

RAISING A GLASS TO GROWTH, COMMUNITIES AND OUR PLANET

A **MANIFESTO** FOR UK BREWERS & PUBS

KBPA





INTRODUCTION

The great British pub, supported by a world leading brewing industry, is a fundamental pillar of our economy, culture and way of life; part of our very DNA. The sector has a significant footprint in every constituency across the UK, supporting 936,000 jobs.

A busy and successful pub increases footfall to any local high street, and the extensive supply chain supports tens of thousands of additional businesses. Britain's beer and pub sector is an economic force multiplier from grain to glass and a hub of innovation and entrepreneurship.



SUPPORTING
936,000
JOBS

A close-up photograph of a hand operating a beer tap. The tap is silver and black, and a stream of beer is being poured into a clear glass held by another hand. The background is blurred, showing other taps and the interior of a bar.

OUR VISION

Brewers and pubs are recognised as key strategic assets for the UK economy and society, providing employment and economic growth, and creating a sense of belonging and wellbeing central to every community.

The UK beer and pub sector should be revered globally for excellence in culture and craft, environmental leadership and being truly open to all.

However, following an unprecedented few years of challenges, and with the cost of doing business in our sector remaining acute, the solutions set out in this manifesto are even more critical to delivering this vision.

WHY GOVERNMENT SHOULD INVEST IN UK BREWING AND THE GREAT BRITISH PUB (1):



From Grain to Glass:
The sector **supports 936,000 jobs** - from the farmers growing malting barley and hops, to the scientists and brewmasters crafting the beers and the landlords of the pubs. Providing great career opportunities and flexible working in all parts of the UK.



46,000 pubs and 2,000 brewers operate across the length and breadth of the country, spanning every constituency, supporting high streets and local economies, as well as agricultural communities. The sector is a major tourism asset across the UK.



Over **80% of the beer that is consumed in the UK is brewed here**, while UK brewers export over 1 billion pints of beer annually to over 100 different countries with huge untapped demand.



We contribute **£26.2 billion to the UK economy** and generate **£15.1 billion in tax**. Sector growth will underpin economic growth.

WHY GOVERNMENT SHOULD INVEST IN UK BREWING AND THE GREAT BRITISH PUB (2):



Fundamental to place and connected communities. Pubs provide the largest community outreach service in the country – **2/3 adults believe their local pub is vital to combat loneliness and social isolation.**



The sector is leading the way on emissions and water reduction with ambitious targets to achieve Net Zero ahead of Government targets and to move towards a truly circular economy.



Fostering a culture of responsible drinking through partnership working and major investment and innovation in low strength and non-alcoholic beers. **Beer IS the lowest strength alcohol beverage.**



Unlock private investment by lowering the tax burden on pubs and breweries. **We are the most heavily taxed business sector per pound of turnover** in the UK: 40% of UK brewing turnover and £1 in every £3 spent in pubs.



HOW TO REALISE THE SECTOR'S FULL POTENTIAL

BREWING

-  A **duty** and wider **tax** framework that incentivises investment, and supports brewers of all sizes
-  An informed, collaborative approach to **packaging circularity and Net Zero** that ensures the sustainability of brewers' businesses
-  Alcohol and **health policy** that protects brewers' freedom to operate and **recognises the unique nature and characteristics of beer** and brewing
-  **Sustainable, secure supply chains** and continued access to raw materials, ingredients (barley, hops etc) and skills

PUBS

-  A fair **tax and regulatory framework** that incentivises investment and supports economic growth
-  An informed, collaborative approach to lower **energy costs, packaging waste and Net Zero** that ensures the sustainability of pub businesses
-  Recognition of the **unique social value of pubs** and their role in the health and wellbeing of communities
-  An attractive and inclusive sector with **access to the talent** and skills required; focussed on productivity and growth

POLICY SOLUTIONS: Tax and regulation



Business rates reform that permanently reduces the hugely unfair burden currently borne by our pubs – current rates burden is four times their relative share of overall business turnover.

We are calling for a lower pub or hospitality specific multiplier to urgently address this and the continuation of the current 75% relief until then. This is crucial to long term sustainability of our pubs. The rates system should also consider how it recognises the unique social value of our pubs and the community services offered as well as enhancing investment relief.



A reduction in beer duty to at least the European average across the next Parliament to unlock new investment in UK breweries, enable competition with other major brewing nations and keep the price of a pint affordable for all; whilst crucially nudging consumers towards lower-strength British products.

Beer duty in the UK is more than twice the European average and 12x rates in Spain and Germany.

POLICY SOLUTIONS: Tax and regulation



A lower VAT rate for food and drink sold in pubs to underpin sustainable growth, boost tourism and provide parity with supermarkets. Most European countries offer lower VAT rates to support their hospitality and tourism businesses. Eating out in pubs is an established part of our culture and increasingly central to pubs offer yet attracts 20% VAT compared to 0% for supermarket meals.



A Minister of State for Pubs with cross-Government remit and immediate establishment of a taskforce to develop a sustainable tax and regulatory framework for pubs and brewers, considering cumulative impacts of tax, regulation and living wage policy, reducing red tape and delivering urgently needed planning reforms that are holding back investment and growth.



Permanent measures to fix the non-domestic energy market. Pubs and brewers continue to face mounting challenges from higher and volatile energy pricing, supplier behaviour and structural issues. It is vital that Ofgem have the powers it needs to tackle this, ensure fair deals for pubs and other businesses as a matter of urgency, including access to the energy ombudsman for all pub businesses and regulation of third-party energy brokers.

COST BREAKDOWN OF A 4.5% ABV PINT OF BEER IN THE PUB



TAX
£1.52

£0.80 VAT
£0.49 Duty
£0.11 Business Rates
£0.12 Employment/Other Taxes

OTHER COSTS
£3.16

£1.24 Cost of Sales (less Duty)
£0.91 Wages
£0.24 Utilities
£0.77 Other Costs

INCOME
£0.12

£0.12 Pub Income

AVERAGE PRICE OF A PINT

£4.80



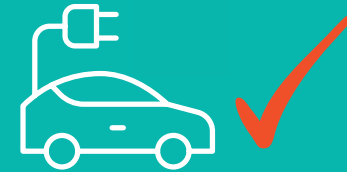
POLICY SOLUTIONS: Sustainability and Net Zero



An immediate review and holistic business impact assessment of the current **packaging waste and collection reforms**, to ensure a **fully** aligned four-nation approach, with a realistic timeline, that delivers circular economy ambitions in the most cost-effective way for producers, the public and the environment and crucially does not disadvantage brewers.

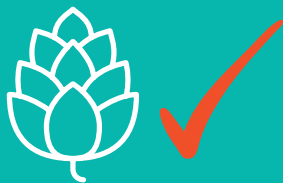


Provide incentives and tax relief for green investments, **beyond existing capital allowances**, required to deliver net zero at pace for our sector and funding pots to test and accelerate novel technologies and develop a business case for reusable and refillable packaging trials.



Prioritise enabling the connection of Electric Vehicle charging points to the Grid **from pubs**, and other community hubs. Pubs are committed to and investing in EV charging points but are frustrated by inability to connect to the Grid in many locations.

POLICY SOLUTIONS: Sustainability and Net Zero / Secure Supply Chains



Provide our farming system with an incentive structure that further encourages sustainable approaches to farming. Nearly one-third of the impact of the pub sector is in the production of food and drink and 15% of brewer impact from agriculture. Pubs and brewers will not reach net zero without substantial reductions in emissions from barley and hop farming and food production.



Make improvements to the National Grid to ensure sufficient electrical capacity, to enable the transition from gas to electric. The costs for pubs to upgrade and transition kitchens is prohibitive.

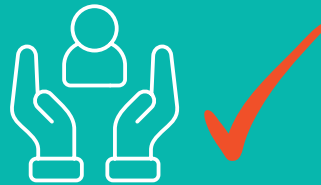


A Government and Industry supply chain taskforce to ensure secure access at sustainable rates to key raw materials and resources is crucial. Major disruptions and challenges around energy and CO2 supply in recent years, has almost brought the beer and pub industry to a complete standstill and led to exponential cost increases.

POLICY SOLUTIONS: Health and community wellbeing



A proportionate alcohol policy framework focussed on tackling harmful consumption with differentiation of beer and lower-strength products embedded. Brewers and pub operators are committed to tackling alcohol-related harms, transparency for consumers and building on the positive trends in recent years in falling alcohol harm indicators. The UK, through progressive duty reforms, is meeting WHO recommendations to encourage consumption of lower-strength products.



Commitment to co-creation of targeted solutions, reinforcing self-regulatory structures and strengthening local partnerships. Self-regulation systems for alcohol marketing and promotion in the UK are recognised as gold standard and provide a strong, flexible framework to ensure the industry delivers on responsibility commitments. Pubs play a key role in supporting responsible drinking and community wellbeing which should be reflected in future policy development.



No new statutory measures that disproportionately impact brewers' and pubs' licence to operate such as restrictions on marketing or availability or that artificially distort price. There remains no conclusive evidence that such measures are a proportionate or cost effective way to target and support harmful drinkers, yet they do penalise responsible consumers and damage business.

POLICY SOLUTIONS: Access to skills



Urgent reform of the apprenticeship levy with greater flexibility to utilise this for wider skills development and training. The sector is committed to growing apprenticeships at all levels but skills incentives and driving productivity to deliver what pubs and brewers need to grow the workforce requires a more flexible solution.

There should also be consideration of other tax incentives and reliefs to encourage investment in skills as well as a clear pathway and talent pool from Level 2 qualifications onwards that are ready to work and build a career in our sector. Endorse a sector-led Universal Entry Standard.



Expansion of Youth Mobility Scheme and improvements to immigration system structures to support pub and brewing businesses, of all sizes, to efficiently recruit chefs and other key roles. The ongoing structural shortage in key roles such as chefs and brewery engineers, along with the seasonality of large parts of the sector, mean interface with and access to the immigration system for overseas talent along with an expanded YMS remains vital in the short to medium term. Review the costs for SMEs for bringing in overseas workers.

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ECONOMIC VALUE

Our sector supports **936,000 jobs** throughout the UK. Over 40% of those employed in our sector are 18-24 year olds, providing critical first jobs and exciting career opportunities. Flexible working is also a key feature

80% of pubs in the UK are run as SMEs and two-thirds of alcoholic drinks sold in pubs are beer

Over **80% of beer sold** in the UK is produced domestically, with strong domestic supply chains. The economic value generated from beer largely stays in the UK

Brewers export to over 100 countries with a value almost **£500 million**

Pubs are central to tourism and a top attraction. Over **half of all visitors** to the UK visit a pub and increasingly seek out pubs to stay in

KEY FACTS AND STATS

SOCIAL VALUE

No and low alcohol beer is the biggest growth category – growing at **15-20% annually**

Ambitious Net Zero targets ahead of UK; a **70% reduction** in brewing emissions since 1990

81% of Brits say pubs are important in bringing people together

68% of Brits think pubs help combat loneliness in their local area

£100m raised by pubs every year for charity

Pubs are inclusive spaces, **open to all**

Pubs are rolling out hundreds of **EV charging points** across the UK

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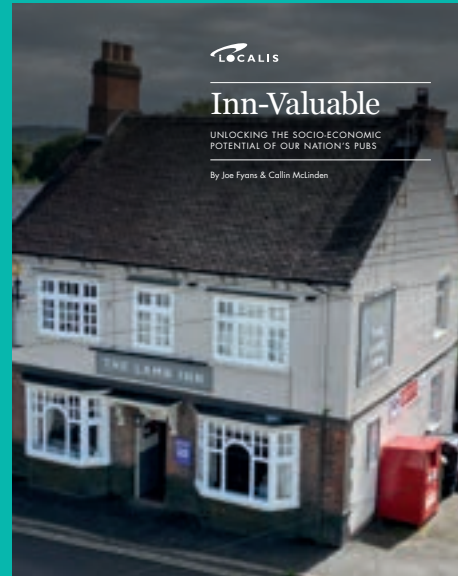
BUT...

The brewing and pub sectors are characterised by high fixed costs (in part due to high taxes) and narrow operating margins. The cost of doing business remains acute

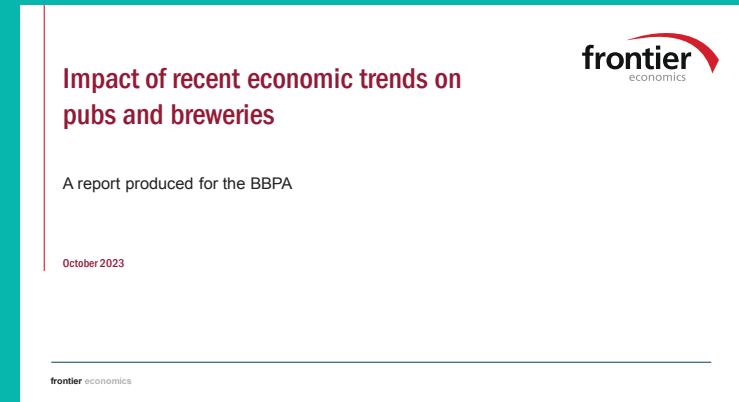
One pound in every three spent in the pub goes to the Government in taxes

40% of brewers' turnover is tax

UK beer duty remains among the highest in Europe (12x Germany) and pubs overpay by **£400m** in business rates relative to turnover



**INN-VALUABLE: UNLOCKING
THE SOCIO-ECONOMIC
POTENTIAL OF OUR
NATION'S PUBS**



**IMPACT OF RECENT ECONOMIC TRENDS
ON PUBS AND BREWERIES**



THANK YOU

For further detail on any of the policy elements set out in this manifesto or supporting information and data, please do get in touch at:
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