ACS | the voice of local shops

Association of Convenience Stores Submission | Autumn Budget 2026

The Association of Convenience Stores' key asks for the Autumn Budget are:

Deliver business rates reform that reduces costs for local shops serving their communities

1. Set the **Retail, Hospitality and Leisure multipliers** at the **full 20p below** the standard and small business multipliers
2. Raise Small Business Rate Relief thresholds to **£18,000 for 100%** relief, tapering **to £21,000**, and index them to inflation thereafter
3. Bring forward **wider business rates reform** that recognises the role of high streets, **levels the playing field** with online competitors, and **incentivises investment** in premises

Keep the cost of employment under control and ensure workplace reforms support, rather than limit, job creation

4. **Moderate the pace of future NLW increases** and retain the current benchmark of two-thirds of median earnings
5. **Review the timetable for aligning NMW age bands** so that the pace of change remains affordable for employers, reflecting the Milburn review's finding that rising employment costs are a barrier to hiring young people
6. Ensure employment reforms, particularly those addressing one-sided flexibility, **preserve existing flexibility for employers** and employees without placing additional burdens on retailers

Back high streets by tackling shop theft, strengthening enforcement and rooting out rogue retailers

7. **Remove CCTV and security measures from business rates valuations**, ensuring retailers are not penalised for investing in crime prevention and staff safety at a time of heightened retail crime
8. **Direct revenue from the Vaping Products Duty towards Trading Standards enforcement** against the illicit market
9. **Maintain investment in neighbourhood policing** and reaffirm the commitment to deliver **13,000** additional neighbourhood officers by **2029**

Cut unnecessary regulation and give retailers the confidence to invest

10. Introduce **business rates relief on reverse vending machines** to support compliance with the **Deposit Return Scheme**, replicating the exemption already in place in Scotland
11. Avoid **unnecessary restrictions on vape displays**, which would impose **disproportionate costs on retailers** already working with limited space behind the counter
12. Extend the **fuel duty cut** for a further year and **freeze alcohol duty**, and weigh carefully the **impact of further increases in tobacco duty**.

For more information on this submission, please contact Jordan.newfield@acs.org.uk

Overview

ACS (the Association of Convenience Stores) welcomes the opportunity to provide evidence to the Treasury ahead of the Budget. ACS represents 50,925 local shops and petrol forecourt sites including thousands of independent retailers, many of which trade under brands such as Spar, 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.

The convenience sector is under sustained cost pressure. **Business rates bills for local shops have increased by 79%** over the last two years, while employer **NICs have risen by 97%** over the same period. These are not marginal adjustments to the cost of doing business, they are step changes in the fixed costs of operating a shop, arriving together and hitting businesses that have limited ability to absorb them.

We recognise the fiscal position the Chancellor is working within. Our asks are set against the **five priorities the Government has set for this Budget**, because we believe the convenience sector is well placed to deliver against each of them.

1) Fiscal discipline

Local shops are not seeking handouts. What we want is a fairer playing field. The Treasury loses **billions each year to illicit trade**. Investment in enforcement against the shops trading illegally would protect that revenue and pay back several times over, while defending the retailers who pay their duty in full (recommendation 8).

2) Economic growth in every postcode

Convenience stores are uniquely placed to drive growth in every postcode. There are **50,925** stores across mainland UK, with the average store **serving 2,896 people within a 500 metre radius**. Consumers rate convenience stores as the number one local service in supporting local growth through job creation and local investment.

3) Backing British businesses

Convenience stores are a long-standing British institution. **One in ten retailers** have been trading from the same site for more than **25 years**, and UK convenience stores are among the most technologically advanced and best invested in the world. That investment goes into physical premises, and the business rates system charges for it in a way that online competitors do not face (recommendation 3).

4) Wealth creation

Creating the right conditions for convenience stores to invest pays back in more than the revenue those stores generate. Local shops provide local, secure and flexible employment to over **456,000 people**. Retailers also provide an increasing number of services, including banking, bill payments and parcel collection that are often the only such provision for miles.

5) Making life more affordable

The cost of trading pressures retailers face are resulting in difficult decisions, among them deciding whether to invest in promotions and lower price points that deliver value to consumers. Convenience stores can play an important role during the cost of living crisis by offering value close to home, allowing customers to travel shorter distances for the goods and services they need and to shop little and often in a way that helps households budget week to week.

The sector remains a substantial contributor to the public finances, generating over **£10.5 billion in GVA** and paying more than £**9.2 billion** in taxes last year. But that contribution is not guaranteed. It depends on shops staying open, and on the conditions that allow retailers to invest rather than retrench.

Our asks are set out in more detail on the following pages.

Theme	Policy Proposal	Costs/Key Data
Deliver business rates reform that reduces costs for local shops serving their communities	**Set the Retail, Hospitality and Leisure multipliers at the full 20p below the standard and small business multipliers** Last year's introduction of permanently lower multipliers for retail, hospitality and leisure premises is a welcome recognition that high street businesses face fixed property costs that their online competitors do not. But the principle only delivers if the differential is set at a level that does the work. Setting the multipliers at the full 20p 'floor' is needed to offset the combined impact of the 2026 revaluation and withdrawal of temporary relief.	The cost of Business Rates to the convenience sector last year was **£356m, a 16% increase** on last year and a **79% increase** on the year before[1]. **A third** of independent retailers receiving business rates relief say it has **kept their store open** when it would otherwise have closed. Another third say it has allowed them to **price more competitively for customers.**[2] ACS' Community Barometer ranks local shops alongside pharmacies and Post Offices among the services with the **most positive impact** on their area.
	Raise Small Business Rate Relief thresholds to £18,000 for 100% relief, tapering to £21,000, and index them to inflation thereafter Thresholds have not moved since **April 2017** and this means retailers are being pushed out of eligibility by inflationary increases at each revaluation, despite trading in the same premises under the same conditions. Proposals set out by the Prime Minister during the Makerfield by-election[3] to raise the thresholds **to £18,000 and £21,000** would lift many convenience stores out of rates altogether, and delivering it at this Budget would give retailers immediate relief at the point they need it most. Indexing the thresholds thereafter would stop the same erosion recurring at every future revaluation, and protect the low-margin services, including bill payments, access to cash and Post Office functions, that smaller stores provide.	
	Bring forward wider business rates reform that recognises the role of high streets, levels the playing field with online competitors, and incentivises investment in premises. We welcome the Government's commitment to recognising businesses that make a positive contribution to their high streets, and to shifting the business rates burden away from traditional retail and towards the largest online operators. Convenience stores should be squarely within that recognition: Turning that commitment into a system that rewards investment rather than penalising it, where a retailer who refits a store or extends their offer does not face a higher bill for doing so, would give retailers the confidence to commit capital over the long term.	
Keep the cost of employment under control and ensure workplace	**Moderate the pace of future NLW increases and retain the current benchmark of two-thirds of median earnings** ACS supports a NLW that delivers fair pay, but the pace of recent increases has outrun retailers' capacity to absorb them. Retaining the two-thirds of median earnings benchmark, rather than setting new or higher targets, would give retailers the certainty to plan, protect the hours available to colleagues, and allow wage growth to continue at a rate the sector can sustain alongside the cumulative pressures of employer NICs, SSP reform, business rates and energy costs.	**98%** of retailers described the last increase as significant, and **more than half** responded by taking lower profits, reducing paid hours and raising prices[4].

[1] ACS Local Shop Reports
[2] ACS Voice of Local Shops Survey
[3] https://www.lbc.co.uk/article/a11b1a32d884460c9539158f2171e8cd-5HjdcX6_2/
[4] ACS Employment Survey 2026

reforms support, rather than limit, job creation	**Review the timetable for aligning NMW age bands so that the pace of change remains affordable for employers, reflecting the Milburn review's finding that rising employment costs are a barrier to hiring young people** ACS supports the ambition of a single adult rate, but the timetable for closing the gap between the 18-20 rate and the NLW must reflect what employers can absorb. Convenience stores are one of the largest providers of first jobs in the country, offering the flexible, local hours that allow young people to combine work with study.	Government analysis finds that the package of reforms covering **guaranteed hours, notice of shifts and compensation for last-minute cancellations** could directly cost employers between **£350m and £2.9bn** annually, depending on how the final rules are designed.
	Ensure employment reforms, particularly those addressing one-sided flexibility, preserve existing flexibility for employers and employees without placing additional burdens on retailers Convenience stores already offer secure employment alongside genuine flexibility, with most colleagues on permanent contracts and working patterns agreed between employer and employee to suit both. Reforms that impose rigid notice requirements or set the low-hours threshold too high risk removing that flexibility altogether, leaving retailers less willing to offer additional hours or create new roles.	
Back high streets by tackling shop theft, strengthening enforcement and rooting out rogue retailers	**Remove CCTV and security measures from business rates valuations, ensuring retailers are not penalised for investing in crime prevention and staff safety at a time of heightened retail crime** Retailers investing in CCTV and other security equipment currently see that investment reflected in their rateable value, leaving them with a higher rates bill for protecting their staff and their customers. Retailers should not be penalised for investing in infrastructure that protects their business, colleagues and communities.	ACS' Crime Report finds that crime against retailers costs an estimated £7,137 per store. ACS' Resource Analysis for Vape Enforcement report sets out a clear case for **£140.4 million** over five years to enhance Trading Standards. HMRC: Exchequer Impact of Vaping Product Duty finds that the policy will raise £565 million in government revenue by 2030.
	Direct revenue from the Vaping Products Duty towards Trading Standards enforcement against the illicit market The forthcoming Vaping Products Duty is estimated by the government to raise £565 million by 2030. The government should reinvest a proportion of its revenues into Trading Standards and enforcement agencies to create a sustainable funding model for tackling illicit trade and rogue traders. This dedicated funding would ensure consistent enforcement capacity across the country, disrupt criminal supply chains that exploit communities, protect legitimate retailers who comply with the law, and secure sustainable revenue for the Treasury by reducing the tax gap.	
	Maintain investment in neighbourhood policing and reaffirm the commitment to deliver 13,000 additional neighbourhood officers by 2029 Retailers consistently report that shop theft and other incidents of retail crime often go unreported because they have little confidence that the police will attend or that action will be taken, masking the true scale of crime. Maintaining investment in neighbourhood policing and delivering the Neighbourhood Policing Guarantee will help ensure communities have a visible and responsive police presence, giving retailers greater confidence that reporting crime will lead to a response. The Government should therefore maintain its current momentum and reaffirm its commitment to delivering 13,000 additional neighbourhood policing personnel by 2029.	
Cut unnecessary regulation and give	**Introduce business rates relief on reverse vending machines (RVMs) to support compliance with the Deposit Return Scheme, replicating the exemption already in place in Scotland** With the Deposit Return Scheme due to go live in October 2027, retailers are already making decisions about whether to host return points and what equipment to install. Retailers installing RVMs to meet their obligations	HMRC Tax Gap Data

retailers the confidence to invest	under the Deposit Return Scheme should not face a higher rates bill for doing so. The Scottish Government has already set the precedent through the Non-Domestic Rating (Valuation of Sites of Reverse Vending Machines) (Scotland) Regulations 2023, which ensures parts of properties used solely for RVMs are not liable for non-domestic rates.	- Illicit tobacco cost the Exchequer £1.7 billion in 2024-25 - Tobacco duty receipts have fallen from £10 billion to £7.9 billion in four years - Beer carries the largest excise duty gap of any category, at 16.1% Government impact assessment on implementation of display restrictions estimates that it will cost £156.20 per store.
	Avoid unnecessary restrictions on vape displays, which would impose disproportionate costs on retailers already working with limited space behind the counter The Government is proposing to extend existing tobacco display restrictions to vaping products, nicotine products, heated tobacco devices, cigarette papers and herbal smoking products. It estimates that complying with these changes will cost retailers an average of £156.20 per store, but ACS' provisional estimates suggest the actual cost could be at least ten times higher. For convenience stores with limited space behind the counter, these changes would require costly and disruptive refits. The Government should consider whether these restrictions are proportionate, particularly alongside proposed packaging restrictions. It should not impose significant new costs on retailers where the additional benefit is unclear.	
	Freeze alcohol duty, and weigh carefully the impact of further increases in tobacco duty, which risk driving more consumers towards the illicit market Alcohol is an important category for convenience stores, and duty increases feed directly into the prices paid by consumers. The Government should freeze alcohol duty to support consumers and responsible retailers, particularly given wider cost pressures facing households and businesses. Further increases in tobacco duty should be carefully considered alongside the Government's objective of tackling the illicit tobacco market. Higher taxes can widen the price gap between legitimate and illicit products, increasing the incentive for consumers to switch to illicit products and undermining responsible retailers who pay duty in full. The Government should also allow the new Vaping Products Duty to bed in before considering further increases. Retailers and suppliers are already preparing for the introduction of the £2.20 per 10ml duty from October 2026, and the Government should assess its impact on consumers, retailers and the illicit market before making further changes to the rate.	