fee to register. More information is set out in the section regarding charges for carrier bags.

Charges for Carrier Bags (Clause 51)

22. Clause 51 requires sellers of single use carrier bags to register with an administrator. The Bill also states that regulations may make provision regarding the application for registration as well as introducing a payment of registration fees, including the amount.
23. We do not agree that businesses complying with legislation to report information should face fees for doing so. We would also welcome clarification as to who the duty to register (and pay a registration fee) applies to. Currently only large retailers (defined as 250+ FTE employees) are required to charge a minimum of 5p for single-use plastic bags. However, the government are currently considering extending the requirement to all sellers. As such, would the duty apply to all sellers of single-use carrier bags or only large retailers?

24. We would also welcome more information about how the amount of the registration fee will be calculated. Currently the government anticipate that “the registration fee may be set at an amount sufficient to cover the costs of the administrator in performing its functions under the regulations, which accords with the polluter pays principle”. Given that the intention of the regulations is to pass the cost of hosting the database from government to retailers, it is important that the amount corresponds to the costs of administering the database to ensure that retailers are not facing additional financial burdens.

Separation of Waste (Clause 52)

25. Clause 52 will allow the government to introduce regulations to require businesses to separate “recyclable relevant waste” for collection from other relevant waste. The Bill does not stipulate what waste businesses will be required to separate and this is likely to be defined in secondary regulations.
26. We believe it is important that there is consistency in business waste collections by local authorities given that nearly half of businesses have their mixed recycling collected through this system and we welcome that the requirements will be consistent across England to ensure clarity for retailers which operate in more than one local authority. For convenience retailers who contract waste collections through private businesses, we believe the Bill should ensure that requirements to separate waste do not place additional costs on businesses where the waste contractor may charge more money for the separation of recycling in different waste streams.
27. In response to their consultation on the separation of waste, the government confirmed that they “will give further consideration to measures to reduce the costs of collection for small and micro firms, taking into account comments and evidence provided from the consultation, as well as discussions with stakeholders and business on implementation”. We believe that the Environment Bill should reflect this and take into account measures that could reduce costs of collection for small shops including exemptions for businesses that produce only a very small quantity of food waste from being obligated to have a separate food waste collection, and to consider implications for businesses which use contract waste collections as set out above.

Smoke Control in England and Wales (Clause 68 and Schedule 13)

1. Schedule 13 creates a new offence for retailers selling a controlled solid fuel without taking reasonable steps to notify potential customers that it is an offence to purchase the fuel for use in circumstances where a smoke control order applies. We believe the requirement to provide information on the use of solid fuels should be placed on the manufacturer to include on the labelling or within the packaging of the product itself to ensure that the information is communicated to customers.
2. We would welcome further clarification as to the reasonable steps that a retailer can take to ensure that they meet their requirements under the regulations. The explanatory notes of the Bill state that “reasonable steps to notify potential purchasers could include, for example, putting an informative sign next to the fuels and at the cash register”. We believe more information on reasonable steps and what is expected by enforcement officers to ensure that retailers are compliant and do not solely rely on one example of how they can be compliant.

3. The intention of the measure is to “help raise consumer awareness and raise compliance”. We believe that communicating at point of sale will have limited value and may not be effective in raising awareness with consumers about the impact of domestic burning or about their legal obligations. It is often difficult to communicate advice to consumers at point of sale as these areas are often cluttered with existing compliance and marketing materials. This particularly applies to convenience stores where solid fuels are one of many products sold in-store.

For more information on ACS' submission, please contact Julie Byers, ACS Public Affairs Manager by emailing Julie.Byers@acs.org.uk or calling 01252 533008.

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.



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



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.



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.



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

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



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.



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.



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.