

Written Evidence submitted by the Association of Convenience Stores (ACS) (EB47)

Environment Bill

1. ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Public Bill 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 51 and Schedule 8 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 47 and Schedule 4 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. This would add substantial administrative burdens and operational costs.
 - **Charges for single use plastic items** - Clause 52 and Schedule 9 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 53 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 54 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. As part of the Committee's consideration of the Bill, we believe the impact of COVID-19 on businesses should also be taken into account. Convenience retailers which will be required to comply with new regulations in Part 3 of the Bill including the introduction of a deposit return scheme and reforms to extended producer responsibility are facing considerable challenges due to the COVID-19 outbreak. Given that the full impact of COVID-19 is not yet known on retailers, and measures including DRS are due to come into effect in 2023, we believe that the Government should consider whether there is a need to delay this implementation date or at least keep it under review. Due to the COVID-19 outbreak, there will be less time for businesses to prepare and it may be more financially challenging to invest in the infrastructure needed to be put in place for a deposit return scheme. Moreover, if social distancing measures, including limiting the number of customers in-stores continues indefinitely, the Government should reconsider if it is sensible (or even feasible for manual returns) to locate return points in retail stores.

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Producer Responsibility

Clause	Impact on Local Shops	ACS Recommendation
<p>Schedule 4 9(e)</p> <p>While the Bill does not define which businesses or which part of the supply chain will be obligated, Schedule 4 9(e) states that “burdens imposed by the regulations are imposed on persons most able to make a contribution to securing those benefits.”</p>	<p>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.</p>	<p>We believe that the Bill should be more specific regarding which businesses should be obligated under the reformed extended producer responsibility scheme. The intention of the scheme is to place obligations on those most able to make a contribution to security benefits. As such, 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.</p> <p>ACS supports a single point of compliance at brand-owner. Although, this will be a more costly outcome for retailers, it will reduce the administrative burden of tracking product and packaging sold through the business. Instead, under the single point of compliance, we anticipate that the whole supply chain, including retailers and consumers, 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.</p>
<p>Schedule 4 2(3)</p> <p>Specifies that regulations may make provision about how the producer responsibility obligations can be met including “by payment of a sum of money”.</p>	<p>The costs that businesses will incur by fulfilling their obligations to cover full net costs of packaging they place on the market will depend on which costs that the government determines must be covered. Under a Single Point of Compliance, the full net cost of packaging can be passed down through the supply chain through increased prices of products which have difficult to recycle packaging. If an infinite amount of funds can be requested, for example, for communications campaigns about littering, this would lead to higher product costs.</p>	<p>We believe that the Bill should specify more detail about what costs are expected to be covered through the producer responsibility system and how these would 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 would look like.</p>
<p>Schedule 4 15(a)</p> <p>Those obligated would be required to keep records such as packaging data in their business.</p>	<p>One of the reasons this it would be difficult for independent convenience retailers to comply, if they were to be obligated, is that it places significant administrative burdens on businesses. Small shops do not have systems in place to track packaging through their business and 25% of the</p>	<p>The Bill should account for the capacity that the smallest retailers have to comply with recording requirements and consider whether acquiring packaging data from these businesses is proportionate to the burden being placed on them. As such, the Bill should include a de Minimis threshold for recording data or remove the require for recording keeping records on packaging beyond the brand owner.</p>

sector do not even have EPoS (Electronic Point of Sale) systems to track their stock take¹.

Deposit Return Schemes

Clause	Impact on Local Shops	ACS Recommendation
<p>Schedule 8 1(5)</p> <p>Specifies that a scheme collector will be a “supplier or producer of deposit items or is a scheme administrator”</p>	<p>The terminology used in the Bill stating that a scheme collector will be “a supplier or producer of deposit items or is a scheme administrator” is confusing and the requirements on scheme suppliers, scheme collectors and scheme administrators is difficult to understand, partly due to crossover of obligations. Schedule 8 also states that scheme collectors may be scheme administrators, but typically deposit return schemes only one have one scheme administrator.</p> <p>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 item - limiting the businesses required to comply to manufacturers or retailers of drinks</p>	<p>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.</p> <p>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.</p>
<p>Schedule 8 3(2)</p> <p>There may be different requirements place on different scheme collectors.</p>	<p>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. 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,</p>	<p>We believe the Bill should include 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. We recommend the following amendment:</p> <p><i>Schedule 8, page 170, line 29, at end insert “except where the premises of the scheme collector is smaller than 280sqm”.</i></p> <p>The Committee should also be mindful of the criteria for exemptions used by the Scottish Government in The Deposit and Return Scheme for Scotland Regulations 2020:</p>

¹ ACS Local Shop Report 2019

	<p>they have introduced automatic exemptions for small shops.</p> <p>We also believe 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. This process would be similar to existing mapping criteria used for Post Offices, ATMs and National Lottery terminals².</p>	<p>Regulation 22(b) states that retailers may be granted an exemption from hosting a return point “<i>where they are satisfied that the location, layout, design, or construction of the retail premises does not permit, or cannot be reasonably altered to permit, the operation of a return point on the premises without significant risk of the retailer being in breach of a legal obligation relating to any of the following—</i></p> <ul style="list-style-type: none"> <i>(i) food safety,</i> <i>(ii) health and safety,</i> <i>(iii) fire safety,</i> <i>(iv) environmental protection,</i> <i>(v) public health.</i>” <p>We believe that the consultation process to develop the secondary regulations could be an opportunity for the government to carefully consider which locations would be most appropriate to be scheme collectors and take into account the practical implications that taking back containers will have on different businesses.</p>
<p>Schedule 8 4(2)(g)</p> <p>Specifies that the scheme administrator must “make payments to scheme collectors to reimburse them for any refunded deposits”</p>	<p>The Bill specifies that the scheme administrator must compensate retailers for any refunded deposits they have paid out. There is not explicit reference to handling fees being paid to scheme collectors to compensate them for their role in taking back containers.</p> <p>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. Any deposit return scheme that</p>	<p>The Environment Bill must be explicit that scheme collectors will be paid a handling fee for drinks containers that they collect and that the scheme will be cost neutral for scheme collectors. The Bill only appears to allow for scheme administrators to compensate scheme collectors for deposits they have paid out to consumers.</p> <p>We also 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 (as stated in Schedule 8 4(b)(c) which allows the scheme administrator to</p>

² 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.

	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.	charge fees for the registration of scheme suppliers and scheme collectors). We believe that the requirement for scheme collectors to pay a fee to register with the scheme should be removed from the Bill.
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Charges for Single-use Plastic Items

Clause	Impact on Local Shops	ACS Recommendation
Schedule 9 (1) 'Relevant national authorities' would be able to impose charges on single-use plastic items	The Bill allows for each national authority to impose charges 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. This could cause confusion amongst consumers and retailers if there is not consistency cross-borders.	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. The Bill could achieve this by requiring 'relevant national authorities' to work with each other if they decide to impose charges.
Schedule 9 (6) Retailers would be required to register with an administrator and may also charge retailers to register to recover costs for the administration process.	This places a financial burden on businesses which are complying with the regulations.	We do not agree that sellers of these products should be required to pay a fee to register and this requirement should be removed from the Bill. More information is set out in the section regarding charges for carrier bags.

Charges for Carrier Bags

Clause	Impact on Local Shops	ACS Recommendation
Clause 53 The Clause will require sellers of single-use carrier bags to register with an administrator. The Clause will also provide the power for a registration fee to be put in place	The Clause will require sellers of single-use carrier bags to register with an administrator and pay a fee. This will mean that only do retailers face an administrative burden to record and upload information related to carrier bags but also face a	We do not agree that businesses complying with legislation to report information should face fees for doing so. We would also welcome clarification in the Bill 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?

	financial burden in order to comply with legal requirements.	We would also welcome more information in the Bill 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.
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Separation of Waste

Clause	Impact on Local Shops	ACS Recommendation
<p>Clause 54(4) '45AZA'</p> <p>Require businesses to separate “recyclable relevant waste” for collection from other waste.</p>	<p>Convenience retailers could face costs to comply with this requirement as their waste contractor may charge more for the separation of recycling in different waste streams.</p> <p>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.</p> <p>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”.</p>	<p>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.</p> <p>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.</p>

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.



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.

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