



Inn-Valuable 2

UNLOCKING THE SOCIO-ECONOMIC
POTENTIAL OF OUR NATION'S PUBS

By Joe Fyans



About Localis

Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

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Any errors or omissions remain my own.

Joe Fyans

Executive summary

This report is an examination of the value of pubs in the UK and an analysis of the policy challenges to protecting and enhancing this value. The institution that is the Great British Pub holds value to the country in many different ways. At the local level, pubs are high street anchors, cultural catalysts and agents of social cohesion — nationally, they represent an important contributor to the economy and the Exchequer. Running deeper still is the place that ‘the local’ holds in the hearts of many across Britain. Despite their importance to the national economy and the character of local areas, the policy and regulatory landscape in which pubs operate is increasingly counterproductive to the goal of providing long-term sustainability to the sector, even as the government has provided short-term measures of support. The policy recommendations provided in this report are aimed at charting a course to a more sustainable pub trade.

The value of pubs

The beer and pub sector in the UK contributes a substantial £34.3 billion to the national economy in gross value added. Over one million jobs are supported by this sector, with £17 billion in wages paid. Direct impact (such as pub operations) accounts for £15.5 billion in gross value added, but the ripple effects — like supply chains and wage spending — create an additional indirect and induced value of £18.9 billion. Despite their positive impact, pubs are under threat. COVID lockdowns and rising energy costs have increased running expenses while decreasing customer demand. In the first three months of 2024, pub closures surged by 51 percent compared to the previous year. The impact of these closures is not restricted to the economic sphere: they have profound social and cultural consequences for communities.

Local pubs play a vital role in fostering connections and promoting social cohesion. They have been a part of the UK’s cultural fabric for centuries, providing spaces where people not only strengthen existing bonds but also form new connections. This role as a physical space for social interaction is all the more important in our increasingly digital age, where face-to-face interaction has become a precious commodity. Elderly individuals and single people, in particular, benefit from the welcoming atmosphere of pubs. In case study interviews for this report, publicans repeatedly emphasised that a core base of patrons come in more for the interaction than food or drink.

The British public are supportive of pubs and their role in national life by a considerable majority. Polling commissioned for this report and carried out by YouGov found that **72 percent** of British adults believe that pubs have a positive impact in communities. Asked whether pubs were important in bringing people together, **81 percent** of British adults felt that they were. The role of pubs in social cohesion is further detailed by the **42 percent** of respondents with a local pub saying it holds events which bring the community together, with over half of respondents having met up with friends at the pub in the last three months alone. Asked about the role of 'the local' in combatting isolation, **73 percent** of respondents agreed that pubs in their area fill this role.

Pubs policy: context and challenges

The current challenges for pubs, and how they interact with key policy issues for the new government, can be broken down into three main areas:

- **Tax and regulation.** Pubs contribute £6.6bn in tax to the national coffers. This includes VAT and Beer and Alcohol Duty (with beer duty being one of the highest comparable rates in Europe) — VAT alone accounted for £4.9 billion in 2022. Like any employer, pubs also pay income tax, national insurance, and corporation tax. Yet the greatest operational challenge for pubs, and policy challenge for government, comes with the need to reform business rates — a local tax which is no longer fit for purpose and must be reformed to move past a system of short-term discounts and emergency measures and towards a long-term, sustainable model.
- **Planning and new towns.** Recent years have seen gradual steps towards using the planning system to protect against high street decline, with measures to tackle empty premises and reform to the use class system to better protect pubs. The root and branch reforms promised by the new government offer a chance for a more comprehensive look at how high street character can be protected. There is particular hope for pubs in the establishment of new towns, with polling commissioned for this report finding **60 percent** of adults view pubs as an important part of a new town centre.
- **Jobs and growth.** Pubs are significant employers of younger people and part-time workers, as well as localised 'anchor businesses' on high streets. With the English Devolution Bill slated to include statutory local growth plans, there is a chance for councils and partners to properly strategise to nourish pubs, hospitality and the wider 'overlooked economy' in place.

Recommendations

The short-term: continuing support over longer time frames

- To continue to mitigate the closure of pubs across the country, the government must **extend business rates relief for hospitality and increase the window to three years**. This would bring the time horizon in line with the next spending review and provide more long-term certainty in the sector.
- To continue to support the production, export and domestic sale of beer in the UK, government must **extend the beer duty freeze for another year**.

The long-term: fixing the foundations of the UK pub trade

- To halt and reverse the decline of the Great British pub, central government must **launch a task force to identify routes to long-term sustainability for the sector**. Some considerations for such a body would be:
 - **Reviewing business rates** to look at the possibility of different multipliers for pubs and hospitality, along with the potential to provide discounts for pubs providing social value through diversification.
 - **Reviewing excise duty** to look at how the tax can best support the brewing, domestic sale and export of beer in the UK.
 - **Providing employment incentives** such as tax credits to ensure that necessary increases to the national living wage do not disincentivise pubs in their important role as employers of part-time, younger members of staff.
 - **Examining planning policies** to see how the framework can support the night-time economy, along with pubs as social, cultural and economic anchors in town and village centres.
- The ambitious policy agenda laid out by the government in the King's Speech 2024 also provides opportunities to increase the long-term sustainability of pubs in the UK:
 - The New Towns Taskforce should **examine how new towns can boost pubs and hospitality** through planning for vibrant town centres.
 - As part of their push to drive good growth **locally, local growth plans should include sections on the foundational, overlooked and night-time economies of place**.



CHAPTER ONE

The value of pubs

The institution that is the Great British Pub holds value to the country in many different ways. At the local level, pubs are high street anchors, cultural catalysts and agents of social cohesion — nationally, they represent an important contributor to the economy and the exchequer. Running deeper still is the place that ‘the local’ holds in the hearts of many across Britain. This section outlines different approaches to valuing pubs, both socially and economically.

1.1 Social value

On high streets, in village centres and in other locations across the country, pubs are engines of social value generation. As inherently social spaces, they provide a place for people from different walks of life to interact, driving community spirit and providing a bulwark against loneliness and isolation. Pubs also generate social value through their role as cultural anchors, and increasingly through their diversification into other forms of community space. The social value of pubs can be split into broad categories: that which they generate through their traditional function and that which they generate through their usage for other means.

The importance of ‘the local’ to social cohesion and individual wellbeing

For centuries, local inns have provided places for people to meet, form relationships, celebrate milestones and discuss community matters. They are spaces where people both strengthen existing bonds and forge connections with new groups — in this sense, pubs are social networks made manifest. Through generations spent performing this function, pubs have become deeply embedded into local life and environments across the country, and the role they fill as social adhesives is acknowledged across the political spectrum. Pubs will fulfil different variations on this theme in different parts of the country — from the rural village to the bustling urban centre. Yet as agents of social cohesion, the essence of the local pub as a space for public gathering remains markedly consistent, with a 2016 study finding that pubs correlate positively with social engagement regardless of economic context¹.

On an individual level, the social value of pubs manifests in their upholding of a vitally important aspect of wellbeing which has become increasingly sparse for many in modern life: face-to-face interaction. Isolation and loneliness have myriad negative effects on our mental and physical health. The Campaign to End Loneliness identifies three key negative impacts of loneliness: behavioural (such as reduced physical activity), psychological (such as reduced self esteem) and physiological effects such

“A place which connects friends, family, and coworkers, with only a few quid”

— YouGov/Localis survey response

1 Matthew Mount & Ignazio Cabras (2016) — Community cohesion and village pubs in Northern England: An econometric study

as a negative impact on blood pressure². While the pub alone cannot provide a cure to all the problems caused by loneliness and isolation, they provide a physical space for face-to-face interaction in an increasingly digitally-mediated society.

The risks and impacts of loneliness are particularly pronounced in elderly, single people. The case studies in this report show that landlords all over the country are accustomed to welcoming individuals in these situations into their pubs, providing a balm for social isolation. They stressed that such patrons rarely consume significant amounts of alcohol, and instead are mostly in the pub because it is a welcoming and social space. Across our case studies were examples of publicans using their knowledge of local people and their circumstances to provide assistance to vulnerable and elderly residents. This chimes with other research which has shown the importance of publicans, their staff and regular customers and informal safety nets and support networks. While this may not be a prominent aspect of the economics of the pub trade, it is one of the most crucial elements of the social function which pubs play and must be factored into appraisals of the overall value of the sector.

The pub as an all-purpose cultural and community space

Beyond their role as places for people to meet up and have a drink, pubs have a well established and critical role as cultural anchors. The relationship between pubs and local music scenes is well established³, particularly in urban areas, with books and academic articles chronicling the role of iconic venues in London, Manchester and other cities in pivotal cultural moments such as the emergence of punk rock in the 1970s⁴. In rural areas and smaller towns, pubs provide a proving ground for young artists — something which has recently taken on a novel turn in some areas due to the proliferation of ‘micropubs’ with a live music offer⁵. In 2017, the UK Live Music Census found 78 percent of emerging musicians surveyed stressed the importance of pubs and bars to their careers⁶.

2 Campaign to End Loneliness — [Health Impact](#)

3 Behr et al (2014) — [The Cultural Value of Live Music from the Pub to the Stadium: Getting Beyond the Numbers](#)

4 Matthews (2023) — [Before It Went Rotten: The Music That Rocked London's Pubs 1972-1976](#)

5 Robinson & Spracklen (2019) — [Music, Beer and Performativity in New Local Leisure Spaces: Case Study of a Yorkshire Dales Market Town](#)

6 UK Live Music Census (2017) — [Valuing Live Music: The UK Live Music Census 2017 Report](#)

The closures of such venues in significant numbers⁷ in the years of COVID and energy inflation must therefore be seen as damaging not just to local cultural activity but also as a squandering of potential. The impact of this removal of cultural spaces is not limited to the music industry — pubs are also of great importance to the national comedy scene, with many acts which are now beloved institutions finding their start on the stage of a local pub. In London, there remains an active pub theatre scene “synonymous with London’s fringe”⁸. The cultural benefits brought about by the availability of such spaces, both direct and intangible, are a major component of the social value generated by pubs. Our case study pubs were put to use for a variety of activities to support local culture, often as part of charitable functions, including live music and comedy.

Another aspect of social value provided can be observed in the many uses that have been found for the local pub through diversification, with pub buildings and facilities providing an increasingly wide range of services. In the last Inn-Valuable report, we looked at pubs providing support to communities in the cost-of-living crisis, through initiatives like the provision of warm spaces and even one pub operating as a local food bank. The case study pubs for this report generated social value through initiatives like working with the local church to identify older residents vulnerable to isolation and supporting them to organise a regular social event, as well as organising collections for local food and hygiene banks and putting on a regular event for people with dementia and their carers. Pub is the Hub is a non-profit organisation which works to help British pubs diversify through grants and support services, including working with councils to convert disused store rooms and outbuildings into centres for providing local services. Overall, Pub is the Hub estimate that, across the suite of projects they have supported, an investment of £1 in a given project returned between £8.98 and £9.24 in additional social benefits⁹.

7 BBC News (2024) — ‘Save our small venues’ plea amid government review

8 The Guardian (2017) — Time for another round: the rebirth of pub theatre

9 Pub is the Hub (2021) — New research highlights the social value publicans and pubs create by providing local services

1.2 Economic value

The economic value of pubs is significant and multifaceted, from the role of individual pubs as important yet often overlooked employers to the substantial contribution to GDP and exports provided by the beer and pub sector as a whole. Less easily quantifiable but equally important are the knock-on effects of pubs as anchor businesses on local high streets and the contribution which historic pubs, and the culture of pubs in general, has to the appeal of the UK as a tourist destination.

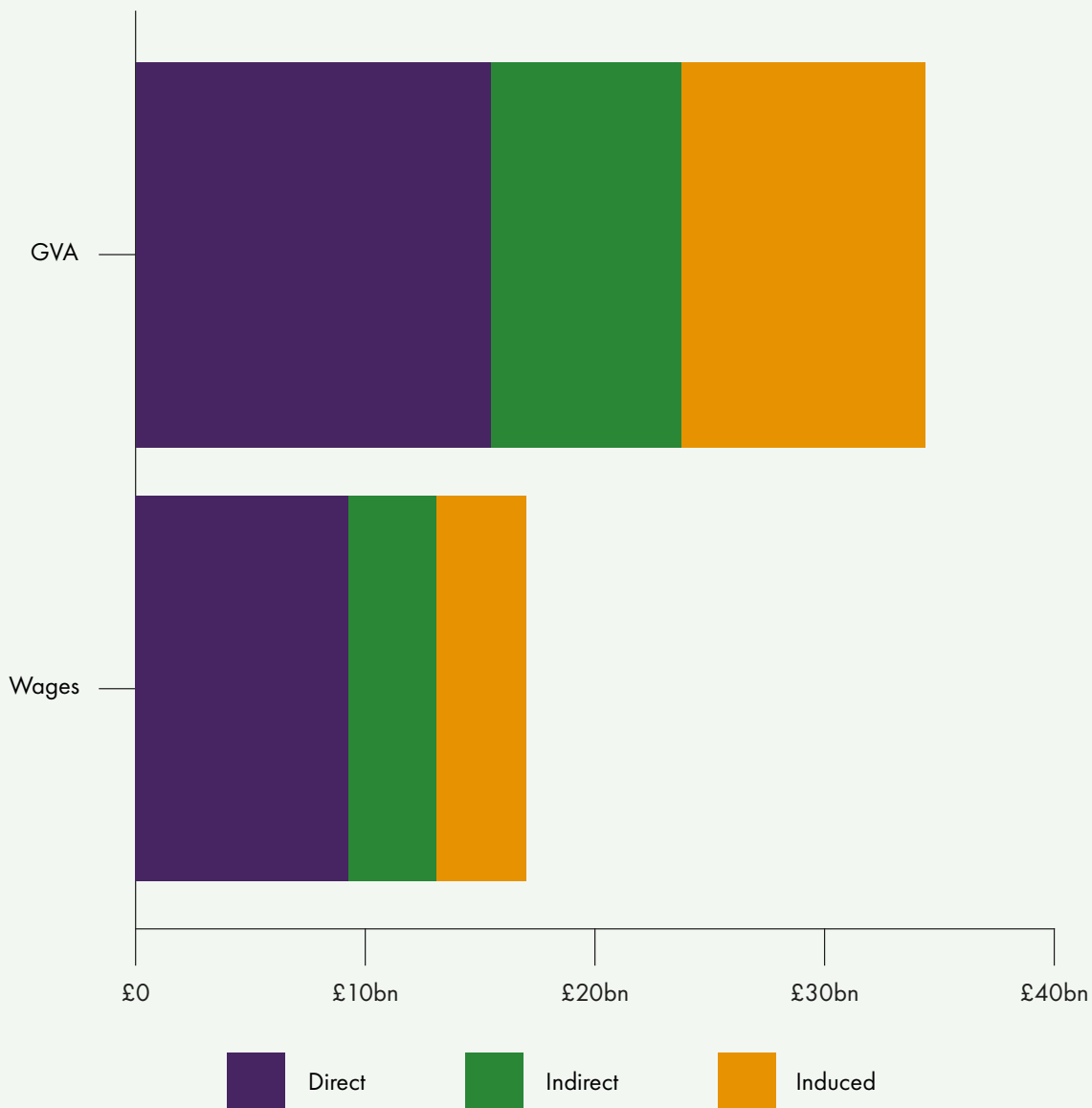
Pubs, high streets and the overlooked economy

The economic impact of pubs in strictly numerical terms is sizeable and can be illustrated with analysis carried out by Oxford Economics for the British Beer and Pub Association¹⁰. The beer and pub sector contributes **£34.3bn** to the national economy in gross value added, paying **£17bn** in wages over more than one million jobs. This includes **£15.5bn** of direct impact, with the indirect effects of this economic activity — from supply chains to the spending of wages — leading to an additional indirect and induced value of **£18.9bn**. Jobs in the sector have a specific character, with **58 percent** of total employment being part-time and **49 percent** being held by people under the age of 25. These figures illustrate the importance of the sector in providing ‘starter’ jobs — both for those looking for temporary employment whilst studying or preparing for other endeavours, and for those looking for a long-term career in hospitality.

10 Oxford Economics (2024) — The Local Impact of the Beer and Pub Sector

Figure 1. Economic impact of the beer and pub sector

Gross Value Added and wages



Source: ONS, NISRA, BBPA, Oxford Economics

Yet despite this positive impact, the sector is under threat, with a series of crises from COVID lockdowns to spiralling energy prices causing both increased running costs for pubs and decreased demand from customers. In the first three months of the year 2024, pub closures were up 51 percent compared to last year¹¹. This is in the context of a longer-term decline which saw the country lose 10,500 pubs between 2006 and 2014¹². The social and cultural loss of these local businesses can be felt in cities, towns and villages across the UK, in a way which is more immediate for many people than the actual economic impact in lost wages and taxation. The complex nature of losing a business like a pub, which may not have a dramatic impact on headline local economic indicators but has serious knock-on effects, is an argument for taking a more stratified approach to understanding economies of place, and is part of the reason why the hospitality sector — including pubs, restaurants, hotels and other services industries — is often included in the broad definition of the ‘foundational economy’.

The most immediate elements of the foundational economy are basic human needs like food, clothes and shelter, but the concept can also be extended to the wider ‘overlooked economy’¹³, which includes hospitality as well as things like retail, hairdressers and leisure facilities. These are economic activities which are considered to be essential to quality of life, if not to basic survival, but which are not often considered ‘high value’ sectors in economic policy or industrial

strategy. While perhaps not as exciting a prize as achieving major productivity gains in sectors like high-tech manufacturing or knowledge-intensive services, these overlooked sectors are of far greater importance to the day-to-day lives of most people. This leads to a situation where the symptoms of problems in these sectors receive more attention than their underlying causes, with the most obvious example being the much-discussed ‘death of the high street’.

“Everyone is allowed ... age, cultural background, sexual orientation, rich people, poor people, differing political views... All of these groups of people can hang out and interact in a safe space.”

— YouGov/Localis survey response

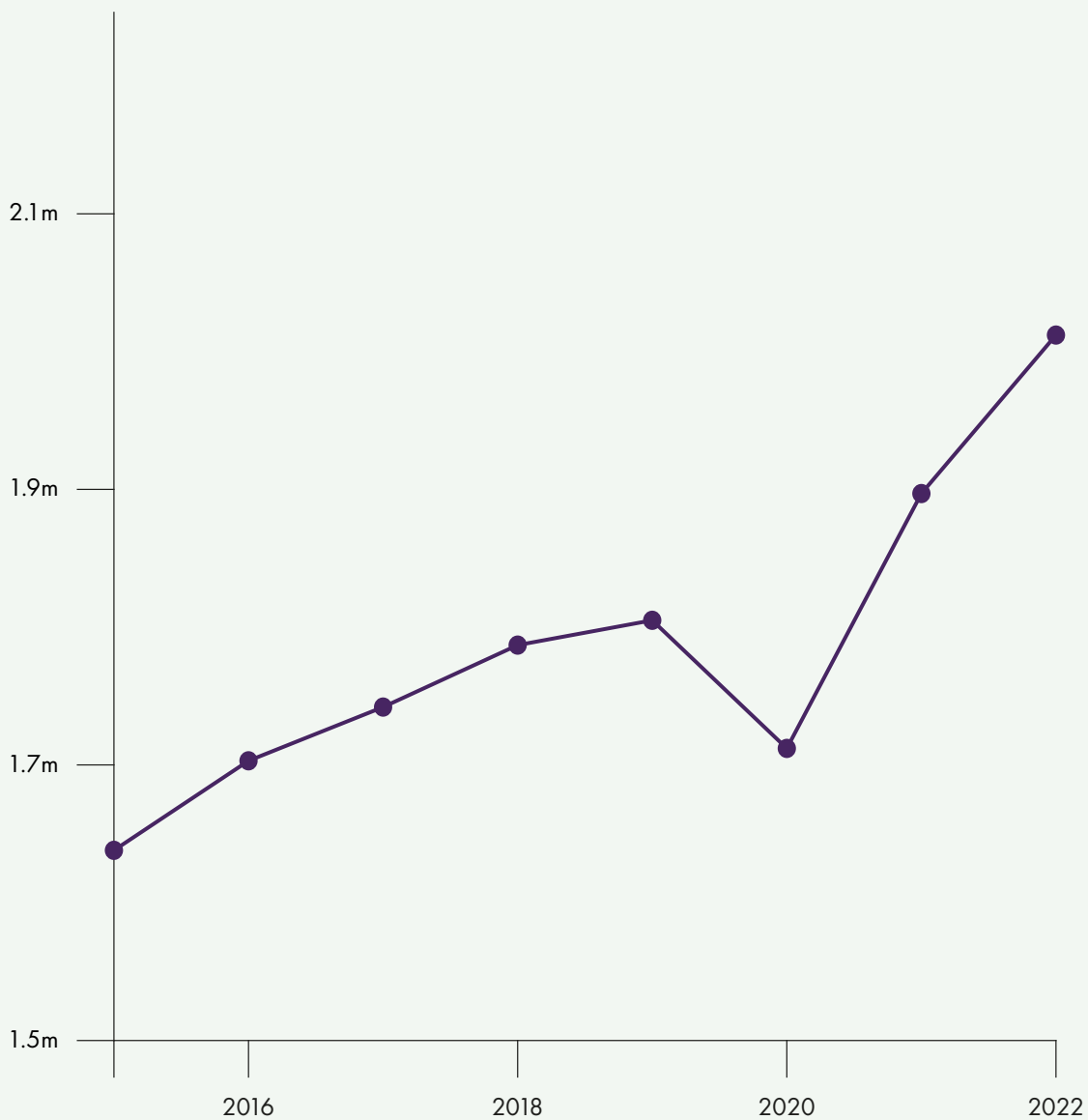
11 Morning Advertiser (2024) — Pub closures up 51% in first 3 months of 2024

12 Institute of Economic Affairs (2014) — Closing Time: Who’s killing the British Pub?

13 Foundational Economy (2018) — [Introducing the Foundational Economy](#)

Figure 2. Hospitality jobs in Britain

Jobs in food and beverage service activities, 2015-2022



Source: Business Register and Employment Survey

In recent decades there has been rising concern from across the political spectrum over the marked decline in the vibrancy and dynamism of high streets and town centres across the country. Long-term decline in footfall on high streets has been driven by a variety of factors, with the most oft-cited being the rise of online shopping and the proliferation of out-of-town retail centres¹⁴. While this decline has at times seemed irreversible, recently there has been some reversal of the trend¹⁵, in part due to the return to the hyper-local brought about by the COVID-19 pandemic lockdowns. On the high street and in town centres, pubs are anchor businesses – and as inherently physical spaces that rely on proximity to local communities, their fates are inextricably linked. As well as their impact on high street footfall, pubs often provide events and other opportunities which allow local businesses to pull together, contributing to the wider high street economy and strengthening the business community.

Exports and tourism

The Great British Pub and its associated brewing industry are also a major part of the international brand of the UK. As an export, the percentage of British-produced beer shipped abroad has increased by over a third since the year 2000, even as national alcohol consumption has fallen. In 2022, almost half a billion pounds worth of beer was exported across the world, around £257m of which went into the European Union, making the UK the sixth largest exporter of beer in the world¹⁶. Of these exports, 10 percent came from independent breweries¹⁷, who have persevered through the additional complexities of Brexit to continue contributing to the national economy and the standing of British beer across the world.

The other side of this coin is the value of the beer and pub sector as part of the UK's overall tourism offer. In the aftermath of COVID-19, the government acknowledged the importance of hospitality to the UK's tourism ecosystem in both its recovery strategy for the sector and its Tourism Recovery Plan. There is a paucity of information on the current direct impact of tourism on the pub trade, with the most recent estimates from over a decade ago, in 2011, showing 13.8m annual visitors¹⁸. There is a need to gather more current information to

14 Grimsey et al (2018) — [Grimsey Review 2](#)

15 Wood (2022) — [How has COVID-19 changed the high street?](#)

16 OEC (2024) — [Beer in the UK](#)

17 Hazlewoods (2022) — [Food and Drink update: UK drinks exports jump 19% to £7.6 billion](#)

18 Restaurant (2012) — [UK pubs benefit from more than £40m in international visitor spend](#)

properly quantify the economic impact, so that the value of pubs to British tourism does not go overlooked in the regulatory framework.

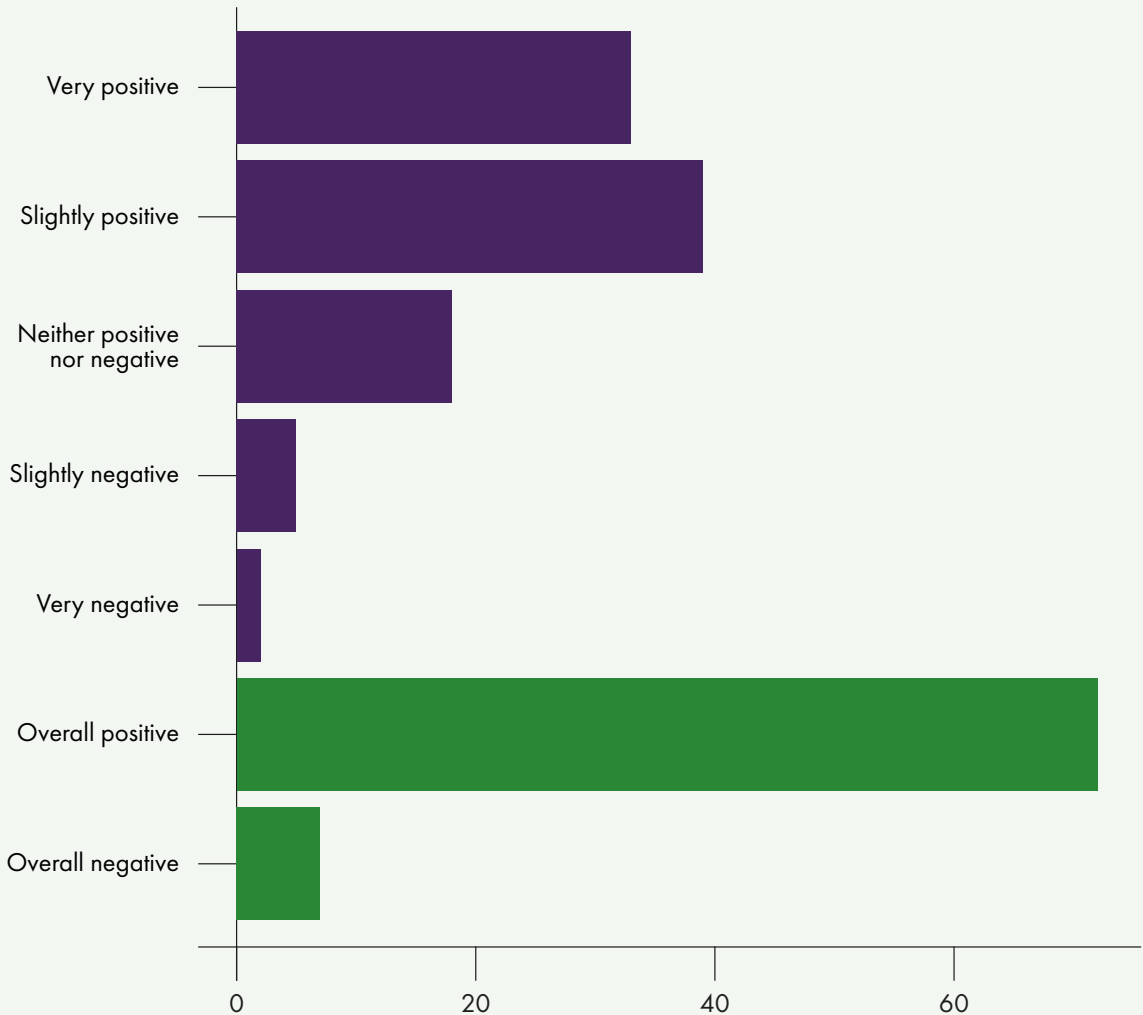
1.3 Public perception

The British public are supportive of pubs and their role in national life by a considerable majority. Polling commissioned for this report and carried out by YouGov found that **72 percent** of British adults believe that pubs have a positive impact in communities. Only seven percent felt the impact of pubs was negative, with the remaining 21 percent being either ambivalent or unsure. Asked whether pubs were important in bringing people together, **81 percent** of British adults felt that they were, with 14 percent disagreeing. This strong support indicates that the national institution of the local pub is still highly valued by British people, with consistency in responses found across the English regions as well as Scotland and Wales.



Figure 3. The impact of pubs on communities

In general, to what extent do you feel pubs have a positive or negative effect in a community?



19

19 All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2054 adults. Fieldwork was undertaken between 30th - 31st July 2024. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

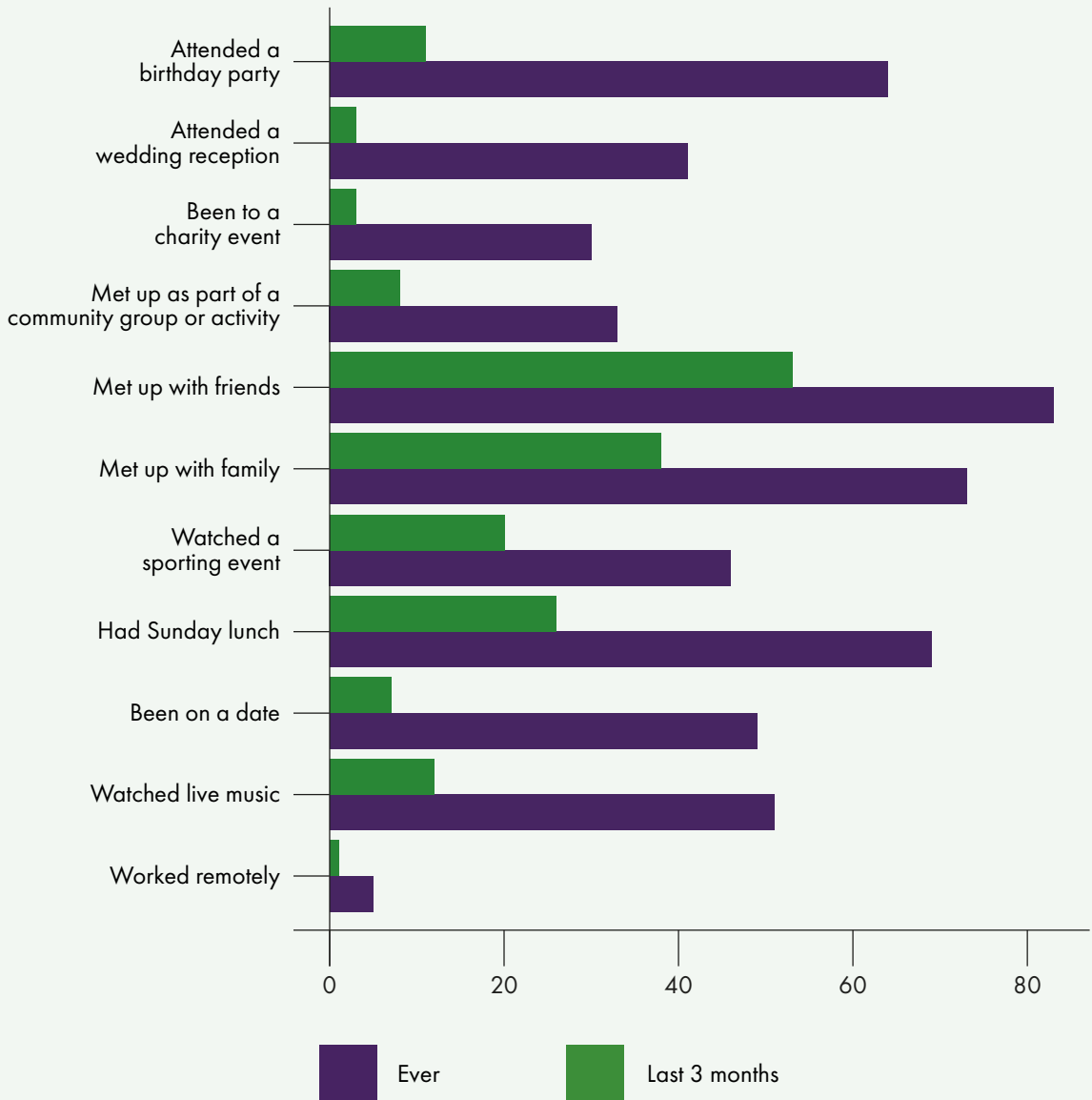
Source: YouGov/Localis

The role of pubs in social cohesion is further detailed by the **42 percent of respondents** with a local pub who said it holds events which bring the community together — **one third** of respondents had personally been to a community event held in a pub at some point in their life. Other events that people had been to in pubs included watching live music (**51 percent**) and watching sports (**46 percent**). The polling also illustrated how pubs can be the venues for significant life events, with **64 percent** of people having been to a birthday celebration at a pub and **41 percent** at a wedding reception. These figures speak to how deeply embedded pubs are as social spaces in British society. Overall, **83 percent** of people had ever met up with friends at a pub, with **53 percent** having done so in the last three months alone.



Figure 4. Activities in pubs

Have you done the following in a pub?



These figures are all, to varying degrees, relevant to the role of the local pub as a barrier to loneliness and isolation in communities. This question was also posed to people directly, asked whether or not they agreed that pubs help combat loneliness

“A hub for a lot of local people, it provides jobs. Local pubs are a great thing”

— YouGov/Localis survey response

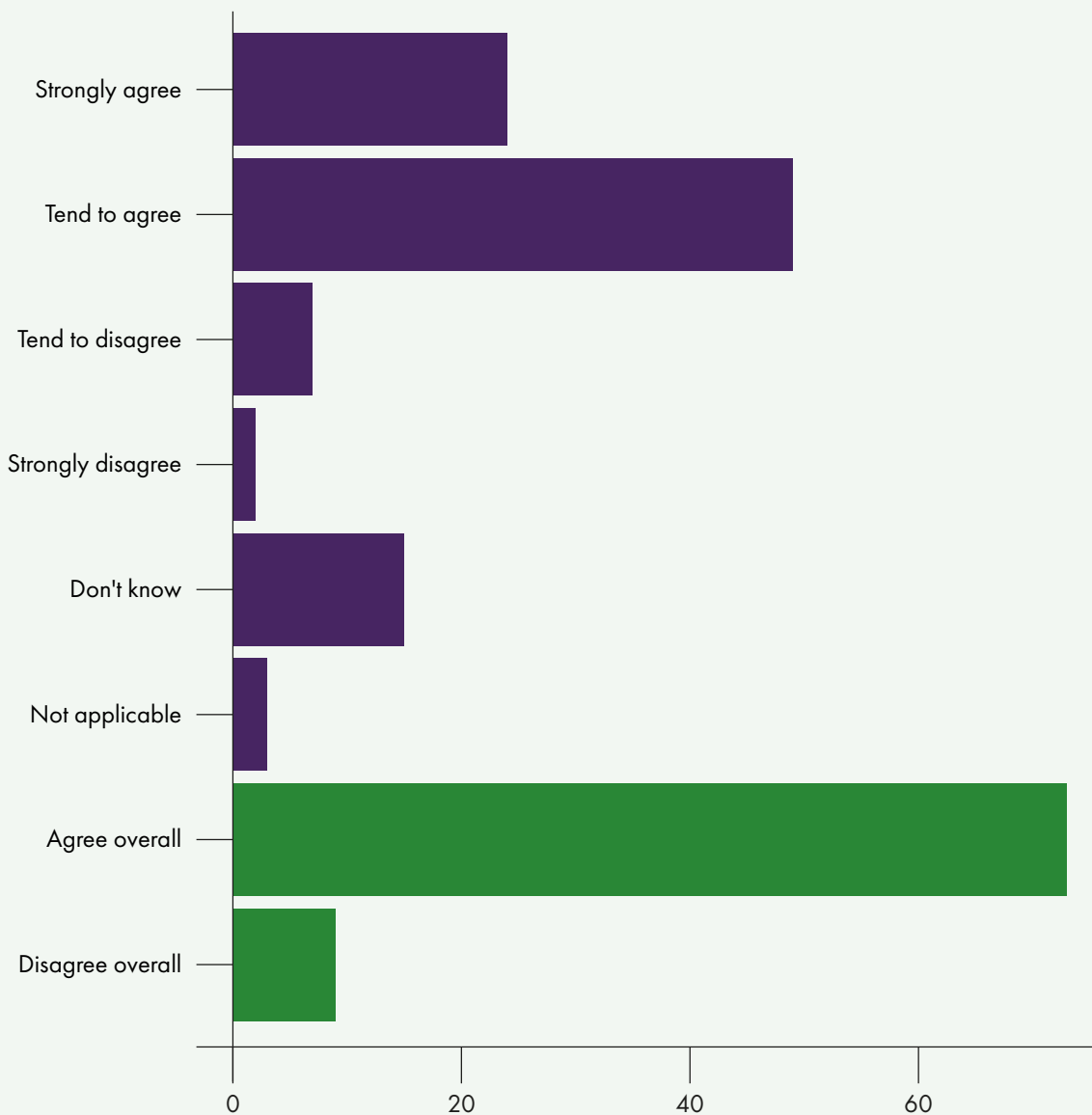
and isolation in their area, more than seven out of ten (**73 percent**) of British adults responded positively. Clearly, the value of these social spaces in our town centres and on our high streets is recognised by the public. The challenge for policy is to devise a regulatory framework which puts the institution

of the local pub on a sustainable footing into the future — not an insignificant task, coming after several successive shocks and in the context of wider economic challenges. Nevertheless, a long-term plan must be implemented to protect the value of the sector to economy, society and culture.



Figure 5. Pubs and isolation

Pubs help combat loneliness and isolation amongst people in my local area



Source: YouGov/Localis



CHAPTER TWO

Pubs policy: contexts and challenges

Despite their importance to the national economy and the character of local areas, the policy and regulatory landscape in which pubs operate is increasingly counterproductive to the goal of providing long-term sustainability to the sector, even as the government has provided short-term measures of support. This section looks at the policy context for pubs in 2024, outlines some key challenges and highlights opportunities to help transition to a more equitable and supportive system in future.

2.1 Tax and regulations

The relationship between the Great British Pub and the state has in recent years has been one of overall supportive measures within perpetually short-term parameters. While support from central government has come perhaps a little close to the wire on occasions, relief through taxation has insulated the sector from the worst of recent uncertainty. Yet more far-reaching and long-term reform must be the ultimate goal for protecting this national institution, particularly regarding local taxation and in moving away from short-term fixes.

Central government

The most impactful interaction between pubs and central government is through **£6.6bn** in tax contributions — chiefly in the form of VAT and Beer and Alcohol Duty — with beer duty being one of the highest comparable rates in Europe²⁰. The VAT contribution of pubs is also considerable, with an overall contribution of **£4.9bn** in 2022. The magnitude of the contribution and the relative ease of duties as a ‘lever’ for the Treasury are two reasons why much of the support given to the pub sector from central government has tended to come in the form of VAT and excise duty relief. Throughout the pandemic and into the recovery²¹, VAT relief has been used by central government to extend a lifeline to the sector, with repeated calls for greater support — including around the Spring Budget 2024, which did not contain any new measures²², although did extend a freeze on Beer and Alcohol Duty introduced at the previous statement.

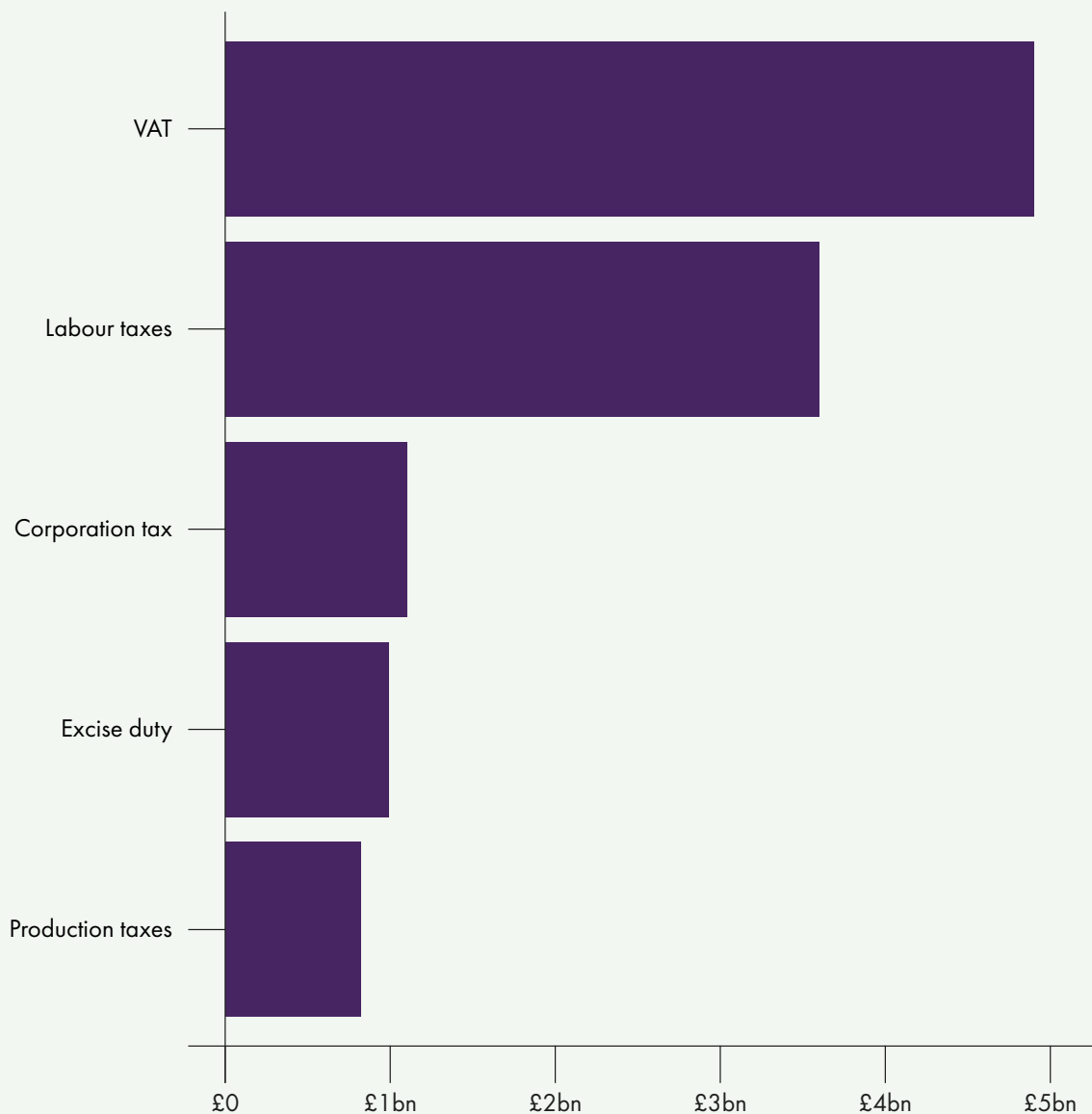
20 CAMRA — Beer tax

21 HMRC (2020) — VAT: reduced rate for hospitality, holiday accommodation and attractions

22 Morning Advertiser (2024) — Spring Budget ‘profoundly disappointing’ for pubs

Figure 6. Taxes paid by pubs

Estimated total tax generated by the pub subsector, 2022



Source: ONS/NISRA/BBPA/Oxford Economics

Like all employers, pubs also contribute to the national coffers via income tax and national insurance, as well as corporation tax for many pub-owning businesses (known as ‘pubcos’). Large pubcos, those owning 500 or more premises, are also regulated through the Pub Code, which sets out the rights and responsibilities of tenants and landlords in the industry²³. The national minimum wage is also a policy which impacts the sector, particularly regarding younger employees who are more likely to be employed at the minimum, and the increase to the base level in 2024 will have been a budgeting challenge for many managers and proprietors²⁴. Most of our case study pubs highlighted this challenge in interviews, speaking of having to make tough decisions in allocating shifts and potentially restricting further hiring.

Local government

Local authorities generally have a more direct and consequential relationship with the functioning of individual pubs, most prominently in the form of licensing. Since the Licensing Act 2003, councils are the licensing body for pubs, charging a fee which is set annually under terms laid out in the legislation. Beyond their ability to set and revoke licences, councils also issue and levy charges for ‘pavement licenses’ for outdoor premises, as well as having the power to charge a ‘late night levy’ for those operating after certain hours, although this is not used widely. The aspect of local tax and regulation which is by far the most problematic in the current context, however, is the charging of business rates, which for pubs is calculated by the Fair Maintainable Trade — essentially derived from an individual pubs sales turnover.

Business rates, a tax on commercial property analogous to council tax on domestic properties, has long been considered anachronistic and in need of reform. The basis of the challenge is twofold, depending on sector: for many ratepayers, particularly in the retail sector, there is the issue of the calculation of rateable value. A wider issue for pubs paying via Fair Maintainable Trade valuation is the over-reliance on business rates revenue as a tax on those occupying physical space compared to online traders, who do not face an equivalent tax regime. Both challenges are essentially based around the longstanding nature of the tax and the failure to adequately adjust the tax regime to changing circumstances.

For retail and other commercial ventures, the challenge is that the rateable value of a property is calculated in part by the floor space occupied and the business location, with a premium charged on large, centrally-located premises. This is

23 The Pubs Code etc. Regulations 2016 (UK Statutory Instrument)

24 TLT (2024) — Pub and Bar: Legal round-up 2024

based on the assumption, undoubtedly more accurate at the tax's inception in 1991 than today, that the size and location of a property was a reliable indicator of business success and thus increased its rateable value. In the modern context, many successful businesses across the economy have been able to downsize for a variety of reasons including technological innovation and, most recently, the rise in homeworking. Connected to this is the overall shift of business activity and sales to online platforms, with much of this activity falling outside of a tax regime which focuses businesses occupying physical space.

Furthermore, the deriving of pubs rateable value through their turnover can be extremely problematic for publicans in times of rapid inflation of the kind we have seen in recent years. This is because, while inflation will have increased overall turnover, the surge in energy pricing and other business costs will mean that for many pubs profit will have, at best, remained level and even decreased in some cases. A recent CGA survey showed that across BBPA, UKHospitality, British Institute of Innkeeping and Hospitality Ulster members, one third (33%) of over 200 surveyed businesses state they are not currently making a profit²⁵. Yet under the current system, the reliance on turnover in determining Fair Maintainable Trade will lead to an increase in rateable value.

As a response to impact of business rates on the sustainability of businesses, particularly in light of the ongoing impact of the cost-of-living crisis and the lingering effects of the COVID lockdowns, central government have repeatedly instituted measures to discount the actual rates paid by businesses, with the gap in local revenue collection picked up by the Treasury. The most recent measure effecting pubs is the relief for retail, hospitality and leisure running from April 2024 to March 2025, providing a 75 percent discount up to £100,000 for businesses in these sectors.

While this is undeniably a great help to struggling pubs and should, in the absence of more substantive measures, be extended, it cannot be a long-term solution. Short-term cycles of relief prevent long-term business planning in the sector, and the need to spend public money to fill the gap indicates a more fundamental problem with the tax, which is underlined by the out-dated logic on which it is based.

25 UK Hospitality (2024) – Quarterly Members Survey

Business rate reform

The idea of reviewing and replacing business rates has arisen many times, most recently in a review published in December 2021 which proposed a number of measures to modernise the system, along with a tax cut for hospitality and leisure premises²⁶. The review stopped short, however, of proposing wholesale abolition and replacement of the business rates system, an idea which has been frequently mooted as a means to arresting high street decline. Suggestions have included replacing business rates revenue with an increase in VAT²⁷, splitting the tax into a two rate system which charges the property separately from the land it is on²⁸ and modernising the system with an online sales tax²⁹. This debate has taken on new salience with the election of the Labour government in 2024, who's policy platform included a pledge to replace business rates with new "business property taxation".

Details of the promised reforms have not yet been published by the new government, but in opposition they held that the replacement system would be revenue-neutral for the Treasury and would seek to disincentivise holding premises empty, as well as acting as a levelling mechanism between online retail giants and high street businesses³⁰. For pubs, and the hospitality sector in general, it is critical that the new regime recognises the importance to local culture of a vibrant high street and the anchor role such businesses can play at the hyper-local level. This would require, at minimum, the implementation of discounts through consideration of these factors and the wider social value that can be attained through diversification. Further support to key high-street sectors could be provided through providing a different rate multiplier for these businesses. More comprehensive reform might seek to question the underlying logic that drives the rateable value calculation and seek to balance business rate revenues with the taxes paid by online-based businesses.

2.2 The planning system

The planning system is another key point of interaction between pubs and the local state. In the first instance this is because, like any other business, pubs and pubcos require planning consent for major modifications or new buildings. More general to the sector as a whole, however, is the importance of 'use class' regulations to

26 HM Treasury (2021) — [Business Rates Review: Final Report](#)

27 Kevin Hollinrake MP (2021) — [It's Time to Abolish Business Rates](#)

28 New Economics Foundation (2023) — [A Taxing Problem](#)

29 LGA (2022) — [Online sales tax: Assessing an option to help rebalance taxation of the retail sector](#)

30 Grunberg & Co (2024) — [What will a Labour Government mean for business rates?](#)

the preservation of pubs, particularly on the high street. After changes made in 2020, the planning system regards pubs as ‘sui generis’, in other words they are, for planning and development purposes, in a class of their own³¹. In practice, this means that pubs are not subject to permitted development rights which allow for other types of commercial premises to be easily converted for other uses, instead property owners must apply for specific permission to change the use of a pub. This regulatory adjustment was welcomed by the Protect Pubs campaign on its implementation and, in the context of a promised shake-up of the planning system, how these gains can be consolidated and taken forward is a live question.

After the 2024 general election, Labour entered office with a mandate to significantly increase levels of housebuilding across the country and the determination that planning reform was a pivotal part of achieving this goal. The King’s Speech duly announced a Planning and Infrastructure Bill which pledges to streamline the system and lead to faster approvals for new housing and associated infrastructure³². The government are further consulting on a raft of changes to the National Planning Policy Framework (NPPF)³³, again aimed at achieving a faster and more efficient delivery process. Neither the outline of the new bill nor the proposed NPPF changes directly address the role of high streets and town centres in the building of communities, leaving room for further policy to develop a more active role for planning authorities in ensuring new houses are accompanied by more than just the critical physical infrastructure.

The creation of a wave of new towns, in the style of post-war development in places like Stevenage, has been a cornerstone of Labour’s policy for some time and was quickly initiated upon their taking office through the creation of the New Towns Taskforce³⁴. How these towns will be planned remains to be seen, but there is a clear role for the local pub in the setting out of local amenities. Polling commissioned for this report shows that **61 percent of British adults believe pubs to be important in the centre of a town**, and their role as anchor high street businesses make their inclusion in new town planning impactful beyond pubs alone. Working with the pub sector, the wider hospitality industry and the whole ecosystem which supports high streets should be a core part of the work of developing new towns and designing legislation to reform the planning system.

31 [Protect Pubs — Use Classes, Change of Use and Permitted Development](#)

32 [Prime Minister’s Office, 10 Downing Street \(2024\) — King’s Speech 2024: Background briefing notes](#)

33 [MHCLG \(2024\) — Proposed reforms to the National Planning Policy Framework and other changes to the planning system](#)

34 [MHCLG \(2024\) — Expert taskforce to spearhead a new generation of new towns](#)

2.3 Jobs and growth

Perhaps the most important of the overarching ‘missions’ around which the new Labour government are organising their policy agenda is the drive for economic growth. After over a decade of sluggish growth rates, and as the nation with the lowest investment among the G7, emphasis throughout the early stages of this Parliament has been placed on the need to speed up inclusive economic development and raise productivity across the UK. As well as heralding the return of national industrial strategy, this national mission will also involve the statutory requirement of local authorities to provide growth plans for their area³⁵. This is meaningful context when strategically considering the long-term future of British pubs and the wider beer sector. As a high value exporter, driving investment in Britain’s brewing industry can clearly be a part of national and local strategies to push growth. For pubs themselves, the most important thing is that their role as local employers is recognised, particularly in local economic development, and that their considerable contribution to the exchequer be factored into the national budget.



35 Prime Minister’s Office, 10 Downing Street (2024) — [King’s Speech 2024: Background briefing notes](#)

Local growth and the overlooked economy

As laid out in section 1.2, pubs are a major employer nationally, particularly of younger people but also across the whole age spectrum. The 680,000 jobs supported by the sector are broken down regionally in the table below:

Direct employment in pubs by region

Region	Full-time	Part-time	Total
South East	35,000	54,000	89,000
London	43,000	63,000	110,000
East of England	23,000	45,000	68,000
South West	37,000	32,000	69,000
West Midlands	21,000	32,000	53,000
East Midlands	26,000	34,000	60,000
Yorkshire and the Humber	17,000	40,000	57,000
North West	25,000	58,000	83,000
North East	12,000	16,000	28,000
Wales	9,000	13,000	22,000
Scotland	17,000	22,000	39,000
Northern Ireland	2,100	6,500	8,500
UK	270,000	410,000	680,000

For the sector to continue to support jobs and wages the decline in the number of pubs must be halted and reversed. There is room for considering how local areas can support this in local growth plans, as part of a wider focus on the foundational and overlooked economies. This would involve taking a holistic approach to local growth which balances out emphasis on high-value target sectors like life sciences or high-tech manufacturing with policy support for overlooked sectors like pubs and hospitality, which support significant amounts of employment and represent important cultural and social anchors. This approach is already being adopted in parts of the country, with the Greater Manchester Combined Authority, the Glasgow City Region and the Welsh Government among those bodies actively strategising for long-term support of the foundational economy.

Supporting the cultural role of pubs, detailed in section 1.1, should also be considered as part and parcel with delivering good growth at the local level. Pubs play a vital role as venues for music, comedy and other entertainment which contributes greatly to the vibrancy of local nightlife, part of the wider 'night-time economy' of an area. A recent report by Public First found that the night-time economy across Britain was on the wane in many respects, with stark disparities in vibrancy across areas and widening differences in consumer tastes. Supporting diversification across the night-time economy — including, but by no means limited, to pubs — should be a goal of local growth plans, not just for the benefit of local growth but also to foster thriving local culture and improve quality of life for residents.



Figure 7. Wages generated by pubs in England's regions

Estimated wage benefits of the pub subsector



Source: ONS/NISRA/BBPA/Oxford Economics

National budgeting to support pubs

At the national level, the most important role for government is in designing a tax and regulatory system which is fit for purpose. This means a framework that recognises pubs for the social and economic value they produce, improves the sustainability of the sector to halt the trend of closures and boosts investment in pubs and breweries. Policy which reflects the need for a durable business model for pubs is politically important, as well as socio-economically. The polling outlined in section 1.3 illustrates the broad public support that pubs enjoy for their role in bringing communities together and combatting social isolation, with separate polling carried out by Woburn Partners for the BBPA finding that **62 percent** of British adults feel that the government should use the autumn budget to support pubs³⁶.

Yet the strong public support for government intervention must be taken in the context of a budget which has been repeatedly trailed as being ‘painful’ by both the prime minister and the chancellor, aiming to address reported £22bn ‘black hole’ in the public finances³⁷. The need to support this vital industry must therefore be balanced against the tough choices necessary in stabilising public finances. In this fiscal environment, the most important thing is that any tax rises do not create further barriers to sustainability for pubs. It is promising that both Keir Starmer and Rachel Reeves, in the run up to the general election, stated support for continuing the freeze on excise duty³⁸. However, these statements came before the government’s review on public finances and subsequent uncovering of the ‘black hole’. To avoid accelerating the closure of pubs across the country, with all the loss of value associated, commitment to maintaining the freeze in beer duty and to continuing business rates support must be maintained at the minimum.

36 Woburn Partners in partnership with Find Out Now interviewed 3,259 GB adults from the 22nd to 27th August 2024, and produced a weighted sample which is nationally representative by: Age, Gender, Region, Social Class, 2016 EU, 2019 GE and 2024 GE.

37 BBC News (2024) — Budget will be painful, Starmer warns in Downing Street speech

38 The Independent (2024) — Beer duty freeze important for hospitality, Sir Keir Starmer says

The most important step that can be taken in such constrained times, however, is a commitment to a fundamental review of how the tax and regulatory system for British pubs and breweries can help drive sustainable growth in the sector. This would mark a break from the years since COVID-19, when measures have more often than not been about staving off crisis, rather than about looking to the long-term. Such a move would be entirely in keeping with the government's commitment to 'fixing the foundations' and would require a cross-departmental approach, drawing in actors from the Treasury to the New Towns Taskforce and involving such policy strands at business rates reform, planning regulations and a wider review of excise duties and their impacts, to ensure that the pub sector is placed on a pathway to long-term sustainability.





CHAPTER THREE

Case studies: value in action

This section looks at a range of pubs from across the country and the activities they carry out in their local communities. Following on from last year's Inn-Valuable report, some key overarching themes common across the case studies are then discussed.

3.1 Overview of case studies

The Plough Inn, Prestbury

Located just outside of Cheltenham in Gloucestershire, the Plough is a village pub which acts as a hub for the local community and an anchor for local businesses, engaging in activities like providing space for local traders and supporting residents with charity events.

Value in the community

The pub has organised food bank and hygiene bank collections with local charities amongst other activities, like a recent charity 'back to school haircuts' event. After becoming increasingly aware of mental health issues during the COVID lockdown, one of the publicans fundraised for MIND by running the Cheltenham half marathon.

The Flying Handbag, Blackpool

A longstanding LGBTQ+ pub in the centre of Blackpool, The Flying Handbag is a local institution which has undergone significant changes including a recent major refurbishment, whilst retaining its character and community hub status.

Value in the community

The pub raises money every year for local charities dealing with sexual health as well as drug and alcohol abuse. Keenly aware of the impact of loneliness and isolation on some regular customers, the pub also stays open all day on Christmas Day so that locals have an option not to be on their own for the holidays.

The Two Pointers, Woodlesford

A village pub located six miles outside of Leeds city centre, The Two Pointers is a pub engaged in a wide variety of charitable activities, often involving other local businesses.

Value in the community

As well as a host of fundraiser events, including acting as the finish for a 106-mile charity bike ride, the pub hosts a regular Cozy Corner Café for people with dementia and their carers, which is free to attend and provides a space for carers to socialise. The pub recently raised £5000 in a single night to support the family of a staff-member diagnosed with cancer.

Hog's Back Brewery Tap, Tongham

After opening its doors in between COVID lockdowns, the Hog's Back Brewery Tap in Surrey has grown to become a central community hub and the locus for a variety of activities in the area including weddings, birthdays and funerals.

Value in the community

The taproom hosts monthly quizzes to support local charities, attracting about 150 people each time. They donate all entrance fees and conduct additional collections, providing a platform for charities to raise funds and increase their local profile. The brewery also opens up its hop harvest to local volunteers to learn about agriculture and the brewing process.

The Bleeding Wolf, Scholar Green

A grade-II listed building with nearly a century of history, The Bleeding Wolf serves Scholar Green and other nearby villages outside of Stoke-on-Trent. With a strong customer base of lifelong residents, the pub works together with local farmers and other businesses to put on a variety of events for good causes.

Value in the community

As well as providing direct support to local elderly residents through meal deliveries, the pub works with the local church to host a regular 'Bisto table' which supports older people struggling with isolation to have a roast dinner in a social setting. They also work with the local greyhound rescue charity to put on dog shows and other events, as well as supporting armed forces veterans in the area.



3.2 Key themes

As with the previous iteration of Inn-Valuable, overarching themes were apparent across the case studies.

- **Combatting isolation and supporting mental health.** All of the publicans interviewed displayed a keen awareness of the impact of isolation on members of their communities and felt a sense of duty to those locals struggling with the impact of loneliness. In general, there was a strong sense of compassion for mental health problems and their implications, with many of the charity events put on by publicans used to support causes related to the treatment and general awareness of poor mental health.
- **Supporting local causes.** All the pubs surveyed supported causes that were relevant to their local area — sometimes through national organisations but more often through locally operated charities and social enterprises.
- **Bringing local business together.** The role of pubs as anchor businesses on high streets and in villages was emphasised by the collaboration with other local businesses needed to put on many of the events described by our case studies. There was also a recurring theme of using the pub as a space to promote other local enterprises, from independent tradespeople to caterers, both as an ongoing use of the space and as part of specific events.
- **Doing more to drive business.** Some of the interviewees talked about the challenges of keeping customers coming through the door in the current economic climate, and the need for pubs to 'do more' in order to satisfy the local market. This included expanding the range of drinks on offer to include a much greater selection of low or no alcohol beverages, diversifying into different types of events and working to make the pub a supportive environment for local clubs and societies to meet in.
- **Keeping prices down.** With disposable incomes strained by successive years of high inflation and concurrent hikes in interest rates, publicans are acutely aware of the need to keep prices as low as possible, even with rises inevitable due to the soaring cost of doing business. This was particularly emphasised regarding vulnerable customers, with publicans describing different measures to ensure the pub remained an accessible social space for those at risk of isolation.



CHAPTER FOUR

Policy recommendations

With each passing year of temporary patches and short-term support, the need for a comprehensive rethink of the framework in which pubs operate becomes more urgent. The election of a new government, and the beginning of a new political cycle, provide an opportunity to begin this task in earnest. In the short-term, there remains a need for the continuation of measures to shore up the sector. Over the long-term, there are several policy areas which must be examined as part of an effort to fix the foundations of the UK pub trade.

The short-term: continuing support over longer time frames

- To continue to mitigate the closure of pubs across the country, the government must **extend business rates relief for hospitality and increase the window to three years**. This would bring the time horizon in line with the next spending review and provide more long-term certainty in the sector.
- To continue to support the production, export and domestic sale of beer in the UK, the government must **extend the beer duty freeze for another year**.

The long-term: fixing the foundations of the UK pub trade

- To halt and reverse the decline of the Great British pub, central government must **launch a task force to identify routes to long-term sustainability for the sector**. Some considerations for such a body would be:
 - **Reviewing business rates** to look at the possibility of different multipliers for pubs and hospitality, along with the potential to provide discounts for pubs providing social value through diversification.
 - **Reviewing excise duty** to look at how the tax can best support the brewing, domestic sale and export of beer in the UK.
 - **Providing employment incentives** such as tax credits to ensure that necessary increases to the national living wage do not disincentivise pubs in their important role as employers of part-time, younger members of staff.
 - **Examining planning policies** to see how the framework can support the night-time economy, along with pubs as social, cultural and economic anchors in town and village centres.
- The ambitious policy agenda laid out by the government in the King's Speech 2024 also provides opportunities to increase the long-term sustainability of pubs in the UK:
 - The New Towns Taskforce should **examine how new towns can boost pubs and hospitality** through planning for vibrant town centres.
 - As part of their push to drive good growth **locally, local growth plans should include sections on the foundational, overlooked and night-time economies of place**.

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