

AUTUMN BUDGET 2024

What this means for your pub business

This guide is interactive



CONTENTS



Following the announcement of the Autumn Budget by the Chancellor, Rachel Reeves, this guide explores everything that will directly impact you and your pub business.

This guide will cover:



National Insurance Contributions



Increase to Minimum Wage



Business Rates Relief



Employment Rights Updates



Alcohol Duty Changes



NATIONAL INSURANCE



13.8%



15.0%

One of the major announcements by Rachel Reeves included the details of an increase* to national insurance contributions by employers, from **13.8%** to **15.0%**. Whilst this is a 1.2% point increase, in real terms it is almost a 10% tax increase.

~~£9100~~

£5000

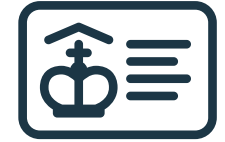


The threshold for when employers start paying tax has been lowered* from £9100 to £5000, meaning thousands of pub businesses across the country face a huge increase in overheads with regards to their staff.

The impact of this change on the hospitality sector is likely to be significant, with a reduction in job vacancies and staff numbers expected as employers look to offset the increase in costs.

*effective April 6th 2025

NATIONAL INSURANCE



EMPLOYMENT ALLOWANCE INCREASED

The Employment Allowance currently allows businesses with employer NICs bills of £100,000 or less in the previous tax year to deduct £5,000 from their employer NICs bill.

Some **positive news** for businesses across the nation is that from 6 April 2025 the government will increase the Employment Allowance from £5,000 to £10,500, and remove the £100,000 threshold for eligibility, expanding this to all eligible employers with employer NIC bills.

In simple terms, all pubs can now increase the amount deducted from their employer NIC bill by £5,500.



NOTE: YOU MUST APPLY FOR THE EMPLOYMENT ALLOWANCE IN ORDER TO CLAIM IT

The current government website page details how the Employment Allowance works and how to claim it. The information on this page will change from 6 April 2025 in line with the new amendments made in the latest Autumn Budget.

View more information by clicking [here](#)

MINIMUM WAGE



Another significant announcement made by Rachel Reeves was the increase to both the national minimum and living wage from 6th April 2025. Similar to the increase in employer national insurance contributions, this decision will lead to the overheads of the majority of pubs across the country to increase significantly.



The **national living wage**, which applies to workers 21 years old and over, will increase from a minimum of **£11.44** per hour to **£12.21** per hour. This is equal to an increase in £1400 annually for each worker.

The **national minimum wage** for 18-20 year olds will go up by **£1.40** per hour, a 16.3% increase leading to an overall minimum wage of **£10** per hour for this age range. Due to the volume of young workers in the industry, this will require employers to reconsider staff numbers, hours, and decisions to employ from certain age groups.

BUSINESS RATES



One of the few positives from the painful budget announcement is that Business Rates are set for a full reform in 2026/27. However, the pain between now and then is set to hit hospitality hard, with the 75% discount on tax bills reduced to 40% from April 6th 2025.



Rates relief until 6th April 2025



Rates relief in 2025/26

We are yet to know the detail on what the reform will look like, but there is likely to be a reduced multiplier rate, rather than a complete overhaul of the way rates are calculated. It will also be based on the 2026 revaluation data, which will not have the allowances made for Covid 19 impact that are currently built into the rate levels, and is therefore likely to be higher for some pubs before the reduced multiplier takes effect.

EMPLOYMENT RIGHTS



The biggest update to rights at work comes in the form of the changes to the Employment Rights Bill, with an emphasis placed on the feeling of security at work.

The new Bill aims to give greater protection to workers, strengthen statutory sick pay and improve growth. Among the changes include:



Alterations to redundancy legislations



Banning of zero-hour contracts



Introduction of employment rights to all workers.

This factsheet, produced by BII Trusted Partners and Helpline providers, Bhayani Law, provides you with information on the proposed changes.



ALCOHOL DUTY



In terms of alcohol duty, there was mixed news for pubs, as rates on non-draught drinks will be increasing by 2.7% from February 2025, but alcohol duty tax on draughts is set to be cut by 1.7%

With two-thirds of alcoholic drinks served in pubs being draught, this is a somewhat helpful change, but increased costs elsewhere mean that the likelihood of publicans being able to make their pints cheaper is very minimal. It is hoped that rising wages, if nothing else, are expected to boost consumer spending at local pubs.

IMPACT ON PUBS



BII Chair and Managing Director of New Dawn Pubs, Mark Robson, runs three thriving pubs in Surrey and Hampshire, but the latest announcements made in the Autumn Budget will cost New Dawn an estimated £240,800 over the next year across their three pubs - 5.47% of their annual revenue!



COST BREAKDOWN



Business Rates Relief moving to 40% from 75% will cost them an additional £36,300.



Employers NI increases (across % rise and lower threshold) will cost them £43,000.



National Minimum Wage increase will lead to outgoings on wages increasing by £161,500 (9.5%).



EXPERT HELPLINES



With industry professionals ranging from compliance and licensing law, to landlord and pubco. relationship, BII Members have access to the right help and support at every stage through our 9 EXPERT HELPLINES.

We understand that many members will be feeling anxious or worried about the latest developments with the Autumn Budget, but our team of advisors are on hand during office hours to offer expert advice and a tailored approach to any query you may have.



Call the BII Helpesk today on 01276 684 449

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