

## **ALMR Press Notice**

### ***“Turn off the tax-tap, Darling”***

**--- More pubs, not more tax, makes better business sense ---**

**Thursday 20<sup>th</sup> November. Release: Immediate.**

Ahead of next week's Pre-Budget Report, leading pub and bar group the Association of Licensed Multiple Retailers (*ALMR*) today published new figures showing that positive measures to encourage new pub openings will raise the same amount of revenue for the Chancellor as next year's planned hike in the alcohol duty escalator.

Since December 2006 there has been a staggering 75% drop in new pub openings. This is largely due to recent legislative and regulatory interventions. According to *ALMR* research, if that trend was reversed those new outlets would generate an extra £155,000 each per year - £203.5m in total - for the Exchequer.

The Chancellor is expecting to raise an additional £505m through the alcohol duty escalator next year (2009-10). Half of this will be derived from pubs and bars. The *ALMR* is therefore urging the Government to capitalise on the pub industry's potential and adopt measures to encourage entrepreneurship in the sector. The alternative will be to stick to a tax system which will accelerate the rate of pub closures.

Commenting, *ALMR* Chief Executive Nick Bish says:

“The Government's alcohol duty escalator has created a nasty financial hangover for Britain's struggling pubs. All the evidence shows that the alcohol duty escalator disproportionately affects bars and pubs, to the advantage of supermarkets offering bargain basement offers that fuel the very type of irresponsible drinking the Government claims the duty hikes will stop.

Our industry is not here as a piggy bank to be raided every time Mr. Darling can't make his sums add up. We need positive, innovative thinking – not crude smash and grab raids. If we could get back to the number of openings we had just last year, then the Chancellor could be raising the revenue he wants.”

Alongside the figures, and as part of its Pubs Manifesto, *ALMR* is publishing a series of proposals that would help to boost pub opening figures and count as the first steps towards securing a sustainable future for Britain's pub industry.

Nick Bish continues:

“There is action that could be taken right here, right now that would reduce the burden on pubs and increase new openings. That action is outlined in our Pubs Manifesto. Openings are not just in our own interest. A viable, profitable pub industry creates

jobs, delivers a great service to the public, encourages more responsible drinking and also provides a sustainable revenue stream for the Treasury.”

The Manifesto proposes action in the following areas:

**Stop the alcohol duty escalator.** In his 2008 Budget speech, Alistair Darling justified the alcohol duty escalator on the grounds that “if you go into a supermarket today, the average bottle of wine will cost about £4.” With supermarkets telling their suppliers to absorb the duty increase, this measure has had no impact on off-trade prices.

The measure has hit Britain’s pubs and bars, who have been forced in pass on the increase in full - making on-trade prices even cheaper and drinking at home a better deal. Small wonder that pubs are closing at a record rate – 34 per week, up from just 2 a week between 2000 and 2005. Pubs and bars contribute some 71% more per pint of beer to the Treasury’s coffers than off-licences, so it is the Exchequer which loses out as a result.

**Business tax reform.** Taxation can be a matter of life and death for pubs. *ALMR* believes that the Government should scrap its planned corporation tax increase for small businesses. n Small Companies Rate of Corporation Tax in April next year. A freeze in the current rate, or even a cut, would encourage more people to set up small businesses, including pubs and bars, attracting new talent to the sector.

The abolition of 50% Empty Property Relief in the last Budget has contributed to many pubs closing this year. The removal of this financial lifeline has meant that companies now cannot afford to have empty outlets on their hands. It is now cheaper to close an outlet than to keep it going until it can be re-let. The reintroduction of relief would offer a financial lifeline to many businesses.

**Ban on below cost selling.** As part of a Pre-Budget Report review of the alcohol duty escalator, *ALMR* believes that this targeted proposal would restrict deals offered by supermarkets. Selling alcohol at playground prices is increasingly being recognized by MPs and the police as contributing to pre-loading and under age drinking.

**Cut red tape.** *ALMR* believes that there are three steps that the Department of Culture, Media and Sport could take tomorrow to help Britain’s pubs and bars, who are drowning in a sea of red tape. In 2007 the Independent Fees Review panel recommended that a move to a common payment date for all annual licensing fees, simplified licence advertising requirements and the introduction of an electronic application system for licences could save the trade an estimated additional £20-25 million each year. DCMS has confirmed that these changes are simply awaiting ministerial sign off.

<ENDS>

### Note for Editors

- *ALMR* is the only national trade body solely dedicated to representing the interests of pub and bar operators, and to providing them with business support and advice. It has almost 100 member companies, operating over 15,000 outlets.
- Pub opening figures have been provided for *ALMR* by CGA Research. In 2006, 1716 new pubs opened in the UK. In 2007 that fell slightly to 1035, but in the year to date it has more than halved to just 438. A return to 2006 openings would mean 1,313 new pubs generating £203.5m in total each year
- Based on *ALMR* member research, the average pub in Great Britain generates £155,000 through alcohol duty, VAT, business rates and other taxes. There are 63,000 pubs and bars in the UK, meaning that they contribute approximately £9.6 m in tax each year.
- Budget 2008 announced an immediate 6% in alcohol duty increase and subsequent annual rises of 2% above the rate of inflation. Budget documents show that HMT expects to make £505m from the rise in 2009/10.
- Oxford Economics statistics show that the on-trade contributes 91p per pint in alcohol duty, VAT and employment taxes compared to 53p per pint by the off-trade, a difference of 38p or 71%. CGA research shows that pubs are currently closing at a rate of 34 per week.
- *ALMR* believes that the Government should use the Pre-Budget Report to accept the recommendation from the Parliamentary Beer Group that the Treasury should launch a “review of the wider social impacts of beer duty in driving drinking out of the controlled atmosphere of pubs”.
- The House of Commons Home Affairs Select Committee recently concluded that “the cheap availability of alcohol in the off-trade is fuelling alcohol-related crime and disorder and under-age drinking”, calling on the Government to take action against below cost deals. Simon O’Brien, of the head of licensing for the Association of Chief Police Officers, recently stated that licencees are “superb policeman” of their own premises and that “there is an issue around pre-loading and a growing evidence base to show people are going out into the night-time economy having pre-loaded.”
- *ALMR* figures on the impact of administrative reforms of the Licensing Act are based on its annual Benchmarking Report. More details can be provided upon request. The findings of the DCMS Independent Fees Review Panel can be found online at:  
[http://www.culture.gov.uk/what\\_we\\_do/alcohol\\_and\\_entertainment/4061.aspx](http://www.culture.gov.uk/what_we_do/alcohol_and_entertainment/4061.aspx)
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