



**GREENE KING**  
BURY ST EDMUNDS



# GROWTH ON TAP:

## REFORMING BUSINESS RATES TO REVIVE THE PUB SECTOR

JULY 2025






# ABOUT GREENE KING

1,600   
PUBS, RESTAURANTS AND HOTELS  
OPERATED BY GREENE KING

1,000   
SELF-EMPLOYED LEASED, TENANTED  
AND FRANCHISE PUB OPERATORS  
PARTNERED WITH

300   
INMATES FROM 70 PRISONS  
EMPLOYED ON THEIR RELEASE

40,500   
PEOPLE EMPLOYED

18,000   
APPRENTICESHIPS  
SUPPORTED SINCE 2011

£40M   
INVESTED IN THE FUTURE OF  
BRITISH BREWING

£147M   
INVESTED IN GREENE KING'S  
ESTATE IN 2024

£23M   
RAISED SO FAR FOR MACMILLAN  
CANCER SUPPORT

## CONTENTS

03	About Greene King	09	Case studies
04	Foreword from Nick Mackenzie, CEO of Greene King	10	A history of business rates and the promise of reform
06	Case studies	12	Our policy asks to reduce the burden of business rates
08	The rising cost of doing business	14	Support for pubs



# FOREWORD

FROM NICK MACKENZIE, CEO OF GREENE KING

Pubs have played a vital and special role in bringing Britain’s communities together for centuries. At a time of rising loneliness and overreliance on social media, pubs are needed more than ever, so it is a sad irony that the cost of doing business is forcing many to shut their doors.

Pubs are more than just places to eat and drink; they are anchors of communities – offering a hub for people to meet, work, socialise and celebrate. A place where communities can thrive: combatting loneliness and playing host to sports teams, social activities and charitable events.

Their social value is unquestionable, but so is the economic value they bring across the UK. Their broad footprint across the country makes them a brilliant vessel for growth. Not only do they give thousands of people a year their first job and the option of a rewarding career in hospitality, they also offer a way for people to spend money in their community and reinvest in local businesses and people.

It’s a tried and tested model that offers direct employment as well as supporting a range of adjacent industries, like brewing, agriculture and logistics. When pubs close, the damage is widespread, impacting all areas of the community.

For much of the last decade, the pub industry has found itself in something of a permacrisis, buffeted by external factors. From Brexit to Covid to the war in Ukraine, macroeconomic events and their consequences have piled unanticipated costs on the industry. The sector has stepped up to these challenges. But there is a line at which it becomes too much.

For independent and tenanted pubs, significant stress and cost pressures have piled high, while for larger pub companies employing thousands of staff, it has forced them to consider deeply unpalatable options around employee numbers, investments and prices.



Nick Mackenzie  
CEO, Greene King



## OUR POLICY ASK AT THE BUDGET

Introduce a specific, lower business rates multiplier for all pubs, giving them a 20p discount on their current rate



Business rates are just one of these many costs that we are facing. This report highlights the scale of the costs and disproportionate burden the system places on our industry. Crucially though, it also outlines reforms to modernise the system and the opportunities that this could create.

The Labour Government has confirmed its commitment to change and as part of this will be looking at the business rates system. With less than five months to go before the Chancellor delivers her Budget, we have set out how the reduction in rates paid by pubs could deliver millions of pounds every year which could be reinvested where we operate: investing in our pubs, creating new jobs, and in doing so helping to revitalise high streets and deliver for communities.

What the Government is therefore proposing is hugely significant – a proper rebalancing of the system will allow all pubs to be supported and help drive economic growth in communities across the UK.

We are calling on the Chancellor in the Autumn Budget to reduce the business rates multiplier for pubs by 20p, the biggest reduction possible under current legislation. If the multiplier for these premises is dropped by this amount, we believe it could help rapidly free up £13.7m of additional funding across our pubs, and tens of millions of pounds across the country as a whole.

But this has to be just a first step. A big part of the reason why business rate costs are disproportionately high for pubs is because of the rateable value component. As we set out below, how this rateable value is calculated is outdated and unfair, based on pub turnover and not taking into account the reality that pub profits have been decimated by spiralling costs. Government has promised reform of the system, and we are calling for a move to a business rates system where rateable value is calculated on profit, not turnover, so pubs are able to pay a truly fair rate.

*This report highlights the scale of the costs and disproportionate burden the system places on our industry. Crucially though, it also outlines reforms to modernise the system and the opportunities that this could create.*

This is finally a chance to put things right. Decades have passed since business rates were first introduced and countless politicians have said they are up to the challenge of initiating change, but it has never happened at the scale required.

You will read about the experience of some of our self-employed partners directly running their own pub businesses with accounts from The Portland Arms in Cambridge, to The Crown in Carlisle and The Cott Inn in Devon. My thanks must go to them for being so open and honest in sharing their experiences.

This is a sector brimming with potential – as long as it’s given the potential to thrive.

We’re ready to invest, to grow, and to help Britain’s pubs thrive but we’re calling on the Chancellor to ensure the system is fit for the future, not stuck in the past.

Nick Mackenzie  
CEO, Greene King



## Hayley Pellegrini, Partner at The Portland Arms and Alexandra Arms, Cambridge

### CASE STUDY



Hayley and her husband, Steve, first started running The Portland Arms in Cambridge in 2004. They have established it as a famous grassroots music venue and expanded to run four pubs around the Cambridge area. However, Hayley and Steve expect costs to increase by £60,000 this year as a result of changes at the 2024 Autumn Budget. They have already reduced midweek opening hours and Hayley believes that hiring part-time staff, on which she used to rely, "may not even be financially viable" soon because of the reduced threshold for employers' National Insurance Contributions. As a result, Hayley and Steve are reducing the number of people that they employ and picking up more hours for no extra payment, meaning that they're paying themselves less than minimum wage for the hours they work.

*"Reducing business rates would be a massive thing for our business," Hayley explains. "Our pub's valuation is partly based on square footage of standing room, while restaurants are calculated on seating. How often are people standing? The way people use the pub has changed but the system has not been updated to reflect this."*

**£60,000**

increase in costs across four pubs following 2024 Budget

**£7,000**

increase in business rates at The Portland Arms in 2025

## Mark Annear, Partner at The Cott Inn, Dartington, Devon

### CASE STUDY



Mark runs The Cott Inn in Dartington, Devon, a 12th century coaching inn that is a frequent winner of 'Pub of the Year' awards. "Even though we're a small business that has won awards, we're finding it hard to juggle the bills," he explains. Business rates have gone up from £400 per month to £1,100 per month, while the "significant" impact of changes in National Insurance Contributions has prompted him to look at reducing labour costs and reconsider his pricing strategy.

*"It hasn't just impacted our wage bill, but all of our suppliers have increased their prices to offset their own labour costs. We then had a manager leave who I would have replaced but we just can't afford to now. It's forcing us to make changes we would rather not be doing."*

**£8,400**

increase in business rates in 2025

**£67,000**

increase in wage costs following 2024 Budget

## Dianne Irving, Partner at The Crown, Carlisle

### CASE STUDY



The Crown in Carlisle sat empty in 2017 after the previous owners had departed. Dianne took over the pub and two years later was rewarded for her efforts by winning the 'Best Turnaround Pub' at the Great British Pub Awards in 2019, the first of several awards over the years. The pub is still a highlight in the community but has become harder to run in recent years as rising costs put pressure on running and maintaining the pub, for example refreshing painting and looking after the pub's garden.

Changes to business rates would make a big difference for Dianne but she says the whole system needs to be overhauled: *"The system is just so inflexible and doesn't recognise the challenges that pubs are facing on a daily basis. We do need to see fundamental change in how rates are calculated. Our pubs play such a critical role in communities across the UK and this must be recognised."*

**£9,000**

increase in business rates in 2025

## Chris Windle, Runs five pubs across Rotherham, Sheffield, York and Leeds

### CASE STUDY



Chris runs five pubs across Yorkshire with Greene King Pub Partners. With the 2024 Budget increasing National Insurance Contributions by more than 60% across his pubs, he has had to reduce staffing levels and cut hours to balance the books. At the same time, he's battling costs rising across his business, estimating overheads have grown by 20% in the last five years as energy prices have grown threefold, food costs have risen by 20-30% with even the price of napkins and toilet rolls nearly doubling.

*"The cost rises are never-ending. The job of operating a multi-site pub business has got a lot harder with increasing costs. Every bottom line is either stretched or being reduced. The reduction in business rates relief this year has had a massive impact."*

**£42,500**

increase in wage costs across three pubs following 2024 Budget

**£16,200**

increase in business rates across three pubs in 2025



# THE RISING COST OF DOING BUSINESS

In recent years, the hospitality industry has had to contend with:

**tripled**

energy bills 3x higher than in 2021  
(UKHospitality and BBPA<sup>2</sup>)

**>30%**

increase in raw material costs for brewers (BBPA<sup>2</sup>)

**>20%**

increase in pubs' food costs (BBPA<sup>2</sup>)

**£500m**

increase in business rates following Autumn Budget 2024 (UKHospitality<sup>3</sup>)

**£2,500**

increase (at least) per employee due to changes in National Insurance Contributions  
(UKHospitality<sup>3</sup>)

**£1.9bn**

increase as a result of April's National Living Wage increases  
(UKHospitality<sup>4</sup>)

**412**

pubs closed their doors in 2024  
(Altus Group<sup>5</sup>)

**1/3**

of hospitality businesses are now operating at a loss  
(UKHospitality<sup>6</sup>)

With businesses at the heart of communities across the country, **the pub sector plays a crucial role in providing local jobs and deploying investment in improving its estate**, which can drive the Government's ambition to deliver economic growth and provide vital support to adjacent industries.

However, these **significant costs are currently inhibiting our ability to hire and invest**, limiting the flow of cash through the economy and impacting the support that we can provide to communities. It is, therefore, imperative for the Government to cut the industry's regulatory costs, ease the pressure on landlords and allow Britain's pubs to thrive.

1 UKHospitality, Businesses struggle to remain optimistic with energy costs up 80%, May 2023  
2 BBPA/Frontier Economics, Impact of recent economic trends on pubs and breweries, October 2023  
3 UKHospitality, £3.4 billion annual cost increases hit hospitality, November 2024  
4 UK Hospitality, National Minimum and Living Wage to increase – our response, 29 October 2024  
5 Altus Group analysis of Government figures, December 2024  
6 UKHospitality, One-third of hospitality businesses operating at a loss, June 2025

Tor Humpherston,  
Area Manager for 16 pubs in London, including The Anchor Bankside



As the area manager for sixteen pubs across central London, Tor is seeing the impact of rising costs at each of his sites. "Everyone in London would say it's difficult trading at the moment" he says. The Anchor Bankside in Southwark – one of the most famous pubs in the area – is a cornerstone of the local economy and community. It brings social value to the area, ranking second in London for Greene King's Macmillan fundraising efforts and providing apprenticeship opportunities for young people.

However, its large workforce meant it was severely impacted by changes at the 2024 Budget, with its wage and business rates bill rising significantly. It now pays £23,000 in business rates each month, a total bill of £276,000 for 2025. "We've had to make changes to how we run the pub, looking for efficiencies and ways to be more effective, and at some point that is going to impact the number of people we can hire and prevent us from investing in our people and the pub itself."

**£276,000**  
annual business rates bill at The Anchor

**£136,000**  
increase in annual wage bill at The Anchor following 2024 Budget

Claire Keating,  
Partner at the Norton Arms in Runcorn



The Norton Arms has been at the heart of Runcorn since 1758. Its current custodian Claire has been running it for the last 17 years but is struggling to balance the increases in costs without losing customers. After the 2024 Budget added £28,000 to her annual wage bill, she is having to make difficult decisions about closing early on Wednesdays and is considering closing one day in the week to avoid further raising prices.

Claire adds, "I don't like the idea of that. We want to serve the public and remain affordable, but there's only so much higher prices can go to manage the costs we're facing. I worry about pubs in the future and losing them as assets for the community."

**£28,000**  
increase in wage bill following the 2024 Budget



# A HISTORY OF BUSINESS RATES AND THE PROMISE OF REFORM



**Business rates**, or non-domestic rates as they are sometimes called, are a tax on the occupation of non-domestic property. They extend to shops; offices; warehouses; factories; holiday rental homes or guest houses, as well as pubs and **are calculated by...**



## RATEABLE VALUE

**Rateable Value** – calculated on a property-by-property basis by the Valuation Office Agency (VOA). For most industries, such as shops and offices, this represents the estimated annual rent that the property could achieve on the open market. However, for pubs the VOA usually uses ‘fair maintainable turnover’, which considers the turnover the pub is expected to achieve. The low-margin nature of pubs with their high running costs means that profit is often well below turnover at a property, especially in recent years as inflation has squeezed margins more than ever. A calculation on turnover also does not take into account the seasonal nature of the pub trade. For example, a pub’s garden area contributes to its estimated turnover, regardless of whether bad summer weather means the garden is hardly used. These values are currently reassessed once every three years, with the next review coming in 2026.

X



## THE MULTIPLIER (CURRENTLY: 55.5P OR 49.9P FOR SMALL BUSINESSES WITH A RATEABLE VALUE BELOW £51K)

**The multiplier** – set annually by the Government determines the amount that a company must pay per pound of the Rateable Value. The multiplier applied to each property varies dependent on the size and sector of the business that owns the property, with most of Greene King’s managed pubs currently charged at the same rate as major online retailers’ warehouses or major law firms’ office blocks. The Government has proposed introducing lower multipliers for retail, hospitality and leisure businesses to recognise their importance to high streets, which will be offset by a higher multiplier on properties with rateable values above £500,000.

Business rates have roots in the 16th century. But the system we know today was introduced in 1990 – and barely touched since.

Here's what you might not know:

- **The calculation method is stuck in the past** – Business rates are still based on a 30-year-old model. Reforms have only ever increased what businesses pay – not changed how their liability is worked out to make the method better reflect the business model of pubs.
- **It's the biggest tax you've never thought about** – Business rates raise £26 billion a year. That makes it the second-largest tax on business after corporation tax – and politically challenging to reform at a time of pressure on the public finances.
- **Pubs pay far more than their fair share** – They make up just 0.4% of UK business turnover but shoulder 2.1% of the total business rates bill<sup>7</sup>, while other businesses such as online retailers do not pay their fair share. If taxed proportionately, the pubs sector would pay £130 million. Instead, it pays £637 million. That £507 million gap could be funding staff, training, investment or community spaces.
- **Appeals are the norm, not the exception** – Pubs spend huge time and money challenging inaccurate valuations. It's a system so complex even the Valuation Office Agency regularly gets it wrong.
- **Pubs are due a sharp rise in their rateable value at the valuation in 2026** – Rates are reviewed every three years, with the next due before 2026, and a big spike in pub bills beckons. This is because the data used for the 2023 revaluation was skewed by the Covid pandemic, meaning this data set will be much higher. Unfortunately, just at the time when pubs are grappling with spiralling costs, yet more are on the way without support.

- **And to show just how inaccurate the rateable value calculation is...pub gardens are rated as if the sun shines all summer** – A pub’s garden area contributes to its estimated turnover for the rateable value calculation, regardless of whether there is bad summer weather that means the garden is hardly used.

To understand just how out of date this system is, significant reform of the system has not happened since the 1990s, a time when:

- *The Nokia 3210 was a cutting-edge mobile phone, and texts were limited to 160 characters.*
- *The Chancellor, Rachel Reeves, was still in school.*
- *John Major was Prime Minister and Tony Blair hadn't yet made it to Downing Street.*
- *Minimum wage didn't exist and the Bank of England hadn't been granted independence.*

The Government has pledged to create a fairer business rates system that protects the high-street, supports investment, and is fit for the 21st century, with the Treasury currently considering how to overhaul the system.

However, at the 2024 Budget, the Chancellor raised the business rates bill for pubs of all sizes, increasing the standard multiplier in line with inflation and reducing the Retail, Hospitality and Leisure (RHL) relief from 75% to 40%, adding thousands in extra costs for the industry. These changes have had a damaging effect on the industry and make the need for reform more urgent than ever.

**Pubs pay far more than their fair share – they make up just 0.4% of UK business turnover but shoulder 2.1% of the total business rates bill.**



# OUR POLICY ASKS TO REDUCE THE BURDEN OF BUSINESS RATES



## OUR CORE ASKS FOR THE BUDGET 2025

To provide much needed immediate relief for the pubs sector we are urging the Government to:

- **Introduce a specific, lower business rates multiplier for all pubs**, giving them a 20p discount on their current multiplier

This change would deliver immediate relief for the whole pub sector in England in the next financial year. Early modelling suggests this reform could unlock significant growth potential for the UK.

- We represent almost 5% of the pubs markets, and estimate that this could realise £13.7m in immediate annual savings that could be invested across our estate



- An average managed pub could save nearly £10,000 each year by the same measure

These cost savings could boost investments, directly supporting job creation, economic growth and public value. Examples of investment opportunities include:

- **Creating new jobs:** with many of those entry level roles helping more people get into work in communities across the UK. Whenever we invest in refurbishing a pub it creates additional jobs because of the increased footfall.
- **Investment in pubs:** enhancing the customer experience and preserving local community heritage assets.
- **Investing in people:** Through apprenticeships and other training programmes, alongside our ongoing commitment to our Releasing Potential programme to support people in building meaningful careers in hospitality.

But this must be just the first step.

To unlock the true growth potential of the pubs sector the Government must deliver on its commitment to fundamental reform.

**This must include changing how the Valuation Office Agency calculates the rateable value of a pub at the 2026 revaluation, moving from the misrepresentative measure of turnover to the fairer measure of profitability.**

This fundamental change could unlock additional investment in excess of £20m a year from Greene King alone.

Together these two steps would go a long way to creating a system that fairly reflected the social and economic contribution of pubs in communities across the UK.

## BUT THERE IS ALWAYS MORE THAT COULD BE DONE

Further targeted ways the Government should support pubs in a future fairer business rates system include:

- **Making permanent the lower business rates multiplier for all pubs**, to recognise the unique role they play in communities.
- **Keep the three-year appeal window** – Valuations are often inaccurate. Pubs – especially smaller operators – need time to challenge errors without racing bureaucracy or relying on costly legal help.
- **Strengthen Improvement Relief** – Introduced to support investment in pubs, the scheme delays business rates increases for one year after certain property upgrades. But it only covers structural changes and requires the same tenant throughout the works and for a year after. To work for pubs, it should apply to all value-adding improvements and be tied to the property not the tenant.

We look forward to working with the Government to deliver these reforms and create a modern business rates system that fairly reflects businesses' contribution to both the economy and wider society. We hope that the Chancellor will deliver these crucial reforms at the Autumn Budget and create an environment where pubs can thrive and drive growth across the UK.



# SUPPORT FOR PUBS



*As Chair of the APPG on Beer I'm supporting Greene King's timely report on the importance of protecting the British beer industry and ensuring it can thrive for centuries to come. Pubs are economic and social anchors in every part of the country. They create jobs, drive local growth and foster a sense of belonging that no other business can replicate. Supporting them with lower costs isn't just about easing pressure – it's a smart investment in thriving high streets and stronger communities.*

**Tonia Antoniazzi, MP for Gower, Chair of the APPG on Beer**



*As Chair of the Hospitality and Tourism APPG, I have the pleasure of regularly discussing the positive impact that pubs have on people's lives and communities. The sector supports the livelihoods of more than a million people, including more than 2,000 in my constituency. Yet, pubs also offer so much more: bringing us together with new people, coordinating charity fundraising and providing the backdrop to all of life's events. To deliver on this Government's ambition for growth, we must do all we can to protect this and secure the future for this cornerstone of British culture.*

**Chris Webb, MP for Blackpool South, Chair of the Hospitality and Tourism APPG**



*As a Member of Parliament, I am proud to champion one of Britain's most cherished institutions – the local pub. More than just places to enjoy a pint, pubs are at the heart of our communities, offering spaces for connection, conversation, and comfort. They support local economies, provide vital employment, and are integral to our cultural identity. This report from Greene King is a timely and vital contribution to the ongoing conversation about the future of the pub industry. It highlights both the challenges pubs face – from rising costs to regulatory pressures – and the opportunities that come with innovation and community engagement.*

*We must ensure that our support for pubs is more than sentimental; it must be practical and sustained. I welcome this report and urge policymakers, industry leaders, and local communities to work together to secure a thriving future for the British pub.*

**Andrew Snowden, MP for Fylde**



*This report lays bare the financial struggles pubs and brewers are enduring thanks to policies which stifle growth and undermine investment, jobs, and vital community spaces. It has never been more urgent for Government to overhaul the outdated and unfair business rates system as our sector, which makes huge economic contributions and has priceless cultural value, is one of the most highly taxed industries in the UK. These real stories should make Government and policy makers sit up and face the reality that unless they act now, they could oversee irreversible damage to our beloved pubs and brewers.*

**Emma McClarkin, CEO of the British Beer and Pub Association**



*Pubs are the lifeblood of local communities, particularly in rural areas like Mid Buckinghamshire. Pubs are more than just a place for a pint or delicious bar food, they are social hubs, the epicentre of village life and a literal lifeline for many living on their own who would otherwise be socially isolated. It is vital the government does everything possible to get out of the way in terms of tax and regulation to ensure our pubs don't just survive, but thrive.*

**Greg Smith, MP for Mid-Buckinghamshire, Shadow Minister for Transport & Shadow Minister for Business**



*Pubs are the beating heart of our high streets and a cornerstone of British life. They bring people together – from casual catch-ups to major celebrations – and offer valuable skills and careers across the country. At a time of unprecedented pressure, we must support the sector not just to preserve a great British institution, but to help it thrive, strengthen communities and drive local growth.*

**Kevin Hollinrake, MP for Thirsk and Malton, Shadow Secretary of State for Levelling Up**



*Pubs are a dynamic, homegrown industry that delivers real value across the UK, contributing more than £34 billion to the economy in 2024. But rising costs are putting the brakes on growth and threatening their place in communities. If we want to see more investment, more jobs and more resilient local economies, we need to create the conditions that allow these businesses to thrive. Reducing the cost burden is a critical first step.*

**Rebecca Paul, MP for Reigate**



*Our pubs and brewers don't just serve beer – they serve Britain. They support jobs, bring life to our high streets and contribute billions to the economy. With the right backing, the sector can do even more. Cutting unnecessary costs would give brewers and publicans the headroom they need to grow, hire and keep our pub culture thriving.*

**Mike Wood, MP for Kingswinford and South Staffordshire, former Chair of the APPG on Beer**





**GREENE KING**  
BURY ST EDMUNDS

---

**REGISTERED OFFICE**

Westgate Brewery, Bury St Edmunds,  
Suffolk, IP33 1QT

For more information contact:

Joanna Kreckler, *Group Communications Director*  
[joannakreckler@greeneking.co.uk](mailto:joannakreckler@greeneking.co.uk)