



Campaign for Pubs

Promote, Support and Protect Pubs

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

20th October 2026

Dear Chancellor,

Please support pubs in the Budget

We are writing to the Government again about the need for policies to support and save pubs and asking you as Chancellor to take action – the right action - in the forthcoming Budget to deliver the Prime Minister's commitment to help pubs through the cost-of-living crisis. We have raised all these issues previously – and we are writing again hoping that you will act.

The need for support is urgent and immediate. Pubs face a 'perfect storm' of rising costs, rising prices and unreasonably high Government taxes. Please be clear, this is absolutely not asking you and the Government to give 'tax breaks' to the pub sector: This is about urging you to understand that the current raft of taxes on pubs – business rates, VAT, Employer's National Insurance – is taking an unfair amount from pubs turnovers, which very simply is making it difficult or impossible for many pubs and publicans to make any profit, never mind make a living. We are supporters of the wider campaign for fairer VAT and to replace business rates with a fairer system.

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. In April pubs faced a major hike in Employer's National Insurance contributions and a rise in the Minimum Wage, as well as the ongoing 20% rate of VAT – double what many other European countries put onto hospitality transactions. Initially, there were also set to be catastrophic hikes in business rates that would have closed thousands of pubs but thankfully, due to an uproar across the pub sector, the Government announced some temporary relief and a long overdue reform of the uniquely unfair business rates' system for pubs. However this has merely effectively restored rates to where they were, not reduced them and the current system is unfair and unsustainable (and we are pleased the Government is reviewing it).

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

For all UK pubs:

Bring down the overall tax and Government imposed cost burden on pubs

- **Tackle the high (and rising) cost of employing staff by:**
 - **Reducing National Insurance contributions for small businesses**, including extending exemptions for young people and those returning to work, to protect vital entry-level jobs and pathways back into employment
- **Take action to support pubs and hospitality through lower/fairer VAT:**
 - **Announce an emergency cut in VAT on hospitality (to 10%)** including ALL pub sales, including beer. This would give tax relief to all pubs and, unlike beer duty cuts, would give

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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. This could be cost-neutral to the Treasury. This makes more sense long term that a general cut in VAT for hospitality, as this hands 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, if it is serious about high streets and supporting independent pubs and shops.

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

- **Business rates** - we are pleased that the Government is currently consulting on business rates for pubs, however the very clear commitment in the last Labour manifesto was to abolish them and that is what must happen and with a fairer system of business taxation being introduced.
 - 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 individual publicans. The FMT system of valuation allows pubcos to perpetuate artificially high rents through unreasonable FMT calculations, so it doubly penalises many pubs.
 - Business rates punish those small businesses that operate from physical premises - the very businesses that are essential for our high streets, for our villages, towns and city centres. **It is time to have a new system of business taxation that addresses the imbalance between retailers with physical premises and online retailers**, who pay a fraction of the tax that physical businesses do, despite doing nothing to keep our high streets alive.

Other changes needed to stop pub closures and save pubs

Neither this budget nor the Treasury alone can 'save pubs' without tackling other serious issues other than taxation. 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:

- **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 do without any public spending.

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- **Reform the planning system** to stop pubs being deliberately bought and closed for conversion/development. Planning law needs to adopt the simple principle that a pub of 50 or more years' standing cannot be converted or demolished 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.
- **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 changed Gordon Brown's Small Brewers Duty Relief which has undermined small brewers.
- **We also urge that the Government commissions a proper review of the beer market**, taking evidence from publicans and small brewers. A full and proper competition review of the beer and pub 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.

Please listen & show your support for pubs that need it – not huge corporations that do not

We remain deeply concerned that despite their role in creating the pub business rates system, the Government continues to only listen to the representatives of these large companies and not to the people who actually run pubs.

We urge you not to focus support on pubs and small brewers and not to make changes that will instead provide tax breaks for global breweries. Reductions on beer duty (including draught beer duty) funnels tens of millions of pounds to global brewers and offshore pubcos and the benefit simply isn't felt by publicans, never mind customers. 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 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.

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. It is pubs and small brewers that need support, not offshore pubcos and global brewers.

The Prime Minister said to publicans that "the cavalry is coming". We hope this was genuine – and even more importantly that the Government will therefore deliver the changes needed to help pubs through the cost-of-living crisis and give them a more sustainable future. Pubs are important businesses employing thousands of people, as well as being vital to communities and to local economies and tourism.

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

Yours sincerely,



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Swan, Slip, Volunteer in York



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