

From: William Mayne

Sent: 29 March 2021 12:28

To: +Comm Communities Public **Subject:** NIBIPA Written Submission

Dear Committee Clerk, Chair and Vice-Chair,

In response to some concerns raised by Departmental Officials at last week's meeting of the Committee, we have submitted a further response on behalf of NIBIPA.

I have also included SIBA's written submission which details the social and economic impacts of taprooms in Great Britain, something the Department has been keen to explore and I know the Minister will be interested in.

Many thanks,
William

William Mayne
Bullhouse Brewing Company Ltd

NIBIPA's Written Submission to the Communities Committee March 2021

About

The Northern Ireland Brewery and Independent Pub Association (NIBIPA) is a voluntary organisation representing the 30 breweries licensed to operate in Northern Ireland (NI). We also include in our membership independent pubs that are not subject to a tie.

Summary

In the absence of any evidence for or against taprooms provided by the Department, we are submitting our own evidence for consideration by the Committee and the Minister.

Department for Communities Concerns

At the most recent meeting of the Communities Committee, Departmental Officials raised some concerns regarding taprooms. We have addressed these concerns below.

Economic and Social Impacts

We believe the economic and social impacts of taprooms have already been addressed in the Society for Independent Brewers (SIBA)'s submission, as well as on our website where we looked at jurisdictions around the world where the legislation has worked, and where it has failed – (<https://craftbeerni.com/case-studies>). As SIBA said the experiences in GB “have encouraged more people to visit local breweries, providing a vital source of revenue, local employment and tourism. They have not crowded out local pubs, but strengthened and encouraged customers to seek out their products in different venues.”

Taprooms are already operating in Northern Ireland

Many breweries in Northern Ireland already operate successful taprooms through the use of occasional licenses. Under an occasional license, taprooms are currently permitted to open until 1am and sell any alcoholic product they would like. Breweries are asking for the chance to be legislated for and are happy to be limited to the sale of products manufactured on the premises, with a closing time of 11pm.

Breweries would be unsuitable premises for taprooms

Breweries throughout the world operate taprooms successfully from industrial estates. As SIBA's written evidence showed, taprooms are instrumental in urban regeneration across the world. We believe taproom licenses should be granted in the same way as hotel licenses or conference centre licenses. In this regard, opening a taproom would be contingent on having planning permission in place for the production of beer. This would make operating a standalone taproom in the city centre very difficult due to the difficulty in obtaining adequate planning permission for industrial premises in such a

location. Objections from the locality would be considered as part of the planning process. The granting of a taproom license should also be contingent on obtaining a license to brew beer from HMRC as well as Environmental Health approval of the premises from the local Council.

Many of the breweries that will apply for the new category of license are already running successful taprooms on their industrial premises through the use of occasional licenses, and have done for many years, with no issue.

Health and safety risks

Concerns were raised regarding deliveries to nearby industrial premises on lorries, and the potential risks this may cause. We have always advocated that taprooms are completely ancillary to the main purpose of the business, which is the manufacture of beer. As a result, the vast majority of visitors to brewery taprooms will be after normal working hours during the week and weekends. All of the taprooms currently operating under occasional licenses do so in evenings and weekends. As is the case with breweries currently running taprooms using occasional licenses, breweries would have to meet building control requirements for suitability of premises, adequacy of toilet facilities and disability access etc.

Would taprooms extend to cideries and distilleries?

As the trade body for breweries and independent pubs, we do not speak on behalf of cideries and distilleries. We have made the case for legislation to allow our members to operate taprooms on a permanent basis, rather than having to rely on the use of occasional licenses. We believe to futureproof the Bill it may be useful to include other producers but we cannot say for certain how that would look in legislation.

It would be easy to make the distinction in legislation to only extend taprooms to breweries, as we have a license to manufacture beer granted by HMRC.

Would it be limited to small producers?

Currently in the UK, a small brewery is defined in legislation as one that produces less than 60,000HL of beer per year. If the committee was minded to exclude large producers, this would be a way around that. However, it is interesting to note that in GB, where taprooms are the norm, no multinational producer has opened a small facility to allow them to operate a taproom. The infrastructure requirements to open a brewery mean that taprooms are an ancillary but necessary component of a successful exporting brewery business.

A question for the committee is; if Diageo or Heineken decided to open a manufacturing facility in Northern Ireland, with the serious investment that this would take, the jobs this would create and the interest this would generate around the world, would a taproom at their manufacturing facility be a bad thing or could it become the next Guinness Storehouse of Heineken Experience?

Permitted hours

We have asked to be allowed to operate taprooms from 12pm – 11pm, Monday to Sunday. Our main concern is that we may end up with legislation similar to what has been implemented in the Republic of Ireland. As we have stated in our evidence sessions, and in our written evidence, this legislation has been a resounding failure. Creating closing times of 6pm for taprooms provides no incentive for breweries to apply for the license. Despite the legislation in ROI being announced in 2018, as of now, only 1 brewery has applied for a license. In Northern Ireland, where many breweries are already operating taprooms using occasional license, if taprooms had to close before 11pm there is no incentive to go for the new license. If this legislation does not permit taprooms with 11pm closing time, we believe our members may start to use occasional licenses more frequently given the public demand.

Children

Taprooms are important community hubs, and we feel breweries should be allowed to apply for a children's certificate in the same way as other licensed premises. Young families are particularly interested in visiting a more laid back environment than a traditional pub and we would not want to see them excluded.

Gaming Machines and Live Sport

The intention of our members is not to mimic the environs of a pub or social club. We do not envisage any of our members putting gaming machines in to their taprooms, as the focus is very much on educating consumers about our products. We would welcome a prohibition on gaming machines and live sport if necessary, however this is not the case for conference centre licenses and we have not seen a dearth of gaming machines popping up at wedding venues, or people taking time out of their wedding festivities to watch horse racing.

We feel it would be difficult to write legislation to prohibit live sport and gaming machines, but we would be more than happy to work with the Department to include these provisions in our written code of conduct.

Proposed amendments

NIBIPA believes that the Committee should adopt an amendment to create a category of licence that allows on and off sales of their own products and collaborative products from their premises. This could be achieved through the following amendment:

1. 52B (1) A local producer's licence shall authorise-
 1. The sale of intoxicating liquor that is produced from, or collaborated by, the production premises
 2. The sale of intoxicating liquor for consumption in the production premises.
2. Remove 52B (2), (3), (4) (5), (7), (8), (9) in completion.



Licensing and Registration of Clubs (Amendment) Bill: Briefing from SIBA

January 2021

Introduction

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 750 brewery members, which currently includes five in Northern Ireland (NI). Our members represent approximately 6% of the beer produced and consumed in the UK and around 80% of the total of professional independent breweries by beer volumes.

In the past decade there has been a resurgence of small independent breweries across the UK. In NI, the number of breweries has increased from two in 2010 to around 30 today.

However, under NI's current liquor licensing laws, small independent breweries are placed at a distinct and anti-competitive disadvantages. Unlike independent breweries in England, Wales and Scotland, they cannot easily sell their local products directly to consumers, limiting their ability to respond to trends and from benefiting from new market opportunities. For breweries outside of NI, such direct routes to market have created local jobs and helped to regenerate local communities. The ability to sell directly and online has been essential for these businesses during the Covid-19 crisis enabling them to continue to serve their customers while public houses have been closed.

The Licensing and Registration of Clubs (Amendment) Bill represents an opportunity to introduce reforms so that NI breweries can offer the choice and variety of local products that consumers demand. SIBA welcomes the progress being made in this Bill to allow breweries to sell their products online to consume off the premises.

However, SIBA believes that this is also an opportunity not to be missed to level the playing field and allow small producers to also open taprooms. We would urge the Committee to consider changes to the Bill to enable small breweries to do so.

The case for reform

1. Source of income

Small independent breweries are operating in a highly competitive market where 88% of the beer is still produced by four global companies. Taprooms, shops, serving at events, operating tours and selling online offer an important and growing source of income for small independent brewers.

According to the SIBA¹ 2019 members' survey, three in four of its members now have a shop, tap bar or a visitor centre at the brewery. 30% have a taproom or bar with 20% planning to open one in the future. For more than four in ten breweries these facilities generate up to 10% of their annual turnover, while one in ten it represents more than 25% of turnover. As a direct result of coronavirus, hundreds of breweries in the UK have converted or invested in direct sales channels including shops, so we expect these percentages to be higher now than they were last year.

Take for example North Brewing Co, based in Leeds, who opened its taproom in November 2018. It provides a connection between the customers and where the beer comes from and means that the brewery can sell the beer at retail. They also own bars within the centre of Leeds and Harrogate that acts as both an on-trade sales channel for theirs, and other small independent brewers beers. It also offers cans and bottles for takeaway. This has been invaluable in supporting the expansion of the business.²

2. Source of employment

Taprooms also offer local employment opportunities, with 38% of brewery employees living in the same town or village the brewery³ and are often a source of employment for young people. At West Berkshire Brewery, their taproom and kitchen is in the countryside and normally employs 20 staff from the local community.

3. Source of regeneration

They also bring people into the local area and help regenerate the local economy. Studies in the USA has shown that the presence of craft breweries and taprooms are linked to greater investment and the revitalisation of neighbourhoods.⁴ A great example in the UK is Tiny Rebel from Wales which opened its new brewery in 2017 on Wern Industrial Estate in Newport. It has transformed into a £10m turnover business and the company normally employs 130 members of staff across its three bars and brewery site.⁵ It has created a destination outside the town centre where people want to travel to and visit the brewery and enjoy their products.

Wild Card Brewery opened its Barrel Store taproom on an industrial estate in Walthamstow and has found it brings more people to the area who also visit the local pubs within a five minute walk. The area has seen dramatic changes over the past few years and now hosts several successful businesses.

¹ SIBA British Craft Beer report 2020 - <https://www.siba.co.uk/SIBA-British-Craft-Beer-Report-2020.pdf>

² <https://www.theguardian.com/business/2018/apr/01/craft-beer-makers-hope-to-tap-new-markets-with-free-samples>

³ SIBA British Craft Beer report 2020

⁴ For example – Neil Reid, 2017, Urban Development Issues -

<https://content.sciendo.com/view/journals/udi/57/1/article-p5.xml?language=de&result=9&rskey=8sSQvL>

⁵ <https://www.brewersjournal.info/rebels-with-a-cause-tiny-rebel/>

Siren Craft Brew in Berkshire has found that having a taproom has given other businesses confidence to set up in the nearest town offering food and drink. They work closely with local publicans to provide tours, tastings and training so they can learn more about local beers and provide ongoing support with the sharing of staff, equipment and ideas. Since opening their taproom, another independent brewery has opened up on the same industrial estate with a taproom (Elusive Brew) bringing more people to the area.

4. Community hubs

Breweries value their contribution to the local community, with 83% of SIBA members considering it to be important or extremely important⁶. Taprooms help to generate this connection and provide an opportunity for breweries to build relationships with their consumers. For example, Goose Eye Brewery in Yorkshire opened its taproom in 2017 and it has become a pillar of the community, strengthening its social fabric and revitalised the local area. Around 80% of their trade is repeat custom from people living within the local area.

At Roosters Brewery, their new taproom has opened in an area of Harrogate where two pubs have recently closed and become mini-supermarkets, depriving local residents of a community hub. Families are encouraged to visit the taproom which hosts various community events. These taprooms do not eclipse the local pubs. Goose Eye for example still sells its beer to the four pubs in the closest town to the taproom.

5. Tourist destination

Studies have shown that beer tourism can be a significant growth area, which NI could be well positioned to benefit from. In North Carolina in America, they found that 38% of craft brewery visitors are tourists.⁷

Consumers are increasingly seeking convenience, experiences and quality⁸ and small independent breweries that can sell beer directly to the public are well placed to respond to these trends. Taprooms allow small breweries to offer a unique experience where they can enjoy various beers and learn about the traditional process of brewing, providing them with a closer connection to the production process. Many taprooms serve their beers in smaller glasses (such as thirds or two thirds of a pint) allowing people to try different beers.

In Bristol, Left Handed Giant has led the way with its taproom which has seen the city develop into a destination for craft beer tourists to explore its 20 small breweries. At Stewarts Brewing in Edinburgh, their jewel in the crown is the Craft Beer Kitchen, where consumers can brew beer themselves. They are involved in developing the recipe and can even bring in ingredients themselves. Once the beer is ready they can come and bottle it and take it home to share with others. Stewarts is ranked number 15 on TripAdvisor for Things to Do in Edinburgh and number seven for food and drink tours.

⁶ SIBA British Craft Beer report 2020

⁷ <https://www.bloomberg.com/news/articles/2017-08-15/craft-beer-is-transforming-post-industrial-neighborhoods>

⁸ Carlsberg on trend market update, July 2019



At Ossett Brewery, they encourage people to visit the brewery and experience their passion and enthusiasm first hand. People can take part in a learn and taste tour exploring the origins, history and development of the brewery, a walking tour and tutored tasting. The taproom can also be used for training and events.

6. Recovery from Covid-19

Small breweries in Great Britain lost 80% of their sales with the closure of pubs because of the Covid-19 pandemic. Those that remained open were able to sell their products in bottles and cans directly from the taproom or online. Many innovated and provided drive throughs and takeaways.

In a Covid world, these direct sales have become an essential part of the survival of these businesses. Reforming the licensing laws in NI would give small breweries more of a chance to survive the current health crisis and help their business to recover in the future.

Conclusion

There is now an opportunity to update the liquor laws to level up small independent breweries in NI. It would allow them to recover from the Covid-19 crisis, grow their businesses, create jobs and help to regenerate local communities.

The experience in England, Wales and Scotland shows that allowing taprooms and shops has encouraged more people to visit local breweries, providing a vital source of revenue, local employment and tourism. They have not crowded out local pubs, but strengthened and encouraged customers to seek out their products in different venues.

SIBA is happy to provide further information on this issue and to facilitate visits by the Committee to breweries in NI or taprooms in GB.

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