

COUNTRYSIDE ALLIANCE BRIEFING NOTE: FISCAL SUPPORT FOR RURAL PUBS

Westminster Hall, Saqib Bhatti MP

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Summary

- **Pubs are important as community hubs especially in more isolated rural areas. In big cities there may be different options available to people, but in towns and villages in the countryside, pubs are often one of the few, or perhaps only, places that can provide a space for social interaction for those living in remote areas.**
- **In recent years the economic viability of the Retail, Hospitality and Leisure (RHL) sector has suffered from increases in taxation, rising labour costs and difficult market conditions. Country Land and Business Association research has found that most rural councils reported more pubs in their areas have closed than opened since 2020.**
- **At the last Budget a welcome announcement from the Chancellor of a reduction in the business rates multiplier coincided with significant rises in the valuations of businesses, with pubs hit especially badly.**
- **Subsequently in January, the Treasury announced that business rates bills for pubs would be cut by 15% for 2026-27 and frozen at that level in real terms for the following two years.**
- **There is a case for additional fiscal support for pubs. In advance of the 2025 Budget, we called on the Chancellor of the Exchequer to help protect rural pubs by extending the alcohol duty rate cut announced in the 2024 Budget to non-draught alcoholic drinks.**
- **We have also called for the government to make further cuts to beer duty, mitigate new employment costs arising from increases in the minimum wage and employers' National Insurance, and proceed with meaningful business rates reform.**

Background

- **The contribution of the Retail, Hospitality and Leisure (RHL) sector to the rural economy is significant, but in recent years the sector's economic viability has suffered from increases in taxation, rising labour costs and difficult market conditions.**
- **Pubs in all settings have been under sustained pressure in recent years. As of May 2026 the UK had lost 16,150 pubs since the year 2000,¹ with approximately two further pubs having closed each day in the first quarter of 2026².**

¹ The Morning Advertiser, [ANALYSIS: More than 16,000 pubs lost since 2000](#), 06.05.26

² BBC News, [British pubs closing at a rate of almost two per day in 2026](#), 05.05.26

- Research from the Country Land and Business Association (CLA), published in October 2025, found that of the 13 councils classified as rural that responded to Freedom of Information requests, 11 reported that more pubs had closed than opened over the previous five years. The worst result was reported by West Lindsey, where 12 pubs had closed since 2020 but only one had opened.³

Recent government policy

- During the Budget on 26 November 2025, the Chancellor announced “*permanently lower tax rates for over 750,000 retail, hospitality and leisure properties – the lowest tax rates since 1991*”. The measure consisted of lowering the business rates multiplier by 5p.
- On the same day, however, the Valuation Office Agency (VOA) published its assessment of the rateable values of all commercial properties in England and Wales, which is the other main component of how much a business actually pays in rates.
- Business rates valuations are an attempt to reckon how much a turnover a business should have been able to generate during the year of assessment, which, for the 2026 revaluation, was 2024. The last time rates were valued was in 2023 with an assessment year of 2021, during which market conditions were heavily depressed by the coronavirus pandemic. Since those conditions no longer existed in 2024, some increase in business valuations was inevitable.
- VOA statistics show that pubs experienced an average increase of 30%, but anecdotal evidence suggests they have been distinctly uneven, with some publicans showing on social media business valuation increases of up to four times.
- The revaluation also coincided with the unwinding of business rates relief schemes introduced initially by Rishi Sunak as Chancellor during the pandemic and reduced to 40% by the present Chancellor the previous year.
- Further transitional reliefs were also announced but the Telegraph reported analysis from UK Hospitality that the combined effect of all of these factors would leave pubs facing an average bill increase of 15%.⁴ next year. In January 2026 the government announced that business rates bills for pubs would be cut by 15% for 2026-27 and frozen at that level in real terms for the following two years.⁵
- Other pressures on the business viability of pubs arising from recent government policy decisions include higher wage costs resulting from increases in the statutory minimum wage, and the increase in the rate of employers’ National Insurance Contributions from 13.8% to 15% from April 2025.
- Pressures arising from market conditions, meanwhile, include the impact of inflation on input costs (principally food and energy) and on their potential customers’ disposable incomes.

³ CLA, [CLA research reveals struggles of rural communities and calls on government to boost economic growth](#), 20.10.25

⁴ The Telegraph, [Pubs face annihilation after business rates overhaul](#), 29.11.15

⁵ Simply Business, [Relief for pubs as government confirms business rates U-turn](#), 28.01.26

- Furthermore, in early 2025 the Community Ownership Fund, which had helped local groups to buy closure-threatened pubs, was closed early, with millions of pounds worth of grants remaining unallocated.
- The government's current proposal to ban trail hunting represents another threat to the future of those rural pubs that derive vital income from hosting hunt events, especially in the leaner winter months.
- Similarly, we are also concerned that the government's approach to the shooting sector – as exemplified by its proposal fully to align shotguns with Section 1 of the Firearms Act, making licenses more difficult and costly to obtain for lawful purposes, and the declaration in the Land Use Framework of an intention to explore licensing shoots and imposing conditions – could add further pressure on rural pubs and other hospitality businesses that rely on business associated with shooting, especially in the low season over the winter months.

Countryside Alliance Awards

- The Countryside Alliance plays its part in supporting rural pubs through the annual Countryside Alliance Awards, which recognise the contributions of rural businesses across five categories to their local community. Pubs are one of these five categories.
- Judging criteria for the Pubs category include considering whether the pub is at the heart of its community, spotlighting local produce, enhancing the local economy, welcoming tourists and whether the community would suffer if it was no longer there.
- Judging is now complete on the 2026 Countryside Alliance Awards winners, which will be announced at the Champions' Reception at the House of Lords on 08 July. Further details are available on our website.⁶

Countryside Alliance position

- Pubs are particularly important as community hubs in isolated rural areas. In big cities there may be different options available to people, but in towns and villages in the countryside pubs are often one of the few, or perhaps only places that can provide a space for social interaction for those living in remote areas.
- The Countryside Alliance welcomed the Chancellor's announcement of a rate reduction for the RHL sector in the 2025 Budget and indeed, had called for her to uphold the commitment she made in the 2024 Budget to do so. The reduction does improve the position for businesses compared to what it would have been had it not been made.⁷
- We further welcome the additional support for pubs' business rates costs announced in January 2026. We note, however, that restaurants and bars, which are also important to the rural retail, hospitality and leisure sector, were not covered by that support package.⁸
- We remain deeply concerned about the cumulative impact of a range of pressures, including taxation and market conditions, on the continued viability of rural pubs, which often serve as the backbone of their communities.

⁶ Countryside Alliance, [Countryside Alliance Awards](#)

⁷ Countryside Alliance, [Business rates blow to rural pubs](#), 02.12.25

⁸ Simply Business, [Relief for pubs as government confirms business rates U-turn](#), 28.01.26

- We therefore see that there is a case for additional fiscal support for pubs. In advance of the 2025 Budget, we called on the Chancellor of the Exchequer to help protect rural pubs by extending the alcohol duty rate cut announced in the 2024 Budget to non-draught alcoholic drinks. As this suggestion was not adopted, we would suggest it be revisited.
- We have also called for the government to make further cuts to beer duty, mitigate new employment and EPR (extended producer responsibility) costs, and proceed with meaningful business rates reform.

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