



# Campaign for Pubs

Promote, Support and Protect Pubs

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

26<sup>th</sup> February 2021

Dear Chancellor,

## **Budget 2021 – your chance to save our world-famous pubs by targeting support appropriately**

We are writing on behalf of the [Campaign for Pubs](#), the national grassroots campaign group representing pubs, publicans and pub-goers, and on behalf of thousands of publicans, the people who actually run our nation's pubs, as opposed to the huge corporations - global brewers and pubcos - that own many of our pub buildings.

Despite the fact that the Government has announced provisional (not certain) dates when pubs may be able to open, pubs, publicans and their families urgently need support, simply to be able to get through until summer and the possibility of indoor opening without unprofitable restrictions, and also to survive longer term.

**This support must be announced in Budget 2021 next week – and just as importantly, it must be properly targeted.**

We attach our updated [submission to the Treasury, regarding the UK Budget 2021](#). We submitted the submission previously, when the Treasury asked for submissions.

## **The current crisis for pubs and publicans**

The situation for pubs and publicans is very serious. Many publicans are in significant and rising debt, many cannot pay VAT or other bills and already pubs are closing and families are facing hardship.

Pubs closed in lockdown still have to meet significant fixed costs, especially in the case of the many thousands that are burdened with unsympathetic property owners who are still charging unreasonable, and in some cases full, property costs such as rent; something the Government has failed to stop.

Pubs also continue to be legally obliged to pay many taxes, despite the Government having closed them and despite having had no trade for many months and with restricted trade even when allowed to open. Pubs should not be forced to pay full licensing fees (and should be refunded) and there should be no late-night levy costs being imposed.

**Unless the UK Government (and devolved administrations) urgently provides adequate (meaning greater) support for pubs now, then pubs that have survived centuries and two world wars are at risk of permanent closure, due the cycle of lockdowns and restrictions imposed by the Government and the fact that the Government has not properly or adequately supported pubs through this tumultuous time.**

For all the talk of 'unprecedented support', in reality the Government support (which is in actual fact a measure of compensation for the Government preventing pubs from trading) has not come near to covering the ongoing costs faced by pubs even while closed, never mind providing any income support for publicans and their families. In addition, it is not honest to call tax breaks, such as business rates

**Campaign for Pubs**, The Volunteer Arms, 5 Watson Street, Holgate, York YO24 4BH

Email: [campaign@campaignforpubs.org.uk](mailto:campaign@campaignforpubs.org.uk) Twitter: [@campaignforpubs](#) Facebook: [@campaignforpubs](#) Instagram: [@campaignforpubs](#)

Campaign for Pubs Ltd Registered company number 12637917 Registered in England and Wales

holiday or lower VAT on closed pubs 'support' as the idea of taxing businesses that have been unable to trade, due to enforced closure by Government, is outrageous.

**No tax should be due at all for pubs or any other businesses during periods when they have been completely unable to trade.** This is a principle that should be established in law, for any future Government enforced closures.

In addition, it doesn't seem to be understood that whilst the current furlough is clearly extremely helpful and welcome for employees it carries a significant extra cost for the business-owner who still has to find the funds to cover accruing Employer's NI, pension payments and holiday pay. In most cases these payments alone will take a large chunk of any actual grant funding the business might receive.

Somehow we will also need to find the money to restock – for most pubs at least £1000, much more for larger pubs. At the moment, many of us can't even imagine how we can do this. So we need support now or many pubs will literally not afford to be able to reopen.

### **Some pub businesses have already closed**

You and your ministerial colleagues, as constituency MPs, will already be aware that many pub businesses have had to close as a result of the situation and that there have been some pubs permanently lost to communities.

Already there are developers and indifferent owners seeking to exploit the situation, circling like vultures and intending to covert or demolish pubs, knowing that unless these pubs are supported through this crisis, they may well get a chance to cash in through re-developing them. This is something your colleagues in Ministry of Housing, Communities and Local Government must address urgently, through a moratorium on conversions and demolitions to protect all pubs until they can get trading profitably again and back on their feet.

Many pub failures so far have been due to the Government refusing to step in with mandatory measures to stop pub-owners from charging full rent through lockdowns and closures, which is something we warned your colleagues in BEIS would happen. We urge them now to listen and to do so immediately, given the looming risk of eviction now facing many pub tenants.

### **Support needed NOW**

The Budget first of all needs to provide support for pubs *now*. Many will have to remain closed until May 17<sup>th</sup> at the earliest, and even then they will be subject to continuing restrictions until at least June 21<sup>st</sup>.

So increased support must be announced in the budget, enough to truly preserve pubs and support those who run them until they can viably trade again – which means trading indoors, without curfews and with households allowed to mix and without mandatory table service (which stops a pub being a pub).

### **Ongoing support**

The Budget also needs to provide a package of *ongoing* support to help get pubs back to a position of sustainability. Many pubs and publicans have reported worries about looming deadlines for the repaying of VAT arrears and Bounce Back loans for example. These deadlines need to be revised until pubs are once again able to generate sufficient revenue. Further measures are also likely to be needed to reduce the burden on pubs while they recover, including for example an extension of the business rates break.

### **Supporting all pubs - not just outlets that do food**

All pubs are important and need support, but so far in this crisis, many wet-led pubs have been the worst hit, most recently even being banned from selling takeaway beer and cider and thus being denied any trade at all so far this year.

**Campaign for Pubs**, The Volunteer Arms, 5 Watson Street, Holgate, York YO24 4BH

**Email:** [campaign@campaignforpubs.org.uk](mailto:campaign@campaignforpubs.org.uk) **Twitter:** [@campaignforpubs](https://twitter.com/campaignforpubs) **Facebook:** [@campaignforpubs](https://www.facebook.com/campaignforpubs) **Instagram:** [@campaignforpubs](https://www.instagram.com/campaignforpubs)

Campaign for Pubs Ltd. Registered company number 12637917 Registered in England and Wales

This follows on from the very unfair treatment of wet-led pubs last year. Firstly they were excluded from any benefit from the existing 5% VAT on food and accommodation, as well as being excluded from the Eat Out to Help Out (EOTHO) scheme. Then they were directly discriminated against, without evidence, by the discredited “substantial meal” rule, which led to many being unable to open at all after the November lockdown, or if they did try, quickly being forced to close again.

Yet there are now rumours circulating that you are considering further support measures via the beer duty system that, rather than helping these pubs directly and the people who run them, will instead funnel millions of pounds of tax relief to global brewers and pubcos, and to the investment and hedge funds that own and back them. This would be not only misplaced, but grotesque and scandalous considering that individual pubs, having been shut for so much of the past year, are on their knees due to Government enforced closures and restrictions.

**We urge you to ensure that support is provided that applies to all pubs, including wet-led pubs – and to ensure that any support is focused *directly* on pubs.**

### **Focusing support on pubs – not on pubcos, hedge funds and global brewers**

A general cut in beer duty does not directly help publicans at all. despite the misplaced and in some cases dishonest lobbying that suggests it does. Duty movements are invariably welcomed by the big businesses behind such lobbying because the scale of their business means that even a small movement either way can always ultimately be used to significantly boost overall profits or profit margins depending on how that movement is treated, whilst the same small movement is always completely insignificant to individual pubs or consumers.

We are also highly sceptical that a differential rate for on and off sales will significantly benefit pubs, partly because the differential would need to be very large to have any effect, but also again because of the scope for such indirect measures to be manipulated in the accounting of the largest brewers and pub companies before reaching the pubs that need help.

Given the very serious situation the UK now faces, both economically and fiscally, it would be wholly wrong and utterly misplaced for the Government to provide millions of pounds of tax relief to supermarkets, global brewers and the largest pubcos, when it is pubs and publicans that need direct help most seriously and urgently. So we urge you to focus your support directly on the pubs and publicans who desperately need it, and not on global brewers, offshore pubcos, hedge funds and supermarkets who do not.

### **Measures needed from the UK Government**

These are the key things needed for pubs from Budget 2021:

#### **Measures for pubs**

- **Continued and increased closure grants until pubs can open indoors, with household mixing and no curfew.**
- **A statutory code for landlord/tenant negotiations to deal with all commercial rent, including a statutory right to a rent review for all tenants.** The current voluntary rent code has failed and even members of signatory organisations have wilfully ignored it. There also needs to be Government backed tax support and loans to help with rent arrears. Without this, furlough and grants are wasted as people will be (and are being) evicted or rented out of their pubs and any furloughed jobs will be lost.
- There must also be an **extension on the moratorium of evictions of tenants.**

**Campaign for Pubs**, The Volunteer Arms, 5 Watson Street, Holgate, York YO24 4BH

**Email:** [campaign@campaignforpubs.org.uk](mailto:campaign@campaignforpubs.org.uk) **Twitter:** [@campaignforpubs](https://twitter.com/campaignforpubs) **Facebook:** [@campaignforpubs](https://www.facebook.com/campaignforpubs) **Instagram:** [@campaignforpubs](https://www.instagram.com/campaignforpubs)

Campaign for Pubs Ltd. Registered company number 12637917 Registered in England and Wales

- **Business rates holiday for 2021-22** with a commitment to implement a new and much fairer system from April 2022. (Reform has been long overdue).
- **VAT of 5% on all on-trade (only) sales for 2021-22.** All pubs, including wet-led pubs, to get support through lower VAT, not just those that sell food (or provide overnight accommodation). The VAT cut to 5% (and the Eat Out to Help Out scheme) helped pubs serving food (as well as providing a huge boost to multinational fast food chain restaurants) but *did nothing at all for thousands of our valued local pubs, the very pubs at most risk of closure.*
- **50% written off all hospitality bounceback loans**, due to the extended period of closure which is very significantly beyond what was expected/predicted when they were offered. People took them out on the basis of having trade re-established much sooner; now they cannot pay these back (on top of other debts, especially rent debts) due to losing many months more trade.
- **Reduce (or better still scrap) deferred VAT bills for hospitality.** Businesses cannot and shouldn't be asked to pay business taxes when the Government has stopped them trading.
- **Flexible furlough extended until all restrictions on hospitality are fully lifted.**
- Clarification of how the **Job Retention Bonus** will be honoured.

#### Measures to help breweries/supply chain

- A **tailored package of support, including business rates relief** for small brewers & other suppliers, whose businesses are threatened by pubs being closed.
- **Scrapping the proposed changes to SBR** (small brewer's beer duty rate relief) which will close breweries. It is an astonishingly ill-judged time to be listening to larger corporate interests and doing this.

#### **So please save our nation's pubs – and target the support where it needs to go!**

We urge you to really understand the grave situation that pubs and publicans are now in, and to deliver a package of support in Budget 2021 that allows pubs to have a realistic chance to trade their way out of this awful situation, to enable them to pay off debts and to re-establish a stable and sustainable income for pubs, publicans and their families.

This means the direct and targeted support listed here, not general cuts in beer duty and not schemes that will only help some hospitality venues and would discriminate against thousands of our nation's precious local pubs.

We hope that you will take this opportunity to show you are on the side of the Great British Pub, those who actually run them, and those who visit and value them. The future of thousands of our world-famous pubs is in your hands.

Yours sincerely,



Paul Crossman  
Chair, Campaign for Pubs



Dawn Hopkins  
Vice-Chair, Campaign for Pubs



Greg Mulholland  
Campaign Director

cc Charlotte Nichols MP, Chair, All Party Parliamentary Pub Group