

### **ACS Submission: Low Pay Commission Consultation 2019**

- There are over 46,000 convenience stores in mainland UK, employing almost 365,000 people in all types of communities. The average store employs 7.89 people, three-quarters (75%) of whom work fewer than 30 hours per week.
- The convenience sector is an exemplar for two-sided flexibility in the labour market, providing local, secure and flexible employment. As a result, 69% of store colleagues are satisfied with their job.
- Convenience retailers have responded to the NLW April 2019 increase by; reducing paid working hours in their business (72%), reducing the profitability of their business (64%) and, for independent retailers, working more hours themselves (52%).
- The rising NLW has not resulted in widespread productivity improvements: 74% have seen no impact on productivity. This is despite 98% of retailers undertaking measures to try to improve productivity, including training staff in new business tasks and investing in technology where possible.
- Setting the 2020 NLW at £8.67 would cause the largest ever nominal terms increase in the rate. ACS recommends that the LPC should exercise caution when setting the rate for 2020. 82% of convenience retailers think that the NLW should increase no more than inflation and 71% think the NLW should be frozen.

### **Future Remit of the Low Pay Commission: ACS Recommendations**

- Allow the Low Pay Commission to independently set wage rates based on objective economic analysis and in consultation with business groups, trade unions and economists.
- Adopt the OECD recommendation to set minimum wages 'at a moderate level' to raise wages and avoid negative employability impacts for workers.
- Youth rates are an important mechanism to prevent youth unemployment, but the current youth rate bands can be consolidated to promote simplicity for both retailers and colleagues.
- Place NLW and NMW in a broader context of government policies to tackle low pay, such as apprenticeships, increasing productivity and the Industrial Strategy.

**For more information, please contact Steve Dowling, ACS Public Affairs Manager, via [steve.dowling@acs.org.uk](mailto:steve.dowling@acs.org.uk) / 01252 533009.**

## **Introduction and Research Overview**

ACS (the Association of Convenience Stores) welcomes the opportunity to provide evidence to the Low Pay Commission on the future of the statutory minimum wage rates. ACS represents over 33,500 local shops and petrol forecourt sites including One Stop, McColls, BP and thousands of independent retailers, many of which trade under brands such as Spar, Londis and Costcutter. Further information about ACS is available at Annex A.

ACS' National Living Wage Survey 2019 is a bespoke survey of members to provide detailed evidence to the Low Pay Commission. The ACS National Living Wage Survey 2019 has collected information from 56 businesses representing 1,954 stores and employing 33,020 staff between 4<sup>th</sup> April and 4<sup>th</sup> May. Data from the survey has been weighted to be nationally representative for the UK convenience sector<sup>1</sup>.

Data from the ACS National Living Wage Survey 2019 was collected via an online survey and was distributed both via email to ACS members and using the ACS website. The data is therefore based on a non-random sample and the sample is likely to be slightly biased towards those who have been particularly affected by the National Living Wage.

This submission also draws directly on the views of colleagues working across the sector. The ACS Colleague Survey 2019, completed by 2,943 respondents, was available for colleagues to complete confidentially and anonymously online and via hard copy between 4<sup>th</sup> February and 15<sup>th</sup> March. The questionnaire is available at Annex C.

ACS' submission also draws on the following research:

- ACS Local Shop Report 2018: Survey based on a random sample of 2420 independent retailers combined with data from ACS multiple members and weighted to represent the market. Secondary data sources are also used in the report.
- ACS Voice of Local Shops Survey (VOLS): Quarterly telephone survey of a random sample of 1,210 symbol and independent retailers

ACS is organising a focus group to allow the Low Pay Commission executive and Low Pay Commissioners to hear directly from convenience retailers about some of the issues covered in this submission, including the impact of the National Living Wage, the future of wage rates beyond 2020 and wider compliance and enforcement. The minutes of this meeting, taking place on 11<sup>th</sup> June, will be signed-off by the Low Pay Commissioner chairing the meeting and submitted as additional evidence.

## **Employment in the Convenience Sector**

There are over 46,000 convenience stores in mainland UK, employing almost 365,000 people<sup>2</sup>. Employment in the sector is predominantly part-time with three quarters (75%) working fewer than 30 hours per week<sup>3</sup>. Two-thirds (68%) of colleagues are female and the sector employs people from a range of backgrounds, with 21% aged under 25 and 17% over 60 years old<sup>4</sup>.

---

<sup>1</sup> Data comes from ACS Local Shop Report which stipulates independents make up 72% of the market and the remaining 28% are multiple businesses (including co-operatives)

<sup>2</sup> ACS Local Shop Report 2018

<sup>3</sup> ACS Local Shop Report 2016

<sup>4</sup> ACS Local Shop Report 2018

Employment in the convenience sector is valuable for providing ‘two-sided flexibility’ for employers and employees. Convenience retailers provide flexible working hours to fit around staff commitments, with 69% having external commitments which affect the working hours they can undertake, such as childcare (31%), caring for older family members (11%) and studying (5%)<sup>5</sup>. This staffing model also allows retailers to offer additional hours to manage peaks and troughs in demand across the year. There is very limited use of zero-hour contracts across the sector, only used by 4% of independent retailers for part-time staff<sup>6</sup>.

The convenience sector also delivers highly local employment opportunities. Convenience stores trade in all types of community, in rural (37%), suburban (26%) and urban (37%) locations<sup>7</sup>. The sector trades close to where people live and demand services, meaning convenience stores are located beyond high streets and larger shopping parades (26%), to neighbourhood parades (36%) and as isolated stores (38%)<sup>8</sup>. As a result, 53% of colleagues walk to work, with an average travel cost and time to get to and from work of £1.81 and 28 minutes<sup>9</sup>. For most colleagues, the close location of their shop and low cost of getting to work supports them to manage their external commitments and minimises financial outgoings associated with work.

Convenience retailers provide stable employment with opportunities for progression. Turnover is low at 29%<sup>10</sup> and one-in-three (32%) colleagues have been working for their current employer for more than five years<sup>11</sup>. 65% of colleagues are positive about the training they are offered and, when asked, one-in-three (31%) said they do not want any additional training<sup>12</sup>. Overall, convenience retailers supply good quality employment opportunities, including at the lower paid end of the labour market.

### **Convenience Sector Performance and Economic Outlook**

Convenience stores are operating in a trading environment characterised by rising operating costs and declining profit margins. In the longer-term, the IGD Food and Grocery Market Forecast (see Figure A) suggests the size of the convenience sector will grow from 21.1% of the total grocery market to 21.6% by 2023<sup>13</sup>. The market forecasts also suggest that discounter and online retailers will secure the largest growth in the grocery market in the coming years. Although there are multiple factors impacting growth, online and discounters benefit from their lower-cost business models, either by employing fewer staff per store or lower property costs, including business rates, compared to traditional bricks and mortar retailers.

---

<sup>5</sup> ACS Colleague Survey 2019

<sup>6</sup> ACS Voice of Local Shops Survey: August 2017

<sup>7</sup> ACS Local Shop Report 2018

<sup>8</sup> ACS Local Shop Report 2018

<sup>9</sup> ACS Colleague Survey 2019

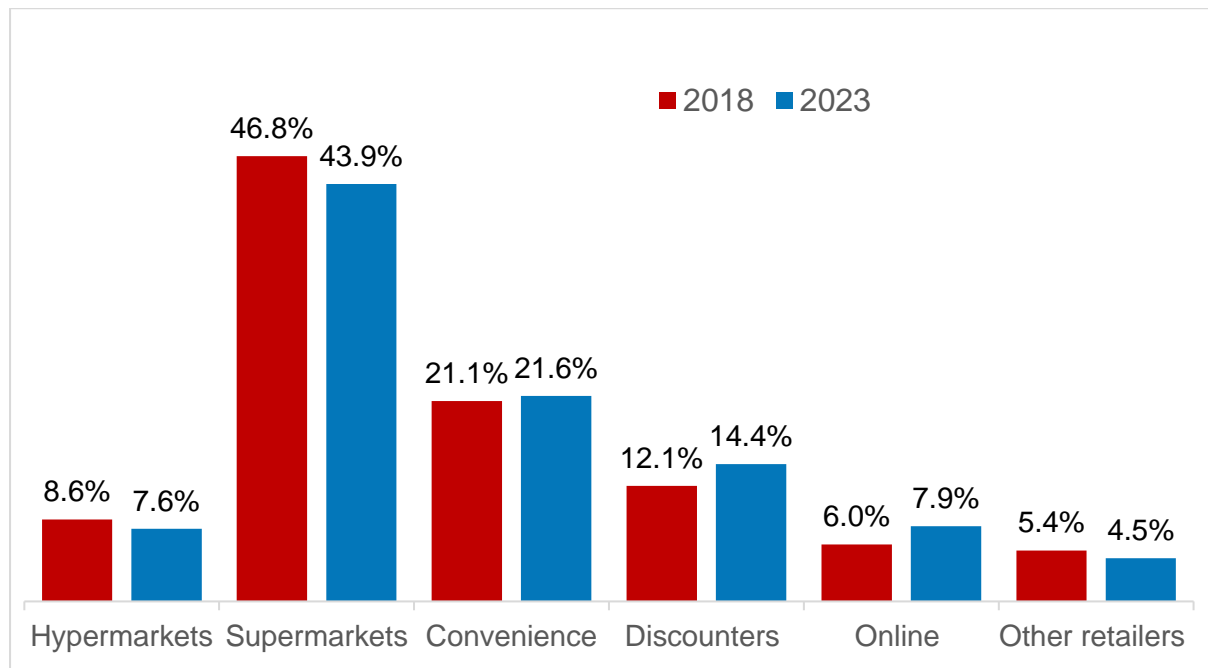
<sup>10</sup> Defined as: length of employment – less than one year. Source: ACS Local Shop Report 2018

<sup>11</sup> ACS Local Shop Report 2018

<sup>12</sup> ACS Colleague Survey 2019

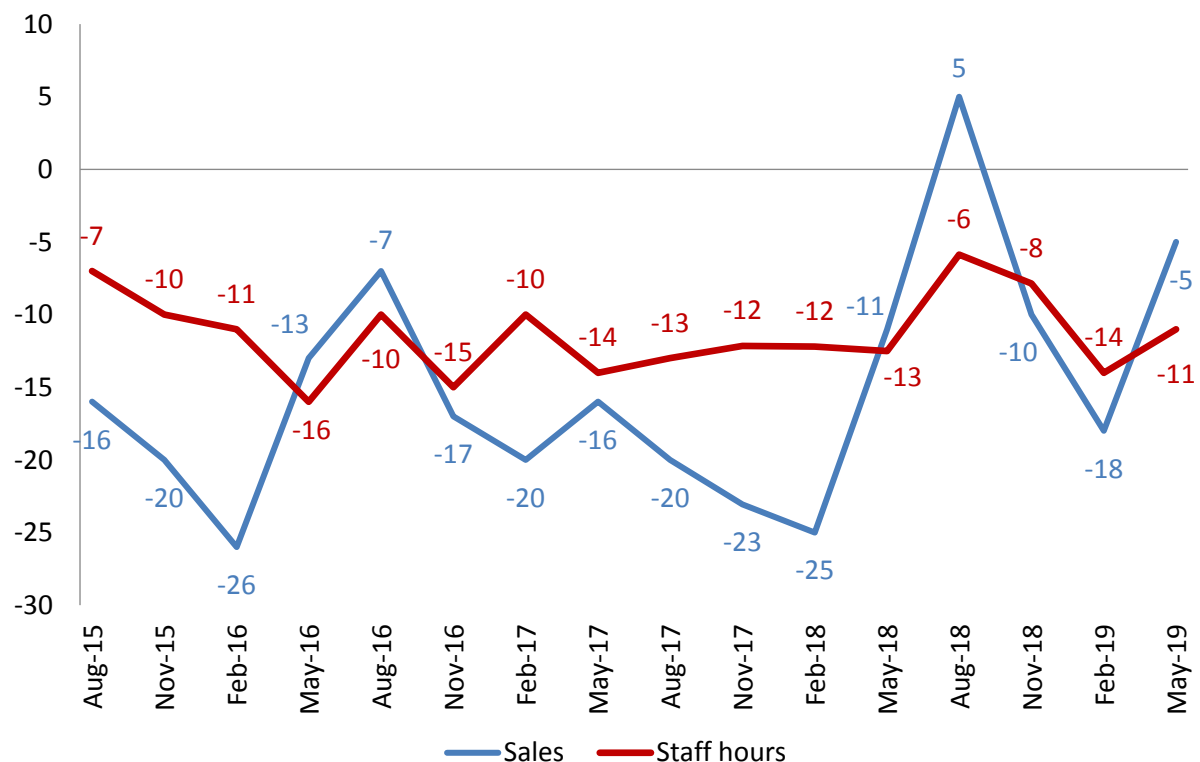
<sup>13</sup> <https://www.igd.com/articles/article-viewer/t/uk-food-and-grocery-market-to-grow-148-by-282bn-by-2023/i/19052>

Figure A: IGD Food and Grocery Market Forecast



Growth in the convenience sector has been driven by numerous social trends, such as the increase in single person households and atypical working patterns. Consumers increasingly turn to convenience stores to shop little, often and locally. Despite these positive consumer trends, ACS' Business Performance Index reflects the challenging trading environment that retailers are operating in. We have seen peak trading in Summer 2018 due to positive weather conditions but sales and optimism on staff hours have since declined.

Figure B: ACS Voice of Local Shops Survey: Business Performance Index

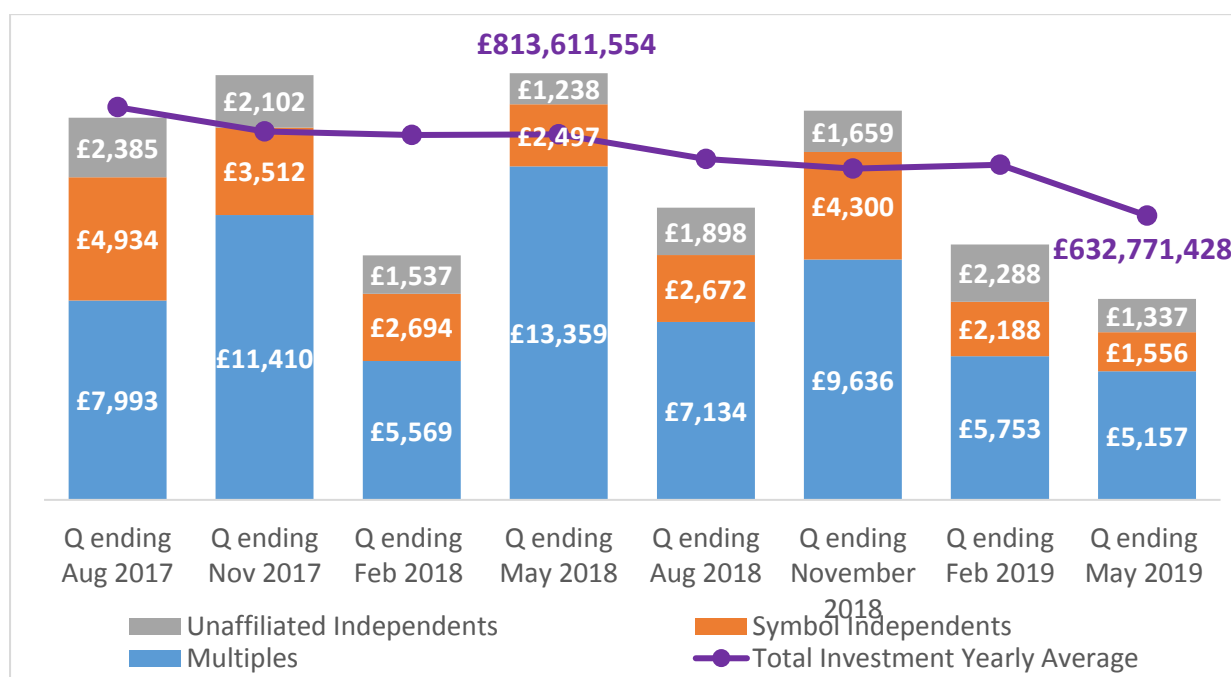


This challenging trading environment has been informed by the effect of a highly competitive grocery market on consumer price sensitivity, which has subdued food price inflation despite pay now rising faster than inflation<sup>14</sup>. Competition in the market is also diversifying as online retailers and home delivery solutions begin to enter the grocery retail market. Rising operating costs are a backdrop to these changes, mainly through the National Living Wage and wider employment costs, but also rising business rates bills.

Retailer optimism has an impact on investment in the sector. Investment from multiple retailers entering the sector and expanding their estates remains in growth, although overall investment is down 9% from financial year 2017/18 to 2018/19<sup>15</sup>. Year-on-year investment figures for May 2018 – May 2019 suggest a greater 22% drop in investment across the sector, likely driven by the April 2019 National Living Wage increase as well as the wider context of political uncertainty on Brexit. ACS' Investment Tracker (see Figure C) indicates that convenience retailers continue to focus their investments on cost saving measures such as installing energy efficient refrigeration (34% average quarterly investing over past year) and LED lighting (17%)<sup>16</sup>. Other investments made are typically for store maintenance purposes or to invest in new products or services in-store, for example expanding a store's fresh produce or food to go offer.

There is limited evidence that convenience retailers are investing significantly in technology to automate procedures in stores and reduce labour costs, for example through self-scan tills or electronic shelf edge labels. Investments in these technologies remain cost prohibitive for many retailers, with the productivity savings slow to deliver return on investment.

**Figure C: ACS Investment Tracker: Average Quarterly Investment by Store Type**



<sup>14</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/article/s/labourmarketeconomiccommentary/may2019>

<sup>15</sup> ACS Investment Tracker

<sup>16</sup> ACS Investment Tracker

## **External Policy Influencers**

Increases in the National Living Wage are being compounded for retailers by the growing 'employment wedge' of non-wage costs. Some of these costs are directly related to wage bills, including apprenticeship levy and workplace pensions, while others are rising costs often related to wage costs, such as statutory sick pay and insurance premiums.

### **Non-Wage Costs**

#### *Apprenticeship Levy*

The apprenticeship levy requires payments equivalent to 0.5% PAYE from larger convenience retailers. This funding can be reinvested into apprenticeship training, but low demand for retail apprenticeships means retailers are struggling to recoup the costs of the levy. ACS' Colleague Survey shows 87% of colleagues are not interested in becoming an apprentice<sup>17</sup>.

The overall policy is highly unlikely to deliver the government's target of 3 million new apprenticeship starts by 2020 yet the funding pot has been overspent due to most of the funding being utilised for higher level, costlier, apprenticeship courses<sup>18</sup>. The Education and Skills Funding Agency is open to views on reforming the levy, which could mean expanding the pot by bringing more retailers into scope for payments or increasing the burden on existing levy-payers<sup>19</sup>.

#### *Auto-Enrolment Pensions*

The cost of auto-enrolment pensions for convenience retailers is set to continue to rise. The hours needed to be eligible for auto-enrolment is declining as the National Living Wage rises, while opt out rates from colleagues remain low at 8%<sup>20</sup>. This low opt-out rate is despite employer and employee contributions rising in April 2019 to 5% and 3% of pensionable earnings respectively. The government has stated its ambitions to scrap the lower level of qualifying earnings needed to qualify for pension contributions and reduce the age limit from 22 to 18, demonstrating that further reforms that would increase the burden on employers are under consideration<sup>21</sup>.

#### *Other Non-Wage Costs*

Statutory sick pay is another aspect of the employment wedge, costing the average convenience store £1,248 per annum<sup>22</sup>. Other costs such as insurance premiums are also often calculated based on wage bill, increasing costs for retailers elsewhere in the business. A number of these non-wage costs have been ranked by convenience retailers within the sector's top ten business cost concerns, specifically; auto-enrolment pensions, National Insurance Contributions, holiday pay and statutory sick pay<sup>23</sup>.

---

<sup>17</sup> ACS Colleague Survey 2019

<sup>18</sup> <https://feweek.co.uk/2018/12/03/levy-budget-bust-government-agency-warns-of-imminent-apprenticeship-over-spend/>

<sup>19</sup> <https://feweek.co.uk/2019/01/09/esfa-seeking-views-on-long-term-operation-of-apprenticeship-levy/>

<sup>20</sup> ACS National Living Wage Survey 2019

<sup>21</sup> <https://www.ft.com/content/7d3dca8e-286f-11e9-a5ab-ff8ef2b976c7>

<sup>22</sup> ACS National Living Wage Survey 2019

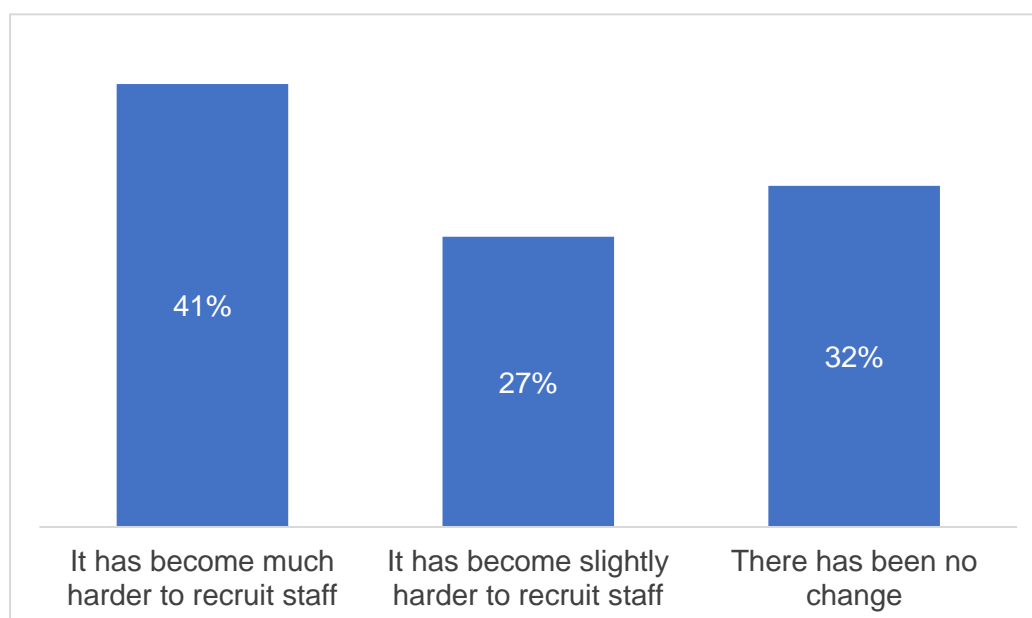
<sup>23</sup> ACS National Living Wage Survey 2019

## Brexit

ACS has conducted quarterly polling of independent retailers using VOLS on the potential impact of Brexit since November 2016, which has consistently shown that one-in-three retailers do not know whether Brexit will benefit or harm their overall business, and other responses are fairly evenly split<sup>24</sup>. The implications of Brexit are relatively limited for convenience retailers and would apply across the retail sector – the main impacts would directly impact suppliers and wholesalers earlier in the supply chain.

The local employment offered by convenience retailers means supply in the labour market is highly localised and can vary considerably. Figure D shows retailers' views on changes in the labour market since 2016. Retailers who state recruitment has become much harder since the introduction of the National Living Wage say it has become harder to compete with larger retailers on rates of pay and harder to find the right calibre of worker for skilled positions.

Figure D: ACS National Living Wage Survey 2019: Since 2016 to what extent, if at all, has it become harder to recruit new staff?



Only 1% of colleagues working in the convenience sector are non-UK EU nationals<sup>25</sup>. The low proportion of non-UK EU nationals, combined with the government's settled status policy for these workers beyond Brexit, means Brexit has not yet had a significant impact on labour supply. The main labour supply impact for convenience retailers is elsewhere in the supply chain with wholesalers and suppliers where non-UK EU nationals are a higher proportion of the workforce.

Nevertheless, when polled about the impact of Brexit on recruitment, 58% either said it would be slightly harder or much harder to recruit<sup>26</sup>. Some of these results can be explained by the demographics and related employment pool of the locations in which some

<sup>24</sup> ACS Voice of Local Shops Survey: November 2016 – May 2019

<sup>25</sup> ACS Colleague Survey 2019

<sup>26</sup> ACS National Living Wage Survey 2019

convenience stores trade. Retailers may also be aware that Brexit could cause changes to immigration laws creating greater competition amongst different sectors for the same pool of workers. ACS' members, who are struggling to compete on overall employment packages due to the National Living Wage, are beginning to consider the extent of labour market tightening and longer-term implications for their recruitment.

### **Impact of the 2019/20 National Living Wage**

Convenience retailers are continuing to respond to rises in the National Living Wage with similar actions to those reported in ACS' 2018 submission, such as reducing working hours, taking lower profits and, for independent retailers, working more hours in the business themselves. Figure E details how convenience retailers are responding to the latest increase in the National Living Wage, the April 2019 £8.21 rate.

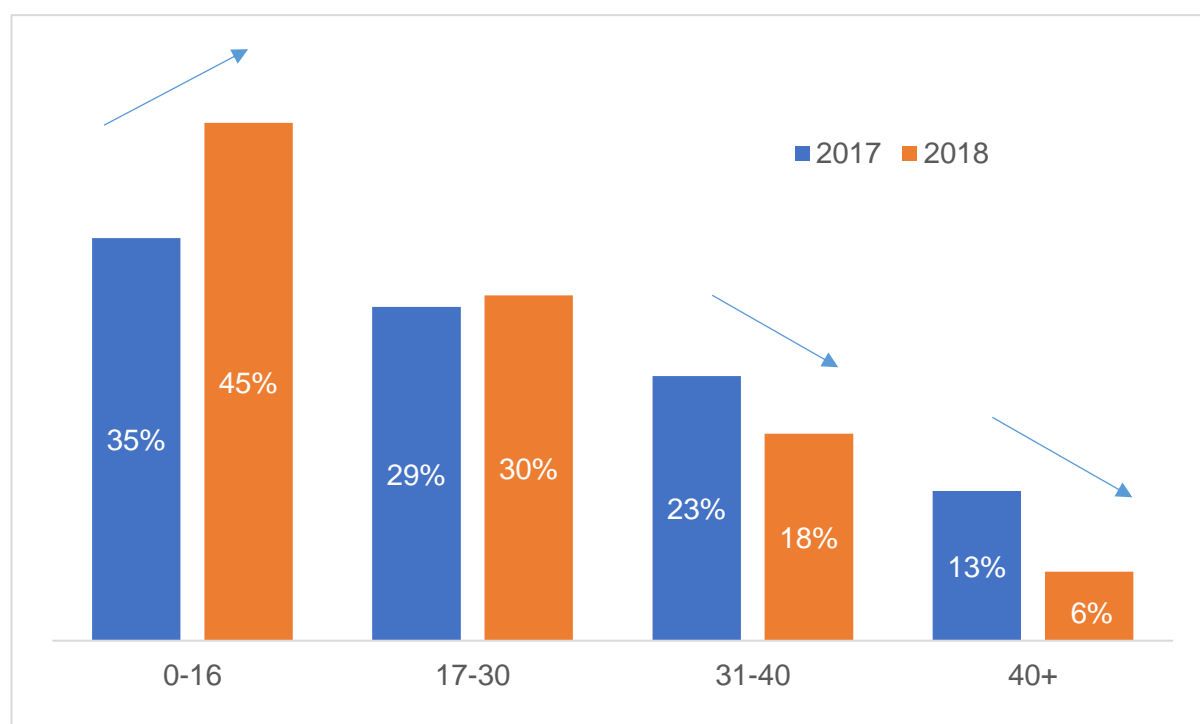
**Figure E: ACS National Living Wage Survey 2019: Thinking about how you are responding to the April 2019 National Living Wage increase, which if any, of the following actions are you taking?**





The majority (72%) are enacting plans to further reduce the working hours available within the business. This response has been consistent from retailers since the National Living Wage was introduced, ranging from 72% to 78% between the 2016 and 2019 member surveys. Figure F demonstrates the impact of reduced working hours, suggesting a clear shift is taking place in the sector, away from full time work to more part-time work on short-hour contracts.

Figure F: ACS Local Shop Report: How many of your staff the following number of hours per week



We are also seeing some potentially concerning trends in how retailers are responding to the most recent increase in the National Living Wage. One significant change is a jump in the number of retailers stating they are increasing prices to respond to rising employment costs. This might be explained by a change of wording in the survey from 'increasing prices' (51% in 2019) to 'increasing product costs' (31% in 2017, 32% in 2018)<sup>27</sup>. However, we believe it is also due to retailers struggling to find ways to save costs elsewhere. This is causing retailers to put the additional costs directly onto consumers through higher prices. In a highly competitive grocery retail market, this could impact the overall competitiveness of some convenience retail businesses.

This impact on competitiveness is linked to an increase in the proportion of retailers reporting they are taking lower profits from the business due to the rate, from 54% in 2018 to 64% in 2019<sup>28</sup>. This declining profitability could detract from funding available to make investments in the business (see Figure C) and impact the attractiveness of the sector for entrepreneurs in the long-term. To illustrate this point, almost half of independent retailers (45%) reported hourly earnings lower than the £7.83 2017/18 National Living Wage rate in

<sup>27</sup> ACS National Living Wage Surveys – 2017, 2018 and 2019

<sup>28</sup> ACS National Living Wage Survey – 2018 and 2019

May 2018, suggesting that the benefits of taking the risk of setting up a business in the sector are often not greater than seeking work as an employee<sup>29</sup>.

Pay differentials are also being squeezed across the sector. Retailers have been increasingly unable to afford the same increases in pay given to colleagues on the National Living Wage rate across the workforce. This has caused a gradual shrinkage in pay differentials between colleagues on the National Living Wage (e.g. customer sales assistants) and middle-management shop floor staff (e.g. assistant managers or supervisors). Several multiple retailers in the sector have also changed their pay structures by removing layers of shop floor management to mitigate costs and this long-term trend on pay differentials has implications for the perceived benefits of progression in the sector for colleagues. ACS' Colleague Survey finds that of convenience store colleagues who do not want to progress, one-in-three state the primary reason is the additional pay would not be enough for the extra responsibility<sup>30</sup>.

### **Setting the 2020 Rates**

We recognise the current remit of the National Living Wage to reach 60% of median earnings by 2020 'subject to sustained economic growth' and the wider context of low economic growth and an uncertain political environment. However, reflecting on the impact of the National Living Wage for convenience retailers, it is not surprising that 71% either tend to agree or strongly agree that the rate should be frozen and 82% believe the rate should not rise by more than inflation<sup>31</sup>.

Retailers broadly report that they would respond to a £8.67 rate in 2020 similarly to previous increases in the rate, but these responses cannot be repeated indefinitely, as shown by Figure G suggesting fewer retailers would reduce employment benefits or remove layers of management. The National Living Wage could cause more worrying trends such as reduced investment and not replacing staff if the rate continues to rise without accounting the impact on businesses.

The data also suggests an increase in retailers reducing the size of their business (e.g. closing stores) from 8% in 2019 to 30% viewing this response as likely if the 2020 rate is set at £8.67. We have not yet seen a significant number of stores closures due to the National Living Wage as investment continues to be driven by multiple retailers entering the sector (see Figure C). However, the increase in retailers considering closing stores is worrying due to the gaps in service provision and local employment opportunities this could produce, particularly in rural communities, where property is often worth more as residential than retail use.

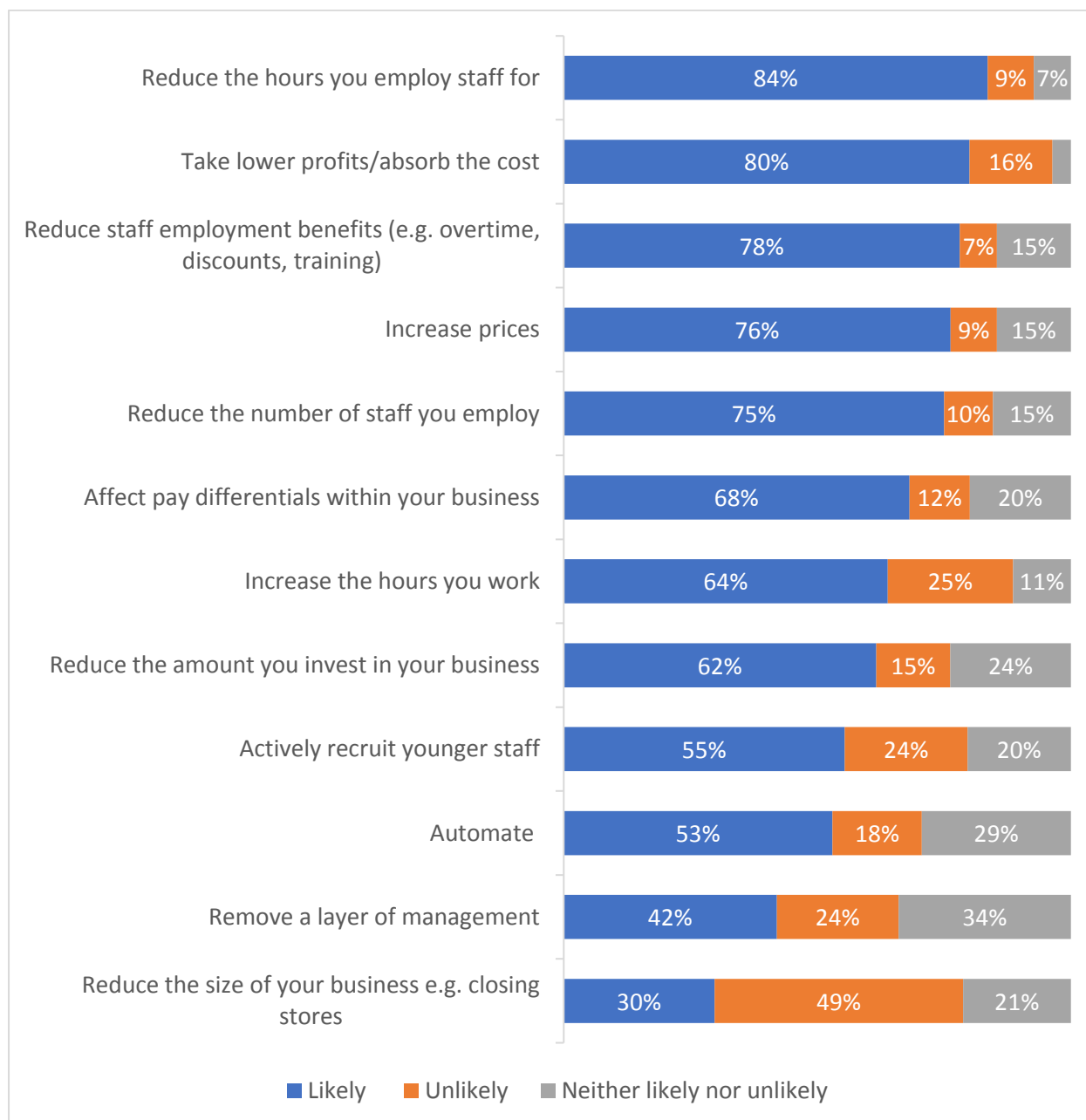
---

<sup>29</sup> ACS Voice of Local Shops Survey – May 2018

<sup>30</sup> ACS Colleague Survey 2019

<sup>31</sup> ACS National Living Wage Survey 2019

**Figure G: ACS National Living Wage Survey 2019: In 2020, the NLW rate is expected to rise to around £8.67 an hour. What effects would a rate of £8.67 in 2020 have on your business/employment practices?**



We therefore encourage the Low Pay Commission to exercise caution when considering whether the National Living Wage's 2020 target can be met. A jump to £8.67 from £8.21 would represent the largest nominal terms increase in the National Living Wage. When deciding upon the 2020 rate, the Low Pay Commission should review more recent projections for 60% of median earnings, which present a lower cash figure.

### **Tackling Low Pay Beyond 2020**

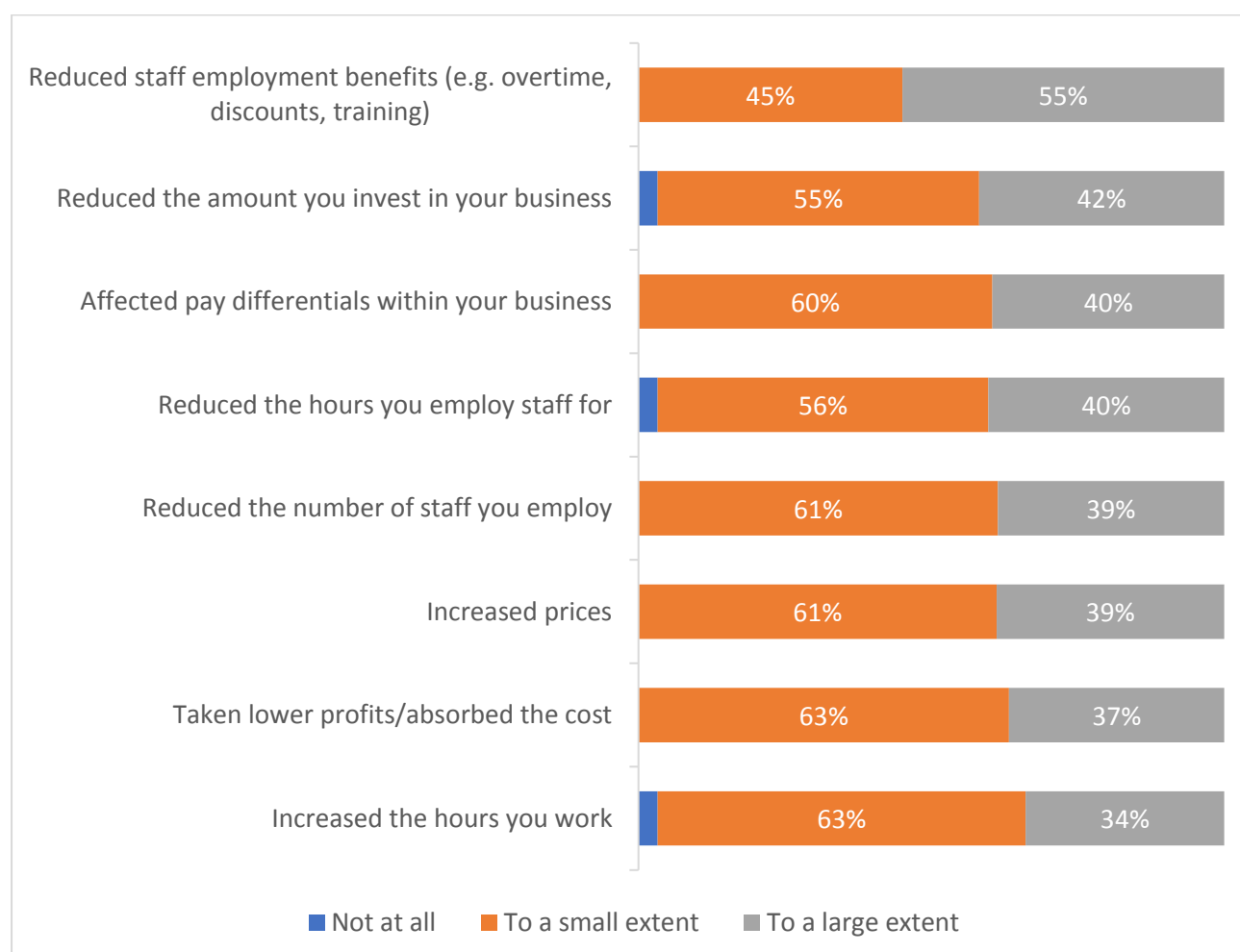
The National Living Wage and its target to reach 60% of median earnings has been a significant change in low pay policy. When deciding the future remit for the National Living

Wage beyond 2020, it is important to reflect on the impact of the rate and lessons learnt from the policy for the convenience sector.

### Impacts Since 2016

Figure H shows how retailers have responded to the National Living Wage since its introduction in 2016. The rate has subdued investments from retailers and all respondents to ACS' National Living Wage Survey have stated that the National Living Wage has resulted in them either absorbing its cost or taking lower profits from the business.

Figure H: ACS National Living Wage Survey 2019: Since its introduction in April 2016, to what extent (if at all) has the National Living Wage had the following impacts on your business/employment practices?



Independent retailers have increased the number of hours they are working 'in' the business to cover working hours which would have previously been given to colleagues. This restricts the time independent retailers can spend working 'on' the business to plan strategically for the future. This mitigatory action is not available to convenience stores operated by multiple retailers, who are usually managed by contracted store managers, although some multiple retailers are stripping out as much administration and management work from the shop floor as possible to reduce the wage bill.

### *Impact on Colleagues*

The key action retailers have taken in response to the National Living Wage affecting employees directly has been to reduce the number of working hours available in the business, also the number one response to the 2019 rate. The proportion of colleagues working fewer than 16 hours per week has risen from 37% to 45% between 2016 and 2018<sup>32</sup>.

The most common response since 2016 has been to reduce employment benefits. In the convenience sector, this typically means retailers have reduced staff discounts, cancelled team days out, cut back on training provisions or cancelled other employee benefit schemes. However, this response cannot be repeated indefinitely, and we are now seeing most convenience store colleagues being paid at the National Living Wage but with a limited benefits package. This can affect competitiveness for retailers when seeking to attract colleagues to work in-store against other larger employers or employers in other sectors.

As more workers are paid at the headline National Living Wage with a limited benefits package, incentives to seek training and progression can diminish. This could increasingly affect motivations for higher education as the gap between full-time pay on the National Living Wage (£17,076 based on 40 hours per week at £8.21) and average graduate starting pay shrinks (£19,000 - £22,000)<sup>33</sup>.

### *Impact on Youth Rates*

These impacts of the National Living Wage have not caused a clear increase in use of the youth rates. Comparing ACS' National Living Wage Surveys from 2016 and 2019, use of the 21 – 24-year-old (44% - 42%) and 18 – 20-year-old (31% - 33%) rates have both remained stable<sup>34</sup>.

Convenience retailers do not tend to employ staff below the age of 18 because the law requires staff under the age of 18 to be supervised when selling age restricted products. This includes alcohol and tobacco-related products, which make up on average 34% of convenience store sales<sup>35</sup>. It is not feasible to have staff supervised on tills considering the high costs of employment, which would significantly reduce productivity. There is also limited use of the apprentice rate because there is limited demand for apprenticeship training in the convenience sector.

Convenience retailers often do not use the youth rates as they struggle to justify paying colleagues in the same role at different rates according to their age, especially considering these colleagues often work in small working environments. This contributes towards why colleagues not eligible for the National Living Wage working in convenience stores view the rate more positively than those entitled to the rate<sup>36</sup>.

We would support a consolidation of the youth rates framework to provide simplicity for both retailers and colleagues. ACS' National Living Wage Surveys from 2018 and 2019 have both

---

<sup>32</sup> ACS Local Shop Reports – 2016 and 2018

<sup>33</sup> <https://www.graduate-jobs.com/gco/Booklet/graduate-salary-salaries.jsp>

<sup>34</sup> ACS National Living Wage Surveys – 2016 and 2019

<sup>35</sup> ACS Local Shop Report 2018

<sup>36</sup> ACS Colleague Survey 2019

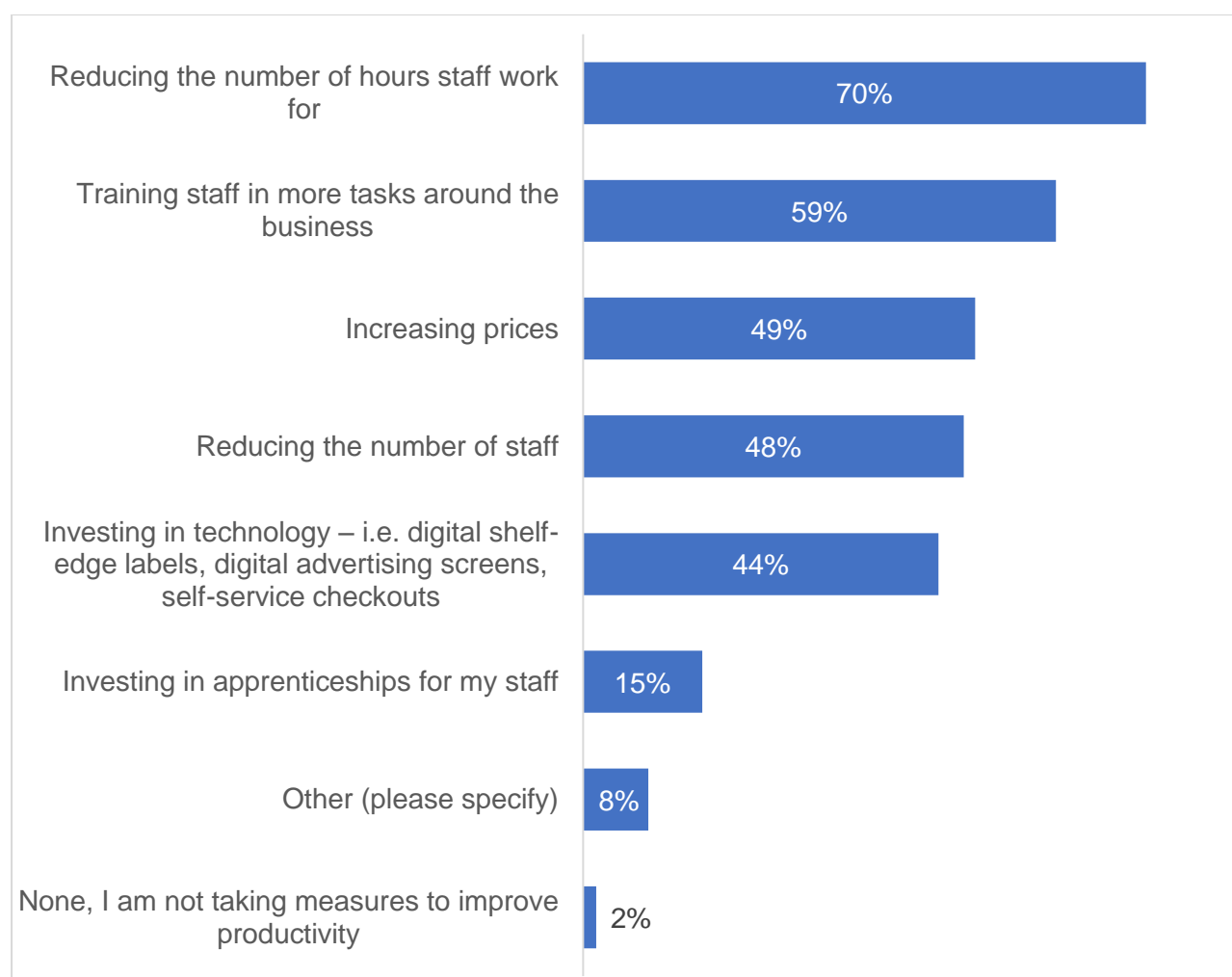
suggested that convenience retailers would support fewer age specific wage bands below the National Living Wage.

### *Impact on Productivity*

The National Living Wage has failed to meaningfully improve productivity for retailers, which would not change with further real terms increases. This is because technology improvements are often not suited for retailers in small-store environments and there is limited demand from colleagues for skills training. For convenience retailers, productivity improvements are often not achieved by increasing output from the same amount of labour but reducing the amount of labour used.

Figure I shows the measures retailers are taking to improve productivity in the business. The results suggest retailers are seeking to invest in technology where viable, but the main impact has been negative on employees' working hours and the number of jobs available. However, there is evidence that retailers are seeking to train staff in more tasks around the business, for example managing deliveries, rota management and stock checks. We expect that this response is particularly evident amongst retailers who have removed layers of management in response to the National Living Wage or who are working more hours in the business themselves.

Figure I: ACS National Living Wage Survey 2019: Which of the following measures, if any, are you taking to improve productivity in your business?



Overall, three-quarters (74%) of convenience retailers have not seen any increase in productivity as a result of the National Living Wage – 16% have seen productivity improvements ‘to a small extent’<sup>37</sup>. Based on this evidence, productivity trends in the convenience sector support the Resolution Foundation’s statement that: ‘despite the encouragement a higher minimum wage may be providing, there appears little evidence that the introduction of the National Living Wage has led to any sort of uptick in productivity to date’<sup>38</sup>.

## Recommendations

We recognise the government’s ambition to ‘end low pay’, defined by the OECD at two-thirds of median earnings, but reflecting on the impact of the National Living Wage to date would urge minimum wages to be placed within a broader context of government policies to tackle low pay<sup>39</sup>.

**Figure J: Projections for the National Living Wage**

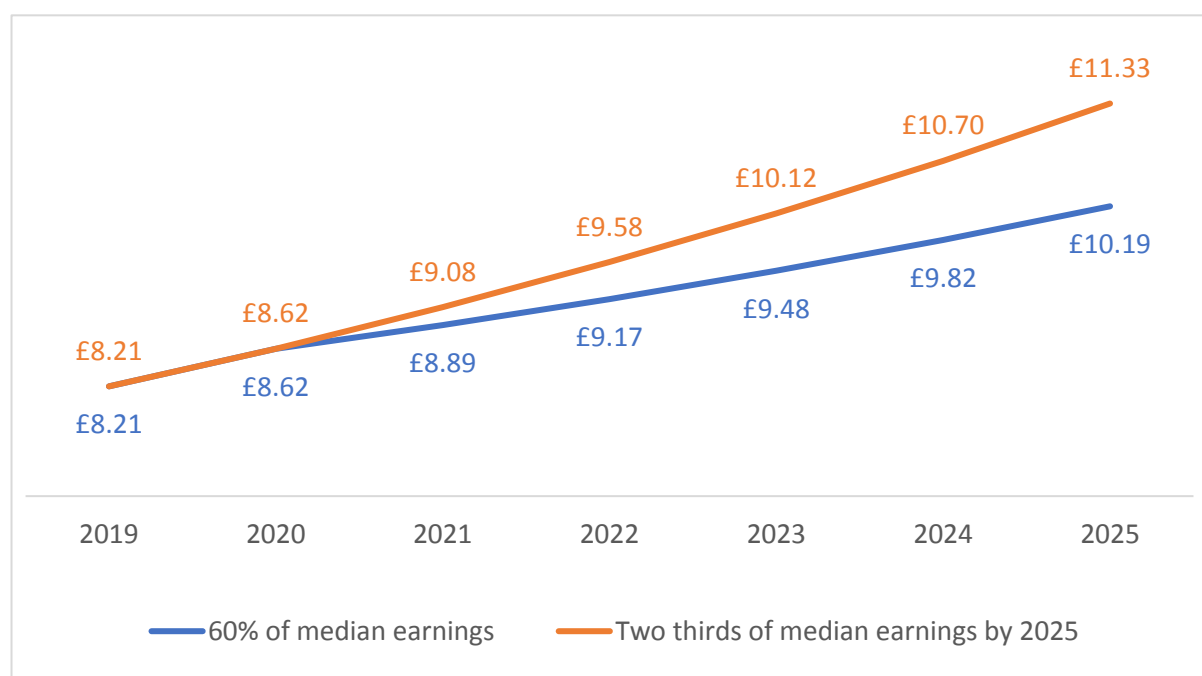


Figure J demonstrates the significant impact that setting a new remit for the National Living Wage to reach two-thirds of median earnings would have on the rate, assuming a path to reach the target of 2025 at the earliest. A higher target would exacerbate responses from retailers. When asked how retailers anticipate responding to wage rates beyond 2020, they said they would; reduce working hours in the business (78%), take lower profits (78%) and increase prices (72%)<sup>40</sup>. This would include a 41% increase in retailers’ increasing prices in

<sup>37</sup> ACS National Living Wage Survey 2019

<sup>38</sup> Resolution Foundation Low Pay Britain 2018

<sup>39</sup> [Budget 2018 Documents](#)

<sup>40</sup> ACS National Living Wage Survey 2019

response to the rate, suggesting any further increase in the rate would impact grocery food inflation and costs for consumers<sup>41</sup>.

To tackle low pay beyond 2020, we would instead support allowing the Low Pay Commission to set all wage rates based on economic analysis, without reference to political targets. The National Living Wage, the first wage rate in the UK with a politically set target, is undoubtedly changing employment and retailer optimism in the convenience sector. The Low Pay Commission must have its independence from political targets reinstated to avoid a tipping point where the National Living Wage harms employment opportunities for the lowest paid.

We support the OECD Jobs Strategy recommendation to use: ‘a statutory minimum wage set at a moderate level as a tool to raise wages at the bottom of the wage ladder, while avoiding that it prices low-skilled workers out of jobs’<sup>42</sup>. The current target for the National Living Wage to reach 60% of median earnings in 2020 is already set to make the UK’s rate the highest in Europe, only marginally behind France - where collective bargaining is established and the rate increases annually independent of government<sup>43</sup>. Moving to two-thirds of median earnings would be an unprecedented international move and extremely challenging for convenience retailers. Minimum wages should be set at a moderate level to raise wages while protecting employment opportunities in the convenience sector for low-paid workers<sup>44</sup>.

### **Compliance and Enforcement**

Convenience retailers are responsible employers, which is shown by strong overall compliance with the National Minimum Wage Regulations.

We support the principle of HMRC enforcement activity to target businesses flouting the Regulations that may otherwise gain a competitive advantage by illegitimately reducing their labour costs. However, greater clarity is needed about HMRC’s interpretation of the NMW Regulations to improve compliance, including on the issues detailed at Annex D. We are not aware of any evidence suggesting increases in the National Living Wage are causing convenience retailers to seek to avoid the rate.

We therefore support BEIS taking ownership of the issue through its recent consultation and are aware they are working on sector-specific guidance for retailers. We would encourage officials to first ensure enforcement of the minimum wage is working effectively before implementing wider state enforcement of holiday pay and sick pay.

### **Enforcement Approach**

Increases in the National Living Wage have correlated with significant increases in enforcement budget for HMRC, from £13m in 2015/16 to £25.3m in 2017/18<sup>45</sup>. HMRC has ‘named and shamed’ and fined a larger number of businesses as a result and been able to actively conduct investigations rather than only following up on complaints. However, there is

---

<sup>41</sup> ACS National Living Wage Survey 2019

<sup>42</sup> [http://www.oecd.org/els/emp/short%20booklet\\_EN.pdf](http://www.oecd.org/els/emp/short%20booklet_EN.pdf)

<sup>43</sup> <http://www.oecd.org/employment/emp/Minimum%20wages.pdf>

<sup>44</sup> <https://www.oecd.org/mcm/documents/C-MIN-2018-7-EN.pdf>

<sup>45</sup> [NMW & NLW: Government evidence to the Low Pay Commission on compliance and enforcement](#) Low Pay Commission. July 2017.



a perception that these investigations are failing to distinguish between reputable retail businesses that have made genuine errors and rogue business that intend to flout employment law. This is undermining the confidence of retailers to reach out to HMRC with enquiries regarding the NMW Regulations.

The penalties regime should distinguish between the nature of breaches to better target employers who unscrupulously avoid paying statutory minimums. The enforcement approach to produce the same level of fines and naming and shaming between unscrupulous employers and employers who have acted to amend an error against the Regulations is unfair and causes significant financial and reputational damage for employers. Fines being retrospectively applied for up to six years can also unfairly escalate the financial costs of a breach, even when the breach has resulted from a change in interpretation of the Regulations from enforcement officers.

## 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.

**ACS** | the voice of local shops

### WHO WE REPRESENT

#### INDEPENDENT RETAILERS



ACS represents over 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 12,000 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 2018, the total value of sales in the convenience sector was £39.1bn.

The average spend in a typical convenience store transaction is £6.50.



There are 46,262 convenience stores in mainland UK. 72% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 365,000 people.

24% of independent/symbol stores employ family members only.



24% of shop owners work more than 70 hours per week, while 19% 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.

81% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2017 and May 2018, the convenience sector invested over £814m 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 over 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 7,669 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](http://www.acs.org.uk)

## **Annex B**

### **1. Introduction**

**Thank you for taking the time to complete the ACS National Living Wage Survey.**

We are looking to understand the impact that the National Living Wage (NLW) increases have had on your business, both since its introduction and the impact of the latest April 2019 increase.

We are also looking to get your views on the affordability and effects of future increases for April 2020.

We will use this information to inform ACS' submission to the Low Pay Commission on the wage rates to apply in 2020 and our advocacy work with government and MPs.

**All individual responses will be kept strictly confidential.**

If you have any questions about the survey please contact Steve Dowling, Public Affairs Manager via email ([steve.dowling@acs.org.uk](mailto:steve.dowling@acs.org.uk)) or telephone (01252 515001).

## 2. Business information

### 1. Contact information (to be kept confidential)

Name	<input type="text"/>
Company	<input type="text"/>
Postcode	<input type="text"/>
Email Address	<input type="text"/>

### 2. How many stores do you have?

### 3. How many staff do you employ at store level?

### 4. How many of your staff are:

*(If none please put 0)*

Aged 25+	<input type="text"/>
Aged 21-24	<input type="text"/>
Aged 18-20	<input type="text"/>
Aged 16-17	<input type="text"/>
Apprentices	<input type="text"/>

### 3. Economic environment and labour market

5. Which, if any, of the following costs to your business concern you?

Please rate the following on a scale of 1 to 10, from 1 (not at all concerned about) to 10 (extremely concerned about)

	1 (not at all concerned)	2	3	4	5	6	7	8	9	10 (extremely concerned)	N/A
Business Rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Statutory Sick Pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auto-Enrolment Pensions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
VAT	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wage Costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Utility Bills (electricity, gas, waste disposal)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Crime/Shrinkage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Holiday Pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporation Tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
National Insurance Contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of Rent/ Leasing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business Banking Costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

6. Since 2016 to what extent, if at all, has it become harder to recruit new staff?

- ☐ It has become much harder to recruit staff
- ☐ It has become slightly harder to recruit staff
- ☐ There has been no change
- ☐ It has become slightly easier to recruit staff
- ☐ It has become much easier to recruit staff

Please provide a reason for your answer

7. What impact do you believe that the UK leaving the EU will have on recruiting staff in your business?

- ☐ It will be much harder to recruit staff
- ☐ It will be slightly harder to recruit staff
- ☐ It will have no impact on recruiting staff
- ☐ It will be slightly easier to recruit staff
- ☐ It will be much easier to recruit staff
- ☐ I don't know

## 4. Wage rates

8. What is your typical hourly rate for the following staff, which are not on probation or in a supervisory role?

	I pay the legal minimum wage rate	I pay <b>above</b> the legal minimum wage rate	I do not employ any staff in this group
Staff aged 25+ National Living Wage rate (£8.21)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Please specify typical hourly rate, if paying above the minimum (£)			
<input type="text"/>			
Staff aged 21-24 Minimum Wage rate (£7.70)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Please specify typical hourly rate, if paying above the minimum (£)			
<input type="text"/>			
Staff aged 18-20 Minimum Wage rate (£6.15)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Please specify typical hourly rate, if paying above the minimum (£)			
<input type="text"/>			
Staff aged 16-17 Minimum Wage rate (£4.35)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Please specify typical hourly rate, if paying above the minimum (£)			
<input type="text"/>			
Apprentices Apprentice rate (£3.90)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Please specify typical hourly rate, if paying above the minimum (£)			
<input type="text"/>			

## 5. Impact of the National Living Wage since 2016

The National Living Wage was introduced in April 2016 requiring all workers aged 25 and over to be paid at least £7.20 an hour, it rose to £7.50 on 1 April 2017, £7.83 on 1 April 2018 and £8.21 on 1 April 2019.

### 9. Has the National Living Wage increased your wage bill?

- ☐ Yes, to a large extent
- ☐ Yes, to some extent
- ☐ Yes, to a small extent
- ☐ No, but expect it to do so in the future
- ☐ No, and don't expect it to do so
- ☐ Don't know

### 10. Since its introduction in April 2016, to what extent (if at all) has the National Living Wage had the following impacts on your business/ employment practices?

	Not at all	To a small extent	To a large extent	To a very large extent
Reduced the number of staff you employ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduced the hours you employ staff for	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased the hours you work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduced staff employment benefits (e.g. overtime, discounts, training)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduced the amount you invest in your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Taken lower profits/absorbed the cost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Affected pay differentials within your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)



## 6. Productivity

11. To what extent, if at all, have you seen an increase in productivity in your business as a result of the National Living Wage?

- ☐ Not at all
- ☐ To a small extent
- ☐ To a large extent
- ☐ To a very large extent
- ☐ I don't know

12. Which of the following measures, if any, are you taking to improve productivity in your business?

*(select all that apply)*

- ☐ Investing in technology – i.e. digital shelf-edge labels, digital advertising screens, self-service checkouts
- ☐ Training staff in more tasks around the business
- ☐ Investing in apprenticeships for my staff
- ☐ Reducing the number of staff
- ☐ Reducing the number of hours staff work for
- ☐ Increasing prices
- ☐ None, I am not taking measures to improve productivity
- ☐ Other (please specify)

## 7. Responses to 2019 NLW increases

The National Living Wage increased on the 1st of April 2019, requiring all workers aged 25+ to be paid at least £8.21 an hour.

13. What effects will the **2019 increase** to £8.21 have on your business/employment practices?

14. Thinking about how you are responding to the **April 2019 National Living Wage increase**, which if any, of the following actions are you taking?... (Select all that apply)

- ☐ Reducing the number of staff you employ
- ☐ Reducing the hours you employ staff for
- ☐ Reducing staff employment benefits (e.g. overtime, discounts, training)
- ☐ Increasing the hours you work
- ☐ Reducing the size of your business e.g. closing stores
- ☐ Reducing the amount you invest in your business
- ☐ Taking lower profits/absorbing the cost
- ☐ Affecting pay differentials within your business
- ☐ Removing a layer of management
- ☐ Increasing prices
- ☐ Automating certain processes
- ☐ Actively recruiting younger staff
- ☐ None of the above

Other (please specify)

## 8. Expected increases in 2020

In 2020, the NLW rate is expected to rise to around £8.67 an hour.

15. What effects would a rate of £8.67 in 2020 have on your business/employment practices?

16. What is the likelihood of the following impacts/employment practices on your business if this rate is introduced?

	Very unlikely	Somewhat unlikely	Neither likely nor unlikely	Somewhat likely	Very likely
Close your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce the number of staff you employ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce the hours you employ staff for	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce staff employment benefits (e.g. overtime, discounts, training)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase the hours you work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce the size of your business e.g. closing stores	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce the amount you invest in your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Take lower profits/absorb the cost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Affect pay differentials within your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove a layer of management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Automate certain processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Actively recruit younger staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

17. How do you anticipate you will manage **future increases** in the National Living Wage **post 2020**? Select all that apply

- ☐ Close your business
- ☐ Reduce the number of staff you employ
- ☐ Reduce the hours you employ staff for
- ☐ Reduce staff employment benefits (e.g. overtime, discounts, training)
- ☐ Increase the hours you work
- ☐ Reduce the size of your business e.g. closing stores
- ☐ Reduce the amount you invest in your business
- ☐ Take lower profits/absorb the cost
- ☐ Affect pay differentials within your business
- ☐ Remove a layer of management
- ☐ Increase prices
- ☐ Automate certain processes
- ☐ Actively recruit younger staff
- ☐ None of the above

Other (please specify)

18. Thinking about the National Living/National Minimum wage rates beyond 2020, to what extent do you agree/disagree with the following statements?

	Strongly disagree	Tend to disagree	Neither agree nor disagree	Tend to agree	Strongly agree
Wage rates should be frozen for 2020	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wage rates should be increased by no more than the rate of inflation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Only the youth and development rates should be increased, other wage rates should be frozen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There should be fewer specific wage bands below the National Living Wage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## 10. Other business costs

19. Currently, employers are required to pay Statutory Sick Pay (£89.35 per week) to employees who are off sick between 4 days and 28 weeks.

How many of your employees have taken Statutory Sick Pay over the last 12 months?

20. In total, over the past 12 months how much have you paid your staff in Statutory Sick Pay? (£)

21. How many of your staff have opted out of an auto-enrolment pension?

## 11. Other comments or issues

22. Do you have any other comments or issues you would like to raise?

23. Would you be interested in discussing any of the issues raised in this survey with us in more detail?

If so please provide your telephone number below or call Steve Dowling (Public Affairs Manager) on 01252533009.

Telephone number:



## 12. Thank you for taking part

Thank you for taking part in this survey.

Your response will help us with our submission to the Low Pay Commission on the wage rates to apply in 2020 and our advocacy work with government and MPs.

## Annex C

### Colleague Survey 2019



Thank you for agreeing to take part in this survey about your job in a convenience store.

We are looking to understand the views of colleagues working in the sector to inform our submissions to the government and to advise businesses on how they can improve the convenience store working environment.

This survey should take around 10 - 15 minutes to complete and all the answers you provide will be kept **confidential**. That means that no answers you provide will be attributed to you personally.

**If you have more than one job, please answer questions only referring to your job in a convenience store.**

If you would like to enter a prize draw for one of 5 chances to win a £100 One4All shopping voucher, please provide your contact details. Your details will be kept confidential and will only be used for the purposes of the prize draw.

A One4All voucher can be spent at over 130 retailers and restaurants. For more information visit the One4All website, [www.one4all.com](http://www.one4all.com)

Name	<input type="text"/>
Telephone number	<input type="text"/>
Address line 1	<input type="text"/>
Address line 2	<input type="text"/>
Postcode	<input type="text"/>

The deadline to be entered into the prize draw is the 15th March 2019. The winner will be chosen at random from entrants and winners will be notified by the 15th April 2019 by the telephone number entered above. The gift card will be sent to the address specified by the participant above and will be confirmed when contacted. If a winner has provided incorrect contact details and are unable to be contacted, we reserve the right to award their prize to another participant.

# Colleague Survey 2019

**1. What is your gender?**

☐ Male ☐ Female ☐ Other ☐ Prefer not to say

**2. What is your age?**

☐ 16-17 ☐ 18-20 ☐ 21-24 ☐ 25-34 ☐ 35-44 ☐ 45-59 ☐ 60+ ☐ Prefer not to say

**3. What is your ethnicity?**

☐ White ☐ Asian / Asian British ☐ Black African/Caribbean/Black British  
☐ Mixed / multiple ethnic background ☐ Other (e.g. Arab) ☐ Prefer not to say

**4. What is your nationality?**

.....

**5. Which of the following commitments, if any, do you have outside of work? (Please tick all that apply)**

☐ Looking after my children  
☐ Looking after my grandchildren  
☐ Looking after younger siblings / family members  
☐ Caring for older family members  
☐ Studying  
☐ A second job  
☐ Volunteer work  
☐ None of the above  
☐ Other (please specify) .....

**6. Which of the following best describes the location where you work?**

☐ Rural area ☐ Suburban area ☐ Urban area ☐ I don't know

**7. Who is your main employer? (e.g. Heron Foods, Blakemore, East of England Co-Op etc)**

.....

**8. Which of the following best describes your job role?**

☐ Customer assistant ☐ Supervisor ☐ Assistant manager ☐ Store manager  
☐ Other: .....

**9. How long have you been working for your current employer?**

☐ Less than 6 months ☐ 6-12 months ☐ 1-2 years ☐ 3-5 years ☐ 6-10 years ☐ Over 10 years

**10. Overall how satisfied are you with your job?**

☐ Very satisfied ☐ Fairly satisfied ☐ Neither satisfied or dissatisfied ☐ Fairly dissatisfied ☐ Very dissatisfied

**11. Overall how valued do you feel by your employer?**

☐ Very valued ☐ Somewhat valued ☐ Somewhat undervalued ☐ Very undervalued

12. What do you think are the best things about working in a convenience store? (Please select up to three answers)

- ☐ Colleagues you work with
- ☐ Interacting with customers
- ☐ Hourly pay or salary
- ☐ Location
- ☐ Number of hours
- ☐ Working within the community
- ☐ Flexibility with hours
- ☐ Career progression
- ☐ Job security
- ☐ Staff benefits (e.g. staff discount)
- ☐ Training
- ☐ None of the above
- ☐ Other (please specify) .....

13. What do you think are the worst things about working in a convenience store? (Please select up to three answers)

- ☐ Colleagues you work with
- ☐ Interacting with customers
- ☐ Crime in store
- ☐ Hourly pay or salary
- ☐ Location
- ☐ Number of hours
- ☐ Working within the community
- ☐ Flexibility with hours
- ☐ Career progression
- ☐ Job security
- ☐ Staff benefits (e.g. staff discount)
- ☐ Training
- ☐ None of the above
- ☐ Other (please specify) .....

14. How do you travel to work?

- ☐ Walking
- ☐ Cycling
- ☐ By car or motorbike (drive myself)
- ☐ By car or motorbike (I get a lift from someone else)
- ☐ By public transport
- ☐ Other (please specify): .....

15. How long on average does it take you to get to work? (number of minutes)

.....

16. On average, how much does it cost to travel to work and back per day? (£)

.....

17. How many hours do you work in a typical week?

.....

18. How many of your weekly hours are:

Contracted: .....

Overtime: .....

19. How satisfied are you with the number of hours you work?

- ☐ I am happy with the number of hours I work
- ☐ I would like to work more hours
- ☐ I would like to work less hours
- ☐ I don't know

20. How much notice are you given for upcoming shifts?

- ☐ 4 weeks
- ☐ 3 weeks
- ☐ 2 weeks
- ☐ 1 week
- ☐ Other (please specify): .....

21. How satisfied are you with the amount of notice you are given for your shifts?

- ☐ Very satisfied
- ☐ Satisfied
- ☐ Neither satisfied not dissatisfied
- ☐ Dissatisfied
- ☐ Very dissatisfied

22. In the past three months, have you had a shift cancelled at short notice? (less than 48 hours)

- ☐ No
- ☐ Yes, but the shift was rearranged
- ☐ Yes, and no alternative hours were offered
- ☐ Other (please specify): .....

In April 2018, the hourly minimum wage rates were increased to the following:

25 and over	21 to 24	18 to 20	Under 18	Apprentice
£7.83	£7.38	£5.90	£4.90	£3.70

**23. How much do you get paid per hour? (or per annum if salaried)**

*Please note all responses to the survey are treated confidentially. If you would prefer not to share your pay please skip this question.*

.....

**24. Has your financial well-being improved as a result of the National Living/Minimum Wage increases?**

- ☐ Yes to a large extent
- ☐ Yes to a small extent
- ☐ No, I have not seen a change in my financial well-being
- ☐ No, my financial well-being has gotten worse
- ☐ Other (please specify): .....

**25. How would you describe your income in relation to your household earnings?**

- ☐ I am the only income earner in my household
- ☐ There is more than one earner in my household, I earn the most
- ☐ There is more than one earner in my household, I don't earn the most
- ☐ There is more than one earner in my household, we earn roughly the same

**26. To what extent do you get paid the same, each time you get paid?**

- ☐ My pay is consistent - I get paid the same each time
- ☐ My pay varies slightly - I get paid a slightly different amount each time
- ☐ My pay varies greatly - I get paid a very different amount each time
- ☐ Other (please specify): .....

**27. Thinking about pensions, which of the following describe your situation? (please tick all that apply)**

- ☐ I have a workplace pension
- ☐ I opted out of a workplace pension
- ☐ I have my own private pension scheme
- ☐ I do not earn enough to be eligible for a workplace pension
- ☐ I don't know
- ☐ Other (please specify) .....

**28. How valuable, if at all, are the following staff benefits to you?**

	I am not offered this benefit	Not at all valuable	Not very valuable	Somewhat valuable	Very valuable
Staff discount	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uniform	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Healthcare insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workplace pension	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sunday and bank holiday premium pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paid breaks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the job training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Salary sacrifice scheme	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External discount/ perk subscription, e.g. perkbox	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Apart from the benefits above, what other benefits might be valuable to you?

**29. Where do you see yourself in five years' time?**

- ☐ The same / similar role with my current employer
 ☐ A job outside of the sector
- ☐ A more senior role with my current employer
 ☐ Not working
- ☐ A similar role with a different employer in the same industry
 ☐ Retired
- ☐ A more senior role with a different employer in the same industry
 ☐ Other (please specify)

**30. Over the past twelve months have you been promoted?**

- ☐ Yes
 ☐ No
 ☐ I don't know

**31. Would you be interested in progressing to a more senior role with your current employer**

- ☐ Yes (go to question 33)
 ☐ No (go to question 32)
 ☐ I don't know (go to question 33)

**32. Why aren't you interested in progressing to a more senior role with your current employer? (tick all that apply)**

- ☐ I do not want to work different hours
 ☐ The pay would not be enough for the extra responsibility
- ☐ I am not looking for a career in convenience
 ☐ An increase in pay would put me over the tax threshold
- ☐ Other (please specify)

33. How would you rate the training in your workplace?

- ☐ Very good  
☐ Fairly good  
☐ Neither good nor poor  
☐ Fairly poor  
☐ Very poor

34. Which areas, if any, would you like more training in? (please tick up to three answers)

- ☐ Career development (e.g. management training)  
☐ On the job learning (e.g. tills and stock checks)  
☐ Preventing underage sales  
☐ Health and safety  
☐ Food hygiene  
☐ Dealing with crime  
☐ Personal safety  
☐ Post Office  
☐ Fire safety  
☐ First aid training  
☐ None of the above  
☐ Other (please specify)

35. If offered to you under your current circumstances, would you be interested in undertaking an apprenticeship?

- ☐ Yes    ☐ No    ☐ I am already an apprentice    ☐ I have already completed an apprenticeship

36. On a scale of 1-10, how safe do you feel in your workplace? (Please circle: 1 = not at all safe, 10 = extremely safe)

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

37. Over the last twelve months, how often (if at all) have you been a victim of the following in the workplace?

	Never	Hardly ever	Every few months	Monthly	Weekly	Daily or almost daily
Verbal abuse from customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Threats of violence from customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Physical violence from customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



38. Over the past 12 months, what has been the most common trigger for incidents involving aggressive/abusive behaviour from customers? Please rank the following triggers from 1 (most common) to 5 (least common):

*If you have not experienced any aggressive/abusive incidents from customers, please skip this question*

Enforcing an age restricted sales policy	<input type="text"/>
Queueing	<input type="text"/>
Refusing to serve intoxicated customers alcohol	<input type="text"/>
Challenging shop thieves	<input type="text"/>
Anti-social behaviour	<input type="text"/>

39. Thinking about when a crime has occurred in the workplace, how would you rate the support from the following?

*If you have not experienced any crime, please skip this question*

	Not at all supportive	Not very supportive	Somewhat supportive	Very supportive
The police	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your colleagues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your employer (at store level)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your employer (at head office level)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

40. How often do you work:

	Never	Rarely	Often	Always
On your own in the store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On on one (one colleague and one manager in the store)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
With 2-3 other colleagues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
With 4-5 other colleagues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
With more than 5 other colleagues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

41. How would you rate the impact that working in a convenience store has on the following?

	1 (very negative)	2	3	4	5 (very positive)
Your mental well-being	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your social well-being	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your financial well-being	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

42. How often do you feel lonely?

- ☐ Often/always  
☐ Some of the time  
☐ Occasionally  
☐ Hardly ever  
☐ Never

43. Thinking about what your convenience store provides, which of the following (if any) do you think are the most important to the local community? Please select up to 3 things that you think are the most important

- ☐ Providing groceries  
☐ Acting as a place to meet  
☐ Providing social interaction for lonely people  
☐ Access to a cash machine  
☐ Access to a Post Office  
☐ Providing local information  
☐ Supporting vulnerable people (e.g. elderly / disabled)  
☐ Providing employment opportunities  
☐ Providing bill payment services  
☐ None of the above  
☐ Other (please specify)

Thank you for completing this survey.

The address to send completed surveys to is as follows:

Colleague Survey  
The Association of Convenience Stores  
Federation House  
17 Farnborough St  
Farnborough  
Hampshire  
GU14 8AG

You can also scan and return your survey to [katie.cross@acs.org.uk](mailto:katie.cross@acs.org.uk)

## Annex D

Subject	Analysis
Salary Sacrifice	<p>Lower-paid workers cannot benefit from employer salary sacrifice schemes as the regulations dictate these costs must be deducted from pay for NMW calculations. This means only higher paid workers can benefit from the NI savings associated with a lower headline rate of pay when they opt in to a salary sacrifice arrangement. This is despite the potential for lower-paid workers to benefit most from salary sacrifice schemes and reduced NI costs due to their lower headline pay.</p> <p>As a result, the regulations disincentivise employers from adopting salary sacrifice schemes, for example providing childcare vouchers, due to the administrative difficulties they may cause with ensuring NMW compliance. The regulations can also prevent workers from accessing the full range of their employer's salary sacrifice schemes where the cumulative impact of these schemes may be to reduce pay too far for NMW calculation purposes.</p>
Deductions	<p>We are aware that payments made by an employee to rent a property above a convenience store are being considered by HMRC as a deduction for NMW calculation purposes. This is regardless of whether payments are made to a separate management company and despite it not being compulsory for an employee to live in the property. This enforcement approach encourages retailers to prevent employees from living above the shop even when available on an advertised commercial basis. This does not follow the spirit of the regulations that deductions cannot be made "for the employer's own use and benefit".</p>
Uniforms	<p>When considering payments to be deducted from pay for NMW calculation purposes, the regulations carry a distinction between expenses incurred for a colleague to carry out a job for their employer and expenses incurred to secure the job with their employer. The application of this distinction for uniform expenses is unclear and not clearly split between 'required' and 'voluntary' expenses.</p> <p>For example, it is not clear whether uniform costs should be deducted from pay for NMW calculations and how this should be recorded in the following examples:</p> <ul style="list-style-type: none"> <li>- Where an employment contract specifies a colleague should wear black shoes, whether they may or may not be reasonably expected to already own black shoes</li> <li>- Where an employment contract specifies a colleague should wear 'smart' clothing i.e. smart trousers</li> <li>- Where a worker has more than one job and uses a) existing uniform from another job b) uses new uniform in the other job</li> </ul> <p>Employers would value clear guidance on how to attribute the costs of uniform and reasonably reimburse colleagues for uniform costs when required, for example;</p> <ul style="list-style-type: none"> <li>- whether employers can set a reasonable limit on expenditure incurred they will reimburse</li> <li>- whether they can establish a recommended supplier list for uniform items with or without employer labelling, and</li> <li>- what the process is when a colleague purchases uniform at an unreasonable cost.</li> </ul>

	<p>It is also unclear how employers can proceed when a colleague cannot provide evidence of their uniform expenditure and how HMRC will view cases where workers do not inform employers that they have incurred expenditure on uniform costs.</p> <p>Guidance could also usefully clarify how uniform costs should be practically deducted for payroll procedures. For example, if the uniform costs must be deducted from pay for NMW calculations in the pay reference period they are purchased, this could bring average pay per hour below the NMW if the colleague works a small number of hours in that pay reference period. Employers would welcome clarification whether uniform costs in this example could be reimbursed in the next appropriate pay reference period.</p>
Working Time	<p>The regulations state that overall working hours in a pay reference period for time workers is calculated by adding together time spent working and time treated as worked, including training times. This is complicated by the absence of a definition of work.</p> <p>For example, the regulations do not state whether working time should be extended beyond core working hours when a colleague arrives early or leaves late from their shift, whether actively performing their work duties or being at the employer's premises. The regulations also do not state whether time spent changing into work uniform, either on or off the premises, should be counted as time spent working and, if so, how much time employers should designate to uniform changing times.</p> <p>Clarification on the above may also bring forward queries about how employers should record working time. For example, whether employers should record colleague working hours or use a signing in/signing out system filled out directly by colleagues. The regulations do not state whether this should include time spent working which has not been sanctioned by the employer, for example starting early before a given shift or finishing late after the end of a shift.</p>
Time Off In Lieu (TOIL)	<p>The regulations do not recognise the TOIL concept, whereby an employer gives a colleague time off work instead of payment for overtime hours previously worked. This prevents lower-paid workers from benefitting from TOIL arrangements which some colleagues prefer to additional pay.</p> <p>Not recognising TOIL in the regulations creates a potential for retailers to be caught out when a colleague works extra hours during one pay reference period but takes TOIL in a different pay reference period. This makes it difficult for retailers to offer TOIL to colleagues, particularly for lower-paid staff who typically are on shorter pay reference periods.</p>