Budget 2026

CAMRA submission to the UK Government ahead of the 2026 Budget.

September 2026

1. About CAMRA:

1.1 CAMRA is the most successful single issue consumer group in Europe. We are a not-for-profit, volunteer-led organisation representing over 140,000 consumers across the UK and have been campaigning for pubs, pints and people since 1971.

1.2 CAMRA works to promote and protect pubs as a vital part of local communities, the social fabric of both urban and rural communities, and part of the UK's cultural heritage; as well as to increase recognition of the benefits of responsible, moderate social drinking; and to secure the long-term future of cask beer, cider and perry.

1.3 We welcome the pro-pub stance of the Government and appreciate the Prime Minister and Chancellor's support for pubs, breweries, cask beer and CAMRA. We believe the Government has made a very promising start with announcements on business rates relief for pubs and social clubs, and reviewing the VAO's methodology for pubs.

1.4 CAMRA and our members want to see further support for consumers, pubs, social clubs, breweries and cider producers in Budget 2026, with an emphasis on supporting small, independent and regional beer and pub businesses and levelling the playing field between community pubs and cheap supermarket and off-sales alcohol.

2. Policy positions ahead of the Budget

2.1 CAMRA members would like to see a reformed business rates system delivered for pubs; an extension of business rates relief in the meantime; and an extension of the draught duty differential to support pubs and pubgoing.

<u>2. 2 Non-domestic rates</u>

2.2.1 The Government's early decision to provide a further year of relief for pubs and social clubs with business rates bills is extremely welcome, providing further support and clarity for licensees.

2.2.2 A further announcement at Budget 2026 about extending relief into 2028/29, the last year of the three-year ratings period, would be extremely welcome and while giving businesses the certainty that they need.

2.2.3 We also welcome the Government's commitment to improving the valuation methodology for calculating rates bills for pubs in England and Wales and hope that this leads to a fairer model than the current 'Fair Maintainable Trade' calculation.

2.2.4 In the longer term we remain concerned that, for too long, pubs and social clubs have been penalised by an unfair non-domestic rates system which disincentives investment and growth in these businesses, which puts bricks-and-mortar businesses like pubs at a disadvantage. It is vital that the previous Chancellor's promise of 'permanently lower business rates' for pubs is delivered, and that this outcome is delivered as soon as possible. Uncertainty over rates liabilities is a key concern for licensees which slows investment and growth.

2.2.5 We believe that a fundamental overhaul of the system of non-domestic rates must reduce the burden for beer and pub businesses in recognition of the social value of pubs. They are a force for good in their local communities, combatting loneliness and social isolation, and providing community services as well as a regulated, social space to responsibly consume alcohol.

<u>2.3 Retention of, and improvements to, the draught duty rate</u>

2.3.1 The draught duty rate for beers and ciders, as introduced by the Alcohol Duty Review in August 2023, represents the biggest change to the way we tax beer and cider in a generation.

2.3.2 As the voice of beer and cider drinkers, CAMRA welcomed the implementation of these changes, but we believe the benefits need to be maximised by further extending the differential between the draught duty rate and the general rate for beer and cider.

2.3.3 We believe that the Treasury should commit to retaining the new alcohol duty regime which for the first time recognises the social and economic benefits of drinking draught beer and cider in the regulated setting of the community pub, social club or brewery taproom.

2.3.4 We believe that any changes to alcohol duties should now target support at the on-trade, with further reductions to the draught duty rate making sure benefits are targeted at pubs and the UK's independent brewers and cider makers that supply them. This would help give pubs and smaller and independent breweries, who disproportionately rely on sales of draught beer to pubs, a fighting chance against the likes of supermarket alcohol.

2.3.5 Bold action from the Treasury to significantly extend the draught duty differential could deliver game-changing results for licensees, small and independent producers, and consumers.

2.3.6 Targeted support at local pubs and the smaller and independent producers that serve them would make sure that a cut in duty predominantly benefits the regulated setting of the community pub rather than the consumption of cheap supermarket alcohol at home.

2.3.7 Reducing draught duty is also vital to limit the severity of price hikes at the bar for consumers, especially at a time when inflation is high and consumer spending power is low.

2.3.8 Placing community pubs and independent breweries at the heart of the alcohol tax system is undoubtedly the right thing to do. However, with difficult trading conditions and consumers still tightening their belts, if we really want to stem pub and brewery closures and support pubgoers to enjoy a drink in their local pub, social club or taproom then the draught relief for beer and cider should be substantially increased.

2.3.9 Extending the draught duty differential would help to support beer and pub businesses, particularly small and independent breweries that sell a higher proportion of their products in pubs, as well as supporting consumers by making the price of a pint at the bar more affordable and encouraging consumption in the regulated setting of the local pub.

2.3.10 2026 research by the Centre for Economic and Business Research, commissioned by the Society of Independent Brewers and Associates, found that increasing the differential between the standard beer duty rate and the draught duty rate to 30% would:

- Create 3,403 jobs (Full Time Equivalents in brewing and the on-trade)
- Contribute £137,411,928 to Gross Added Value, of which £91,945,298 would be in the on-trade in pubs and social clubs; and £45,466,266 would be in the brewing sector.
- Result in a £52,985,662 increased tax take including from supply chains and excluding the fall in duty receipts (through additional VAT, corporation tax, NIC and income tax/PAYE receipts to the Treasury).
- See an additional 25,208,884 pints sold per annum.

2.3.11 The Institute of Alcohol Studies' recently published research *'Behind the Bar: What publicans really think of alcohol policy'* recommends narrowing the on/off-trade price gap by significantly expanding Draught Relief in order to protect health and deliver benefits to communities. The IAS state that " narrowing the price gap between supermarket alcohol and pub alcohol would help move drinking back into a regulated, socially beneficial setting". Increasing the level of draught relief would deliver the economic, health and wellbeing benefits that comes with encouraging pubgoing.

<u>2.4 Value Added Tax</u>

2.4.1 CAMRA supports calls for a reduction in the rate of VAT for hospitality businesses to help keep the UK's pubs, social clubs and breweries alive and thriving at the heart of communities and local economies.

2.4.2 Many businesses in the beer and pub sector are operating with extremely slim profit margins because of rising prices, costs and energy bills. Cutting VAT for these businesses would ease financial burdens and help to reduce the rate of pub and brewery closures which deprive consumers of their local.

2.4.3 If an across-the-board VAT reduction is not affordable, then the Treasury should focus support on small, independent, local and regional UK businesses rather than giant and multinational brewing and pub-owning businesses. These businesses may not have a large business rates liability, but are still struggling with operating costs and have turnover above the VAT threshold. Action on VAT the main way in which the Government can support these small, community-based businesses.

2.4.4 Action on VAT must include a reduced rate charged on alcoholic drinks so that traditional community 'wet-led' pubs and micropubs without a food offering can also benefit.

<u>2.5 Other reforms</u>

2.5.1 Whilst pubgoers want to see the Budget prioritise action on the draught duty rate, a cut in VAT and a long-term solution to the burden of business rates, we are outlining some other areas where CAMRA would like to see announcements.

Removing draught duty rate red tape to ensure access to takeaway pints:

2.5.2 We still have concerns that the legislation underpinning the draught duty rate un-necessarily restricts the ability for licensees to make incidental takeaway sales from draught duty-paid containers.

2.5.3 It remains the case that an option for the general duty rate to be paid on qualifying draught containers, to allow for draught takeaway sales to be made, is not a workable solution for most pubs. As a result, many have stopped draught takeaway sales of cask beer and real cider.

2.5.4 This is due to the additional red tape – both in cost and administration – that would need to be met by ordinary licensees for draught takeaway sales to continue. Many publicans will not have the space to accommodate extra, full duty-paid containers for takeaway sales, or make enough takeaway sales to justify the cost of buying additional containers for that purpose.

2.5.5 This is adding red tape for small, community businesses into the duty system (which the Duty Review sought to simplify) and punishing the beneficiaries of incidental draught takeaway sales – often designated drivers, or (in the case of cask beer) customers taking the last couple of saleable pints in a barrel before a fresh beer is put on, maximising profit for publicans.

2.5.6 Takeaway draught beer and cider are also a more sustainable option for environmentally conscious pubgoers who also enjoy drinking in moderation at home, with refillable containers supporting sustainability goals and the Government's desire to incentivise greater uptake of reuse and refill business models.

2.5.7 We strongly believe that this issue can be solved through a common-sense approach that allows for the takeaway draught sales to be made from draught duty-paid containers where most of the container is sold for consumption on the premises. This recognises the reason for the introduction of the draught duty rate (the community benefit of pubs and taprooms), and the small but vital role that draught takeaway sales play for licensees and consumers alike.

2.5.8 We do not believe that the three-year review period needs to be reached before this is examined and corrected.

Ensuring fair access to an energy deal, for a fair price

2.5.9 Many publicans still cite energy costs and supply as a serious threat to pub viability. The Government needs to ensure that businesses have parity of protections and support as the domestic energy market to ensure beer and pub businesses, that would otherwise be viable, do not fail.

Cider duty – 'minimum juice content'

2.5.10 We would like the Government to review the definition of cider in the excise duty system as soon as possible. Consumers want cider to contain a 'minimum juice content' of at least 50% to support independent producers and guarantee quality products.

2.5.11 A 50% 'minimum juice content' in the excise system would be a reasonable requirement that would make sure consumers can guarantee they are buying a quality, authentic product that contains more juice than sweetened water.

2.5.12 This would properly recognise the UK's large cider and perry market, the history and heritage of these drinks, and access in our country to the finest apples, pears and orchards in the world. We believe that the Government should be backing authentic UK grown and made ciders and perries, and do not think that it is fair that industrial drinks by global companies made from as little as 35% juice can be taxed and sold authentically as cider.

Employer National Insurance contributions

2.5.13 Many independent pubs, social clubs and brewery taprooms still raise the increased Employer National Insurance contributions as a barrier to being able to hire new staff, particularly part-time staff. In order to maximise the ability of these businesses to expand, create employment and deliver good growth in the local communities that they serve, we would like the Government to consider reversing the increases in Employer NICs; or investigate a scheme which provides targeted relief to small and independent businesses in the beer and pub sector.

3. Contact and further information

3.1 Thank you for considering these issues affecting the beer and pub industry and the consumers who rely on them. We look forward to seeing positive action for beer, cider, pubs and social clubs in the Budget.

3.2 If ministers or officials would like to discuss any of these issues in more detail, or ministers would like to visit a CAMRA award-winning pub, brewery or cider producer to discuss these matters further we would be happy to meet with them.

3.3 If there is anything that we can help with, please do not hesitate to contact our Campaigns and Communications Manager, Paul Edgeworth, on paul.edgeworth@camra.org.uk .