



Campaign for Pubs

Promote, Support and Protect Pubs

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

1st February 2023

Dear Chancellor,

Budget 2023 – urgent help needed to save Britain’s pubs and small breweries

We are writing on behalf of the [Campaign for Pubs](#) urging you to take decisive action in the Budget on 15th March, to support and save many pubs and small breweries, that are struggling due to the cost-of-living crisis.

We do not get the impression that the Government either understands the crisis facing pubs and small brewers or that it really cares. This is a feeling very widely held by publicans and brewers. You have the opportunity to change that, with a properly targeted package of support announced on 15th March, to ensure that thousands of the UK’s pubs and hundreds of smaller breweries can survive this crisis, then continue to trade successfully in the years to come.

Since we last wrote to you, a significant number of pub businesses have closed, some of these involving the permanent loss of a pub and the small brewing sector has seen over 80 small breweries close. Despite the limited support provided regarding businesses’ energy bills so far (and it is limited and inadequate) the level of bills is making many thousands of previously perfectly viable pubs, and other businesses, unprofitable and unsustainable. These are tens of thousands of hugely important and usually viable businesses that just can’t deal with the current extortionate level of energy bills and the wider crisis.

As well as this, the inflationary effect throughout the supply chain has led to all business costs rocketing at the same time as consumers are reducing their spending due to the cost-of-living crisis. This crisis follows the Covid-19 pandemic and three nationally imposed lockdowns and further months of restrictions, which saw pubs lose a huge proportion of revenue for 18 months and many pubs (and small breweries) still have significant debts they are paying off, which makes the current situation even more impossible for many. This doesn’t seem to be understood by the Government and HMRC, who continue to demand repayment for Bounce Back Loans and deferred VAT bills, despite the fact that there is another crisis now, one that many publicans and brewers say is even worse.

The message we hear from you and the UK Government is that you “cannot afford” to provide desperately needed assistance, to support small businesses through this crisis. Surely the reality is that the Exchequer and the nation cannot afford for you to NOT provide support, to prevent the loss of tens of thousands of small businesses with the huge loss in employment, in VAT and other taxes, in business rates and the cost of benefits for those whose businesses fail or who find themselves out of work. The stark reality the Government faces is that if you leave VAT at 20%, many small businesses will close. If you have the courage and foresight to reduce VAT, many of those businesses will be able to survive and continue to trade through this crisis and beyond.

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

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You say you can't afford it, but 20% of nothing is nothing, which is the outcome of inaction. Collecting a lower rate of VAT from businesses, for the next year, to allow them to survive, would bring more in as well as maintaining businesses, jobs and the economic contribution made by them.

These are unprecedented times and they need unprecedented measures, in a similar way that happened during the Covid pandemic and Government ordered lockdowns. Many publicans and most small brewers say that the current cost-of-living crisis is worse than the Covid-19 pandemic. Yet whilst the Government did respond and provide significant support then, no such approach is forthcoming now, which is already leading to pubs and breweries having to close their doors.

More decisive action is needed regarding energy bills and there is growing anger at the way that the energy companies are treating small businesses, including pubs and small breweries, whilst making huge profits. Action taken by this Government to date has been insufficient both in terms and intervening to tax the energy companies profits. For them to profit due to the war in Ukraine and spiralling prices, at the same time as imposing wholly unaffordable charges on many small businesses, as they are, is frankly obscene and it needs a much more decisive and courageous approach from the Government.

The Government likes to give the impression that it is a low tax Government, with little evidence this is the reality, but one very powerful way you can cut tax to directly assist with the cost of living crisis is to announce a cut on VAT for pubs and hospitality in general (as long as it applies to all sales in pubs and hospitality, not just some). This would considerably ease the pressure of pubs and publicans and also make it more affordable for people to support their local pubs. At the moment, many people even on reasonable levels of income are having to make decisions to cut back on spending and one of the first things to be reduced or cut are things like going to the local pub. At the moment, the lack of Government action is making it harder for hardworking people to enjoy the simple pleasure of a pint in their local pub, which is bad for community spirit and increases loneliness, but also is making it difficult for pubs to survive.

The current support the Government refers to is simply inadequate and to continue to list measures already in place, knowing that businesses will not survive without more direct and meaningful intervention, is extremely frustrating. We would frankly rather you just said that you accept that many pubs (and other small businesses) and more breweries will close and that you aren't prepared to do anything about it.

As well as being hugely important to their local economies, pubs are also vitally important to communities up and down the country, as well as being part of our culture, history and heritage. Without meaningful and appropriately targeted Government intervention, we will see the loss of many iconic pubs which will change the face of the country forever. Already some communities have lost pubs as a result of the current situation and the lack of adequate Government support. Without action from you in the Budget, many pubs that have survived for decades, even centuries, face having to close.

We also urge you to assist ALL pubs and not to do what happened during the Covid support when thousands of important community wet-led pubs were discriminated against through VAT cuts that only assisted hospitality venues that serve food and do overnight accommodation. This provided a huge (and not needed) tax break to multinational fast food outlets like McDonalds and KFC, but failed to support many publicans and pubs. That made no sense, when those businesses (that continued to offer takeaway) did not need any support, as well as being hugely unfair. A VAT cut is needed on ALL pub sales, not just on food, soft drinks and accommodation and it must not exclude beer, our national drink that so many pubs rely on (and other alcoholic drinks) otherwise you will be sealing the fate of many historic and important pubs.

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The reality is that the survival of many pub businesses and small brewers now depends upon decisive and properly targeted Government action focused on the small businesses that urgently need it, rather than huge multinational chains that do not, especially with the need to be prudent with taxpayers' money.

We therefore urge you to introduce:

- **VAT of 5% on all hospitality/on-trade sales for 12 months** to benefit all pubs, not just those that sell food or provide overnight accommodation, but also the vital smaller wet-led community-orientated pubs that already missed out on so much of the support extended to the rest of hospitality during the Covid crisis.
- **Reduce the Flat Rate for VAT** – this was reduced at the same time as the rate on food, but it has returned to normal rate now. It is essential that it is now reduced again.
- **Extension of zero business rates for the next fiscal year** and a revision for 2023/24 to increase the multiplier for hospitality to reduce rates, along with an increase in the zero-rated threshold to £20,000, also for rural rate relief. (In the longer term it is still crucial that there is a complete overhaul of the unfair and unique way in which business rates for pubs are calculated.)
- **Extend business rates relief to small brewers and producers** (and other pub suppliers, whose businesses are seriously threatened by the cost-of-living crisis).
- **Further and more meaningful action on energy bills for businesses (funded by a windfall tax on energy companies)**. The threat from unaffordable energy bills is also existential, not just for pubs but also for small independent suppliers and producers, including many of the UK's small breweries (and other small independent producers), all of whom rely on significant energy usage. Action is therefore needed if we are to sustain the wonderful range of beer brewed by excellent smaller brewers up and down the country.

We urge you to fully consider the very serious situation now facing pubs and publicans, and to deliver a package of support, that will enable pubs and small brewers to get through this cost-of-living crisis and to continue to serve their communities and local economies.

This means applying the direct and targeted support measures listed here, and not, for example, simply delivering crude general cuts in beer duty (marginal cuts which will only really help the big brewers and pubcos that constantly lobby so hard for them and not pubs or small brewers). Even a lower rate of duty on draught beer, whilst welcome, is not the answer when that would still predominately help giant brewers, when it is direct support through VAT, business rates and reduced energy bills that are so desperately needed.

Pubs and small brewers pay a very considerable amount of tax and are hugely important contributors to local economies, in urban and rural areas. The loss of pubs has a knock on effect on suppliers, including brewers and local food producers, as well as being key to tourism, a related sector that is crucial in terms of getting the economy out of recession.

The future of thousands of our world-famous pubs and also many small brewers is in your hands. Without decisive action in the Budget, many publicans and small brewers will have no choice but to throw in the

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towel, to make staff unemployed and to shut their doors. Such a loss of pubs up and down the UK will change the face of the country, harming communities, diminishing our appeal to foreign tourists (to whom pubs are a key part) and putting further pressure on the economy and on the benefits system.

We therefore, on behalf of publicans and small brewers, urge you to act and to do so decisively, meaningfully and targeting support where it is vital.

Yours sincerely,



Paul Crossman
Chair, Campaign for Pubs
Licensee
Swan, Slip, Volunteer in York



Dawn Hopkins
Vice-Chair, Campaign for Pubs
Licensee
Rose Inn, Norwich



Phil Saltonstall
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cc Darren Jones MP, Chair BEIS Select Committee
Charlotte Nichols MP, Chair, All Party Parliamentary Pub Group