

REFORMUK

*Save
our pubs*



Foreword

Reform UK is proud to unveil our five point plan to save Britain's pubs, which will start to undo the damage done by the Tories and now Labour.

We believe in family, community and country. Pubs have always been at the heart of all three, a space in which the rich tapestry of our union has been woven, physically connecting us to the customs and traditions of our forebears. The term 'public house' is telling, every pub is a parliament, where conversation flows freely and the worries of the world are left outside the door. The British pub is the heart and soul of our great nation.

The loss of one pub is not just the loss of livelihood for a landlord, or the loss of a local employment hub. The loss of one pub is a loss to all of us as inheritors of a tradition dating back to Roman rule. Yet the Conservatives, and now Labour, have facilitated the closure of thousands of pubs over the last decade. Any contrition they show is false. The crisis facing the Great British pub has been allowed to become acute, and our nation is poorer for it. A Reform Government will stop the uniparty's attacks on our way of life and take immediate action to end the pubs crisis. Only Reform will save our pubs.

Lee Anderson MP





Introduction

British pubs are integral to our community life and the beating hearts of villages, towns and high streets across our United Kingdom. Reform treasures the national institution that is our pubs and supports hardworking publicans up and down the country. This is why we are launching our **fiscally neutral** five point plan to save British pubs, **fully funded by reinstating the two child limit on Universal Credit** (save for British working families). We will:

1. Reduce VAT to 10% for the hospitality sector
2. Scrap the employer National Insurance increase for hospitality businesses
3. Cut beer duty by 10%
4. Implement staggered business rate abolition for all pubs
5. Change regulation (the 'beer orders') to support landlords

Pub numbers have declined significantly in the last forty years and Tory tax rises followed by Labour's budget have pushed the remaining pubs to the very brink. Rachel Reeves has hammered pubs with increased business rates and higher employer charges. Reeves **didn't even know** the impact of her tax raid on pubs.¹

Beer duty now stands at approximately £0.49 per pint, with VAT (at 20%) totalling £0.80.² The combined effect of these and other taxes means that around **32% or £1.52 of a £4.80 pint** is made up of **tax**. On top of the already eye watering tax burden imposed on pubs, Rachel Reeves imposed further tax increases on pubs in the November 2025 Budget in the form of dramatic increases in business rates - pubs faced a 76% business rate increase. Over three years, an average pub would have paid an extra **£12,900**.³

Reform believes that, as local businesses, social centres and historic sites, pubs are an essential part of our culture and heritage.

Reform will invest the savings from reinstating the two child limit on Universal Credit (apart from for British families where both parents are in work), which will save approximately **£3bn** by 2029/30, into **saving Britain's pubs** and supporting the hospitality sector.

Our fiscally neutral plan goes much further than Rachel Reeves' partial U-turn on business rates and the Conservative plan to cut business rates (which they increased) and roll back green energy rules (which they imposed).

Government facilitated decline

The number of pubs has fallen from around 69,000 to around 45,000 at the end of 2024.⁴ A recent report suggested there could be as few as 10,000 pubs by 2040.⁵ This is due to a range of factors, including cultural trends and the prevalence of pubco owned pubs. However, misguided Government policies have been hugely damaging, including heavy handed regulation of the tied model (where brewers own pubs) and net zero policies leading to exorbitant energy prices. Reform will undo these failures as well as repeal net zero laws to reduce energy costs.

Most damaging of all has been tax - alcohol duty, VAT, national insurance and business rates impose huge costs on the hospitality sector, and pubs in particular. Pubs are overburdened by some of the highest rates of VAT and alcohol duty in Europe, which stifle competitiveness against supermarkets.

The Tories pushed pubs to the brink of extinction by ratcheting up taxes and, through their dogmatic pursuit of net zero, pushing up energy costs. By mid-2023, almost **30 pubs were closing per week**.⁶ In March 2023, Conservative Chancellor Jeremy Hunt hiked alcohol duties by the highest amount in almost fifty years.

Yet, despite these enormous challenges, Britain's brewing and pub sectors support over a million jobs.⁷

The consequences of inaction are profound. Every closure represents not only a lost business but also the erosion of community cohesion, local identity, and employment opportunities, particularly in rural and coastal areas.

Reform's proposals

That is why Reform is launching its **fiscally neutral** five point plan to save British pubs:

1) Reduce VAT to 10% for the hospitality sector

We will cut VAT across the whole hospitality sector. This will address a huge disparity where every item sold in a pub is subject to 20% VAT (and alcohol duties), while most supermarket food is exempt from VAT.

Reform will cut VAT in half to move towards tax equality, creating a more even playing field between the hospitality sector (including pubs) and supermarkets.

2) Scrap the employer National Insurance increase for hospitality businesses

Rachel Reeves announced an increase in the main rate of Employers' National Insurance in the Autumn Budget 2024, effective from April 2025. This has been hugely damaging for hospitality, with UK Hospitality estimating that it has imposed an additional £1bn of wage costs on hospitality and that 2024 Budget measures made it 18% more expensive to hire someone aged below 18.⁸

Reform will undo this unfair tax increase on work, which especially penalises pubs and the broader hospitality sector.

3) Cut beer duty by 10%

The legacy of the Beer Duty Escalator, maintained by the Tories until 2013, is still felt as duty rates remain high. Since the end of the escalator, duty increases have generally tracked inflation. Beer duty is now nearly 50p in the pint. Despite recent changes to the rates of alcohol duty, draught relief is insufficient to offset duty increases.⁹

Reform will cut beer duty by 10% to meaningfully reduce the cost of a pint to consumers and cut the near third of a price of a pint that is made up of tax.

4) Implement staggered business rate abolition for all pubs

Rachel Reeves' Budget imposed a 76% increase in business rates on pubs, with the average pub facing an extra £12,900 over three years once the freeze expires. Reform will progressively abolish business rates for all pubs over the course of four years, prioritising high street venues most in need of help. Relief will be expanded annually, covering all pubs by 2029-30.

Reform will undo Reeves' punitive changes to business rates and end business rates for pubs.

5) Change regulation (the beer orders) to support local ownership models

As of 2024, approximately half of the UK's 47,000 pubs are owned by large pub companies, commonly known as pubcos. The ownership structure of these pubs originated in the early 1990s, following legislation referred to as the 'beer orders'.¹⁰

Pubcos frequently trap landlords in restrictive and inflexible contracts which limit where they can source alcoholic drinks, as pubcos favour suppliers with whom they have exclusive arrangements (known as 'tied' contracts). In 2024, tied publicans paid 60-80% more for a standard 11-gallon keg of beer than those buying on the open market.¹¹ This considerable cost difference forces many landlords to choose between raising prices for customers or absorbing the losses themselves; either scenario often leads to financial hardship. With more than 30% of pubs having tied contracts, publicans continue to struggle. Some are working over 70 hours a week and earning the equivalent of just £6 an hour, less than half the minimum wage.¹² Some can't afford to take a salary at all.¹³

Reform will liberalise this outdated legislation to enable publicans to earn a sustainable living, free of tied contracts.

Consolidated Fiscal Impact Assessment (£bn)

Measure	2026-27	2027-28	2028-29	2029-30
VAT reduction (10%)	-1.70	-1.80	-1.80	-1.90
Employer NI reduction	-0.10	-0.10	-0.10	-0.10
Beer duty (10% reduction)	-0.30	-0.30	-0.40	-0.40
Business rate cut (variable)	-0.19	-0.29	-0.38	-0.58
Total Gross Cost (Hospitality Support)	-2.29	-2.49	-2.68	-2.98
Implied saving from reinstating two-child limit	+2.29	+2.49	+2.68	+2.98
Total Gross Savings (Welfare Reform)	+2.29	+2.49	+2.68	+2.98

Methodology note

Hospitality Support Costs

VAT Reduction

Reflects the revenue loss from halving the rate to 10%, assuming full pass-through to the consumer and a price elasticity of demand of -0.6.

Employers' National Insurance

Accounts for the reversal of the rate increase from 15% to 13.8%, with costs partially offset by projected increases in sector employment as labour costs decline.

Beer Duty

Reflects the direct revenue loss from a 10% rate cut, adjusted for higher sales volumes and the secondary impact of reduced VAT receipts, since VAT is levied on the duty-inclusive price.

Business Rate Relief

Costed at £10,733 per pub per annum based on UKHospitality data. This measure serves as the fiscal anchor. Coverage expands from approximately 17,700 pubs in 2026-27 to all pubs by 2029-30, specifically as funding from welfare savings permits.

Welfare Reform Savings

Implied Saving

Calculated as the difference between the OBR forecast cost of a total removal of the two-child limit and the cost of the proposed targeted alternative.

Targeted Alternative

This estimate assumes the two-child limit is lifted only for households where both parents are UK nationals in full-time employment. The negligible cost, rising from £0.014 billion to £0.017 billion, assumes high take-up within this specific demographic.

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