

## Rural Shop Report 2023 – Briefing

### Introduction

ACS (the Association of Convenience Stores) represents over 17,000 rural shops including Co-op, McColls, One Stop, and thousands of independent retailers, many of which trade under brands such as Spar, Costcutter and Londis.

These retailers are diverse and entrepreneurial, trading from a mixture of remote countryside, villages, market and rural hub towns across the country – 41% trade in isolated locations where no other business operates. This means they provide a lifeline for rural communities to access everyday goods and services, but also carry social value with almost half of rural customers knowing well the people working in their local shop.

**Rural consumers now rank a convenience store as the most essential service for their area while the sector contributes £3.5bn in GVA and 142,000 jobs in rural communities; further information is available via the ACS Rural Shop Report 2023.**

### Energy Bill Support Needed

The government's new Energy Bill Discount Scheme is completely inadequate in helping local shops and other businesses manage rising energy costs. Many local shops will be at risk of closure meaning that communities will go without access to essential goods and services. Rural shops are often the only grocery business for several miles, and in some isolated areas, the only business at all, so their importance to the communities that they serve cannot be underestimated. The Government needs to:

- Increase the level of discount available under the Energy Bill Discount Scheme so businesses receive meaningful support to manage their energy costs
- Better target discounts at the most vulnerable businesses that renegotiated their contracts when the wholesale energy prices were at their highest in 2022
- Put pressure on energy companies to allow the most vulnerable businesses to renegotiate their contracts to better reflect lower wholesale prices that are now available.

More information on this can be found here: <https://bit.ly/3ZHyCKe>

### Rural Shops and the Levelling Up Agenda

Rural shops and other rural businesses face significant challenges when trying to improve their offer to customers. Supply chain limitations, delivery schedules, broadband connectivity and mobile coverage are all areas where rural shops can be adversely affected compared to their more urban counterparts. The Rural Shop Report demonstrates the importance of these businesses and a need for policymakers to include them within conversations on the levelling up agenda.

Commentary around levelling up has focussed too much on urban centres as engines of growth and left-behind neighbourhoods. ACS believe levelling up should harness the untapped potential of rural communities with the local shop at their heart. These shops provide a hub for services no longer viable through standalone stores, bridging the gap between high streets and online retail.

Levelling up aims to achieve a strategic rebalancing of growth and productivity by raising it in lower performing areas, making rural economies a strong foundation on which to build. ACS welcome the funding announced in September through the Rural England Prosperity Fund to invest in projects which will boost productivity and create rural job opportunities<sup>1</sup>. However, overall, most of the Levelling Up fund has been allocated to infrastructure products, including town centre regeneration and transport projects. Rural areas need an equitable share of funding, as there is no 'trickle down' effect to rural from urban-centric areas investments.

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<sup>1</sup> DEFRA. [Delivering for rural England – the second report on rural proofing](#) September 2022

**If the Government is serious about its own ambitions to level up the country, additional funding is needed to support local economies by improving access to essential services such as shops, Post Offices and other services valued by consumers<sup>2</sup>.**

### Rural proofing government legislation

In September 2022, the Government published its Second Report on rural proofing, setting out how rural interests will be systematically integrated across the government's approach to levelling up<sup>3</sup>.

Effective rural proofing ensures policies are suited to rural settings and account for common challenges found within the rural economy. Examples of these challenges include population sparsity, travel distances and additional operating costs. Rural convenience retailers are developing their stores to meet the needs of their customers by expanding both their product range and their service offer. They need to know that this investment is backed by the government supporting rural shops and the wider rural economy.

ACS support the Rural Services Network's view that the report on rural proofing needs to give a clear indication of how these initiatives will ensure equity of approach/outcomes in rural areas<sup>4</sup>. As with the [first report](#) published in March 2021, this report should be an opportunity for all Government Departments to show where their policies and procedures have been rural proofed (and to what effect). **The Government must adopt a consistent timeframe for analysing and evaluating the effectiveness of policy development and be more transparent about how rural proofing has been practically applied.**

This could mean, for example, considering reducing fixed costs or seeking collaborative approaches with local groups or businesses affected by policies. One policy that requires rural proofing is the implementation of a deposit return scheme (DRS) for drinks containers. Lower population density in rural areas makes it harder for local shops to manage a DRS return point alongside the significant associated overheads. DEFRA must ensure that DRS is cost neutral for all retailers, including rural stores where throughput could be lower.

### Access to cash

ACS support the measures in the Financial Services and Markets Bill to ensure cash withdrawal and deposit facilities are available in communities across the country. Banks and free-to-use cashpoints are disappearing at an alarming rate, with over 12,000 (almost a quarter) free-to-use ATMs having closed since 2018<sup>5</sup>. The impact of these closures on local communities can be devastating, and those living in rural communities, where residents often have to travel for miles to reach their nearest source of cash, are also among the most reliant on it.

However, digital infrastructure can be poor in these areas, making it harder for residents to embrace online banking and payments. **Measures to protect cash services must go beyond setting geographic-based minimum access requirements and should at least mirror coverage for local neighbourhoods. Fundamentally, cashback services offered in convenience stores must not be seen as a replacement for a properly functioning ATM network.**

### How you can support

You can support rural shops by:

1. Tweeting your support for the [ACS Rural Shops Pledge](#)
2. Visit a shop in your constituency to learn more.
3. Agreeing to write to relevant Ministers and table written questions – please get in touch with us for help with this ([Jordan.newfield@acs.org.uk](mailto:Jordan.newfield@acs.org.uk))

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<sup>2</sup> ACS. [Community Barometer 2022](#)

<sup>3</sup> DEFRA. [Delivering for rural England – the second report on rural proofing](#) September 2022

<sup>4</sup> Rural Services Network. [Rural Lens Review on Defra's Latest Report on Rural Proofing](#) September 2022

<sup>5</sup> Which? [Bank Branch Closures](#) November 2022