



# 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

22<sup>nd</sup> March 2022

Dear Chancellor,

## **Spring Statement – please target your support to help save pubs**

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 who may own pub buildings, but do not actually run them.

As you know, the UK's pubs have faced their most difficult time ever in the last two years, with publicans facing unprecedented periods of lockdowns and restrictions as trade was decimated by the Covid-19 pandemic. Publicans are grateful for the support they received during the pandemic which in many cases was vital in helping pubs survive until this point. We thank you for those measures.

However, the loss of income sustained in the face of ongoing costs, often including continued rent and other property costs, has left many publicans with considerable levels of debt which can only be paid off in the coming months and years if they are able to sustain exceptionally good levels of turnover.

Yet now, just at a time when publicans thought that finally they could trade profitably and recover from the last two years, they are hit with the cost-of-living crisis and especially, with unaffordable and unsustainable energy costs.

## **The cost-of-living crisis is a serious threat to pubs,**

The cost-of-living crisis is a huge threat to pubs, who are now facing something of a perfect storm.

On the one hand, costs for pubs, especially energy and product costs, have risen, and continue to rise, very significantly. If no action is taken regarding the astronomical rise in energy bills, many otherwise profitable pubs will find that these huge percentage increases, on top of ongoing debt repayments, could mean a considerable number of pubs simply cannot stay afloat. Costs for brewers and other producers are of course also increasing.

At the same time, consumers are facing rising prices and reduced disposable income, which means that some will have to reduce expenditure on non-essential items, including going to the pub and going for meals. This is further compounded by the fact that pubs will have to pass on at least some of the rising costs faced by brewers and other suppliers, making visits even less affordable to those on lower and middle incomes.

As well as the cost issues, some energy companies are now refusing to even supply pubs, which is clearly putting these pubs in a hugely problematic position.

The reality is that the survival of many pub businesses now depends upon decisive and targeted action in the face of this impending crisis by you and the Government.

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## **Targeting support where it is needed**

All pubs need support – and it is often smaller, ‘wet-led’, community-orientated pubs that need help most of all, yet some Government support is not focused where it is most needed.

The Covid related VAT cut applied to food, soft drinks and accommodation only, and as such it has been of limited or no help to the thousands of pubs, micropubs and brewery taps that don’t serve food or offer overnight accommodation. In addition, these pubs had no help from the Eat Out to Help Out scheme and were even forced to close throughout the festive period when hit by the substantial meal rule in December 2020. It is now crucial that all pubs are given support.

Yet now, even those pubs that have benefitted from the 12.5% rate of VAT are set to see this return to 20%, which will see margins cut still further and costs rise even more.

We urge you to reconsider this return to 20% VAT, but also to go further and to help those wet led pubs that have been excluded until now by extending the VAT cut to apply to all on trade sales. Otherwise, huge global food chains, who continue to make enormous profits and whose restaurants are not at risk, are benefiting to the tune of millions of pounds; yet thousands of smaller wet-led pubs are receiving very little help whatsoever. This is neither fair nor sensible.

## **Support for brewers and other small producers**

Small brewers and producers have been the worst hit by the pandemic and now are at most risk from the cost-of-living crisis. As you know, sadly, a number of excellent small breweries have stopped trading due to the pandemic, and now, with rising costs and reduced consumer spending, more small breweries and other small producers are at grave risk.

We therefore urge you to support them to, by extending business rate relief to them.

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

We suggest that these are the key measures needed for pubs and small brewers/producers, and we urge you to introduce them in the Spring Statement:

- **VAT of 5% on all hospitality/on-trade sales for a minimum of 12 months** to benefit all pubs, including smaller wet-led pubs who need help most, not just those that sell food (or provide overnight accommodation).
- **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 & a revision for 2023/24** to increase the multiplier for hospitality to reduce rates, along with an increase in the threshold of zero rates to £20,000, also for rural rate relief. (In the longer term it is still absolutely vital that there is a complete overhaul of the unfair and unique way in which business rates for pubs are calculated.)
- **Extend the domestic gas and electricity cap** to small businesses (including businesses like many pubs that are joint residential and commercial premises). This really is vital, or many small businesses – including pubs – will soon be rendered simply unviable by spiraling energy costs.

## **Measures to help breweries/supply chain**

- **Extend business rates relief to small brewers and producers** (and other pub suppliers, whose businesses are seriously threatened by the cost-of-living crisis).
- **Draught duty relief should apply to all draught beer.** As we have argued previously, we believe the proposed draught beer duty relief should apply to all draught beer, which makes far more sense than the current proposal to restrict it to containers over 30 litres. We do not believe that there should

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be any limit, but at least reducing it to 20 litres would mean that smaller containers used by many smaller brewers/producers (and pubs) would be covered.

**So please target support where it needs to go!**

We urge you fully consider the very serious situation now facing pubs and publicans, and to deliver a package of support in the Spring Statement that will enable pubs to get through the cost-of-living crisis and 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 by a penny or so (marginal cuts which will only really help the large corporations that constantly lobby so hard for them), and not schemes that will only help some hospitality venues whilst doing nothing for thousands of our nation's precious local community pubs.

In addition, whilst separate from budgetary measures, we also continue to urge the Government to take action to give pubs better protection in the planning system. There are always developers and indifferent owners seeking to exploit the situation, circling like vultures and intending to convert or demolish pubs, knowing that, unless these pubs are supported through this crisis, they will enjoy plenty of chances to cash in through re-developing them regardless of the wishes of local communities. This is something your colleagues in Ministry of Housing, Communities and Local Government must address or more viable pubs will be lost forever.

Once our historic pubs are gone, they are gone and it is only your own decisive action that can save pubs from this latest threat, as they again face an existential crisis that is not of their own making. Your decisions now can have the effect of preserving not only important businesses, but hugely important community hubs the land over that form part of the core identity, history and culture of our towns villages and cities.

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. Once again, the future of thousands of our world-famous pubs is in your hands.

Yours sincerely,



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Chair, Campaign for Pubs



Dawn Hopkins  
Vice-Chair, Campaign for Pubs



Greg Mulholland  
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