



Campaign for Pubs

Promote, Support and Protect Pubs

Budget Submission – Campaign for Pubs

The Campaign for Pubs

The [Campaign for Pubs](#) is the national grassroots campaign group representing pubs, publicans and pub-goers. This is our submission to the Treasury, regarding the UK Budget 2021.

Introduction

Despite the fact that the Government has announced provisional dates when pubs may be able to open, pubs, publicans and their families urgently need support, simply to be able to get through until the summer and the possibility of indoor opening without unprofitable restrictions, and also to survive longer term. **This support must be announced in Budget 2021 – and just as importantly, it must be properly targeted.**

The situation for pubs and publicans is very serious. Many publicans are in significant and rising debt, many cannot pay VAT 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 many thousands of pubs 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.

Enforced closure is tough for all businesses but pubs and brewers faced a specific and very significant loss when closures were announced at short notice, as they were, both a week before Christmas and on 30th December. With the subsequent, unfair and unjustified ban on takeaway alcohol, pubs (and breweries) had to dispose of significant amounts of draught beer (and some other perishable products) amounting to several thousand pounds per pub, on average. The Government offered no compensation at all for this loss, despite the very last-minute nature of the decisions it has taken. 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. 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 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.**

Support needed NOW

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 being forced to only offer table service (which stops a pub being a pub).

Support needed to allow pubs to survive into 2022

The forthcoming budget must also lay out a plan of how all such businesses can recover, with appropriate tax relief for pubs on an ongoing basis, to be able to trade their way out of debt and back to sustainability. This is vital. This MUST include deferring forthcoming VAT bills and demands to pay back Bounce Back Loans when pubs are not trading indoors. To demand that these start to be paid before pubs are even allowed to open indoors would be disgraceful.

Measures needed from the UK Government

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

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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.**
- **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 community wet-led 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 should not 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.

Beer Duty

Please note that we do NOT at this stage support a reduction of the overall level of beer duty, which is being pushed by some organisations, including the representatives of the large pubcos and giant breweries. This is because the biggest beneficiaries of any cut to beer duty are the global brewers and large pubcos and (ironically) the large supermarkets. **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.** Beer duty is a producer tax, on brewers, not on pubs. 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, the largest pubcos, when it is pubs and publicans that need direct help and urgently. The idea of a lower rate of beer duty for the on-trade versus the off-trade is worthy of consideration, however any difference in duty rate would need to be very significant for this to make a meaningful differential between pubs and supermarkets. In reality this change would not, in this crisis, save pubs that need urgent and direct support. So the support instead needs to come in the form of 5% VAT for all on-sales, which directly benefits pubs. We urge you to focus support on pubs and publicans who desperately need it, and not on global brewers, offshore pubcos and hedge funds. So for now, we urge Government to focus on supporting pubs directly – and when it comes to beer duty, to drop the plans to raise SBR.

Conclusion

We urge the Chancellor and the Treasury to truly understand the grave situation that pubs and publicans are 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 it, to enable them to pay off debts and to re-establish a stable and sustainable income for pubs, publicans and their families.

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