

Blair McDougall MP
Department for Business and Trade
Old Admiralty Building
Admiralty Place
London
SW1A 2DY

30 September 2025

Dear Mr McDougall,

Future of the Post Office Green Paper – Consultation Response

I am writing in response to the Department for Business and Trade's consultation on the Future of the Post Office Green Paper. ACS (the Association of Convenience Stores) represents 50,486 convenience stores across the UK, including independent stores, symbol group retailers and multiple convenience stores. 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.

We welcome the consultation on the Post Office's future. The Post Office is a valued national institution that plays an essential role in local communities. As the Green Paper notes, the network faces challenges in adapting to consumer behaviour and maintaining financial sustainability.

ACS' response is neutral on many of the specific issues raised around governance structures, ownership models, or the precise configuration of the network. These are questions on which the Government, Post Office Ltd and postmasters themselves should lead. Our priority is to ensure that policy decisions are made with full recognition that most of the Post Office network operates within the convenience sector. Approximately 9,000 convenience stores (18% of the total sector) host a Post Office, and in many communities the continued existence of a branch depends on a profitable, resilient shop business alongside it.

The relationship between Post Offices and local shops

Historically, standalone Post Offices could thrive even in small villages. Today, with many services moving online or declining in demand, they are most viable when co-located with convenience stores. Convenience retailers provide a complementary offer – groceries, bill payments, banking and community services – and are embedded in the daily lives of customers.

Operating a Post Office is rarely highly profitable in its own right. The true contribution is difficult to measure, as it involves assessing incremental footfall, allocating staff time, fairly accounting for space and overheads, and weighing cross-subsidy from retail sales. For many retailers, rising costs mean that hosting a Post Office is a community service rather than a strong profit driver. Nonetheless, many successful retailers continue to do so because of the value of the Post Office brand and the trust customers place in its range of services.

The importance of both Post Offices and convenience stores is reflected in ACS' Community Barometer 2025, which finds that they are consistently ranked among the top three local services for both being most essential and having the most positive impact on their communities. This underlines how closely linked the two are in the public's mind: Post Offices and local shops are not just places to transact, but cornerstones of community life.

Furthermore, many of the services offered by the Post Office are also available to retailers through other providers. PayPoint and the Post Office-owned Payzone both offer a range of services, including some banking functions and parcel pick-up and drop-off (PUDO) operations through their platforms.

Post Office policy must consider the viability of host businesses

Without profitable convenience stores, there cannot be a sustainable Post Office network; “improving branch profitability” was one of the annual priorities of the Post Office as outlined in their annual report. Government policy on Post Offices must therefore be aligned with wider policies that determine whether local shops can operate viably in the long term.

Our sector has demonstrated resilience and innovation over decades. Retailers have adapted their offer to meet community needs, invested in new technology, and played a central role in financial inclusion and high street vitality. But retailers now face significant pressures that limit their ability to host and invest in Post Office services. We set out below the key issues that must be considered alongside the Green Paper’s proposals.

Business Rates Reform to Unlock Investment and Stability

Business rates remain one of the most significant fixed costs for local shops and directly influence their ability to invest. Over the past year, convenience retailers paid **£307m in business rates**. These costs apply regardless of profitability and disproportionately affect retailers on high streets and in rural communities.

The structure of the system must prioritise competitiveness for retailers, supporting their role in communities while enabling investment and growth. For Post Offices, high business rates reduce the viability of host premises and risk undermining the network. More information on ACS’ position on business rates is available [here](#).

Managing Labour Costs and Supporting Employment

Labour is the largest controllable cost for most local shops. Rising National Living Wage (NLW) rates, alongside increases in Employer NICs, have placed significant pressure on small employers. Employment reforms, while welcome in intent, risk unintended consequences for flexibility and viability.

As labour costs rise, the ability of retailers to continue hosting Post Offices is undermined. These services are labour-intensive, and without support, there is a risk of further withdrawal from the network. We therefore urge the Government to take a cautious approach to future NLW increases, recognising sectoral and regional impacts.

Now that the Employment Rights Bill has passed, as the Government develops the secondary regulations and practical guidance, it must avoid creating excessive bureaucracy or compliance burdens. Reforms should be practical, minimise unintended consequences, and preserve operational flexibility so that retailers can continue to maintain staff, invest in training, and provide Post Office services. More detailed recommendations can be found in our [Low Pay Commission Submission](#).

Tackling Retail Crime

Retail crime is now one of the most significant challenges facing local shops. There were an estimated 6.2 million incidents of shop theft in the UK last year, many unreported due to weak enforcement. Crime deters staff, diverts resources, suppresses consumer confidence, and increases costs.

Convenience stores that host Post Offices are often targeted because they handle cash and provide valuable services. Postmasters and shopworkers have been subjected to violence, abuse, and intimidation. Without effective action on crime, the willingness of retailers to continue hosting Post Offices will decline.

We therefore call on the Government to commit to a national approach to retail crime, with clear focus on shop theft, violence and abuse of shopworkers. We also want to see more investment in reporting tools that allow retailers to log crimes quickly and reliably, improving enforcement. These steps would strengthen community confidence and help secure the safety and viability of Post Office branches within shops. More information can be found in our [2025 Crime Report](#).

Regulation and Effective Enforcement

Convenience stores sell a host of age-restricted products which rightly attract regulation to ensure they are not accessed by those too young to buy them. The balance of this regulation must be struck correctly in order to ensure that retailers can sell them without undue costs and operational burdens. Crucially, licensing systems for alcohol, and the system being devised for tobacco and vapes, cannot make it unduly hard to establish and operate premises selling these products. If, for example, a village shop by a school was prevented from obtaining a licence to sell core products due to its location, that would undermine the availability of all products and services offered by the store – including the Post Office. As discussed above, without profitable stores to host them, Post Offices are unlikely to be viable especially in remote and rural locations.

It is also important that regulations are properly enforced in order to protect legitimate businesses. ACS members report being undermined by illicit traders in many of the products they sell, and this is seen as a prime reason undermining the viability of local shops, and thus the Post Offices they host.

Improving Access to Finance

Independent retailers often face barriers in accessing capital. Lending criteria, complex applications, and poor awareness of schemes all limit investment. This constrains the ability of retailers to expand, upgrade premises, or invest in Post Office partnerships.

We welcome the Government's commitment to improving access to finance in their Small Business Plan. The Government should simplify and promote finance schemes, including the Recovery Loan Scheme, with clearer eligibility and more SME-focused delivery partners. Additionally, the British Business Bank should extend outreach to retail microbusinesses.

Improving access to finance would help retailers adapt to changing consumer behaviour and ensure Post Offices remain embedded in viable, modernised shops.

Conclusion

ACS supports the Government's ambition to modernise the Post Office and ensure its long-term sustainability. This cannot be achieved without recognising the role of convenience stores as the primary hosts of the network.

We urge the Government to consider the broader business environment – business rates, labour costs, crime, and access to finance – as integral to the future of the Post Office. These issues determine whether host businesses can continue operating, investing, and providing the community access points that Post Office policy relies upon.

We look forward to working with the Department for Business and Trade, Post Office Ltd and other stakeholders to ensure the network continues to deliver essential services to communities across the UK.

Yours sincerely,



James Lowman
Chief Executive