



Campaign for Pubs

Autumn Statement

Submission 2023

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We urge the Government to take decisive action to support - and indeed save - many pubs and small breweries struggling due to the current and very damaging cost-of-living crisis.

The current crisis has led to a deeply worrying escalation of pub closures. Figures from the [Altus Group](#), measuring the number of pubs that have closed down permanently because they have either been demolished or converted for use as homes or offices, shows that 383 pubs, more than two a day, permanently closed in the first six months of this year, almost matching the total for the whole last year, when 386 were permanently lost. This requires urgent Government action, to get pubs through this temporary but very serious crisis. At the same time, the number of small UK breweries going out of business tripled in the last year, according to [research](#) from accountancy firm Mazars who reported 45 breweries closing in the twelve months to March 31st 2023, compared to 15 bankruptcies in the year prior, Mazars said. We are aware of over 85 independent breweries closures.

The cost-of-living crisis and continued inflation is putting huge pressure on pubs and publicans, with rising prices and bills, the increased cost of brewing and beer prices combined with consumers having less disposable income. 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 difficult and indeed impossible for some pubs and publicans and breweries. 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 level of energy bills for pubs remains unsustainably high and many pubs are stuck in contracts that they had to take at a time when energy bills were at their highest. The level of some contracts is such that it is actually preventing some pubs from making any profit, despite having good levels of turnover and being profitable without such grossly inflated and unreasonable bills. These are thousands of hugely important and usually viable businesses that just can't deal with the current extortionate level of energy bills, yet so far the Government has done little to tackle this or take on the energy companies, some of whom are exploiting publicans and driving pubs out of business.

Current Government support is simply inadequate and the survival of many pub businesses and small brewers 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.

Now the Government has increased the National Minimum Wage, acknowledging the current level of inflation and the cost-of-living crisis and its impact on lower paid workers, however there is no additional support being offered to the small businesses that will be impacted by what are considerable additional costs. Without further support, with many pubs already

operating on very small margins, the impact of this will either be having to lay off some staff, reduce staff hours or close the pub business. We support all workers earning a living wage, but Government must understand that wage rises are paid for by small businesses, including pubs and therefore must offer appropriate extra support to these businesses to be able to fund them.

We therefore urge the Chancellor to introduce in Autumn Statement 2023:

- Further support for energy bills for small businesses. We also support calls for the Government to give Ofgem the power to be able to step in and force the release of business customers from untenable and unfair long-term energy contracts, set when the prices of energy and gas were at their highest levels. Many pubs are stuck in such contracts which are preventing pubs being able to operate profitably.
- Reduced VAT (we would like to see 5%, but would welcome 12.5%) but this must be 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 benefit the thousands of wet-led community-orientated pubs. Any VAT cut just on food and accommodation (as happened previously) would be a serious blow and a slap in the face for thousands of our nation's important pubs. The Government must support all pubs with a VAT cut to show it cares about all UK pubs.
- Reduce the Flat Rate for VAT
- Extension of zero business rates for the next fiscal year and a revision for 2024/25. We also urgently need the Government to announce wholesale reform of the unfair business rates system, which is outdated and flawed and sees pubs paying more than their fair share of rates. The Government previously promised such an overhaul, yet disappointingly has done nothing about it.
- Extend business rates relief to small brewers and cider makers and other sector producers.

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.

Whilst not a Treasury matter, we also reiterate our call for the Government to address the threat to pubs through the weak and flawed planning system, which is too easily. Once again we urge you to implement our [Give Pubs Protection policy](#) where no historic (pre-1975) pub would be granted change of use or permission to develop or demolish it, where there is any individual, company or organisation who will pay the independently assessed market value of the pub, as a pub. We believe that the planning system must reflect this to prevent the ongoing 'predatory purchasing' of our historic pubs, with so many viable and wanted pubs still being lost unnecessarily. This policy would allow many of our pubs to be bought by enthusiastic new owners and made successful again rather than being sold off at development value.

This Government has the opportunity to stop the current raft of pub closures, through targeted measures in the Autumn Statement and through addressing the failure of the current planning system to stop the deliberate asset-stripping of pubs.

We therefore urge the Chancellor and the Government to announce a meaningful package of direct and targeted support that will enable pubs and small brewers to get through this cost-of-living crisis. The future of some pubs and small breweries and part of our culture depends on it.

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