

26 February 2026

The Rt Hon Rachel Reeves MP
1 Horse Guards Road
Westminster
London
SW1A 2HQ



Dear Chancellor,

The cumulative cost pressures facing local shops from April 2026

We are writing to warn of a looming April cost cliff edge for local shops and to urge the Government to use the Spring Forecast to set out how it will create an environment for investment and growth, including by lowering business rates multipliers or providing further rates relief, to mitigate the scale of the pressures that will come into effect from April 2026.

Local shops are facing a convergence of significant new costs in April 2026. This includes increases in business rates bills following the 2026 revaluation and the withdrawal of essential reliefs. Alongside this, retailers are facing rising employment costs from increases to the NLW, hikes in Employer NICs and changes to Statutory Sick Pay. Taken together, these measures represent a cliff edge in costs that will force many local shops to cut services like bill payments or home delivery, reduce investment and staff hours, and place further upward pressure on prices for consumers.

ACS has called on the Treasury to use the full extent of its powers to introduce a Retail, Hospitality and Leisure (RHL) multiplier that was 20p lower than the standard rate, to offset the loss of important business rates reliefs. While we welcomed the announcement in the November Budget of lower multipliers for retail, hospitality and leisure, these were set at just 5p below the standard rate and the use of transitional relief only delays significant increases in rates bills, and sets out a roadmap for year-on-year rate rises, for operators across high streets.

ACS represents over 50,000 convenience stores across the UK, including thousands of independent retailers. Polling of UK consumers has consistently shown that the three services people believe are most essential to their local area, and that have the most positive impact on their community, are Post Offices, convenience stores and pharmacies. These are all businesses that are now facing four-figure increases in their rates bills, on top of a wider package of rising costs, with insufficient support in place to help them absorb these pressures.

Our modelling of the changes coming in 2026 shows that independent retailers, and particularly those operating on petrol forecourts, are set to be hardest hit by the revaluation, despite the introduction of the new RHL multiplier and transitional relief package. Some stores are facing increases of several thousand pounds from April 2026 alone, even after the measures announced in the Budget are taken into account.

We therefore urge the Government to use the Spring Forecast to set out how it will create an environment for investment and growth, including by lowering the multipliers for retail, hospitality and leisure businesses, and by providing meaningful support that reflects the scale and timing of the challenge facing local shops and other community businesses.

Yours sincerely,

James Lowman
Chief Executive