



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

27th October 2025

Dear Chancellor,

Pubs urgently need support – please deliver this in the 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 and publicans (and also the UK's small brewers). Pubs are important businesses employing thousands of people, as well as being vital to communities and to local economies and tourism.

The need for support is urgent and immediate. Pubs face a 'perfect storm' of rising costs, rising prices (which decreases customer spend) and unreasonably high Government taxes, as a result of your decision in last year's Budget to impose three significant cost hikes this April: a huge cut to business rates relief, a major hike in Employers National Insurance contributions and a rise in the Minimum Wage. That Budget has itself caused pubs to close and publicans to lay off staff and reduce staff hours, the opposite of what is needed for pubs but also for the economy and your aspiration for growth.

We are already in the midst of a devastating pub closure crisis, currently driven especially by the escalating costs and taxes, during a cost-of-living crisis. We have lost far too many pubs, many of them completely unnecessarily and some as a direct result of the decisions you made a year ago. Given the economic and cultural damage already done, it must now be a Government priority to support the pubs we thankfully still have, serving communities and the economy and employing thousands of people.

The reality is that the vast majority of pubs are **small, independent businesses** — not large corporations. These are the businesses that create real local wealth, employ the majority of our sector's workforce, and contribute directly to communities and the wider economy. They are the ones that truly hold the key to sustainable, UK-based growth. It is time that you and this Government listened to the people who actually run the nation's pubs – publicans - as opposed to listening to the highly paid corporate lobbyists of the global brewers and offshore pubcos, that extract vast sums out of the UK economy every year.

When pubs suffer, so too do the **small independent brewers** who supply them. Fewer pubs means fewer outlets, on top of the impact of rising costs and sky high energy bills on brewers themselves. It is also long overdue for Government to take action to address the anti-competitive stranglehold of the global brewers and giant pubcos, which means only 6% of the beer sold in pubs is from small breweries, which is bad for brewers, publicans and consumers alike.

As venues reduce hours or close, those brewers lose their routes to market, accelerating the decline of local, community-focused pubs and leaving us with more bland, homogenised chains serving global beer brands.

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We note that the Government has already announced that from April 2026, the rateable value (RV) for pubs (England and Wales) will be based on a nationwide revaluation of property rental values as of 1st April 2024. This means a pub's RV will change, and the new value will determine the multiplier used for its business rates bill. Additionally, eligible pubs with an RV under £500,000 will receive a permanent 40% discount, which therefore doesn't do anything more than the current discount. Many smaller pubs are already exempt and are *still* struggling due to generally overwhelming cost pressures and the reduced disposable income of customers. This measure, therefore, cannot be presented as significant improvement in support, as it is not – and clearly is insufficient to give pubs support through this crisis.

A major overhaul of business rates is long overdue (and has been promised by successive governments for years!) and indeed you should not have imposed the treble cost hike on pubs in April without having done this. However this alone will not do anything to help many pubs and will only be a limited benefit to others.

Hospitality businesses in England, including pubs, face a £1.06 billion rise in business rates liabilities from April 2026, following the release of September's inflation figures from the Office for National Statistics (ONS).

Without genuine support for all pubs, not just some, this measure on its own (or accompanied by a meaningless beer duty cut) cannot and must not be presented as the Government providing support for pubs, or publicans would be similarly outraged at the false claims of 'support' made in the Spring.

Please listen to the clear majority of MPs as well as publicans and support pubs NOW!

It is clear that there is a very strong desire amongst MPs to see meaningful support for pubs at this time and so far, the Government has been largely at odds with that.

We commend the letter, spearheaded by Emma Lewell MP, calling for direct support in the form of

- Lower business rates: offer larger discounts for hospitality sites in England worth under £500,000, and scrap the proposed surcharge for larger venues.
- A cut in VAT on hospitality of approximately 5%: stimulating demand, encouraging investment, and helping venues remain open.
- Reducing National Insurance contributions: including extending exemptions for young people and those returning to work, to protect vital entry-level jobs and pathways back into employment.

We support all three measures and we are delighted that Emma and this group of MPs understand the need for *direct* support for pubs.

The need for direct support – not tax breaks for huge offshore breweries and pubcos

We also urge you and the Government (and Treasury civil servants) to realise that cuts in beer duty do NOT help pubs, but provide a multi-million tax break for foreign global brewers and offshore headquartered pubcos - companies with turnovers of billions of pounds.

Any freezes or reductions in beer duty have negligible impact on pubs and publicans and suggesting they do is simply wrong. Duty is a producer tax, paid for by producers (brewers) and not pubs. It is not passed on to pubs, does not help publicans and does nothing to help address the combined impact of sky high energy bills and the huge cost hikes you imposed on pubs in April.

You have repeatedly made it clear that due to the dire state of the economy, tough decisions will be made and that some taxes will have to go up. You therefore cannot possibly justify cutting beer duty, including

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on draught beer, when the overwhelming beneficiaries would be huge foreign/offshore companies, that do not need the support and when the millions of pounds of tax relief would go abroad, not helping the UK or local economies, never mind hard pressed publicans.

The so-called 'Long Live the Local' campaign is in reality a cynical campaign organised and funded by the large brewers and pubcos, precisely because any cuts in duty are worth tens of millions of pounds to each of the largest brewers, for every huge brand they produce.

In the Spring Statement, you and the Government claimed that by reducing the level of duty on draught beer, that you had 'cut the price of a pint in a pub by a penny'. **This was not true, when the combined impact of your huge cost hikes on pubs led to a price hike of around 30p – 40p a pint!** It is also not true, because as you know, duty is not a tax on pubs at all, but a tax on brewers at source. In many cases, brewers and pub companies don't pass on any cuts they make.

We therefore implore you, with the limited ability you have to give support, to ensure it is DIRECT support and that you do not tinker with duty, which does NOT help support or save pubs.

We also urge you and your team to properly research the impact of beer duty cuts and listen directly to publicans - the people running the nation's pubs - who want and need direct support, not the large corporations that may own them and rent them out (often on unfair and exploitative terms, which in itself cause pub business failures, which is another cost to the Treasury). This is long overdue.

What you & the Government needs to do to save pubs & support them through this crisis

For all UK pubs:

- As outlined in the letter from MPs, **reducing National Insurance contributions for pubs** and other small businesses, including extending exemptions for young people and those returning to work, to protect vital entry-level jobs and pathways back into employment.
- **Scrap the lowering of the threshold on NI**, to allow pubs and other small businesses to continue to employ staff on part-time entry level jobs.
- Consider a cut in VAT on hospitality of approximately 5%, including ALL pub sales, including beer. This would give tax relief to all pubs and, unlike beer duty cuts, would give publicans the opportunity to avoid further increases in the price of a pint. We must make clear that a move to reduce VAT only on food would be both deeply unfair for the thousands of traditional pubs in the UK that do not serve food, many of which are the pubs that are in real need of support through this crisis. **A VAT cut for hospitality should therefore only be considered if it includes all drinks, including alcoholic drinks, or it would be disastrous blow to the thousands of wet led pubs and the hard-working publicans that run them.** A VAT cut on all pub sales would help ALL pubs in all parts of the UK.
- We also urge you to **commission a study into Small Retailers' (VAT) Relief**, which would see small, independent businesses like pubs and small shops pay a lower level of VAT than large corporations (which could be cost-neutral to the Treasury). This makes more sense long term that a general cut in VAT for hospitality, as a general cut also provides a multi-million pound tax break to huge multinational fast food chains such as McDonalds and KFC - clearly the wrong focus for Government support. We would hope to see the Government introduce Small Retailers' Relief next year, if it is serious about high streets and supporting independent pubs and shops.
- Do not make changes to beer duty (including draught beer duty) which simply do not help pubs and are unjustifiable, considering that any such changes funnel tens of millions of pounds to offshore brewers and pubcos. Instead **commission a full Treasury study of the actual effect of beer duty changes** and the beneficiaries of freezes and cuts, as well as whether changes are passed on (they

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very largely are not). If you really need to raise additional revenue, then you could increase duty paid on beer to be sold in supermarkets, or better still and long term, introduce Small Retailers' Relief to support independent pubs and shops and increase the tax paid by huge companies with vast turnovers.

For pubs in England (business rates decisions by UK Government only affect England & Wales):

- **Ensure the changes to business rates for pubs are meaningful and fair:**
 - This means changing the current unfair system for calculating pub rateable values, based on so-called 'Fair Maintainable Trade'. This is a contrived system created because past Governments listened only to the lobbyists of the large pubcos and not to individual publicans. The FMT system of valuation was deliberately pushed for because it allows the pubcos to perpetuate artificially high rents through unreasonable FMT calculations! It is therefore a contrived system that doubly penalises many pubs.
 - Meaningful reform also would involve **addressing the grossly unfair discrepancy between retail businesses like pubs, restaurants and small shops and online retailers** who pay a fraction of the tax that pubs do, despite doing nothing to keep our high streets alive.
- As outlined in the letter from MPs, **offer larger discounts for hospitality sites worth under £500,000, and scrap the proposed surcharge for larger venues.**

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:

Other changes needed to stop pub closures and save pubs

- **Action to stop sky high energy bills** for pubs, small breweries and other small businesses and to stamp out unfair behaviour of energy companies, when dealing with businesses.
- **Properly tackle the unfair and often exploitative tied pub model and stop ongoing abuse of publicans by pubcos.** 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. Reform of the tie – by restricting it to beer brewed directly by brewers and only to be lawfully operated with the comparison of an independently assessed free-of-tie rent - would not only allow many more publicans to survive and make a profit from their pub, it would also allow them to employ more staff, pay more tax and help grow the economy. Much needed reform of the tie is also cost free to the Treasury, so it is something that the Government can and must do
- **Reform the planning system** to stop the current epidemic of pubs being deliberately bought and 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. Without this, a community right to buy would often be meaningless, as owners could still refuse to sell at any more than the development value of a pub, which means neither communities nor other parties could buy and save such pubs, despite having the funds to buy at the value as a pub.
- **Reinstate the Community Ownership Fund or set up a new *Community Pubs Fund* in its place.**

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- **Introduce a genuine Community Right to Buy** – but this is only meaningful if you introduce the planning policy above, or the right to buy is meaningless if owners can demand values far in excess of the actual, independently assessed value as a pub. The two reforms must go hand in hand, to allow many more communities to buy pubs and to avoid hundreds more unnecessary closures of pubs where there is a viable purchaser, as a pub.
- **We also urge that you introduce some much-needed support for small brewers**, both in terms of energy costs (as mentioned above) and looking at ways to support them through the tax system, especially with the previous Government having made changes to Gordon Brown's Small Brewers Duty Relief which has undermined small brewers and benefited medium sized ones.
- **We also urge that the Government commissions a proper review of the beer market**, taking evidence from publicans and small brewers. There is a current very limited review underway, but our suggestion to take evidence directly from small brewers and publicans and to people survey them was not taken up. A full and proper review of the beer and beer market is overdue. At the moment, only around 6% of beer served in pubs (the on-trade) comes from the many excellent small brewers in the UK, which is a scandal and the sign of a closed and very anti-competitive market. This is bad for small brewers, bad for publicans (many of whom are prevented by the tie from buying direct from their local brewers, or at all) and bad for consumers who face an ever decreasing choice of beer, increasingly dominated by bland beer from big breweries. An [extraordinary 70% of customers report being bored of the generic beer range available to them](#). This shows how the current system that gives corporates their stranglehold is actively depriving the majority of customers of the choice they want.

Please change course, listen to UK publicans and show your support for pubs

The UK's pubs and publicans need your support - genuine, direct support and not warm words about how much you may 'value' pubs and the role they play in our communities and our cultural heritage. Such warm words would be no more than hot air without essential support and indeed, would be a slap in the face of hardworking publicans, considering the detrimental impact of the treble whammy cost hikes you imposed on pubs in April.

You have repeatedly stated that **growth is this Government's top priority**. We agree — but pubs and the wider hospitality sector cannot drive growth if they are pushed over the brink by yet more cost pressures.

You therefore must understand that without new, meaningful and direct support (not beer duty changes) then more pub businesses will fail, more people will be out of work (paying less tax) and more communities will see what are otherwise viable pubs close for good.

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

Yours sincerely,



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