



Campaign for Pubs

Promote, Support and Protect Pubs

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury, 1 Horse Guards Road
London, SW1A 2HQ

18th October 2024

Dear Chancellor,

Please support the UK's pubs and small brewers in the forthcoming budget

We are writing on behalf of the [Campaign for Pubs](#), urging you to understand and help alleviate the very difficult situation facing the UK's pubs, publicans and brewers - thousands of which are small independent businesses with thousands more employees. We urge you not to increase tax or business costs on pubs.

The current situation for pubs, publicans and many small breweries is very tough. The cost-of-living crisis has seen rising prices and business costs, including spiralling energy bills, at the same time as many consumers have had to reduce their spending. This 'perfect storm' of trading circumstances has led to a worryingly high rate of pub and small brewery closures. The current crisis of course follows the lockdowns and restrictions during the Covid-19 pandemic, with many pubs still paying off considerable Covid debt.

We are deeply concerned about speculation about an increase in employers' National Insurance contributions as well as a potential increase in the National Living Wage. Pubs and publicans simply cannot take any further increases in business costs. If these are announced in the budget, it will undoubtedly lead to many more closures, given how critically marginal some businesses already are due to the cost-of-living crisis. Others will have to lay off staff or cut staff hours. *This is the opposite of growth*, which relies on enabling small businesses to continue through this crisis until it is over. The Government needs to realise that in the pub sector currently, many publicans – as the 'employers' – are currently earning less than their staff, with a worrying proportion taking little or no personal income at all. A blanket increase in employers NI means those running the pubs, who are also workers, will earn even less for their families. **We would urge that NI on small businesses is not increased or the damage will be significant.** Where there are to be any increases in costs for small businesses, such as NLW, that will have a further significant impact on pubs and other small businesses, ***they must be balanced with vital tax relief or they will simply lead to reductions in staff numbers, plus the further loss of pubs.***

We therefore urge you not to increase the current tax burden on pubs and small breweries and to maintain existing reliefs, notably on business rates. We also urge you to commit to fully reform the business rates system and tackle unfairly high energy bills for small businesses.

We also urge consideration of different levels of VAT for small independent businesses as opposed to large corporate chains. We encourage the Treasury to work up plans for ***Small Retailer (VAT) Relief***. This would create a new VAT system whereby small, independent retailers with a physical presence (including shops, as well as as pubs) would pay a lower rate of VAT compared to large retail chains. The Government needs to grow the economy and this requires it to support SMEs, (and the disproportionately large number of people they employ), and encourage consumer confidence, rather than subsidising huge corporations. This proposal could be revenue neutral, representing no loss in tax to the Treasury.

We also urge you to focus support on pubs and on small brewers, that desperately need it, rather than directing millions of pounds to huge corporates, and to listen to those who actually run pubs and not simply to the lobbyists of global brewers and giant pubcos. Those lobbyists continue to give the false impression that pub closures are due to levels of alcohol duty. Alcohol duty is a producer tax, levied on

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brewers/producer, and changes in duty have a very limited impact on pubs. Duty changes are not meaningfully passed on to pubs, never mind drinkers, as is often claimed. Duty cuts funnel millions of pounds to global brewers who manifestly do not need Government support. Even Draught Duty Relief is principally beneficial to the big brewers with marginal impact on the price of beer in a pub and an imperceptible difference to the very significant price differential between pubs and supermarkets. As a wider point, please urge colleagues to focus any action to reduce alcohol harm on the *cheap selling of alcohol in supermarkets*, not on pubs and the controlled, sociable, community environment they provide.

Budget 2024 – what is needed to support and save pubs and small brewers

- **No additional taxes (including NI) or costs (including wages) without equivalent tax relief.**
- **Keep all current relief in place including business rates relief and extension of zero business rates for the next fiscal year** and a revision for 2024/25 to increase the multiplier for hospitality to reduce rates, plus an increase in the zero-rated threshold to £20,000 as well as rural rate relief.
- **Announce a complete overhaul of business rates** and a commitment to tackle the unfair and unique way in which business rates for pubs are calculated. Business rates relief should be extended to small brewers and other pub suppliers.
- **If there is any scope to reduce taxes in this budget, the focus should be on business rates and VAT for small businesses.** Longer term, the Government should consider a Small Retailers' (VAT) Relief scheme.
- **Decisive and meaningful action on energy bills for businesses.** SMEs often pay disproportionately high bills, while larger chains have negotiating power to access lower tariffs.
- **A cancellation of Covid debt** for pubs/small brewers with unaffordable Bounce Back Loans.

Neither this budget nor the Treasury alone can 'save pubs' without tackling other serious issues. We therefore also ask that your Government does the following and that you commit to speaking to your colleagues in BEIS and in MHCLG about these vital measures:

- **Reform the planning system** to stop the current epidemic of pubs being deliberately bought/closed for conversion/development. We propose the simple principle that no pub of 50 or more years standing can be converted or demolished until and unless it has been properly and openly marketed for at least a year at the independently assessed value as a pub, with any such bids being accepted.
- **Finally, properly tackle the unfair and often exploitative tied pub model.** If the Government really wants to help hard-pressed pubs and reduce the price of a pint then stop the rip-off prices many publicans are forced to pay due to the beer tie, which is directly responsible for raising prices in pubs whilst reducing consumer choice, and is an unfair restraint of trade for publicans and small brewers.

We urge you to show your support for pubs both as the Chancellor and also across Government.

Yours sincerely,



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



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