



# FAIRNESS FOR INDEPENDENT BREWING

A MANIFESTO FOR INDEPENDENT BREWING

**The Society of Independent Brewers (SIBA)** was established in 1980 to represent the growing number of independent breweries in the UK. Today SIBA has around 700 brewery members. SIBA's membership encompasses a broad range of brewers from very small nano-breweries to larger firms owning pubs, taprooms and shops. Our members are a key part of the hospitality sector responsible for more than 2,000 licensed premises. Around 40% of our members own, lease and rent pubs and 70% run a taproom, shop or visitor centre on the brewery site. Small breweries in the UK employ about 10,000 full time equivalents and directly contribute around £270 million to GDP each year.



## MARKET FAIRNESS

- **Guest Beer Guarantee:** Guarantee a guest beer in pubs to widen consumer choice and support local brewers
- **Transparent Ownership:** Make it clear on all advertising who brews the beer and where so that consumers know which beers are genuinely made by independent brewers in the UK

## FAIR TAXATION REGIME

- **Lower Tax Burden:** Reduce the tax burden on small breweries to help them to grow
- **Freeze Beer Duty:** Commit to at least a long term freeze of the main headline beer duty rate
- **Business Rate Reform:** Real reform of Business Rates including a review of the differential paid between global and small breweries

## REFORM ALCOHOL TAXATION

- **Review Alcohol Duty System:** Keep the promise to fully review the new Alcohol Duty System within three years to ensure the reforms work for all small producers
- **Make Duty Fair:** Equalise the tax treatment of beer with cider so that Global cider producers pay their fair share of alcohol duty
- **Make It 20%:** Increase the Draught Relief to at least 20% to boost our community pubs

## IMPROVING OUR ENVIRONMENT

- **Workable Deposit Return Schemes:** A fully interoperable DRS with the same scope and criteria across the UK which works for small breweries
- **Design Policies with Small Businesses in Mind:** A commitment that the design of new Government green policies takes into account small businesses
- **Help to Go Green:** Provide assistance designed and available for small producers to help them make the transition to Net Zero



# Andy Slee

Chief Executive Society of Independent Brewers

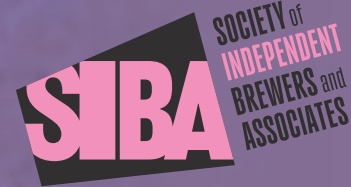


Independent brewing is a UK manufacturing success story. There are nearly 2,000 breweries, with at least one in nearly every constituency, employing 10,000 people and each at the heart of their local communities. Eight out of 10 consumers believe that their local brewery represents a force for good locally.

However the sector has faced and still faces multiple challenges – recovery from the pandemic, a challenging marketplace and the duty burden. Despite the positive changes in the Alcohol Duty System, beer remains one of the most taxed sectors in the economy.

This manifesto for small independent breweries sets out four areas and 11 policy initiatives which would boost the sector over the next five years. It puts fairness at its heart and includes ideas to remove barriers to growth, enable independent breweries to remain competitive and help us make the most of the move to Net Zero.

*Andy Slee*



TO HELP WIDEN CONSUMER CHOICE AND SUPPORT LOCAL SMALL INDEPENDENT BREWERIES, THE GOVERNMENT SHOULD HAVE A GUEST BEER GUARANTEE.



## MARKET FAIRNESS

**Guest Beer Guarantee:** Independent brewers often can't sell their beers directly to local pubs because of restrictions on what the landlord can buy, sell or serve. To help widen consumer choice and support local small independent breweries, the Government should have a Guest Beer Guarantee, where those subject to the Pubs Code dedicate at least one beer line to a guest beer. This would allow the pub tenant to directly source, stock and sell any local beer on cask or keg demanded by their customers.

**Transparent Ownership:** It is often unclear who ultimately owns the beer served in our pubs or where the beer has been brewed. This can mean that all the beers on a bar are owned by the same Global companies giving the appearance of choice where one doesn't exist. To improve consumer awareness the Government should require the owners' name and brewery location to be clearly shown on all beer advertising so that drinkers know which beers are genuinely made by independent brewers in the UK.



40%

THE BREWING INDUSTRY IS THE MOST TAXED SECTOR IN THE UK AT 40% OF TURNOVER COMPARED TO ONLINE GAMBLING AT 8%

## FAIR TAXATION REGIME

**Lower Tax Burden:** The brewing industry is the most taxed sector in the UK at 40% of turnover compared to online gambling at 8% and this is simply unfair. The Government should commit to reduce the tax burden on small independent breweries to help them to grow.

**Freeze Beer Duty:** We pay one of the highest beer duties in Europe with duty on a pint of 5% beer at 54 pence compared to 5 pence in Germany. The Government should commit to at least a long term freeze of the main headline beer duty rate.

**Business Rate Reform:** The current methods used to calculate Business Rates means that larger breweries, often run by Global companies, are classified and treated differently to smaller breweries. This can mean per pint a global beer company pays significantly less than a small independent brewery. The Government should reform Business Rates to ensure that there is a fair system of taxation.

## REFORM ALCOHOL TAXATION

**Review Alcohol Duty System:** Radical changes to the Alcohol Duty System have been introduced which will have far reaching implications for how small breweries can compete against Global breweries as well as other alcohol producers. The Government has promised to review this after three years and it is imperative that this takes place to ensure they work for all small producers.

**Make Duty Fair:** Cider is seen as a substitute product for beer at the bar yet continues to benefit from a significantly lower rate of duty which benefits the Global and large cider producers which accounts for 87% of the volumes of cider sold in pubs. The Government should commit to equalise the tax treatment of beer with cider over time so that Global cider producers pay their fair share of alcohol duty.

**Make It 20%:** A new tax discount for draught drinks including beer sold in community pubs has been introduced which is a gamechanger for the sector. Under the Draught Relief, alcoholic products packaged into containers larger than 20 litres and below 8.5% ABV qualify for a 9.2% lower duty rate. A more substantial cut of 20% would encourage people to support their local community pub and drink in a supervised environment instead of at home and could secure SME jobs and businesses in the pub and alcohol sector. The Government should therefore Make It 20% and increase the Draught Duty Relief to 20%.

MAKE IT 20%: A NEW TAX DISCOUNT FOR DRAUGHT DRINKS INCLUDING BEER SOLD IN COMMUNITY PUBS HAS BEEN INTRODUCED WHICH IS A GAMECHANGER FOR THE SECTOR.






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## IMPROVING OUR ENVIRONMENT

**Workable Deposit Return Schemes:** The four nations of the UK are committed to introducing DRS for bottles and cans to encourage greater recycling and to reduce litter. However having multiple schemes with different criteria, containers and timings risks splitting the UK's internal market, raising the costs for small breweries and reducing consumer choice. Small breweries are likely to stop selling across the UK because of the myriad of different schemes. It is therefore imperative that the nations work together to create a fully interoperable DRS with the same scope and criteria across the UK which works for small independent breweries.



**Design Policies with Small Businesses in Mind:** With the Government's binding legal target to reach Net Zero emissions by 2050, new policies and changes will have to be introduced. Independent breweries are ready to play their part but as small businesses they face additional challenges in meeting their commitments. The Government should ensure that the design of new Government green policies takes into account the size of the business so that small breweries are not penalised.

**Help to Go Green:** Many independent breweries want to introduce measures to reduce their energy use by installing green technology. However they do not have access to funding to do so and would greatly benefit from tailored Government policies on renewable energy generation. Many of the current funds available are aimed at larger businesses. The Government should therefore intervene with specially designed support for small producers to help them make the transition to Net Zero.