



## **Ofgem – Microbusiness Strategic Review (Statutory Consultation)**

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to Ofgem's statutory consultation on the Microbusiness Strategic review. ACS is a trade association, representing 33,500 local shops across the country including the Co-op, One Stop, Spar, Costcutter and thousands of independent retailers. More information on ACS is available at Annex A.

The costs of energy are a critical factor in the viability of convenience store businesses, especially to small and microbusinesses which represent 72% of the convenience sector<sup>1</sup>. The nature of convenience retail, with long operating hours and extensive use of refrigeration means that the management of energy costs is important. ACS' Local Shop Report 2020 found that over the last year the convenience sector invested £585m in their business. The area of most investment was in refrigeration (42%) followed by internal building maintenance (35%), in-store lighting (30%), air conditioning (12%) and freezer space (8%).

Wherever possible retailers are trying to minimise cost increases by investing in energy saving measures. 43% of convenience stores have chiller doors, 47% have LED lighting, 32% have a smart meter and 5% have solar panels<sup>2</sup>. But despite this, retailers have told us that their energy bills continue to increase year on year.

We believe that microbusiness' face several difficulties when engaging with the energy market. It is difficult for microbusinesses to compare prices like for like across a range of energy suppliers and therefore in the absence of these types of comparison services, microbusinesses have relied heavily on third party intermediaries (TPIs) to navigate the energy market, who may not always act in their best interest. We welcome Ofgem's recommendations to regulate third-party intermediary market to ensure that microbusinesses are adequately protected.

ACS welcomes the confirmation of several previous Ofgem proposals to create a fairer and less misleading energy market for microbusinesses, including;

- Strengthening the existing rules around the provision of principle contract terms to ensure consumers receive key information both pre and post contract agreement.
- Introducing the requirement for suppliers to only work with brokers who are signed up to a qualifying dispute resolution scheme.
- Introduction of a 14-day cooling-off period for microbusiness contracts.
- Working in collaboration with Citizens Advice to develop and create new information assets for microbusinesses to ensure they have up-to-date guidance and advice as well as wider communications to boost consumer awareness on the market and consumer rights.

**For more information about this submission, please contact Lydia Hamilton-Rimmer, ACS Public Affairs Executive by emailing [Lydia.Hamilton-Rimmer@acs.org.uk](mailto:Lydia.Hamilton-Rimmer@acs.org.uk) or calling 07387262277.**

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<sup>1</sup> ACS Local Shop Report 2020

<sup>2</sup> ACS Local Shop Report 2020

## **ACS Consultation Response**

### **Q1. Do you agree that 1 January 2022 represents an achievable start date for implementing a 14 day cooling-off period for microbusiness consumers?**

Yes.

ACS supports a cooling off period of 14 days minimum to protect microbusinesses during the contracting process. However, we continue to have concerns about the situation of verbal agreements being used as a means to establish a new energy contract. The verbal agreement must be followed by a written agreement and a cooling period to ensure that microbusinesses understand the terms stipulated. This would further be supported by the microbusiness assets and advice Ofgem will create in collaboration with Citizens Advice. ACS has numerous channels for communicating with retailers that both suppliers and Ofgem can utilise to communicate information about the energy market. Finally, we would welcome clarity on verbal agreements and the assets to aid business understanding of this risk.

### **Q2. Do you agree that 1 January 2022 represents an achievable start date for fully implementing both the proposed supply licence obligation and the associated scheme needed to introduce independent dispute resolution for microbusinesses in dispute with a broker?**

Yes.

We welcome the confirmation that a supply licence condition will be introduced to require suppliers to only work with brokers signed up to a qualifying ADR scheme.

Alternative Dispute Resolution Schemes (ADR), as utilised in other markets, are successful in providing consumer protection. We urge Ofgem to ensure that ADR are promoted on the website of the TPI to ensure that retailers and consumers are aware to use it.

Finally, we believe this must be communicated with microbusinesses to ensure that they are aware of the process and schemes involved when in dispute of a broker.

**For more information about this submission, please contact Lydia Hamilton-Rimmer, ACS Public Affairs Executive by emailing [Lydia.Hamilton-Rimmer@acs.org.uk](mailto:Lydia.Hamilton-Rimmer@acs.org.uk) or calling 07387262277.**

## Annex A

### ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

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



### WHO WE REPRESENT

#### INDEPENDENT RETAILERS



ACS represents almost 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

#### SYMBOL GROUPS AND FRANCHISES



ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

#### MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents over 13,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

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

### THE CONVENIENCE SECTOR



In 2020, the total value of sales in the convenience sector was £44.7bn.

The average spend in a typical convenience store transaction is £7.46.



There are 46,955 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 412,000 people.

13% of independent/symbol stores employ family members only.



22% of shop owners work more than 60 hours per week, while 24% 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.

80% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2019 and May 2020, the convenience sector invested over £585m in stores.

The most popular form of investment in stores is refrigeration.

### OUR RESEARCH

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

#### ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

#### ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

#### ACS LOCAL SHOP REPORT

Annual survey of around 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,700 stores. The Local Shop Report also draws on data from Lumina Intelligence, 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)