



HOUSE OF COMMONS  
LONDON SW1A 0AA

The Rt Hon Jeremy Hunt MP  
Chancellor of the Exchequer  
1 Horse Guards Road  
London  
SW1A 2HQ

18<sup>th</sup> October 2023

Dear Chancellor,

I am writing as Chair of the All-Party Parliamentary Beer Group, supported by a large number of my colleagues, further to my recent discussions and consultation with the pub, brewing, and wider hospitality sector about the current challenges and action needed in the forthcoming Autumn Statement.

There is no doubt that the industry remains focused on delivering productivity, jobs, and skills and supports the Government's objectives to bring down inflation and deliver economic growth. The implementation of the Draught Relief on the 1st of August, as part of the Government's Brexit Pubs Guarantee, has also been widely welcomed and further extension would multiply the benefits of the differentiator.

It goes without saying that the pub and brewing sectors are vital to the economic and social wellbeing of our communities across the UK; however, they are still under a great deal of pressure. Operating margins are being squeezed by higher costs of labour, energy, raw materials, Defra initiated packaging measures, and taxation. These costs are being absorbed as far as possible, but the cumulative impact is such that pubs and other hospitality businesses are closing and costs are now having to be passed on through higher prices to consumers.

It is worrying that over 80 breweries have closed in the first half of 2023, compared with a period of unprecedented growth for the sector over the last ten years at a time of supportive legislative and fiscal framework. In the region of 400 pub businesses have closed this year and almost 2,000 hospitality venues have closed in total. As you will appreciate, this is having a real impact on the Government's growth agenda. External factors such as train strikes also continue to impact negatively on the hospitality sector.

With this in mind, the following issues are considered most crucial at this time and would help restore a measure of certainty and confidence for businesses going forward:

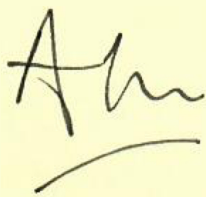
- Business Rates: An extension of the current 75% Retail, Hospitality, and Leisure (RHL) business rates relief after 31st March 2024, combined with a freeze in the current multiplier, would go a long way to ensuring the viability and survival of many pub and hospitality businesses. The average pub will face a rise of £1,000 per month in rates in April before an increase in the multiplier is factored in. These increases will simply be unsustainable for many businesses. In addition, consideration could also be given to increasing the £110,000 RHL scheme cap, to support additional hospitality venues and operators facing the same challenges.

- Beer Duty: Beer is a lower strength product and continues to lead innovation in the no and low alcohol category. The industry has supported the Alcohol Duty Review and the recent implementation of Draught Relief in pubs and hospitality venues. Nevertheless, UK brewing remains the most taxed sector of our economy, with UK duty rates still among the highest in Europe. With the sector having sustained a 10.1% excise duty increase on non-draught products in the last Budget, the sector is concerned about the planned increases in February 2024. Consideration could also be given to widening the draught duty differential further which currently stands at 9.2%.

On a broader note, packaging reforms which have increased by 600% in costs, ongoing skills shortages, and securing fair energy deals, remain key challenges for the sector and risk creating barriers to longer-term investment and sustainable growth. The cumulative effect of the challenges is having a direct impact on the pub and brewery closures that I referred to earlier and we look to you to provide the necessary support.

Thank you for your consideration and I look forward to your statement with optimism.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alun', with a horizontal line underneath.

**Rt Hon Alun Cairns MP**  
**Vale of Glamorgan**