



ACS Submission: Increasing Transparency in the UK Labour Market

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Department for Business, Energy and Industrial Strategy's consultation on the Taylor Review of Modern Working Practices recommendations on increasing transparency in the UK labour market. ACS represents over 33,500 local shops and petrol forecourt sites including Co-op, BP, McColls and thousands of independent retailers, many of which trade under brands such as Spar, Budgens and Bestway. Further information about ACS is available at Annex A.

There are almost 50,000 convenience stores in mainland UK, employing 370,000 people. Employment in the sector is predominantly part-time with two-thirds (64%) working fewer than 30 hours per week and two-thirds (66%) of convenience sector colleagues are female. The sector employs people from a range of backgrounds, with 20% of colleagues aged under 25 and 13% over 60 years old¹. Staff turnover in the sector is relatively low, with 44% working in their job at a convenience store for over 5 years².

Flexibility of employment is important to people working in local shops, as 70% of colleagues have commitments which impact the working hours they can undertake, such as childcare, studying or volunteering. Convenience stores provide local employment with 55% of colleagues walking to work, an average travel time to work of 13 minutes and daily travel cost of only £1.63. ACS' Colleague Survey 2018 shows that three-quarters (73%) of colleagues are satisfied with their job and over three-quarters (76%) rate on the job training, considered the most valuable staff benefit, as 'very good' or 'fairly good'.³

The introduction of the National Living Wage and other non-wage employment costs has in part delivered a 9% drop in employment numbers in the sector, from 407,000 in 2015 to 370,000 in 2017⁴. Retailers responded to the £7.50 rate by reducing working hours in the business (78%), reducing the profitability of their business (78%) and working more hours in the business themselves (65%)⁵. 48% have reduced their staff numbers and one-in-three (36%) have also reduced staff benefits in the business⁶.

Rising employment costs have caused retailers to focus on making savings elsewhere in the business and improving productivity. 87%⁷ of retailers report they have not experienced reduced staff turnover, reduced absenteeism or increased productivity since the National

¹ ACS Local Shop Report 2017

² ACS Local Shop Report 2017

³ ACS Colleague Survey 2018

⁴ ACS Local Shop Report 2015 - 2017

⁵ ACS National Living Wage Survey 2017

⁶ ACS National Living Wage Survey 2017

⁷ ACS National Living Wage Survey 2017

Living Wage was introduced, although half (49%⁸) of colleagues report they have been given more work to do in the same amount of time. Work in convenience stores is valued by colleagues, with 30% seeing themselves in a similar role with their current employer in five years' time and 38% believing they will be in a more senior role with their current employer⁹.

Executive Summary

- The introduction of day one Written Statements could prolong the recruitment period, depending on the extent of the information required. Day one Written Statements will also increase administrative burdens on convenience stores, affecting retailers without central HR functions the most.
- We recommend BEIS consider a two-stage Written Statement process where initial core rights are outlined to the employee on day one of their employment and more details are given at a later date in staff handbooks or by other means.
- The calculation of holiday entitlement over a 52 week pay reference period does not pose significant challenges to convenience retailers and could be beneficial to businesses in seasonal locations where paid working hours can fluctuate significantly.
- The use of Zero Hour Contracts in the convenience sector is limited, so the introduction of the right to request a more stable contract after 12 months will have limited impact on convenience retailers. Employers should retain the right to refuse a request for a more stable contract.

Section A – Written Statements

Question 1 to 5

From consultation with our members we understand that Written Statements are routinely issued to employees within the first month of their employment in the business. Members have informed us that the timeframes for issuing Written Statements can vary from the first day all the way up to the eight-week deadline depending on the circumstances.

The speed at which Written Statements are issued depends on a number of factors, for example the job role and HR procedures within the business. Many large convenience retailers will have central HR functions or IT systems that have stock contracts for customer assistant roles. These businesses are likely to issue Written Statements on the first day or first week of employment. Where independent retailers are issuing Written Statements and other information to their staff the time periods are likely to be extended, in some circumstances using the full eight-week period.

Providing a Written Statement on day one of employment will present challenges to all retailers in our sector, but it will affect small retailers that do not have central HR functions the most. ACS members have indicated that a requirement to provide day one Written Statements would be likely to extend the recruitment process and delay start dates. We recommend BEIS considers a two-stage Written Statement process whereby initial core rights are outlined to employees on day one of their employment and more details are given at a later date. We have answered the relevant consultation questions in Section A.

⁸ ACS Colleague Survey 2018

⁹ ACS Colleague Survey 2018

Question 10 -The following items are currently prescribed contents of a principal written statement. Do you think they are helpful in setting out employment particulars? (The business's name, The employee's name, job title or a description of work and start date, If a previous job counts towards a period of continuous employment, the date that period started, How much, and how often, an employee will get paid, Hours of work, Holiday entitlement, Where an employee will be working and whether they might have to relocate, If an employee works in different places, where these will be and what the employer's address is.)

We support the existing prescribed content of Written Statements. Retailers are currently able to provide the information prescribed in principle statements within the eight-week period. Some retailers have highlighted that there are sometimes requirements on staff to work in different stores depending on fluctuations in trade and it is not feasible to list all sites within the employment contract. Instead retailers currently state that employees may occasionally be required to work in other locations. Therefore, point H about different locations for work could prove challenging for some retailers. BEIS should consider what guidance it could issue to retailers about information they may be required to give to employees about alternative locations of work.

Question 11– Do you agree that the following additional items should be included on a principal written statement:

We agree that the additional options set out in Question 11 should be provided to staff, but we do not believe it would be feasible for this to be included in a principle statement issued on day one of employment without causing delays in the recruitment process. The more information required in a Written Statement the more onerous it is for the employer to produce in a timely manner. Retailers have also highlighted that delays issuing Written Statements can also be caused by the time it can take employees to provide documentation to prove their identity.

We believe the information set out in Question 11 should be subject to an extended time period and not issued on day one of an employee's start date.

Question 12 -To what extent do you agree that the principal written statement should be provided on (or before) the individual's start date?

We believe that it would be possible for retailers to provide a principle Written Statement with information set in out Question 10 on day one of employment. However, this requires retailers to review their existing procedures and processes and will disproportionately impact the smallest retailers without a central HR function.

Question 13: To what extent do you agree that other parts of the written statement should be provided within two months of their start date?

We believe that it will be challenging for employers, especially the smallest retailers in our sector, to provide day one Written Statements containing all the information in Question 10 and 11 to employees. It is likely that this requirement would slow the recruitment process down, as retailers will need to ensure they have the correct details set out in the statement.

We believe that it would be valuable to have a two stage Written Statement process with core information offered on the commencement date for employment (as set out in Question 10) and further information (as set in Question 11) provided within a two-month period.

Section C – Holiday Pay

We have no evidence to suggest that there have been non-compliance issues within the convenience sector on issuing holiday entitlement to employees. We would urge the Government to consider using the existing communication channels it has for informing employees about changes to the National Living Wage rates to also include holiday entitlement rights.

Question 27: Do you agree that government should take action to change the length of the holiday pay reference period?

As highlighted in the consultation document, employment patterns in the retail sector can fluctuate across different seasons, such as Christmas. In the convenience sector the fluctuations are even more variable, trading patterns are influenced by weather or national sporting events. Therefore, a move to a 52-week payment period could be beneficial for employers when calculating holiday pay as it will level out spikes in increased hours for staff at busy times of the year.

Section D – Right to Request

Question 31: Do you agree that we should introduce a Right to Request a more stable contract?

There is very limited use of zero-hour contracts in the convenience sector, therefore a right to request an employment contract with more stable working hours would have a limited impact in the convenience sector. Where employees are working on temporary contracts in the convenience sector this is predominately for maternity or holiday cover. Therefore, the employee is unlikely to be working for 12 months.

As with the right to request the flexible working, we support the right of an employer to refuse a request if the business cannot sustain this. Convenience stores on average are open 14.4 hours on weekdays¹⁰ but there are still a finite number of hours available within the business for staff to work. Therefore, if a right to request a more stable contract is introduced employers need the right to decline the request for relevant business reasons.

For more information on this submission, please contact Steve Dowling, ACS Public Affairs Executive, via steve.dowling@acs.org.uk or 01252 533009.

¹⁰ ACS Local Shop Report 2017

Annex A

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of around 50,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.



WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents 22,397 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 14,659 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 12,862 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls, Conviviality Retail and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR



In 2017, the total value of sales in the convenience sector was £38bn.

The average spend in a typical convenience store transaction is £6.28.



There are 49,918 convenience stores in mainland UK. 74% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 370,000 people.

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



20% of shop owners work more than 70 hours per week, while 19% take no holiday throughout the year.

72% 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.

79% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2016 and May 2017, the convenience sector invested over £858m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of over 2400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,291 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