



Ernest Wilson

THINKING OF BUYING A SUB POST OFFICE?

Part of **Eddisons**

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A HELPFUL GUIDE FOR PROSPECTIVE BUYERS

BACKGROUND ON SUB POST OFFICES

Post Office Ltd is the UK's national provider of postal, financial, government, and telephony services, delivered through a network of over 9,250 branches across the country. Remarkably, 93% of people in the UK live within one mile of a Post Office, giving it an unparalleled community presence.

The organisation is owned by the UK Government through its holding in the Postal Services Holdings Company plc (formerly Royal Mail Holdings plc). However, the vast majority of branches are not state-run. Instead, they are operated as Sub Post Offices, owned and run by either individual subpostmasters or corporate retail chains.

Around 7,700 Sub Post Offices are operated by individual subpostmasters. In contrast, 108 Crown Post Offices are directly managed by Post Office Ltd and are typically located in larger towns and cities. There are also over 1,834 Outreach Offices, which include mobile units and branches in pubs or village halls, supporting rural communities.

Note: For clarity, this guide uses "subpostmaster" to refer to anyone who manages a sub post office. You may also see the term "operator," particularly for those under the "Local" or "Mains" agency contract models.

GOVERNMENT SUPPORT AND COMMITMENT

Recognising its vital public role, the UK Government has invested significantly in maintaining and modernising the Post Office network:

- £500m funding to improve working standards for postmasters, which will go towards replacing the Horizon IT system with a newer, more robust alternative
- Continuation of its network subsidy to support the nationwide Post Office branch network
- Using feedback and advice from the Subsidy Action Unit to strengthen the financial condition and value of Post Office Limited
- Ensure a deeper understanding of the Post Office as a Service of Public Economic Interest (SPEI), and stronger transparency with the public

"The Subsidy is to ensure the continued provision of the Post Office's network of branches by way of a SPEI to ensure that specific geographies and vulnerable groups within the UK that are particularly dependent on the services provided in these post office branches have equal access to them." – the Department for Business and Trade, April 2025.

WHAT KIND OF PEOPLE RUN SUB POST OFFICES?

Running a Sub Post Office is more than just a business, it's a community service. The Post Office is one of the UK's most necessary brands, offering a vast range of essential services to millions of customers.

They're looking for individuals who are:

- Self-motivated and community-focused
- Customer-service oriented
- Able to manage and grow a modern, dynamic business
- Interested in promoting Post Office products

No previous Post Office experience is required. While retail or banking experience can help, it's by no means essential. Many successful applicants come from completely different backgrounds.

You'll also receive comprehensive training and support to help you succeed; you won't be left on your own.

TRAINING AND SUPPORT

New subpostmasters benefit from structured, ongoing training:

- Pre-transfer classroom sessions to prepare for your first trading day
- Online workbooks to support learning
- On-site training with a dedicated agency trainer following the handover
- Ongoing development in customer service, transactions, sales coaching, accounting, and security

Training is continually assessed and supported by your Post Office Ltd manager.

WHICH TYPE OF POST OFFICE IS RIGHT FOR YOU?

The right business for you depends on your goals and lifestyle preferences. Consider the following:

- Are you motivated primarily by income or by a community-focused way of life?
- Do you prefer an urban or rural setting?
- Do you want to employ staff?
- What kind of retail business might complement the Post Office?

Remember, your future success will depend on both the Post Office and any associated business, such as a shop or convenience store. These two elements are often closely interlinked.

Speak with your Business Transfer Agent and visit as many sites as possible before making a decision.

TYPES OF POST OFFICE CONTRACTS (AND NETWORK TRANSFORMATION)

During your search, you'll encounter different types of Post Offices. Here's a breakdown:

Scale Payment Sub Post Office (SPSO)

- Traditionally, the most common type
- Offers a minimum fixed pay and transaction-based income
- Most are transitioning to Community, Local, or Mains models
- Fixed pay usually does not transfer to the buyer (unless it becomes a Community branch)

Community Post Office

- Typically in rural areas with no nearby retail
- Retain some fixed pay element

Local Post Office

- Run from the retail till, open during shop hours
- No fixed pay – income entirely transaction-based
- Offers flexibility and extended hours

Mains Post Office

- Larger, modernised branches with full service range
- Standard Post Office hours plus extended service from a till point
- No fixed pay, income based on transaction volume

THE GOVERNMENT COMPENSATION SCHEME

In some cases, the outgoing subpostmaster may be leaving under a Government compensation scheme. This can affect how much you pay:

- If leaving under a Conditional Onsite/Offsite Leavers Package, the Post Office contract cannot be sold for value
- You would only need to buy the retail business and/or property, not the contract
- These scenarios can offer excellent value-for-money opportunities while the compensation scheme is in place

For advice on any specific Post Office listings, please contact Martin Humberstone (martin.humberstone@ernest-wilson.co.uk), who can guide you through the details of individual opportunities.

PROVIDING FINANCIAL INFORMATION

Once you have viewed the Post Office, the vendor typically provides recent payslips and a P60 for the latest tax year. These documents confirm the Post Office remuneration and give a detailed breakdown of duties. The official Post Office vacancy advert will include projected remuneration, which should be used when preparing your business plan.

Vendors should also provide the last three years of certified accounts, showing both retail and Post Office trading performances. If full accounts aren't available and the retail side is VAT registered, VAT returns can be used to verify turnover (excluding VAT).

Key running costs include rent (for leasehold properties), wages, and any finance costs. We can provide a copy of the lease so you can understand the rent terms. Vendors should also give a breakdown of staff details (hours, roles, and wages). Under TUPE regulations, existing employees cannot be dismissed before the business is transferred and must be retained. If redundancies are necessary post-purchase, use the GOV.UK calculator to estimate costs. Legal advice is recommended.

You'll need all this information to complete a business plan for the Post Office application. The existing subpostmaster will usually provide what is needed.

FINANCING A POST OFFICE

Most buyers require financing to purchase a Post Office. Banks can lend for such purchases, but lending criteria and amounts vary depending on your profile and the institution. Your borrowing power will help determine which opportunities are suitable for you.

At Ernest Wilson, we offer an introductory meeting with a former Area Director of a national banking group, free and without obligation. This can help you better understand your options and prepare accordingly.

If you need to sell your home to fund the purchase, timing can be tricky. You may choose to sell first and rent temporarily or seek a vendor willing to wait through the 3-month application period. Plan this time wisely, as situations can change quickly.

PROGRESSING YOUR PURCHASE

Once you've found the right Post Office, an offer subject to contract is made through us. If accepted, the purchase proceeds, but do remember that Post Office Ltd must approve your appointment as subpostmaster before the sale is finalised.

The vendor and buyer enter into a conditional agreement, pending Post Office approval. Once signed, the vendor resigns, creating a vacancy. The Post Office may then evaluate the branch and determine the type of contract to offer (Local, Mains, or Community).

APPLYING FOR THE SUBPOSTMASTER POSITION

After the vendor resigns, their notice period starts, and the vacancy goes live. Ernest Wilson will submit your details to the Post Office, and you'll receive application instructions from the Agent Recruitment Team.

The application includes:

- Completing the online application
- Uploading your CV
- Uploading a business plan (in the correct format)
- Posting hardcopy documents to support your plan

In some cases, you may instead complete an integrated e-Business Plan. Once submitted, the Post Office will assess your application and may invite you for an interview if approved.

THE IMPORTANCE OF YOUR BUSINESS PLAN

The business plan is a critical part of the application and must follow the Post Office's required format. It focuses heavily on financials and the branch's viability. Poorly completed plans can result in rejection and a six-month ban on reapplying. At Ernest Wilson, we offer a "Buying a Sub Post Office Support Service" to assist you throughout the process, from the business plan to interview preparation.

Buying a Sub Post Office Support Service Includes:

- Help with completing your online application
- Drafting your financial business plan with information from the current subpostmaster
- Liaising with the Post Office Agent Application Process Team (AAPT)
- One-on-one walkthroughs of your business plan
- Help preparing your interview presentation (usually a PowerPoint)
- Interview coaching and strategy
- Background information on Post Office Network Transformation and strategic objectives
- Direct access to our specialist, Martin Humberstone, for questions throughout

If desired, Martin may even visit you personally to review the presentation (extra fee applies).

We do not run workshops or provide generic materials – this is a personalised service tailored to you.

COSTS

- £1,195 + VAT – If buying through Ernest Wilson
- £1,395 + VAT – If buying through another agent or privately

These costs may be tax deductible as pre-startup expenses, and VAT may be reclaimable (if you register). This fee is small compared to the overall business cost and is a critical investment, as no appointment = no purchase.

IS APPOINTMENT GUARANTEED?

No, and no service can guarantee success. Only the Post Office makes appointment decisions. However, with our 95% success rate, we will ensure you are well-prepared and present a professional application and interview.

POST OFFICE APPLICATION PROCESS TEAM COMMUNICATION

The team will update you at each key stage:

- Upon receiving your online application
- If any documentation is missing
- Once your full application and business plan are received
- If you're invited to interview
- With your interview outcome

They are known to be helpful and responsive via phone and email.

INTERVIEW OUTCOME AND FINAL STEPS

Interview results are usually shared within days, sometimes even on the same day. A confirmation email will follow.

If successful, and after passing security checks, you'll be sent an offer letter, invited to training, and then the branch will transfer to you. The entire process takes a minimum of three months.

HOW ERNEST WILSON CAN HELP

With over 65 years of experience and an average of one Sub Post Office sold every week over the last decade, we know the process inside and out. If you're serious about buying a Post Office, we're just a phone call away.



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TRIED AND TRUSTED SINCE 1956

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