

# ALMR Press Notice

*Association of Licensed Multiple Retailers*

16 February 2007

## 5 POINT PLAN FOR COMMUNITY PUBS

To mark the start of National Community Pubs week, the Association of Licensed Multiple Retailers (*ALMR*) has sent a clear message to Ministers and MPs on the need to support these vital community resources.

A recent survey by CAMRA found that 1,300 community pubs are under threat each year and 56 are lost each month. The *ALMR* has set out a series of proposals designed to halt that slide and throw a lifeline to those just above the failure level. The proposals have been submitted to Ministers and MPs ahead of the Chancellor's Annual Budget Statement later this year.

*ALMR* Chief Executive, Nick Bish, said:

"Community pubs are at the heart of our industry – true locals serving their community, a social space for residents and key part of the local economy. Even the Government has recognised that they are an icon of Britishness.

"We want a clear message sent to politicians of all parties – these are pubs are vital to healthy, safe and attractive communities. They deserve to be supported and encouraged, not suffocated by red tape and driven out of business by spiralling costs."

Analysis by the *ALMR* has revealed that, since 1997, over 270 separate pieces of legislation have been introduced which affect community pubs, and now 1 in 5 small businesses in the sector fear becoming uncompetitive as a result. The *ALMR* has set out a 5 point plan to address this and deliver the meaningful support the sector needs:

- A **freeze on beer duty** to offset the rising costs of doing business – SIA fees up 30%, licence fees up 7%, employment costs to rise by 4% and a 5-fold increase in gaming machine permits
- **Reform of the licensing regime** – to strip out unnecessary costs and administrative burdens
- New **capital allowances** for investment in smoking facilities and solutions
- **More effective business support** – increase the exemption thresholds for stamp duty land tax, rate relief and other small business exemptions
- **No new stealth taxes** on beds, eating out or road pricing

Nick Bish concluded:

"The Government claims to be the champion of small business and better regulation, but its record on delivering meaningful support and more particularly the changes that businesses, rather than politicians, want and need is woefully inadequate. We hope the Chancellor takes this opportunity to listen and do something which would make a practical difference on the ground – that way we may all have something to cheer on Budget day."

-ENDS-

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### Notes for Editors

1. *The Association of Licensed Multiple Retailers (ALMR) is the only national trade body dedicated to representing the interests of pub and bar operators and providing their companies with business support and advice. There are currently just fewer than 100 companies in membership, between them operating 30,000 outlets – or half the UK pub estate. However, the bulk of our membership is derived from small independent companies operating 50 outlets or fewer under their own branding*
2. A summary of the Association's Budget submission is attached below.
3. For further information please contact Kate Nicholls on 07958 796 238 or Nick Bish on 07831 778993

### **ALMR Budget Submission – Executive Summary**

The *ALMR* is the only national trade body solely dedicated to representing the interests of pub operators. Currently 89 companies are in membership, between them operating around 30,000 outlets or just under half the UK pub estate. Over two-thirds of our membership is derived from small independent companies operating 50 pubs or less under their own branding. Together with the regional brewer estates, these are predominantly community pubs operating in suburban and rural locations.

### **Community Pubs – why are they important?**

Community pubs maintain a social centre within local communities. They are often used as alternative community centres, hosting informal meetings; drawing together local sports teams and encouraging charitable events. Last year, British pubs raised £120 million for charity. At a local level, pubs and bars contribute significant sums of money to the public exchequer and local services such as street cleaning and litter collection. They are also an important source of employment. More than half a million people are directly employed in pubs and bars and crucially 1 in 5 of all new jobs are created by the sector

### **Red Tape – the effects**

Since 1997, over 270 separate pieces of legislation have been introduced which have a direct impact on pubs and bars. 1 in 5 community pubs feared becoming uncompetitive as a result. On average, small businessmen within the sector spend 6 hours a week dealing with red tape and almost three quarters of them have had to employ extra resources to cope with its demands. With community pubs operating on significantly tighter net profit margins than other sections of the pub trade there is the risk of very real damage to the business arising from this cumulative burden of red tape.

### **How can you help?**

The *ALMR* has recently presented the following proposals to the Treasury as part of the annual Budget process to address this problem:

- **Freeze beer duty:** the pub trade is facing significant increases in the ongoing costs of doing business – licensing fees are set to increase by 7%, security licensing costs will rise by 30% and there will be a five fold increase in gaming permit charges. In addition, changes to annual paid leave and the NMW are likely to increase employment costs by 4-6%. A freeze in duty will help to offset these rising costs
- **Capital Allowances:** the introduction of a ban on smoking in public places will undoubtedly have an impact on community pubs which tend to be wet led and more likely to be land-locked. In Scotland, such outlets saw an 11% downturn in trade following the introduction of the ban. A 100% first year capital allowance would help small pubs fund external facilities for smokers and help to cushion them against this.
- **Reform stamp duty land tax:** when introducing the new tax, the Chancellor claimed that 60% of leasehold transactions would be exempt but fewer than 10% of pub agreements fall outside its scope. The tax has increased start up costs for those taking out a new lease agreement by almost 7 fold. Either the exemption threshold should be increased to remove small business agreements from its scope or a sliding scale introduced.
- **Licensing reform:** urgent changes are required to the licensing regime to strip away unnecessary administration and costs. In particular a simplified system for minor variations should be introduced and the requirement to advertise in local newspapers be abolished.

- **No new taxes:** calls for a bed tax or a tax on eating out must be resisted to avoid penalising small businesses in the sector.
  - **More effective support:** Government efforts to relieve the burden on small businesses have largely failed because the threshold for eligibility is set at such a low level as to render it a benefit in name only. Despite having many small businesses within its membership, the *ALMR* has yet to come across one which is benefiting from a small business exemption. For example, employment law exemptions are based on a total headcount figure which disadvantages businesses with flexible working patterns such as pubs; only pubs which are economically unviable would have a rateable value low enough to benefit from mandatory rate relief. More realistic and consistent definitions must be introduced across the board.
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