



Re: The Future of Cask Beer: Parliamentary Enquiry Call for Evidence

Dear Paul,

I would like to submit, on behalf of our company The Black Sheep Brewery plc, our view on the importance of cask beer to our brewery and its future.

Background

The Black Sheep Brewery was founded by my father Paul Theakston in 1992 in the small brewing town of Masham in North Yorkshire. Our family brewing heritage goes back a long way in Masham with the establishment of our original family business, T&R Theakston in 1827. After leaving the original family business Paul made the bold step to strike out on his own with a new independent brewery, which at its very heart would brew and champion the very best in high quality cask beer. Indeed, cask beer quality in the early 90s was at a low ebb and Black Sheep helped to kick start a revolution of quality English cask which then the craft beer movement has built on.

Our original Brewhouse was built from salvaged equipment from old breweries, as well as our unique Yorkshire Square fermenting vessels (we are one of only two brewers using these now on any scale) which produce the unique dry and refreshing characteristic of our best selling beer Black Sheep Best Bitter – a proper Yorkshire Bitter. Our mission was to focus on quality cask, so our raw materials are the best we can source – whole flower English hops, Maris Otter malted barley and water from our own well. Indeed our cask Black Sheep Best Bitter, nearly 30 years on, is still our best selling beer and known up and down the country. We view ourselves as guardians of this style of Bitter, which is part of our British brewing and cultural heritage, and are committed to promoting it, preserving it and bringing it to new consumers. Our future depends on it.

We are unique in the market in that we are a medium sized brewer (c. 50k brls per annum brewed) without a significant tied pub estate. Almost all of our pub business is in the free trade. We have to work hard for every barrel we sell, so access to these pubs is paramount and also that the pubs are encouraged to stock this unique product. As a brewer of our size we also carry a disproportionately high duty burden on our business, with 40% of our turnover being on beer duty alone and 60% of our total turnover being taken on overall taxes. Indeed, a recent BBPA report suggests that UK Brewing is the most taxed sector in the UK economy. It is surely not the intention of Government to penalise success through suffocating taxation?

The Importance of Cask Beer

At Black Sheep we are uniquely placed to appreciate and understand the importance of cask beer in the context of the cultural identity of our country. As a 6th generation brewer in a rural community I can see how the breweries, cask beer and pubs have woven together communities for generations. We would be foolish to throw that away. No other country in the world produces this type of beer, and it is inextricably linked to the great British pub experience – something that forms the bedrock

of what makes Britain famous to the rest of the world. So in 2021, despite all the challenges we have faced we are proud to be part of this unique British manufacturing millennial success story alongside thousands of brewers at the heart of communities across the land.

Cask is the source of an incredible diversity of beer styles, tastes and innovation from over 2000 almost entirely British based manufacturers. To allow this precious, unique beer to disappear through over taxation and a lack of support would be unforgiveable and short sighted. It should be supported so it can be allowed to adapt, stay relevant and thrive now and in the future.

As we all know Covid has devastated the cask market in the last year, which was already in significant decline. Both the beer and pub industries have been one of the hardest hit, for example as well as the lost trade over the year, Black Sheep had to destroy over 1000 barrels (or over 300,000 pints) as a result of the two lockdowns. As a barometer of the cask market over time, whilst maintaining overall beer volumes over the last ten years, Black Sheep have seen overall cask beer volumes move from 77% of our total volume in 2010-11, to 53% in 2019-20 (our last full year of trading pre-covid).

However, through multiple lockdowns this last year, we believe our sense of community has been reignited and the pub is undeniably at the heart of this. In light of covid, the pub has been proven to be a controlled environment in which people can socialise safely. Cask beer supports this as it is only available in the pub; it cannot be replicated at home. Average cask beer ABVs tend to be lower as well, typically 3.6% to 4.5%, so it encourages safer consumption. Cask beer is also a 'live' product with a short shelf life. It relies on strong throughputs of volumes in a pub to maintain quality. Managing the supply chain is therefore crucial for the brewer to minimise losses – which sadly there was a huge amount of last year as a result of Covid. There is a risk that this has 'switched off' landlords of pubs to cask in the future as it could be viewed as a product with too high a risk against either a bottled product, keg or craft keg which have longer shelf lives. As a point of difference landlords should be encouraged to support and stock Cask beer for all these reasons.

I note with interest that 80 Conservative MPs wrote to the Chancellor in support of lower beer duty on draught beer last week. This feels like just the jump-start the independent brewing sector and community pubs need after their worst year in recent history. Black Sheep Brewery supports this idea but would urge the committee to consider whether a lower level still could be charged on our uniquely British cask beer. This should not be viewed as a cost but an investment in protecting two of Britain's most important historical and cultural assets - cask beer and pubs. It will help to drive increased choice of beer on the bar, support the pub as the heart of the community, protect and create jobs in rural and urban communities and protect the still largely British manufacturing base of the brewers. The future of cask beer must be supported and secured.

Do not hesitate to contact me if you need any more information.

Yours sincerely,



Jo Theakston
Executive Director
Black Sheep Brewery plc