

# Cross-Party Group on Independent Convenience Stores

The Scottish Parliament, Committee Room 3  
6pm, Tuesday 14<sup>th</sup> November 2023  
Minute

## Present

### MSPs

Gordon MacDonald MSP (Convener)  
Daniel Johnson MSP (Deputy Convener)  
John Mason MSP  
Murdo Fraser MSP

### Invited Guests

Anand Cheema (speaker), Costcutter  
David Mackenzie (speaker), SCOTSS  
Denis Kerr (speaker), HMRC  
Professor Leigh Sparks (speaker), University of Stirling (joined online)  
James Harper, One-O-One Retail  
Jamie Sanders, JTI  
Paul Stockhall, Capital Council  
Rosemary Doherty, HMRC  
Rupert Lewis, TMA  
Seonag Mackinnon, Federation of Independent Retailers

### Non-MSP Group Members

Luke McGarty (CPG Secretary), Scottish Grocers' Federation  
Aidan Smith, Scottish Grocers' Federation  
Barry Forbes, Booker  
Colin Smith, Scottish Wholesale Association  
Dennis Williams, Broadway Convenience Store  
Jamie Buchanan, Scottish Grocers' Federation (Go Local Programme)  
Jamie Mackie, Scottish Grocers' Federation  
Jayne Swanson, Scottish Wholesale Association  
Martin Devlin, PGMA

## Apologies

The Convener noted that apologies had been received from Maurice Golden MSP, Jackie Baillie MSP, and Foysol Choudhury MSP.

## Welcome and Introductions

Gordon MacDonald MSP (Convener) welcomed attendees to the meeting.

## Approval of Minutes and Action Points

Gordon MacDonald MSP (Convener) asked for the approval of the previous minutes of the meeting of 26<sup>th</sup> September 2023. These were approved.

## Topic one: Illicit Trade

David MacKenzie - highlighted the types of products that are potentially used as illicit and counterfeit goods. These include categories such as alcohol, fireworks, toys (including electric and chargeable items), tobacco and vaping products. Regarding vaping products, there is a significant potential for counterfeiting, non-compliant goods and illicit trade in this area. This product category accounts for a sizable proportion of the work that SCOTSS are carrying out in Scotland. SCOTSS highlighted the resources available to support businesses and recommend contacting their Local Authority with any concerns of bad practice.

Denis Kerr – noted that HMRC work closely with Trading Standard to improve insight into the data regarding the retail market of illicit trade. The activity currently focuses on supporting the law enforcement arm of Trading Standards, targeting offenders. This includes targeting overseas ‘pop-up’ factories that produce counterfeit cigarettes (which targets several market leading brands). Targets for import seizures have been met in 2023. With total seizures of approximately one billion ‘sticks’ seized in the past year. Furthermore, there are significant regional differences on the volume and type of illicit tobacco trade. The illicit market for cigarettes in Scotland is significantly more expensive than elsewhere in the UK, at roughly £1 (£6) more than elsewhere.

## Topic two: SGF Scottish Local Shop Report 2023

Professor Leigh Sparks – outlined that inflation has been relatively benign for the past thirty years. Resulting in a stable period for retailers. However, issues such as Brexit, Covid and latterly the war in Ukraine have significantly destabilised the UK economy, alongside an ongoing period of societal change. In particular, concerns with health and wellbeing and the drive of government to act on these matters have

resulted in an impact on the sector. The presentation sets out a number of comparative findings between the 2016 and 2023 Local Shop Reports, noting increase in people employed in the sector and the variety of services available. In conclusion, the scale of the sector is important for the economy but the robustness of the sector and its impact on communities is of more importance. As a result, of recent challenges such as Covid have highlighted that people now recognise the benefits of access to local stores within communities.

Anand Cheema – highlighted the importance of the convenience sector for communities, and particularly the contribution of independent retailers. For example, the presentation sets out the history of the Falkirk store and the additional value it provides to the local community. This includes supporting local charities, employment, and economic growth. The work, investment and progress required to make a successful business was outlined throughout the presentation. Noting that this is a challenging time for independent convenience retailers. Furthermore, retail crime is a key issue for local convenience businesses, and retailers are taking action to protect both their staff and businesses. Along with the variety of challenges facing retailers, this is having a knock-on effect on customers and the cost-of-living crisis.

## Questions and Answers

Following the four presentations there was general discussion and questions from a range of those present. Some of the points made were:

### Illicit Trade:

- The estimated cost of illicit cigarette trade is around £3bn (5-6bn sticks), UK wide.
- As the general consumption of tobacco declines so does the volume of illicit goods in this product category. However, the figures are still very significant and costly to the UK economy.
- Additional restrictions and regulation will inevitably fuel illicit trade. This may be different across products areas. Noting that restrictions on fireworks may see initial spike in illicit goods, for example. As seen elsewhere, prohibition does tend toward replacing legitimate trade with criminal groups.
- Potentially increasing restrictions could impact on in-store crime and exasperate potential abuse and violence toward staff. These challenges are noted by the panel.
- Challenges with trade links with the European continent does make it more difficult to tackle illicit trade.

- Social networks, social media and social groups, including social hubs such as hairdressers and tanning salons, are a key driver of illicit goods. However, this can be challenging to police.
- Various sanctions are available to Trading Standards, although the total number of prosecutions being sought is very limited.
- Potential inaction on illicit trade may be causing incidental reputational damage to the sector and retailers who act in full compliance with the regulations.
- Restrictions do not always lead to an increase in illicit trade, as seen in some examples of bans on items such as firearms. A key factor is whether demand increases or decreases under the named restriction.

#### Scottish Local Shop Report:

- Notes the importance of local investment and the benefit that the convenience sector has for the wider economy and both local communities and economies.
- Notes the challenges of a rising trend in retail crime impacting stores across Scotland and the perception of inaction by authorities and the justice system.

The Convener thanked all the speakers for their presentations and attendees for their participation.

## Action Points

There were no action points from the meeting.

## Any Other Business

The Convener confirmed that there was no other business.

## Date of Next Meeting

The Convener confirmed that the next Cross Party Group meeting would take place at 6pm on Tuesday 20<sup>th</sup> February 2024. The meeting will be held in-person in the Scottish Parliament.