



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Licensing and Registration of Clubs
(Amendment) Bill: Left Handed Giant;
Society of Independent Brewers

21 January 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Paula Bradley (Chairperson)
Ms Kellie Armstrong (Deputy Chairperson)
Mr Andy Allen
Mr Mark Durkan
Mr Alex Easton
Ms Sinéad Ennis
Mr Robin Newton

Witnesses:

Mr Bruce Gray	Left Handed Giant
Mr Barry Watts	Society of Independent Brewers

The Chairperson (Ms P Bradley): I welcome to the meeting Barry Watts, who is head of policy and public affairs at the Society of Independent Brewers (SIBA), and Bruce Gray, who is from the Left Handed Giant brewing company. I absolutely love that name. Barry, we will go to you first to begin your briefing.

Mr Barry Watts (Society of Independent Brewers): Thanks very much, Chair. Good morning, Committee members. Bruce and I will give a few introductory remarks before we move on to taking your questions. We very much look forward to briefing you and talking to you about this fundamentally important issue.

By way of background, I am head of policy and public affairs at the Society of Independent Brewers. SIBA represents about 750 small, independent breweries across the whole of the UK, including five in Northern Ireland. We work very closely with the whole of the industry, including those that are not yet members.

We think that the Bill represents a moment in time to future-proof the legislation in Northern Ireland and to open up small breweries' potential by allowing them to have taprooms. Our written evidence, which you have hopefully had a chance to look over, makes a positive case for taprooms, which are an increasingly important part of small breweries' business. They provide a vital source of help in four key areas: income; employment; tourism; and regeneration.

Before we move on to your questions, I will touch briefly on some of the comments made by others to the Committee and on some of the perceptions that may have been formed during those sessions. Providing small breweries with the ability to open taprooms would not undermine the current

marketplace. Rather, it would support communities and encourage people to seek out craft beer in their local pubs.

Craft beer is very varied. Our members use traditional methods that vastly increase the variety of beer that is available now. They rediscover lost or forgotten styles of beer, and they often use experimental ingredients to create things such as saisons, sours, pales, IPAs, porters and stouts. Many craft beers are not high in alcohol. Our member surveys have consistently shown over a number of years that the average alcohol by volume of craft beer is about 4.2%, which is lower than that of many mainstream lagers that can be bought in pubs. Our members have led the way in the development of a low- and no-alcohol range, which is now on offer across the whole of the UK. Importantly, craft beer is often served in smaller measures as well.

Taprooms are not a threat to pubs. Small breweries are not looking to replace pubs, shut existing venues or force people out of a job. A taproom offers greater choice, allows small breweries to grow their business and supports local pubs. Taprooms are very different from pubs, bars and restaurants, in that they provide an experience in a community space. They fulfil the same important regulatory requirements as other places where alcohol is served, and they act as a safe and supervised venue for the consumption of alcohol.

At the moment, I find it a lot easier to buy a Northern Irish craft beer in London, where I live, than I did when I last visited Belfast. Including taprooms as part of the Bill is therefore essential to the future of Northern Ireland's breweries. I hope that the Committee will support an amendment to the Bill to give small breweries in Northern Ireland the chance that they need to succeed.

The Chairperson (Ms P Bradley): Thank you, Barry. Bruce, do you want to add anything at this stage?

Mr Bruce Gray (Left Handed Giant): Yes. I hope that you do not mind my winter attire. I am in a very cold warehouse.

The Chairperson (Ms P Bradley): I saw that and thought, "My goodness. That poor guy. His heating must be broken", but you are in a warehouse. *[Laughter.]*

Mr Gray: Yes. I hope that you do not mind the lack of a shirt and tie.

I am the managing director of Left Handed Giant. We are a taproom-led brewery based in Bristol. We operate a taproom along with a brewery in a warehouse in Bristol, which is where most of what we do started. We also operate a brewpub and a craft beer-specific bar in the centre of Bristol, so we operate across three different premises in the city, and we have done so since 2013. This conversation is about Northern Ireland, but all that I can really do is tell you what we do and why we do it and hope that that resonates with you and gives you some indication of what would be beneficial in your area.

We are a small brewery. We operate at under 5,000 hectolitres, which is the duty barrier. The definition of a small brewery currently is one that produces under 5,000 hectolitres. It looks as if that will change, which will place additional pressure on small breweries.

This is so important to say, and you hear it echoed up and down the length of the UK, so it is not unique to us, but, fundamentally, the reason that we started off with a taproom is that starting a small brewery is, contrary to how it may appear from the outside, a very difficult and not very fun job. Given the margins available to small breweries and the level and scale of investment needed to start off, unless you are backed by a big business, it is extremely difficult to squeeze any margin out of a brewery that is selling only to wholesale and direct to trade, by which I mean that it is not selling straight to consumers at all. For that reason, one of the only places where a brewery is able to squeeze a significant margin is via direct consumer trade in a taproom: inviting people down to the brewery and selling glasses and cans of beer for them to take away. Almost without fail, the breweries the length of the UK that have managed to establish themselves, grow and find stability are the ones that have done so via taprooms in the first place. That applies to us. As I say, there are 2,000-odd breweries in the UK, more than half of which have opened in the past five or 10 years. The figure is probably higher than that, because the number that have opened in the past five or 10 years is huge. The ones that have been able to find stability are those that started off by accessing an additional margin via a taproom. It is almost crucial that small breweries have the ability to sell beer straight to consumers. That is the bottom-line, commercial side of it.

There is, however, far more to it. This was raised in a lot of the questions that were thrown out to the group before us, which we will probably get to cover again in the Q & A as we go on. A fundamental point to make is that small breweries do not have the marketing budget of big breweries. The reason that most people drink lager is not because it tastes good but because the marketing for it is excellent. When you walk into a pub, you will see a brand that you recognise. Even if we as a small brewery manage to wedge ourselves in among all those tied taps, which is incredibly difficult to do in the first place, we are an unknown brand in the pubs that are out there. With the best will in the world, the team working behind the bar are not educated, passionate or excited about the products that we are selling. If people therefore walk up to the bar and say that they want a beer, the staff behind the bar have no motivation to push, or interest in pushing, our product on them or to explain what it is, why it is different, that it is local, what the ingredients are, why it is usually a little bit more expensive and why it tastes a little bit different from what they would normally be drinking.

The only place where we can really bridge that gap, educate our customers, get them to buy into who we are, what we are and why we are different and then gain their loyalty is in our own bars. The margin side of things, such as the additional profit, is important, but just as important is a smaller brewery's ability to meet its customers and form a connection. Once that connection is formed, it educates the customers as to why the product is different. When they then go into the cities and see our beers in the line-up of all the different taps, they ignore the Carling, Tennent's or whatever is poured in the local area, and they go instead for that small independent brewery's beer, which is sitting right in the centre and usually costs a little more. They are happy to pay that, however, because they know where the brewery is, they know that it is a local brewery, they know that the beer comes from people who are in the local area and they know that, when they put the money into that beer and that brewery, it is going full circle back into the local economy rather than, as is the case in most circumstances, disappearing into what is usually a tax haven somewhere. *[Laughter.]* That is therefore more the marketing side of it.

Before coming to the Committee, I listened to last week's presentation from Hospitality Ulster. Honestly, on the competition side, I find its attitude to be a weirdly defeatist one to take. What I did not say at the start is that my previous job was as the operations director of the BrewDog bars, where I obtained and opened bars in almost every major city on the UK mainland. I therefore have experience of opening up craft beer bars in areas that are potentially declining, in bars that have been closed and in city centres that are not craft beer-led places.

My experience across the length and breadth of the country is that a rising tide lifts all ships. Small businesses and small breweries that come in and open taprooms add to the diverse ecosystem that can exist in a city's nightlife offering. That excites and educates people, and it impassions customers to want to go out and experience the things that are going on. If you have a nightlife that is stale, that is selling the same product and that is selling the same experience pub to pub, people get fatigued and stop going out. That is why pubs shut, and that applies the length of the UK, so I am not necessarily talking specifically about Belfast or Northern Ireland. The pubs that are shutting are doing so not because there are not enough customers. There are more people in cities now than there ever have been. Rather, they are shutting because of a lack of interest. The brands, businesses and people who are generating interest and the city centres that are thriving are the ones that have embraced their local produce and allowed them to find a platform. The bars that existed before benefit from that too, because there get more people, have more footfall and generate more interest. That is a really important point to understand when you are looking at potentially granting additional licences. In my experience, not just in Bristol — this goes the length of the UK — given the opportunity, the addition of taprooms and the addition of great, passionate independent producers can benefit everyone, not just the people who are operating the breweries themselves.

The Chairperson (Ms P Bradley): OK, Bruce, thank you for that. It was good to hear about that experience of how things are working in other parts of the United Kingdom. Thank you, Barry, as well.

Barry, in your submission, you stated that you wanted the opportunity for a level playing field in allowing small producers to open taprooms. If it is not legislated for in this Bill what do you believe the impact would be on small producers?

Mr Watts: Taprooms are a fundamental and vital source of income, regeneration and employment. I think that this is not going to go away. This is a fantastic opportunity for Northern Ireland to update and future-proof its legislation to provide those opportunities. If you do not take this route now, you are going to have to; it is not going to go away. Brewers need it to survive in the future. In the Republic of Ireland, where they introduced a licence for a very limited sample during a tour of premises, very few,

two in total — one brewery and one brewery/distillery — have actually taken up the offer so far. It just shows you how vital it is that they have the opportunity to open a taproom.

The Chairperson (Ms P Bradley): You obviously were listening in to part of our last evidence session while you were waiting to speak to us, and you heard various things that the witnesses said on the issues to do with restrictions, openings hours and the size of measures. Do you want to make any comment on those?

Mr Watts: Absolutely. When considering this, it is really important that you look at what is appropriate for the local business but also for the local community. That exists in the licensing laws in England, Wales and Scotland. There is a consideration of what is appropriate locally for the businesses, to allow them to have those opportunities to innovate and to grow, but also for the local communities.

The Licensing Act 2003 that Bruce works under, which exists in England and Wales, has four key aims, which are: to prevent crime and disorder; ensure public safety; minimise public nuisance; and protect children. It is there to protect the public and residents, but it also recognises the important role that licensed premises can have for their local community, by encouraging innovation and supporting responsible premises. What is important is getting the right balance. You have made it clear that this is what this amendment is all about: getting the right balance for Northern Ireland. I think that taprooms can be part of that.

Mr Gray: Could I jump in on that as well?

The Chairperson (Ms P Bradley): Yes, go ahead.

Mr Gray: It is important to recognise that, certainly the way that we operate here, is that, for our taproom, we need to apply to a local licensing authority in the same way that we would if we were to apply for a bar licence. It is a bar licence. We operate under exactly the same types of legislation as we do in our bar in the city centre. In actual fact, when it comes to opening hours, the types of alcohol we serve and the measures that we serve, that is always a conversation with a local licensing officer as we are applying for that licence. For instance, in our brewpub in the city centre, there was a great deal of concern over the ABVs of craft beer. We have an agreement with that particular licence that we do not serve anything above 6% in a measure above a half pint. In each licence — I am sure that would be the same with the taprooms in Northern Ireland — there is the ability to put in parameters that are appropriate to the area that it is in. For instance, if you have a taproom in a residential area, you give it an earlier closing time than a licensed premises in an industrial area, where there are no residents within a set, specific distance, and where you give it a later opening time. If there is concern about the ABVs, there is an ability to easily put restrictions on that. It is about having a conversation with the local licensing officer, who knows the local community and the local area and is able to make sound judgements, based on the various influences that come into it.

The Chairperson (Ms P Bradley): OK, thank you for that. I remind members to signal if you want to come in, please. I know that Kellie signalled, even though we cannot see her; we got her message.

Ms Armstrong: Thank you very much, folks. You have given us quite a lot of answers to other questions that we have. I am very interested in something that you were talking about there, which was that each licence can define the strength of the product that is sold and the operating hours. Where that happens, who manages that licence? Is it the local council or —?

Mr Gray: Scotland has slightly different terminology but the same principle; we have licensing officers. Do you guys have those? Yes? It is the same people. Our taproom operates under exactly the same laws as a bar. The people who are currently managing your bar licences would be the people who would, then, I assume, begin to manage the taproom licences. It would be those same people to whom you would apply for a licence for a taproom.

Again, I can only speak from my own experiences here. We put a licence application in, which details the parameters under which we would like to operate that premises. Normally, there is some negotiation around that; the licensing officer comes back and says, "Well, actually, I think that's too late" and a compromise is made. For example, in the case of our Finzels Reach Brewpub the licensing officer said, "You are right in the city centre, on the edge of a park that is quiet at night time, and I am concerned about the strength of ABV". In my opinion, he was unjustly concerned. As a compromise, it was a case of saying, "Well, actually, we will not serve anything over 6% in anything above a half pint".

I think that would be echoed across all the breweries that you have been speaking to. That was fine by us, because we would never sell beer over 6% above a half pint anyway. Part of our principles is about serving alcohol measures that are appropriate to their strength. That goes for wine and spirits as well as beer. We were perfectly happy to sign up to that stipulation.

I am sorry; I was going on a bit there.

Ms Armstrong: No, no; this is very useful, because I was just going to ask you about negotiation. When you do that, is there open consultation with other bar owners or taproom owners in the area?

Mr Gray: There is a 30-day consultation period when you apply for a licence. Everyone, including local residents, business owners and all different facets of the council, the fire department, planning and the police, gets to put their opinion forward. If there are no objections to the licence, then, it will, generally speaking, be passed without going to a board, but if there is even one objection to the licence — it could be from a resident who lives around the corner who says, for no reason, he just does not want it — it would go to a panel, and everyone has to arrive and have a discussion. That panel consists of all the different facets of the council and the licensing authority. The discussion includes the people who are making the licence application and all those other people, and, at the end of that, a decision is made. A rigorous process is undertaken to get to the point where you are granted a licence. There is no ability for you to end up with a licence that is not appropriate to the local area.

Ms Armstrong: I am assuming that that is the same process, then, for anybody who wants to open a pub or a bar. Just on that, what is the cost comparison between someone applying for a licence for a taproom and going through that consultation process and someone who wants to set up a bar?

Mr Gray: The cost of a licence application is the same. The set-up of the two things is vastly different. The cost of setting up a brewery, with a taproom at the front, is vastly more expensive than setting up a bar. Was it you who asked the question earlier about opening a pub in the city centre through the back door?

Ms Armstrong: Yes.

Mr Gray: I noted that when I was listening to the earlier session. I am glad that it came up again, because the reality is that there is already legislation in place to manage the usage of pubs, breweries and taprooms. A pub has planning consent to be a pub and a brewery has planning consent to be a brewery. A taproom has an ancillary use to the brewery. We are in a warehouse and have a taproom downstairs. We could not turn this into a pub, for instance, because the planning is not appropriate for that. We put in a licence application for a taproom, and we have to display that the taproom has an ancillary use to the brewery. Does that make sense?

Ms Armstrong: Yes.

Mr Gray: If you were looking to open a pub, you would have to display that the premises had the correct planning and that the main usage was as a pub. If a brewery in the city centre were to open, through the back door, a taproom, which is, essentially, a pub, the planning department would catch them at the outset. There would be greater hurdles to overcome than just the licence application. Therefore, I do not believe that by changing your legislation to allow a brewery to apply for a licence to have a taproom that you would be in any danger of opening the back door to having people claim one usage in order to get another usage.

Ms Armstrong: That is one of the concerns that had been raised with me. I am delighted that you have answered that. This is my last question, Chair. I mentioned it earlier, but I will ask you too. The proposed legislation states that you are not authorised to sell intoxicating liquor:

"unless it is produced in the production premises".

The collaboration of products was talked about earlier. Is that a big thing within the local brewery market? Is it something that we need to take into consideration.

Mr Gray: Aye, absolutely. Also the possibility of breweries. We started off as what is termed a "gypsy brewery". We had no brew kit, and we brewed our beer elsewhere. We had a storage facility, where we stored our beer and sold it from, and we had a taproom there. Some breweries will not have their

own brew kit, or they will increase their production by using other people's facilities. They will brew beer in other people's facilities, along with the beer that they brew in their own facility. Again — and this is just my opinion — I do not think there is a need, at this stage, for you to write such stipulations into the legislation, because the local licensing officers will always have the ability to put those restrictions in. They can look at a brewery and a licence application and say, "Who are you? What are you? Why do you want to serve beer that is made elsewhere?". The answer may be, "We do a lot of collaborations". It can be written into the licence that they brew their beer at other people's facilities. The legislation in mainland UK allows a brewery to have the right to apply for a licence. It does not give us a right to have a licence; it gives us a right to apply for a licence. At that point, it is our job to persuade the local licensing officers as to what kind of licence we should have and how much freedom we should have within the licence. That is an important point to make. We do not have a right to a licence in any form. All we have is a right to apply for a licence.

Mr Watts: Collaborative beers are a growing phenomenon in the industry. More and more, brewers work together on the recipe, go to one of the breweries and brew it, and then they will jointly badge it up with their own logos and jointly sell the beer. It is important to recognise that that is a growing issue and a growing business and they should not be prevented from being able to sell those products even if they have not exactly been produced in that brewery at the time.

Ms Armstrong: Somebody might set up a taproom and have premises, like you, Bruce, where people can see the process and take part in that. I am thinking about those licensing officers; do they have a list? Our difficulty is that there is no list of all the licences across Northern Ireland or where they are all based. As we have been told, you have to go round the district courts to find that out. In your experience of licences elsewhere in the UK, do you know whether a list of all licences is readily available for that licensing officer or panel so that they can refer to it?

Mr Gray: Yes. There is a central office in each area, but there is no central point for those licences in the country. Therefore, Bristol, for instance, has a licensing office. If I wanted to access the licences in Bristol, I would have to go there. The same would apply for Leeds, Manchester and any other area, and that sounds similar to what you have.

Ms Armstrong: Well, the only thing is that the licences that are issued by a district court are held in that district court. An enforcement officer might want to look at the detail if there is variation in the licences. That is why I think that a list may need to be kept somewhere separately, because a court issues the licence but is not necessarily the enforcement body for it.

Mr Gray: OK. The licences are publicly accessible here. I do not know whether that is the case there. It is certainly beneficial to everyone to have access to those licences at a central point.

Ms Armstrong: Openness and transparency is always the way. Thank you very much guys. That has been really helpful. I really appreciate it.

Mr Gray: My pleasure.

The Chairperson (Ms P Bradley): Do any other members want to ask a question? I do not see any hands up from our remote members. Mark has now put his hand up. Mark, go ahead.

Mr Durkan: Thank you, Chair. Thanks to Bruce and Barry for that presentation. It was really interesting. Clearly, there is a lot of enthusiasm and an awful lot of expertise there.

I found Bruce's circular-economy argument very effective and impactful. That is something that really needs consideration. That is about keeping money, hard-earned cash, here. There is not a lot of it, but it is important that we retain that profit in the North.

Another good point that Bruce made was about the diversity of offer in the city centre and the rising tide that lifts all boats. That, in itself, is very compelling and convincing. However, that was in relation to bars and his experience of opening them. Here, we have brewers who are trying to allay the concerns that some people have by saying that they will not be located in the city centre; that they are industrial in nature and will be in industrial estates outside the city centre. Is there any way in which to square that circle, Bruce?

Mr Gray: Yes, for sure. To give you the experience from Bristol, which, again, is echoed throughout mainland UK, certainly, when we opened in 2013, there were two breweries in the city. We took on our small bar at that point with a chunk of rent-free and very cheap rent when there were empty premises throughout the city. There was a rise of independent breweries for a start. Distilleries came off the back of that. Local produce has exploded throughout Bristol. Now, there are over 20 breweries, most of which have taprooms, and there is not one empty bar in the city centre. We are looking — in fact, we have been looking for some time, COVID aside — to take on more premises. We cannot find them. The city is vibrant. To square that circle, the reason for that is that people in Bristol have embraced the local scene. By extension, the bars that were sitting empty have been opened by people who are excited and passionate about the local scene and showcase it, and the other bars around them have also begun to showcase, in among their normal offering, things from the local scene. You end up with more footfall and people and more money being spent in not just the city centre but the taprooms around it. It increases the tide of people who are consuming and spending. Bristol has turned into a destination venue for craft beer and local produce. In normal times, people travel to the city every weekend to experience the produce, as fresh as it possibly can be, that the city has to offer.

I can think off the top of my head of three of the breweries that have opened up that have bars in the city centre. They all have taprooms in the industrial estates that circle the city centre. They are not overtaking the city centre with their own premises. All that they have done is create a point of focus, excitement and passion for the people who are consuming in the city. The street that my bar is on was almost empty when we took it on; there were two other pubs open at that point. It has turned in to one of the best beer streets in the UK. People travel from all over the UK to visit King Street. It is not breweries; it is entrepreneurs from the local area who have recognised the excitement about something and have jumped on board with it. If we were at King Street now and the other place had not opened up, I think that we would have a good bar down there; it would be busy, but the fact is that we are now surrounded by other people who share our passion. The street has got busier and busier; the gravity to it has increased to the point now where it is absolutely packed. More assumed competition has led to more business.

Mr Durkan: That sounds great. Like the Chair did at a previous meeting, I lament the fact that we cannot do any site visits at the present juncture.

Other points were raised around the responsible drinking element and ABVs. I think that is fair enough to surmise that the last thing that any brewer wants is a piss-up in their brewery, to borrow a phrase. You are in an industrial setting. I think that companies will find it difficult, anyway. Some will not find it viable. We spoke, in an earlier session, about an increase in the cost of rates that a business would have to pay if it had a taproom. What are the insurance implications for opening a taproom in an industrial setting?

Mr Gray: There are additional costs. It is in our insurance policy. It increases the cost. One of my opening comments was about the increase in margin. In any business, there is a balancing act between the potential for additional income and margin versus increased costs to access that additional revenue and margin. Some of the breweries that, potentially, could open up a taproom choose not to due to the location, the type of product that they have or the type of people whom they are. It might not be appropriate to that type of offering, but many will look it and see it as being balanced and most definitely worth the additional costs.

Mr Durkan: It is hard to envisage. Having spoken to and heard from a number of businesses and individuals working in the sector, I do not think that irresponsible drinking or promotion is going to be an issue. When margins are tight enough, you do not want a scenario where you have to employ door staff or security personnel. It is a pretty controlled environment.

Mr Gray: As have most city centres, the centre of Bristol has had a big problem with problem drinking over the last 20, 30 or 40 years. People are fleeing the Harbourside, which is the city centre location for Bristol's stag dos, hen dos and the heavy drinking of pints and shots. People are fleeing that area to come and drink in King Street, in the taprooms on the outskirts of Bristol, to get away from the drunkenness and the excess that comes along.

Honestly, I find it frustrating, on the one hand, and bemusing, on the other, that people assume that craft beer is a problem because of the higher ABVs of some of the products. The problem is people going to pubs and, in my opinion, drinking pints of lager that taste of nothing, slinging pints down their throat at £2.50 or £3 a pint and then moving on to spirits and shots. People are drinking for the sake of the alcoholic impact, not the experience, taste and flavour; whereas, when they move across to or

discover craft beer, they begin to leave behind the perception that you are drinking beer for the sake of the alcoholic impact. You are drinking it for the sake of the experience and flavour. That is the fundamentals of it. It is a step forwards in the consumption of alcohol, not backwards.

Mr Durkan: Thank you, Bruce. Thanks, Barry.

The Chairperson (Ms P Bradley): OK. Thanks, Mark. No other members have indicated that they want to speak at this time. Barry and Bruce, I say a big thank you to both of you for briefing the Committee. We got a slightly different perspective, which is good, so thank you. We have learned quite a lot today from our briefing. Thanks again.

Mr Gray: My pleasure.