

APPBG Inquiry: Arkell's submission

Background

We are a small to medium sized regional brewery based in Swindon.

A family-owned business (my brother, father and uncle all work in the brewery as the 5th and 6th generation), brewing and running pubs since 1843 from the very same site.

Our brewhouse is a historic, uniquely traditional Victorian tower brewery, and we pride ourselves on retaining many of the original techniques and processes.

We own the freehold of 95 pubs, all locally. Our pubs are tied; the majority being tenancies run by self-employed tenant licensees, however, 12 are managed by our team inhouse.

The success of our business is driven by the balance of this tied system. Choosing to maintain the historic brewing techniques comes with additional manual and 'inefficiency' costs; these costs push our overheads above what beer is currently sold for on the free market, so our core focus is sales in our tied estate. The success of our tenants drives our brewing growth; as such we work hard to maintain a strong positive relationship with our landlords.

Cask

Cask beer has been our biggest beer format since our first brews in 1843. We brewed into only cask and bottles until the 70's, when one keg line was introduced.

While there has been a recent yearly decline in cask sales due to changing trends, with now only 60% of our beer being sold in cask (most of the rest sold in filtered kegs), we still view cask beer as being our most important style and fully intend to keep brewing cask, as we have done when trends have moved over the past 175 years.

However, unfortunately I think the greatest long-term victim of Covid, in our industry, could well be Cask... it's going to be very hard to encourage pubs to list more than the minimum number of cask options, as trade will be so unreliable with future social distancing hospitality restrictions looking possible. Our cask sales last summer were much lower than expected, last year would be the first time in our brewery history that so many of our pubs went without cask at all, the reason being a difficult balance between slower sales and maintaining cask quality, with the popularity of 'craft' keg and the unreliable sales from COVID-19 this could well be a perfect storm going forward and many of our accounts may never return to cask sales.

Cask beer's success is bound with wet let pubs success, so these pubs must be protected for the future of the uniquely British beer that we love so much. I believe a separate duty rate for cask beer would be the spark to encourage landlords to drive an increase in cask beer sales, seeing their improved margins and reinstate a good selection of cask on their bars securing the style's future.

If you would like more from our brewery we would be happy to help.

Kind regards

Alex Arkell
Beer Director / Head Brewer
Arkell's Brewery Limited,