# Tesco cuts Express store hours to curb soaring staff costs after tax rises



Tesco has embarked on a trial to reduce opening hours at select Express convenience stores, a strategic move fuelled by substantial increases in staff costs following recent government tax adjustments. The initiative, dubbed "Express Lite," involves closing these lower-performing stores an hour earlier at 10 pm instead of 11 pm, with reduced staffing during shifts.

This decision comes on the heels of changes in the UK’s fiscal landscape, particularly the Chancellor's latest spring Budget, which saw National Insurance contributions rise from 13.8% to 15%, alongside a reduction in the contribution threshold and a 6.7% hike in the National Minimum Wage. Tesco has calculated that these changes will inflate its wage bill by an estimated £235 million this year. The British Retail Consortium has projected that UK retailers collectively face an additional burden of approximately £7 billion from the latest budgetary reforms.

In a statement regarding the new fiscal realities, Tesco CEO Ken Murphy has reiterated the importance of controlling costs to maintain competitive pricing. In April, he announced plans to cut £500 million from operational costs while simultaneously investing £400 million into price reductions, highlighting the tightrope that the retailer must walk to sustain profitability amid increasing market competition. Murphy remarked, “All we’re saying as an industry is, don’t make it too hard for us to keep delivering great value,” a sentiment that reflects broader concerns across the retail sector.

While Tesco has assured staff that these changes are aimed at improving operational efficiency and simplifying store processes, the response from trade unions has been cautious. Usdaw, the shop workers' union, has expressed concerns regarding the potential impact on staffing levels, indicating it has not agreed to the trial and is closely monitoring its outcomes. Daniel Adams, a national officer for Usdaw, noted the risks associated with reduced staffing levels, particularly for employees who may have caregiving responsibilities or travel challenges.

This move by Tesco mirrors a broader trend within the retail industry where increasing employment costs are prompting many businesses to reassess operational strategies. Research from the Federation of Independent Retailers indicated that over half of independent retailers are contemplating workforce reductions, while two-thirds are planning to scale back staff hours in response to rising financial pressures.

This reduction in operational capacity is not entirely unprecedented; Tesco has adjusted its operational hours in the past. For instance, in January 2016, the supermarket chain closed 76 of its 24-hour stores due to diminishing nighttime customer traffic, a reflection of changing shopping behaviours as online grocery shopping gained ground.

As Tesco navigates these challenges, it faces an increasingly competitive grocery landscape, compounded by recent profit forecasts suggesting a drop from the previous year’s adjusted operating profits between £3.1 billion to an anticipated £2.7 billion to £3 billion. This trajectory echoes the recent announcements from rivals, notably Sainsbury’s, which has disclosed plans to cut 3,000 jobs despite a robust market presence, thus indicating a sector-wide realignment in response to economic pressures.

As the trial of reduced hours unfolds, the effects on both employees and customers will be closely watched, with industry stakeholders keenly aware of the delicate balance between cost-cutting measures and service delivery.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.grocerygazette.co.uk/2025/06/02/tesco-reducing-opening-hours/), [[4]](https://www.theguardian.com/business/2025/apr/10/tesco-plans-to-cut-further-500m-in-costs-to-help-offset-rachel-reeves-tax-rises)
* Paragraph 2 – [[1]](https://www.grocerygazette.co.uk/2025/06/02/tesco-reducing-opening-hours/), [[2]](https://www.reuters.com/business/retail-consumer/uks-tesco-cut-400-jobs-across-stores-head-office-2025-01-29/), [[5]](https://forecourttrader.co.uk/news/majority-of-retailers-say-they-will-cut-staff-and-hours-due-to-rising-employment-costs/702822.article)
* Paragraph 3 – [[3]](https://www.bbc.co.uk/news/articles/cp3jddj0pe1o), [[6]](https://www.inkl.com/news/tesco-to-close-almost-a-quarter-of-24-hour-stores)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.grocerygazette.co.uk/2025/06/02/tesco-reducing-opening-hours/> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/retail-consumer/uks-tesco-cut-400-jobs-across-stores-head-office-2025-01-29/> - In January 2025, Tesco announced plans to eliminate approximately 400 jobs across its stores and head office. This decision aims to achieve efficiency savings and reinvest in the business. The move follows increased costs for British companies due to the new Labour government's budget, which raised employer social security payments and the national minimum wage. Tesco intends to discuss the proposed changes, including adjustments to the bakery model in some stores and updates to the management structure in Tesco Mobile phone shops, with its employees. The company aims to find alternative roles for the affected staff, highlighting that it currently has 1,000 vacancies across the business.
3. <https://www.bbc.co.uk/news/articles/cp3jddj0pe1o> - In January 2025, Tesco announced plans to cut about 400 jobs as part of efforts to 'simplify' the business. The supermarket giant stated that jobs would be affected at its bakeries, mobile phone shops, and head office in Welwyn Garden City, Hertfordshire. Tesco explained it is seeking 'more efficient ways of working' due to the increasingly competitive nature of the UK grocery industry. The retailer said the shake-up would involve changing its bakery model in some stores and altering the management structure in Tesco Mobile stores. CEO Matthew Barnes stated, 'These are difficult decisions affecting our colleagues, but we believe they are necessary to enable us to invest in what matters most to our customers.'
4. <https://www.theguardian.com/business/2025/apr/10/tesco-plans-to-cut-further-500m-in-costs-to-help-offset-rachel-reeves-tax-rises> - In April 2025, Tesco announced plans to cut an additional £500 million in costs to offset the impact of tax increases introduced by Chancellor Rachel Reeves. The supermarket chain aims to cushion the blow of these tax rises and invest in combating a price war with rivals. Tesco's annual adjusted operating profit is expected to be between £2.7 billion and £3 billion, lower than the £3.1 billion reported for the previous financial year. The company also reported a fall in annual profits and forecasts lower profits for the year amid intensified competition in the grocery sector.
5. <https://forecourttrader.co.uk/news/majority-of-retailers-say-they-will-cut-staff-and-hours-due-to-rising-employment-costs/702822.article> - A survey conducted by the Federation of Independent Retailers found that 52% of independent retailers are considering reducing their workforce, while 67% plan to cut staff hours. This is in response to increases in National Insurance and Living Wage obligations. The survey indicates that rising employment costs are prompting retailers to seek more efficient ways of operating, including potential job cuts and reduced working hours.
6. <https://www.inkl.com/news/tesco-to-close-almost-a-quarter-of-24-hour-stores> - In January 2016, Tesco announced plans to halt 24-hour trading at 76 of its largest stores due to a lack of shoppers during the night. The company stated that just under a quarter of its 24-hour stores would now close at midnight and reopen at 6 am. Tesco explained that the growth of online grocery shopping had led to very few customers during the night, and the changes would allow staff to replenish products on shelves overnight.
7. <https://www.shieldsgazette.com/business/tesco-uk-to-cut-jobs-groceries-career-losses-news-4966138> - In January 2025, Tesco, the UK's largest supermarket chain, announced plans to eliminate around 400 jobs across its stores and head office as part of efforts to 'simplify' its operations. The affected roles include managers, Tesco Mobile staff, and some in-store bakery employees. The company stated that the move is driven by the need for more efficient working amid increasing competition in the UK grocery market. This follows rival Sainsbury's announcement of 3,000 job cuts as part of a significant restructuring.