



## **ACS Submission: Transitional relief for small businesses affected by the 2017 non-domestic rates revaluation**

ACS (the Association of Convenience Stores) represents 33,500 local shops across the UK including Co-op, Spar UK, Costcutter Supermarkets, One Stop and thousands of independent retailers. There are 3,096 convenience stores in Wales, equating to over one shop for every thousand people, employing almost 25,000 people<sup>[1]</sup>. 60% of employees in the convenience sector are women, 19% are aged 16 to 24 years old and 30% of employees work 31 hours per week or more. Further information about ACS is available in Annex A.

Business rates represent the second-largest fixed rate cost for the convenience store sector, meaning the 2017 revaluation and associated transitional relief scheme is important for our members. 60% of retailers in Wales were liable for reduced business rates or did not pay business rates under the 2010 rating list<sup>[2]</sup>.

Analysis from the Valuation Office Agency (VOA) shows that the draft rating list is set to result in an average reduced rateable value for non-domestic retail properties in Wales of 8.5 per cent<sup>[3]</sup>. Nonetheless, changes in rateable values are set to vary widely dependent on individual store circumstances and we support the Welsh Government's approach to fund Transitional Relief for properties whose eligibility for Small Business Rate Relief will be adversely affected due to revaluation.

### **Transitional Relief Consultation**

Convenience retailers that are no longer eligible for Small Business Rate Relief will experience a noticeable increase in their trading costs. The proposed scheme will provide targeted relief to some of those likely to be most impacted by the revaluation. It will better enable convenience retailers to manage their business rates bills over the lifetime of the 2017 rating list by phasing in changes and allowing retailers three years to prepare ahead of their full business rates bill. We support the central application of this Transitional Relief, which will ensure all that are eligible benefit. Central administration should provide cost savings and prevent an uneven application of Transitional Relief from local authorities.

We welcome Welsh Government funding for this Transitional Relief, as well as its move to not set caps for ratepayers with reductions in bill liabilities in acknowledgement of the extended timescale of the 2010 rating list. This will ensure those ratepayers with reduced liabilities benefit wholly and immediately from their reduced valuation. However, Transitional Relief in Wales should also help retailers set to experience increases in bill liabilities, many of which are currently rated using the 'Receipts and Expenditure' model (see overleaf).

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<sup>[1]</sup> ACS Local Shop Report 2016

<sup>[2]</sup> ACS Voice of Local Shops Survey

<sup>[3]</sup> Non-domestic Rating: Change in Rateable Value of Rating Lists, England and Wales, 2017 Revaluation. Valuation Office Agency. 6 October 2016.

## **Transitional Relief for the Receipts and Expenditure Model**

The Welsh Government should expand Transitional Relief to cover businesses whose rateable value is calculated via the 'receipts and expenditure model'. This is especially important for convenience stores that operate on petrol forecourts.

The rating methodology for these premises means some will be subject to more burdensome increases in trading costs than those businesses targeted by this consultation set to benefit less from Small Business Rate Relief when the 2017 revaluation takes effect. Initial feedback from forecourt retailers on the draft rating list suggests they have seen another significant increase in rateable values. We have seen examples where individual forecourt sites have seen their rateable value increase by up to 152 per cent and large forecourt operators that have seen an increase in rates bills across their entire portfolio.

To support forecourt retailers to manage significant increases in their non-domestic property bills, we urge the Welsh Government to consider offering an extended Transitional Relief scheme which provides further support to these businesses until the 'Receipts and Expenditure' model can be reviewed.

**For further information on this submission, please contact Steve Dowling via [steve.dowling@acs.org.uk](mailto:steve.dowling@acs.org.uk) / 01252 533009.**

## Annex A

### 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.



### WHO WE REPRESENT

#### INDEPENDENT RETAILERS



ACS represents 22,870 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 15,060 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Lidl, 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 12,165 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 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](http://www.acs.org.uk)