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# WELCOME TO SIBA'S SECOND ANNUAL REPORT

We're now into the second year of SIBA's three-year strategic plan and on the road towards our vision to deliver the future of British beer and be properly seen as the Voice of British Brewing.

In leadership one should always expect the unexpected and that has certainly been necessary during the last twelve months as Chairman of SIBA. Our sector remains as exciting as ever and consumer interest in great beer has never been higher. The opportunities are clear, but we also face significant challenges to deliver our vision and enable our members to claim their fair share of an ever more competitive beer market where big brewers want a share of the 'craft' market and are squeezing prices.

As I hand over the Chairman's baton to Buster Grant I am delighted and excited by the new 'SIBA 2020 vision', it has been a 'light bulb' moment from our MD Mike Benner who has worked tirelessly on it for the past few months, we are indebted to him. But we must not forget what has been achieved over the last three years to build a revised structure, strategy and staff team for SIBA. There is little doubt that we now find ourselves in a much better state with a proper sense of direction and I am on the one hand proud and on the other hand humbled to have been part of it.

We have stepped up our campaigning activity, developed our profile with decision-makers, launched the excellent 'Assured Independent British Craft Brewer' campaign, the SIBA Food Safety and Quality Certificate (FSQ), developed our Commercial Services in a very competitive marketplace and seen many of our members beers shine in our Beer Competitions around the country.

The challenges we face make it more important than ever for professional brewing businesses to be a member of SIBA. The uncertainties and opportunities of the UK's exit from the EU, increasing costs for small businesses, the health lobby and the need to present a united and coherent voice to Government on a number of issues is essential as we move forwards.

I have seen many of you over my three years as Chairman as I have been round the regions to meetings and competitions. Many thanks to my fellow Trustees who work very hard in their role as elected regional directors, to the members of the Executive whose expertise has been essential in our development and to our hardworking and dedicated staff led by Mike Benner, our Managing Director.

I thank you for your support during the last three years and I very much look forward to sharing even greater successes with you in the future as I go back to the back benches and support Buster and Justin as they take SIBA towards its 40th Anniversary in 2020.

Guy Sheppard Chairman 2014-2017



Goy leppart

# **OVERVIEW**



The launch of SIBA's first ever strategic plan in 2015 set a road map for the Society for the next three years. The objective of the annual report is to set out the impact of the many projects and activities we have carried out in the last twelve months to give members a clear view of the work we have been doing on their behalf.

### OUR STRATEGIC CYCLE, ALIGNED WITH OUR FINANCIAL YEAR, IS AS FOLLOWS:



This report primarily takes account of work and achievements during year 2 of the plan.

Performance against the plan is carefully monitored by the Senior Management Team, the Executive and finally the Board.

We keep members up-to-date with this process through regular reports at regional meetings and a detailed update report and impact assessment provided to all members three times a year following Board meetings. Other updates and notices are issued via the Toolbox as necessary with announcements and point of interest via Brewing in Brief.

Our aim is to be accountable and transparent in delivering genuine impact on issues which matter to our members.

OUR SUPPLIER 1 0/0



# **FINANCIAL**

- Our reserves remain strong despite a challenging year with falling incomes from SIBA's commercial services and membership income below expectations
- Despite making a small loss, we ended the year £25,000 ahead of an investment budget set by the Board
- Building on progress in year one, further improvements to financial control have reduced exposure to financial risk for the organisation

# **MEMBERSHIP**

- Our representation of the independent brewing sector<sup>1</sup> is now between 80-85% of production volumes with around 840 members. This gives us a powerful and credible voice.
- Our Supplier membership increased by 10% increasing funds for campaigning and providing improved member access to suppliers. We hit 300 supplier associate members during the year

- Our member retention remained impressive demonstrating that most members are satisfied with their membership
- We set up a Membership Category Review Group to consider the future shape of our membership categories to ensure our structure is fit for purpose as the market changes
- We continued to develop our compliance support for members with a dedicated Compliance Officer
- We launched the SIBA Partners scheme whereby we will work with partners which can bring genuine benefits to member businesses
- We continued to implement and promote the SIBA Food Safety and Quality Certificate (FSQ) as the hub of our activity on quality, food safety, excellence and compliance
- We ran the biggest and most popular BeerX so far with an exciting programme of seminars and activities in March 2016. The event is now a key highlight of the brewing calendar.

<sup>1</sup>Below 200,000hl

OUR REPRESENTATION OF THE INDEPENDENT BREWING SECTOR' IS NOW BETWEEN 

OF PRODUCTION VOLUMES WITH AROUND 840 MEMBERS

# **CAMPAIGNS**

# ASSURED INDEPENDENT BRITISH CRAFT BREWER — OUR FLAGSHIP CAMPAIGN

Launched in August, over 350 brewers have now pledged their support with many beginning to use the logo to promote their beers.

We are now working with retailers to gain support to deliver genuine commercial benefit to members who have signed up and enable consumers to differentiate between genuine craft brewed beer and other beer at the point of sale.



"GIVEN THE AMOUNT OF CONFUSION IN THE MARKET, THIS INITIATIVE IS A WELCOME BOOST TO BRITAIN'S GENUINE INDEPENDENT CRAFT BREWERS — AND WE'RE PROUD TO BE ONE OF THEM!" BUSTER GRANT, OWNER

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## BILLERICAY BREWING CO.,

THE ASSURED INDEPENDENT
BRITISH CRAFT BREWER
INITIATIVE WILL ALLOW
BEER DRINKERS TO IDENTIFY
BEERS CRAFTED BY TRULY
INDEPENDENT BREWERIES.
THESE BREWERIES ALWAYS
HAVE A PASSION TO MAKE
THE MOST FLAVOURSOME
BEERS POSSIBLE. TREVOR
JEFFERY, OWNER/BREWER

44

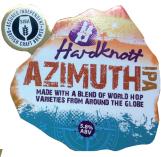
### REDEMPTION BREWERY

AS AN INDEPENDENT
BREWERY, WE ARE PROUD
OF OUR NORTH LONDON
HERITAGE. WE APPLAUD
SIBA'S EFFORTS TO
ENCOURAGE GREATER
TRANSPARENCY IN THE UK
BREWING INDUSTRY.
ANDY MOFFAT. FOUNDER

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GREAT OAKLEY BREWERY,
NORTHAMPTONSHIRE
PROUD TO BE TOTALLY
INDEPENDENT AND
DELIGHTED TO BE A PART OF
THIS INITIATIVE.

PHIL GREENWAY, OWNER

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# BREWERS HAVE NOW PLEDGED THEIR SUPPORT TO THE AIBCB INITIATIVE

- We launched our flagship 'Assured Independent British Craft Brewer' campaign with over 350 members now signed up
- We promoted our members' beer to the wider hospitality market building on our insight research findings on consumer and licensee views of craft-brewed beer helping build interest in our members' beer in a wider marketplace
- We continued to champion Small Breweries' Relief with the industry and Parliamentarians. Protecting and promoting this essential initiative is a priority for SIBA and we are unique in our ability to do this.
- We have championed our members' beers in the media as the very best of British beer whether in cask, keg, bottle or can
- We promoted our champion members' beers at major events including the Great British Beer Festival
- We continued to partner with Britain's Beer Alliance in support of There's a Beer for That to ensure our members have access to the benefits from this campaign
- We campaigned to secure a freeze in beer duty in the March 2016 Budget and the November Autumn Statement, giving members the confidence to build plans and invest in their businesses. The UK beer market remains in fragile stability after years of decline.
- We continued our lobby of the European Commission to ensure that our members' businesses will benefit from the review of the EU Structures Directive which governs how member states apply excise duty to different alcoholic drinks

- We supported Beer Day Britain in June, promoting our members' beers with various activities
- We worked with others to publish the tenth edition of the Cask Report providing credible insight and licensee advice on cask beer
- We lobbied, with some success, for changes to the Pubs Code regulations to ensure small brewers were not unduly affected by the triggers set for market rent only options
- We successfully worked with others to put an end to the rhetoric around the Chief Medical Officer's new alcohol guidelines that there is 'no safe level of alcohol consumption'
- We raised concerns over the proposed takeover of Punch Taverns with Heineken UK with regards to access to market for our members, resulting in reassurances for the future of Beerflex business with Punch pubs
- We worked closely and effectively with the All-Party Parliamentary beer Group to promote our members to parliamentarians
- We lobbied for the retention of Small Breweries' Relief in the Autumn Statement as other groups stepped up calls for a Treasury-led review
- Our Policy Committee undertook a review of Small Breweries' Relief leading to a set of principles and objectives to help drive future enhancements of the scheme within our strategic plan
- We launched Beer Alive! As the consumerfacing aspect of BeerX presenting the very best of independent craft-brewed beer in a modern and lively format







# WE HIT 300 SUPPLIER ASSOCIATE MEMBERS DURING THE YEAR

# POLICY COMMITTEE REVIEW OF SMALL BREWERIES' RELIEF

The Strategic Plan sets a goal to 'protect and enhance Small Breweries' Relief' due to the importance of the relief to our brewing members. The Board tasked the newly formed Policy Committee to review SBR in line with the strategic plan in June 2016.

The Board has subsequently agreed a new set of principles and objectives which should be promoted by SBR as follows:

#### SIBA PRINCIPLES FOR SBR -

SIBA supports a Small Breweries' Relief scheme which <u>promotes</u> the following core principles

- A sustainable UK brewing industry
- Growth and opportunity for small breweries
- · Fairer competition
- · A more diverse and innovative UK brewing industry

#### SIBA OBJECTIVES FOR SBR - SIBA SHOULD:

- 1. Promote entrepreneurship and innovation in brewing
- 2. Enable small brewers to invest in growth and job creation
- 3. Broaden consumer choice
- 4. Enable small brewers to meet the demands of today's beer drinkers in fair competition
- 5. Not constrain normal corporate market activity
- Widen the geographical distribution of the brewing industry (promoting localism) to support local economies and jobs
- 7. Exert downward pressure on the full beer duty rate
- 8. Be easy to understand and simple to operate

The next steps for the Policy Committee will be to review, test and analyse specific models for improvement of the scheme towards the principles and objectives and consider how best to consult members and other stakeholders to try to build a consensus position to present to Government for the positive enhancement of the scheme.

The Board has reiterated SIBA's opposition to any changes to SBR which would have a direct negative impact on SIBA members for example, by reducing the current 50% relief up to 5,000hl.



# SIBA'S INDEPENDENT BEER AWARDS

SIBA's national and regional independent beer competitions still rate as one the top 5 benefits of being a SIBA brewing member according to the 2017 Members' survey. Apart from the beer itself and the generous time given by the brewers to volunteer to help run these events, SIBA's well-run competitions are free to enter. They offer winners great marketing opportunities and all members, including our valuable Supplier Associate members, a networking stage to discuss business over a pint or two in a fun environment. SIBA's awards, that include cask, craft-keg and small pack (bottle and can) are growing in prestige and we hope all members who win an award use this accolade to grow more beer sales.



71% OF BREWERS EXPECT TO RECRUIT AT LEAST ONE NEW EMPLOYEE IN THE NEXT 12 MONTHS

## **COMMUNICATIONS**

- We focused our communications on the promotion of our members' beer
- We launched 'Supplier news' to promote the services of our valued Supplier Associate members to brewing members
- · We launched the all-new SIBA website
- We launched a brand new SIBA Journal edited by leading industry journalist Caroline Nodder, bringing you the best mix of news, features, useful advice and unique news and views from suppliers for your brewery business
- · We are about beer and only beer, creating

- clarity in our communications as the trade association for British independent craft breweries as part of our journey to become the voice of British brewing
- We further increased the press coverage around our National and regional Beer Competitions
- We re-launched the SIBA Business Awards with an exciting new format
- We continued to develop our social media strategy to ensure SIBA is engaged with members and others on Facebook and Twitter drastically increasing the number of followers in a short period of time
- We increased the readership and impact of our e-newsletter 'Brewing in Brief' to keep more members' staff up to date.
- Our flagship event, BeerX grew in 2016, breaking previous records, to become the only national trade event for British beer creating a great place for members of the public to experience our members' beers in all formats. – the biggest and best independent craft brewing event! 87% rated their experience at BeerX as good or excellent and 90% of exhibitors say it represents value for money.

## **COMMERCIAL SERVICES**

- We launched the new SIBA Stockholding and Delivery centre (HDC) initiative to enable members to reach retailers outside their core local market
- We continued to develop interest in Beerflex ethical pricing to enable Beerflex members to flex their pricing within parameters set by participating customers
- We launched the SIBA Brewer's Video Unit service to provide access to top-notch promotional films for members
- Despite significant loss of business to Orchid and Spirit Managed and continuing intense competition we worked hard to build sales with various customers including Greene King, Hawthorn Leisure and LT Pub Management securing new outlets for members.



### **CAPABILITY**

- We continued to invest in our staff to provide the structure and capability required to deliver our plans
- We appointed a new PR and Marketing Manager to strengthen our communications function
- Our Regional Executives provided support for our eight regions, improving the content and format of regional meetings resulting in significant increases in attendances in most cases.

87% RATED THEIR EXPERIENCE AT BEERX AS GOOD OR EXCELLENT





# 2020 VISION

**SIBA's Four Pillars of Activity** 

EXCELLENCE. GROWTH & SUSTAINABILITY









The genuine consumer-led interest in and demand for craft and local beers has created the most exciting environment for British beer in a generation. Today's discerning drinkers demand the highest quality beers, wide choice, innovation, beers with genuine provenance and a range of styles and brands in all formats.

This demand, together with a favourable regime of tax relief via Small Breweries' Relief introduced in 2002 has led to an explosion in the growth in the number of small independent brewing businesses.

As the overall UK beer market is in longterm decline this has led to larger brewers squeezing prices and routes to market to maintain market share. The effect is that SIBA members and other small brewers have only around 7-10% of the total beer market and this share is being carved up by more and more brewers with the inevitable consequences of more business failures, lower profitability, reduced investment and a less sustainable marketplace for professional brewing businesses.

There is a need to balance the positive opportunities created by consumers with the need to improve supply-side conditions. While the craft beer bubble has not burst, there is excess capacity in the independent brewing sector and the only positive way to address this is through growing market share through improved access supported by a favourable tax regime, focused promotion of our member beers and driving quality and excellence in a practical and meaningful way.

SIBA's revised focus will be on our professional brewing business members regardless of size. We will not represent brewers who do not sign up to our members' charter, values and rules and do not aspire to reach the standards we expect of our brewing members. While new brewery members are very welcome to join us on our journey, our renewed focus will shift away from recruiting new members and towards delivering value to our existing members. We now represent 80-85% of the independent beer market.

### THE 2020 VISION

We aim to celebrate SIBA's 40th anniversary in 2020 by creating a transformation in the marketplace for our members' beer. SIBA's 2020 vision is based on excellence, growth and sustainability in the independent brewing sector.

SIBA's 2020 vision is of a sustainable marketplace for Britain's independent craft brewing businesses where access to market is driven by consumer demand and not restricted by barriers to growth and access and where they can compete to make a fair and sustainable profit.

#### Four pillars of activity to deliver a 2020 vision

To deliver the 2020 vision we will focus our attention on four pillars of activity:

- · Increasing access to market building routes to market and ethical pricing
- Taxation beer and pubs focus on retention and sustainability of SBR

- Promotion The Assured Independent British Craft Brewer campaign
- Product excellence led by the SIBA FSQ Certificate

The four pillars are broadly based on the four Ps of the marketing mix; place, price, promotion, product. The pillars are not mutually exclusive and the success or failure of one will impact on the others. Each cannot be considered in isolation. For example, the 'Assured' campaign needs to develop by dovetailing with the SIBA FSQ as a replacement for the Manual of Good Brewing Practice. This will create a genuine scheme of assurance and accreditation by which SIBA members can be defined as safe, high quality and compliant businesses setting them aside as professional brewing businesses. A three year journey of transition is proposed to enable all members to enrol in the scheme.

Likewise, our members require appropriate tax relief and access to market for the 'Assured' campaign to work to a significant extent.

### **NEXT STEPS**

Following its launch presentation at the 2017 AGM on March 16th, the 2020 vision and four pillars of activity plan will be implemented immediately. There will be a full and detailed review of access to market for small brewers leading to a deliverable plan of action and the activities and plans will be communicated to members and other stakeholders.

## SIBA'S FOUR PILLARS:

- INCREASING ACCESS TO MARKET
   TAXATION BEER & PUBS

- **ODUCT EXCELLENCE**



# OTHER PROJECTS ON THE WAY....

### **FINANCIAL**

 We will continue to deliver our commercial services on a not for profit basis, but aim to increase overall income to deliver improved benefits and impact for members in order to keep subscriptions to a minimum.

### **MEMBERSHIP**

- We will continue to invest in providing an excellent and ever-improving membership package for our members
- Discounts on a new training package for members provided by the Institute of Brewing and Distilling
- We will review who SIBA represents and consider new membership categories
- Via the new 'SIBA Solutions' we will use the one on one contact that results from the SIBA FSQ to signpost your business to tools, training and other services available to members.

### **CAMPAIGNS**

- We will engage with other parts of the industry to not only protect, but to positively evolve Small Breweries' Relief by trying to establish an industry consensus for improvements
- Press for further reductions in the tax burden on the sector focusing on excise duty and Small Breweries' Relief
- Review access to market and campaign effectively to increase access for our members
- Build opportunity for members' beers in the hospitality sector.

### COMMUNICATIONS

- Develop SIBA's Toolbox membership area
- Continue to work to improve regional meetings and networking opportunities.

### COMMERCIAL SERVICES

- Build exciting new access opportunities with new customers for Beerflex DDS
- We will further develop and promote the SIBA FSQ to add genuine value to members
- We will encourage more pub cos to adopt Beerflex flexible pricing models
- · Build the SIBA HDC project
- Secure access to export markets for members working directly with SIBA
- Continue to develop and grow BeerX to maintain its status as the flagship event for British brewing.



# WHY YOU NEED TO BE A MEMBER OF SIBA:

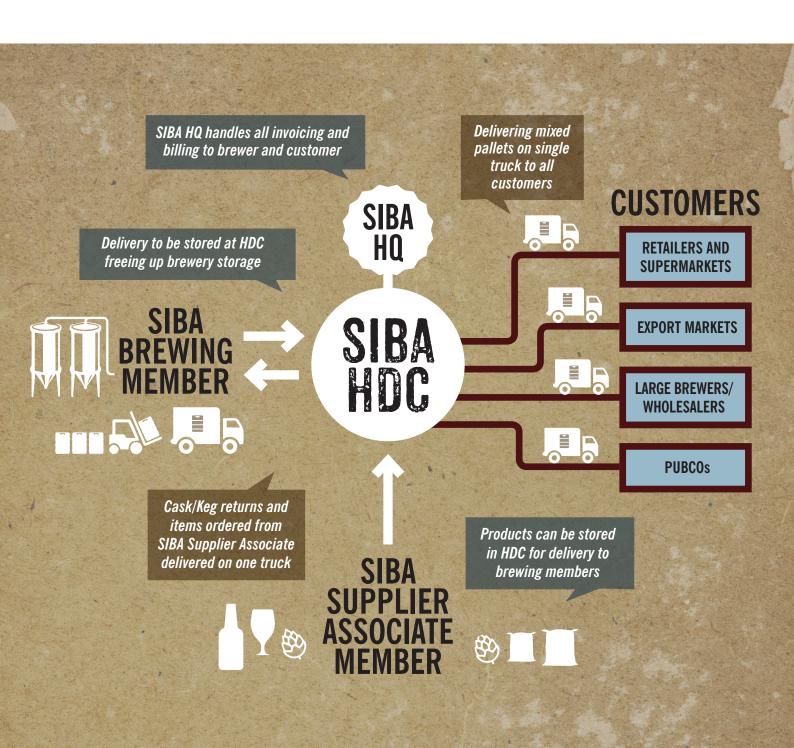
- Supporting your professional brewery business...
- Keeping you informed...
- Campaigning for your brewery business...
- Giving you the right advice and support at the right time...
- Promoting SIBA members' excellent beer...
- Enabling you to network with other brewers and suppliers...
- Running the best beer and brewing industry awards...

# JUST A FEW OF OUR MOST POPULAR UNIQUE BENEFITS:

- · Providing access via SIBA Beerflex DDS
- Compliance service
- FREE Legal helpline
- · Regional meetings
- Joint purchases such as beer mats at discounted prices
- Regional and national independent beer awards
- SIBA Toolbox
- SIBA Journal and Brewing in Brief
- Commercial services including Beerflex, the HDC, Brewery Video Service, SIBA Cloud and Mobile cellar rental.

OUR MEMBERS PROVIDE AN INCREDIBLE SELECTION OF BEER STYLES AND BRANDS WITH ALMOST 5,000 REGULAR BEERS AND MANY THOUSANDS MORE SEASONAL AND ONE-OFF BREWS.

# SIBA'S NEW STOCKHOLDING AND DISTRIBUTION CENTRE (HDC)



# "IT IS REALLY ALL ABOUT CONSOLIDATING DELIVERIES AND ENHANCING THE ROUTES TO MARKET FOR SIBA MEMBERS."

Nick Stafford, SIBA Director of Operations

The initiative for which SIBA is probably best known within the world of brewing is its BeerFlex scheme, which allows small brewers to deliver their beers to retail sites outside their immediate geographical area and also to reach larger pub company chains and supermarkets.

It is something that Operations Director Nick Stafford has spent a lot of his time within SIBA developing over the past few years and a reason many members originally choose to sign up to SIBA.

But as ever, the challenges of distribution are evolving almost as quickly as the brewing sector itself is growing, so the last six months have seen Stafford trial a new SIBA initiative through his own brewery, Hambleton Ales, which he hopes will improve efficiency for both SIBA's brewing members and the retailers, wholesalers and export markets they supply to.

The new SIBA StockHolding Delivery Centre (HDC) provides warehousing for pallets of beer from breweries in advance of filling orders to customers ranging from retailers to wholesalers and even specific export markets. SIBA has become an HMRC registered licensed wholesaler and partnered with a third party stockholding specialist, which minimises the cost of stockholding by using up on an ad hoc basis the vacant space in existing warehouses.

One of the key issues for many small breweries wanting to fulfill orders, especially for larger retailers, is that their on-site brewery warehousing is limited so stockpiling for orders is impossible. The new HDC can take pallet deliveries and store them away from the brewery pending the onward delivery to the customer, ensuring the brewery is able to continue production unimpeded.

The system also means that brewers are able to clear all their stock destined for all markets on one truck, rather than having to load and send it out on several different vehicles, because SIBA can follow the brewer's instructions to deliver and invoice on their behalf.

As with the BeerFlex scheme, all billing is handled by the trusted team at SIBA HQ, with the prices either agreed between the brewer and the purchaser they are supplying to (in the case of directly negotiated supply deals) or by SIBA and the purchaser (in the case of supply deals SIBA has negotiated). SIBA takes a small fee for handling the transaction and arranging the stock-holding facility through the HDC. Each fee is commensurate with the work involved.

The HDC also has the capacity to work in reverse as well when the brewer requires draught containers (casks and kegs) to be returned, with the incoming vehicle collecting stock from a brewery for the HDC also able to deliver products from, say, a SIBA Supplier Associate Member, that the brewery has ordered. Thus the number of both incoming and outgoing deliveries to the brewery site is minimised – which gives the HDC eco credentials too.

Stafford already has two large supermarket chains seriously considering on the HDC initiative in order to expand their craft beer ranges, as well as wholesalers and larger pub companies, who see the benefit in cutting the number of deliveries they need to handle by receiving mixed-pallets ("picked and mixed" by the SIBA HDC) on one vehicle.

SIBA is also in contact with some key export partners which, it is hoped, will see the scheme become a route into new international markets for SIBA members as well.

Stafford explained: "It is really all about consolidating deliveries and enhancing the routes to market for SIBA members. We tested it with Hambleton Ales using our Gluten Free Ale and Nightmare Stout which we sent out to Booths Supermarket and Enterprise Inns and the system has been working well for us. It frees up space for us at the brewery, and with mixed pallets being used it means we need fewer collections and deliveries."

Stock for common sales is sent by brewers to the HDC, orders are placed by the purchaser and collected or delivered on one SKY/mixed pallets from the HDC on one vehicle, before SIBA arranges payment to each of the brewers who have supplied the stock. Any unused, out-of-date stock (in the case of draught products, especially cask ale of course) is returned to the brewery of origin still within useable timescales.

An online catalogue will enable customers to see what is in stock and available for order through the HDC, and delivery times will be much quicker since the stock will already be held at the HDC, so category managers within the larger retail chains can be more responsive to sales.

With more supermarkets and larger pub and restaurant chains now keen to enhance their craft beer offering it is hoped the HDC will offer a one-stop-shop for those customers looking to buy from a range of SIBA member breweries but wanting to avoid multiple small batch deliveries coming in and out of their warehouse.

The HDC is already up and running and open for business – so are you a brewer, retailer, supplier to beer producers or wholesaler needing a solution to develop your business?

SIBA IS ALSO IN CONTACT WITH SOME KEY EXPORT PARTNERS WHICH, IT IS HOPED, WILL SEE THE SCHEME BECOME A ROUTE INTO NEW INTERNATIONAL MARKETS FOR SIBA MEMBERS AS WELL

# FINANCIAL REPORT



### **SUMMARY**

As reported 12 months ago, the year ended 30th September 2016 was planned as a year of investment whereby the organisation budgeted to incur a modest loss to be funded from available reserves.

Despite income from subscriptions and commercial activities not reaching the ambitious targets set, significant savings achieved on overheads and the organisation's activity spend meant the final result was a loss which was smaller than budget.

During the last financial year SIBA succeeded in maintaining its healthy balance sheet position which provides reserves and financial resources for the future.

### **INCOME**

During the year our number of members continued to grow appreciably and as a consequence total membership income grew by over 9% compared to the previous year. On commercial activities, whilst new sources of revenue commenced, the prime factor determining our income is Beerflex and a reduction in volumes was experienced reflecting competitive market conditions.

### OUTLOOK

From a financial perspective, SIBA remains strongly positioned to face the many challenges which apply to this industry. SIBA has again planned a year of investment devoting significant funds to developing its commercial and campaigning activities in support of the 2020 vision.

### The rationale for this strategy is with the aim of:

- i) thus allowing membership subscription levels to remain relatively low and  $% \left( 1\right) =\left( 1\right) \left( 1\right) +\left( 1\right) \left( 1\right) \left( 1\right) +\left( 1\right) \left( 1\right) \left($
- ii) developing new markets for our members' beer

MEMBERSHIP INCOME GREW BY OVER 9%

### Summary of Annual Accounts for the year ended 30 September 2016

	Year ended 30 September 2016		
ROFIT AND LOSS	National	Siba CS	Total
	£'000	£'000	£'000
Revenue	301	12,849	13,150
Cost of sales	0	12,185	12,185
Gross margin	301	664	965
Overheads and activities	(280)	(734)	(1,014)
Profit/(loss) before tax	21	(70)	(49)
Taxation payable/(recoverable)		(12)	(12)
Profit/(loss) after tax	21	(58)	(37)

Year ended 30 September 2015			
National	Siba CS	Total	
£'000	£'000	£'000	
275	13,165	13,440	
0	12,446	12,446	
275	719	994	
(242)	(727)	(969)	
33	(8)	25	
	(1)	(1)	
33	(7)	26	

	Year ende	Year ended 30 September 2016	
ALANCE SHEET	National	Siba CS	Total
	£'000	£'000	£'000
Flxed assets	1	75	76
Investments	429	-	429
Debtors and prepayments	21	1,367	1,388
Inter-company	21	(21)	-
Regions bank accounts	70	-	70
Bank accounts	28	289	317
	570	1,710	2,280
Creditors and accruals	96	1,338	1,434
Corporation tax	-	(2)	(2)
Deferred tax provision	-	4	4
	96	1,340	1,436
Net assets	474	370	844
Share capital		-	-
Reserves brought forward	441	428	869
Regions own results	12	-	12
Current year result	21	(58)	(37)
Reserves carried forward	474	370	844

Year ended 30 September 2015		
National	Siba CS	Total
£'000	£'000	£'000
2	85	87
421	-	421
31	1,277	1,308
(29)	29	-
60	-	60
18	444	462
503	1,835	2,338
62	1,393	1,455
-	(2)	(2)
-	16	16
62	1,407	1,469
441	428	869
	-	-
397	435	832
11	-	11
33	(7)	26
441	428	869

Note: SIBA reserves	
Main fund	399
Regions	75
Total reserves	474

379
62
441

FROM A FINANCIAL PERSPECTIVE, SIBA REMAINS STRONGLY POSITIONED TO FACE THE MANY CHALLENGES WHICH APPLY TO THIS INDUSTRY

74% members' production is real ale Members' production

3 M

Hectolitres

SSIBA SINDEPENDENT BREWERS 77% regard Small

regard Small
Breweries' Relief
as 'important' or
'extremely important'
to their business

65%
of members' beer is sold within 40 miles of the brewery

710/0 expect to create one additional job in brewing in 2017

breweries plan to double levels of production, sales & turnover by 2018

37% OF MEMBERS ARE NOW SELLING CRAFT BEER IN KEG



# KEY BRITISH BEER REPORT 2017

Each year SIBA surveys its members to gather important information on activities to help build a reliable picture of independent brewing in the UK today.

Since 2015 the survey has been carried out by renowned economist, Professor Ignazio Cabras of the Newcastle Business School at the University of Northumbria in Newcastle, Professor Cabras has brought numerous improvements to the methodology and reliability of the survey. This year we received valid responses from more that 40% of the membership.

The report focuses on beer production, jobs, growth and investment. A full version of the report is available at www.siba.co.uk/ britishbeerreport2017.

Here are just some of the highlights:

#### **Breweries and Beer Production:**

- Over 299 million pints produced by respondents is estimated to translate to 527 million pints by SIBA members, nearly 3 million hl in 2016.
- Beer production continued to increase in 2016, registering a 13.7% increase in the period 2013-2016, compared to 5.7% 2011-12 and 8.5% 2012-13.
- Nearly half of respondents brew less than 1,000hl.
- Keg proportion of production continued to grow in 2016, and it is expected to increase further in 2017.
- 37% of members are now selling craft beer in keg.
- Cask production now at 74% of total production.
- More kegged beers proportions related to these type of packaging all expected to increase in 2017.
- Majority of respondents brew more than 10% of production as bottled or canned beer

- · Average beer strength is 4.2% ABV.
- · Most brewers produce between four and six regular brands.
- 92% of respondents brew seasonal beers.

#### Jobs:

- 71% of brewers expect to recruit at least one new employee in the next 12 months.
- Estimated 980 new jobs to be created by members next year.
- On average 5.5 full-time and 1.9 parttime staff are employed by members.
- · One in five employees among surveyed breweries are female.
- · Three in four jobs are full-time.
- · Good spread of ages in employment half are aged 24-45, with nearly 40% aged below 34 and 17% aged over 55.
- Investing in young people more than one in ten employees are aged 16-24.
- Strong impact on local employment over a third live in the same town or village as their brewery with a further 30% living within five miles.

#### Growth:

- 64% expect their turnover to increase in
- One in three forecast over 10% growth in annual turnover in 2017.
- 35% of respondents achieved an annual turnover between £50K-£250K in 2016.
- One in six expect a decline in annual turnover in 2017.
- Respondents took on 33 pubs in 2016 indicating 19 acquisitions across SIBA's membership.
- 55% of production is supplied to free-trade pubs, with 13% going to controlled pubs.
- 65% of beer is sold within 40 miles of the brewery.

- 23.5% of respondent brewers now export their beers.
- 60.7% of brewers approached are interested in exporting their beers.

#### **Investment:**

- Most breweries made capital investments in 2016.
- 22% invested more than £50K in 2016, and 10% investing more than £100K.
- Bulk of investments were in expanding beer production, modernising equipment and to enlarge current premises.
- Duty savings and Small Breweries' Relief continue to be mainly used for more capacity and new equipment.
- Only 12% of respondents used duty benefits to discount beers.
- Training remains very important to members – 77% intend to invest in staff training in the future and three in four are interested in a SIBA-led training scheme.
- · Small Breweries' Relief at current levels is essential to the future – 77% say it is either extremely or very important to their business and a further 7% consider it important.
- Almost one out of six breweries plan to double their current levels of production, sales and turnover by 2018.

#### SIBA Membership:

- Majority of members indicate SIBA's campaign in defence of Small Breweries' Relief and Progressive Beer Duty as an extremely important activity.
- · Political lobbying by SIBA on behalf of small breweries is also considered very important.
- · Organisation of beer festivals and competitions are considered valued initiatives by members.

EXPECT THEIR TURNOVER TO INCREASE IN 2017

# SBA'S STRATEGIC MODEL 2015-18

Vision: to deliver the future of British beer and become the voice of British Brewing

### WHAT MAKES SIBA UNIQUE:

SIBA is the only nationwide organisation representing British independent brewers. Our commercial activities provide diverse business solutions and services to improve access to market and build opportunities for members with all proceeds invested back into SIBA. Our combined commercial activities, suite of benefits and our campaigns drive our membership offer.



### PRINCIPLES AND VALUES:

Our five core principles, transparency, representation, accountability, democracy and efficacy provide a framework for how we behave as an organisation. Our values guide how our staff and officers act. These are shared responsibility, honesty, sustainability, integrity, fairness and community.

# Promote and campaign for our members

- Protect and enhance Small Breweries' Relief
- Secure a better deal on beer tax
- Focus on the promotion of quality beer from our members in all formats
- Promote the benefits of the moderate consumption of beer
- Protect and improve access to market
- Provide first-rate internal communications for our members
- Promote our beer competitions.

# Provide and enhance commercial opportunities

- Develop and grow DDS to respond to changing market conditions including the weakening of the tie and the growth of the free trade
- Develop joint purchase schemes of items widely used by members
- Develop our export support
- Deliver a pubs road map package for members
- Grow BeerX
- Investigate consumerfacing beer events
- Create a SIBA Mobile cellar service
- Develop our e-commerce service to members.

# Grow and develop our membership

- Deliver a first-rate membership package
- Develop new membership categories to improve our membership offer
- Increase our representation by growing brewer membership by 20% in year 1, 12% in year 2 and 8% in year 3
- Improve membership retention
- Grow supplier membership by 10% in each year
- Measure member satisfaction and increase satisfaction with our services
- Improve our compliance service
- Promote and provide access to training for members
- Improve networks for our members
- Provide cellar services support
- Develop a quality accreditation scheme
- Provide first-rate technical support.

# Develop our capability

- Support and develop the capability of SIBA's regions
- Build our profile with Government, parliamentarians, industry, the media and key decision makers
- Develop our campaigning techniques
- Develop our ability to campaign at a European level
- Improve the ways in which we connect and collaborate across the organisation and the whole industry
- Maintain the efficacy of our financial reserves
- Strengthen our learning culture
- Follow best practice in operational management.



### YOUR COMMENTS

We hope you enjoyed reading this report and found it useful. We are always pleased to receive feedback from our members on our work as your trade association.

Please contact the Managing Director, Mike Benner by email at mike.benner@siba.co.uk

## SIBA'S STRUCTURE

#### The Board

The Board consists of a maximum of three elected directors from each region, the Executive Directors and the Non-Executive directors. It is responsible for

- devising, developing and implementing the strategic direction of SIBA; overseeing the performance of the Executive;
- monitoring and reviewing the performance of SIBA to ensure constitutional, strategic, regulatory and statutory compliance;
- approving strategic plans, annual budgets and authorisation limits within which the Executive will operate;
- overseeing the management of the Regions and ensure that Regional operations (including decision making) is undertaken in accordance with the Constitution;
- · considering any issues raised by Members at a Regional Board and
- dealing with Membership issues and pursuing initiatives for the benefit of a Member.

#### The Regions

SIBA's eight regions are: South East, South West, East, Midlands, Wales and West, North West, North East and Scotland. Each has a maximum of three elected directors.

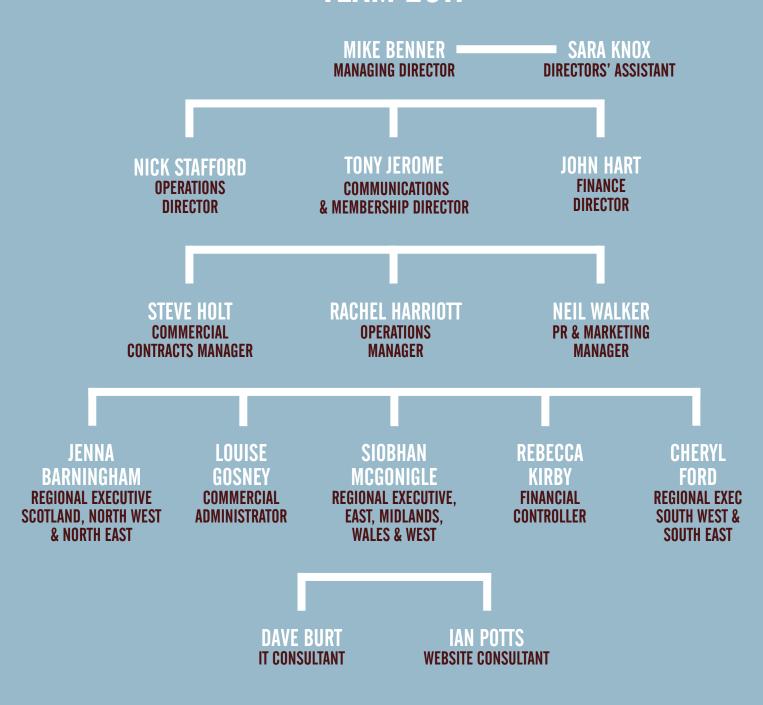
#### The Executive

The Executive is formed by the Executive and Non-Executive Directors and is chaired by the Senior Non-Executive, currently Francis Patton. It is responsible for the day to day operation and management of SIBA under the supervision of the Board.

#### The Senior Management Team

The SMT consists of the three Executive Directors, Nick Stafford, Operations Director, Tony Jerome, Director of Communications and Membership, John Hart, Finance Director and the Managing Director, Mike Benner. It is responsible for the management and operation of SIBA, including supervision of the staff and consultants, under the direction of the Executive.

# SIBA STAFF TEAM 2017



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