

Business and Trade Committee Inquiry - Make Work Pay: Employment Rights Bill
Submission from the Association of Convenience Stores

Executive Summary

1. ACS (the Association of Convenience Stores) welcomes the opportunity to submit evidence to the Business and Trade's Committee Inquiry into the Employment Rights Bill. ACS represents 50,387 local shops and petrol forecourt sites including Spar UK, Costcutter and thousands of independent retailers, many of which trade under brands such as Budgens and Nisa. These retailers operate in all locations, such as neighbourhoods, villages, on petrol forecourts and in city centres, but our primary trading location is in secondary shopping areas close to where people live and work.
2. The convenience sector exemplifies two-sided flexibility in the labour market, providing local secure and flexible jobs to 445,000 people. This sector supports local economies by offering stable work close to home, combining job security and flexibility. Some key stats about the convenience sector are below:^{1 2}
 - 98% of convenience store colleagues are on a permanent contract
 - 83% of colleagues work 17+ hours per week
 - Less than 1% of colleagues are employed on zero-hours contracts
 - 87% of retailers consistently provide contracts that accurately reflect employees' typical working pattern
 - 90% of employers give at least one week's notice for shifts.
 - 90% of colleagues report that they have never had a shift cancelled with less than 48 hours' notice
 - 86% of retailers state that they always offer alternative hours to employees if a shift is cancelled or reduced
 - 83% of employers offer flexible working arrangements (e.g. part-time hours, staggered hours, flexitime, compressed hours)
3. We support the overall principles of the Employment Rights Bill and the government's aim to enhance job security. However, some provisions in the Bill could impose unnecessary cost and administrative burdens on employers who already uphold high standards of workforce management.
4. Smaller businesses, particularly owner-operated ones without dedicated HR functions, may struggle with requirements such as providing 'reasonable notice' of shifts, offering guaranteed hours, or compensating for shift cancellations. In the convenience sector, shift scheduling is often informal and collaboratively managed by colleagues, making these proposed changes potentially disruptive.
5. It is challenging to fully assess the costs and operational impacts of these measures on the convenience sector because many details remain unclear. Key specifics, such as the threshold for defining a 'low hours' contract, the definition of "reasonable notice of shifts," and the circumstances under which compensation for cancelled shifts will apply, are still to be determined through secondary legislation or guidance.

¹ ACS Colleague Survey 2024

² ACS Employment Survey 2024

6. We are particularly concerned about the new sick pay rules and the financial strain they will place on retailers. To address this, we are advocating for a rebate scheme for Statutory Sick Pay. Such a scheme would allow small businesses to claim state reimbursement for SSP costs incurred during the first three days of an employee's sickness absence, thereby alleviating financial pressures.
7. The sick pay reforms could also lead to behavioural shifts among store colleagues. Increased absenteeism disrupts operations in convenience stores, where covering shifts at short notice is already challenging. For stores operating with just two or three people per shift, even one absence can halt operations entirely.
8. Our recent polling, from October 2024, highlights that employment costs are the biggest concern for convenience retailers³. Rising costs, driven by increases in the National Living Wage and Employer NICs, are forcing retailers to delay investments, reduce paid working hours, and pass on costs to consumers by raising prices in shops.

Answers to the questions in the call for evidence can be found on the next page.

Protecting workers

Does the Employment Rights Bill adequately safeguard the workers it seeks to protect?

9. The Bill risks undermining the two-sided flexibility that benefits both employers and employees in the convenience sector. Proposals such as requiring 'reasonable notice' for shifts, guaranteed hours, and compensation for cancellations could disrupt the informal scheduling arrangements essential to managing unpredictable demand. This flexibility is particularly valued by employees, such as students and those balancing work with other commitments, who prefer the adaptability offered by zero-hours and low-hours contracts.
10. While the Bill aims to enhance job security, its broad application may unnecessarily burden employers who already uphold high standards and meet employee needs. For example, rigid requirements could interfere with operational flexibility and fail to reflect the realities of small businesses. To effectively safeguard workers without compromising flexibility, the government should prioritise guidance, such as Acas recommendations, over strict legislative definitions and target protections at those experiencing genuine unpredictability in their working arrangements.
 - **Are there weaknesses or loopholes in the Bill that could be exploited or have unintended consequences?**
11. The removal of the three-day waiting period for Statutory Sick Pay (SSP) may have "unpredictable consequences" according to a report by the House of Commons Work & Pensions Committee⁴. While we acknowledge that research on this issue is inconclusive and that such a change could help reduce presenteeism, retailers are concerned that offering SSP from day one may result in increased absenteeism. This could create operational challenges, making it more difficult to cover shifts at short notice and potentially impacting

³ ACS Voice of Local Shops Survey 2024

⁴ [Work and Pensions Committee Report: Statutory Sick Pay](#)

the reliability and continuity of store operations.

12. Additionally, the removal of the three-day waiting period for SSP also poses a significant financial burden on small retailers. With an estimated 70% of sickness absences lasting three days or less⁵, removing the three-day waiting period for SSP will drastically increase costs. We estimate the SSP bill for the convenience sector in 2023 was £14.7m, which is likely to increase significantly if the reforms are introduced⁶.
13. Elsewhere, the lack of clear definitions for key terms, such as "reasonable notice of shifts," creates uncertainty. While we expect this to be more clearly defined in due course, any degree of ambiguity could result in inconsistent application or unintended compliance challenges for employers.
14. One of the biggest challenges for retailers is covering shifts at short notice when colleagues fail to turn up for shift due to illness or other circumstance. The Bill and secondary regulations need to support the ability of employers to cover shifts at short notice where it is not possible to offer the new statutory notice periods and employers may have to offer shifts to multiple colleagues at short notice. These types of reciprocal arrangements are important for supporting operational capabilities and retaining the principle of two-sided flexibility for both employees and employers.
 - **Can the measures in the Bill be adequately enforced? What are the barriers to setting up a Single Enforcement Body (Fair Work Agency (FWA)) and how can these challenges be overcome?**
15. The FWA has the potential to streamline enforcement, reducing confusion for businesses and employees by consolidating responsibilities. Adequate funding is critical to ensure effective enforcement and support for businesses during the transition. Without these steps, the FWA risks alienating businesses it seeks to regulate and undermining its objectives. There is also concern about an uptick in tribunal claims as a result of the new legislative framework. Retailers are concerned that this will increase their legal cost and there is insufficient capacity to manage new claims through the tribunal system
16. The transition to a Single Enforcement Body may risk losing expertise from existing agencies like the GLAA. Clear timetables, well-structured staff transfers, and robust training are essential to mitigate this. Second, the complexity of labour market regulations and the lack of clarity in some areas, such as National Minimum Wage calculations, create compliance challenges for employers. Comprehensive guidance and education should precede enforcement actions.
17. The FWA must adopt a proportional approach to enforcement, distinguishing between unscrupulous violations and technical errors without employee detriment. Overly punitive measures risk eroding trust between businesses and regulators. To overcome these challenges, the government should emphasise advice-led strategies, provide sector-specific support, and engage employers through advisory boards.

⁵ [WPI Economics: Modelling Costs for SSP, 2022](#)

⁶ ?

Impact on businesses

- **What impact will the areas covered by the Employment Rights Bill have on small, medium and large businesses?**

18. Clauses 1–3 of the Bill, aimed at addressing one-sided flexibility, could significantly inconvenience retailers, particularly owner-operated stores without HR functions. For these businesses, every hour spent working is vital to daily operations and profitability. Measures such as requiring ‘reasonable notice’ for shifts or frequently offering guaranteed hours introduce complex administrative burdens that smaller retailers may struggle to manage effectively.
19. The informal nature of scheduling in smaller stores, where staff and owners collaborate to adapt to fluctuating demand, is essential. Imposing rigid scheduling requirements risks eroding the flexibility valued by both employers and employees, particularly in a sector characterised by unpredictable staffing needs. This could reduce the ability of these businesses to respond quickly to changes, further straining operations.
20. Implementing new systems to comply with these requirements will demand financial and time investments. For businesses operating on tight margins, this could lead to cost-cutting measures like reducing staff hours, delaying investments, or increasing prices to offset additional burdens.
21. If the removal of the three-day waiting period for SSP (Clause 8) leads to increased absenteeism, it will pose serious challenges for small retailers. Businesses operating with minimal staff may struggle to cover absences, making it far less likely they can provide reasonable notice for shifts. For owner-operated stores, where the owner is often the primary worker, this creates significant strain as they may need to step in at short notice. This disrupts operations and adds financial pressure from covering higher absence rates, further exacerbating challenges.
22. Larger businesses, with dedicated HR teams and advanced systems, may adapt more easily but will still face increased costs and operational constraints.
23. We have concerns regarding the proposed measures to make employers liable for third-party harassment (Clause 16). This is particularly significant for the retail sector, where violence and abuse against shopworkers remain a pressing and ongoing issue. ACS’ Crime Report 2024 estimates that there have been over 76,000 incidents of violence⁷ and 87% of colleagues⁸ have experienced verbal abuse.
24. Retailers demonstrated their commitment to tackling workplace violence and abuse by investing over £339 million in colleague safety measures⁹. These investments include installing security equipment, implementing training programs, and adopting robust policies to safeguard employees. While it is necessary for retailers to establish clear policies, train staff on handling difficult situations, and actively address incidents as they occur, it is nearly

⁷ ACS Crime Report 2024

⁸ ACS Colleague Survey 2024

⁹ ACS Crime Report 2024

impossible to prevent harassment from the 15 million customers that visit convenience stores daily.

25. Employers should not bear full liability for behaviour that is beyond their reasonable control. The definition of “all reasonable steps” taken by employers will be central to the practical operation of this possible. We note that the Regulatory Policy Committee has given this section of the Bill’s impact assessment a “red” or “weak” rating stating: *“The IA needs to provide a much stronger assessment of risks. There is no mention of risks/impacts that led the Worker Protection (Amendment to the Equality Act 2010) Act 2023 being revised during parliamentary passage. This included the dropping of the third-party requirements, due to concerns around free speech and costs to employers”*¹⁰

- **What impact will these measures have on staff retention, hiring practices, probationary periods and wages?**

26. Employment costs are the biggest concern for convenience retailers. Rising costs, driven by increases in the National Living Wage and Employer NICs, are forcing retailers to make difficult decisions, such as delaying investments, reducing paid working hours, and passing on costs to consumers by raising prices in shops¹¹. Some measures in the Bill will exacerbate this further, particularly the operational and administrative costs of complying with requirements for guaranteed hours and compensation for shift cancellations, as well as the increased costs resulting from the removal of the three-day waiting period for Statutory Sick Pay.

27. The additional employment costs and processes implemented by the Bill are likely to result in retailers delaying or cancelling investments in store infrastructure, opening new stores and employing more staff. This has knock on implications for the government’s overarching objective to be the fastest growing economy in the G7. In 2024 the convenience sector invested £1billion in improving their offer to customers.

28. The Committee should also note that increases in wage costs over time have squeezed pay differentials between store managers and customer service assistants. Following the latest increase in the NLW to £11.44, ACS data indicates that across all senior job roles (store supervisors, store managers, and regional managers), the most common pay adjustment was a fixed pay increase, which did not align with the NLW rise. Furthermore, approximately one-fifth of respondents in more senior roles received no pay increase at all. This compression of pay differentials risks undermining motivation and retention among experienced staff in senior positions, potentially discouraging them from staying or progressing within the business.

29. The introduction of a longer 9-month statutory probationary period may inadvertently reduce employers’ incentives to invest in the training and development of new hires. With the extended period allowing greater flexibility to terminate employment, employers might delay committing resources toward employee upskilling until after the probationary period ends. This could hinder early professional growth for employees and create a less supportive environment for new talent to thrive.

¹⁰ [Regulatory Committee: Employment Rights Bill](#)

¹¹ ACS Employment Survey

- **How will other areas set out in the Plan to Make Work Pay impact businesses?**

30. ACS supports the government's more measured approach to determining NLW rates, rather than setting these based on arbitrary political targets. It is important to ensure wage policies reflect economic realities. We welcome the consideration of cost of living and inflation in setting future wage rates, as well as the commitment to maintaining the NLW at a level no lower than two-thirds of median earnings. This approach balances the need for fair pay with the sustainability of businesses.
31. Additionally, ACS is supportive of steps to remove separate age bands for minimum wage rates. In the convenience sector, most employers already pay at or slightly above the NLW, making the separate bands largely redundant. Simplifying wage structures in this way could reduce administrative burdens and ensure consistency across the workforce.
32. However, rising wage rates pose serious challenges for businesses. Retailers are increasingly concerned that ongoing increases in wage costs are becoming unsustainable and having far-reaching impacts on business operations. These include a potential shift away from 'good work' to less secure gig economy jobs, fewer in-work progression opportunities (currently 51% of sector employees say their jobs offer good career prospects¹²), and a decline in the attractiveness of entrepreneurship. In fact, 83% of retailers report that NLW rises have made operating a store less appealing¹³. Moreover, rising labour costs are forcing businesses to reallocate resources away from growth and innovation, reducing investment in future opportunities.
33. To mitigate these risks, we are calling for the adoption of a new framework for the LPC to monitor emerging trends and assess the broader impacts of wage policies on the labour market. Indicators such as reduced job security, declining entrepreneurship, and shifts in investment priorities should inform LPC's decisions to ensure a balanced and thriving labour market that supports both workers and businesses.

¹² ACS Colleague Survey 2024

¹³ ACS Employment Survey 2024