



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

14th November 2022

Dear Chancellor,

Please provide meaningful help to save Britain's pubs and small breweries

We are writing on behalf of the [Campaign for Pubs](#) urging you to understand the very grave reality facing Britain's world-famous pubs and to take decisive action in your fiscal statement later this week.

The situation facing pubs is so serious that 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. We ask you to act to enable pubs and publicans to get through this winter and to prevent other closures that are at the moment, inevitable, with publicans unable to pay exorbitant energy bills and facing other increased (and rising) costs and also reduced trade, as the cost-of-living crisis reduces consumer spend. Consequently, many pubs that have survived for decades, even centuries, now 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.

The situation, as you we hope will have heard from local publicans, is the worst crisis that pubs have ever faced. There is a greater threat now to pubs than during the Covid pandemic. Pubs (and other hospitality businesses) are facing energy bills that have increased by several hundred percent. Despite the limited support provided regarding businesses' energy bills so far (and it is limited and not adequate) the level of bills is making many thousands of previously perfectly viable pubs, and other businesses, unprofitable and unsustainable. 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 is, of course, also on top of the Covid-19 pandemic, 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.

The current Prime Minister did act and whilst wet-led pubs were discriminated against in the VAT reduction then, the grant support was vital in getting thousands of pubs through that crisis. You now need

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to take decisive action again, but this time more focused, more appropriate 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.

Significant support is needed to get pubs through this desperate winter and to be able to survive till next Spring and Summer, when we hope that the economic picture will have improved and that the energy market will have stabilized. 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. We urge you to act to allow pubs to get through this crisis and to continue to serve their communities as they have for decades and in many cases, centuries.

The reality is that the survival of many pub businesses now depends upon decisive and targeted Government action. We 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)**. Pubs in particular offer a warm environment for people to meet and socialise, a service that will be more vital than ever this winter as the cost-of-living crisis really bites. Yet this service will be lost forever if pubs are forced to close due to spiraling bills. 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 burgeoning small craft breweries and other drinks firms, 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 winter, 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 by a penny or so (marginal cuts which will only really help the big corporations that constantly lobby so hard for them), and not schemes that will only help some larger venues whilst excluding thousands of our nation's precious local community pubs and small brewers.

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Quite simply, as Chancellor of the Exchequer, the future of thousands of our world-famous pubs is in your hands. Without decisive action, the 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 seeing huge job losses.

We 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



Dawn Hopkins
Vice-Chair, Campaign for Pubs



Greg Mulholland
Campaign Director