CAMRA, the Campaign for Real Ale is a UK-wide, non-profit consumer organisation representing over 5,100 members in Scotland.

Request to the committee
To ensure continued long term growth of the beer and pub sector, CAMRA is calling on the government to implement the following policy measures in the Budget:

- The permanent retention of the 12.5% pub cap, to build on the progress made in extending this for 2018-19.
- The extension of the Small Business Bonus Scheme, to allow more pubs to benefit from business rate relief.
- A full review of the business rates system, to address the issue of the disproportionate level of business rates burden facing the pub sector.
- The allocation of funding to support community groups seeking to take ownership of pubs via the Community Empowerment Act, taking the form of an advisory service, with the provision of loans and grants.

The importance of the Scottish beer and pub sector

Economic value

The beer and pub sector is worth £1.7 billion to the Scottish economy each year and supports the employment of over 58,000 people, 38% of which are under the age of 25.¹

Independent brewing is experiencing a period of sustained growth, with many brewers intending to expand their business, resulting in increased employment boosting local economies, and also making an important contribution to tourism. The beer industry is now a vital and thriving part of the wider food and drink sector, particularly at the premium end for export.

The Scottish brewing sector has expanded over the last 10 years, with 117 breweries appearing in the 2018 Good Beer Guide, as opposed to just 41 in 2009.²

Brewing is a labour intensive industry and sustains more jobs than all other types of alcohol production. The production of beer accounts for nearly 60% of UK jobs in alcohol manufacture.³ The brewing sector also has a strong impact on local employment with

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¹ Oxford Economics for the British Beer and Pub Association
² CAMRA Good Beer Guide. The edition for each year is published in September the year before. For example, the 2018 Good Beer Guide was published in September 2017. The Guide lists all breweries known to be in existence.
³ BBPA Statistical Handbook 2017
around 60% of employees living within five miles of independent breweries, and this creates jobs across the wider industry.

A single job in brewing supports:

- 18 jobs in pubs
- 1 job in agriculture
- 1 job in supply chain
- 1 job in retail

Social value

Pubs are community facilities that provide vital services to people that use them. CAMRA maintains that pubs are the best environment in which to drink alcohol, as both the sale and consumption of alcohol is controlled in a social setting. This is in stark contrast to alcohol bought in the off trade which is much more likely to be consumed alone at home.

The ‘Friends on Tap’ Report was commissioned by CAMRA from Oxford University. The report found that people who identify as having a ‘local’ pub have more close friends and feel more engaged with their local community. The report goes on to recommend that pub going should be supported by government through the extension of business rate relief to help more pubs reduce their costs.

The sense of community which pubs provide is vital in preventing social isolation. Research by the Campaign to End Loneliness found that 52% of over 65s surveyed stated that having someone to sit with helped to ease feelings of loneliness, while 35% said that eating with someone helped.

If we are to continue to see the benefits of pubs to social wellbeing, measures must be implemented to prevent unnecessary pub closures - the primary threat of which currently

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4 SIBA Beer Report 2017
5 Facts on Tap 2017
6 [http://www.camra.org.uk/documents/10180/36197/Friends+on+Tap/2c68585b-e47d-42ca-bda6-5d6b3e4c0110](http://www.camra.org.uk/documents/10180/36197/Friends+on+Tap/2c68585b-e47d-42ca-bda6-5d6b3e4c0110)
7 [https://www.morningadvertiser.co.uk/Article/2016/12/02/CAMRA-pubs-play-huge-role-in-preventing-social-isolation](https://www.morningadvertiser.co.uk/Article/2016/12/02/CAMRA-pubs-play-huge-role-in-preventing-social-isolation)
comes from the excessive and disproportionate tax burden placed upon the industry in contrast to the off-trade and other business types.

The extension of pub-specific rate relief is therefore vital - the government made a good first step towards this in extending the 12.5% hospitality cap for 2018-19, but this relief must be made permanent to ensure the long term viability of pubs.

There is also public support for giving business rate relief to pubs on account of the social contribution that they make to society. YouGov polling on behalf of CAMRA found that 54% Scottish people think that pubs should be given tax relief because they help local communities by providing safe, managed places for people to get together and drink responsibly.\(^8\)

**Business rates**
The 2017 business rates revaluation hit the hospitality sector, and specifically pubs, hard.

While the extension of the 12.5% pub cap has been welcomed by the industry (and has also been called for by business rates campaigners in England\(^9\)), this must be made permanent until a full review of the business rates system can be carried out, with a view to eliminating the disproportionate burden placed on the pub sector and also address equalising taxation between property based and online businesses.

Many pubs are also valuable small businesses, therefore the extension of the Small Business Bonus Scheme is also vital, to allow more pubs to benefit from relief.

**Support for community groups**
There are groups in Scotland attempting to navigate through the process of community buyout, however compared to England there are few sources of funding or information for such groups seeking to take a valuable local facility into community ownership.

While a community group recently purchased the Swan Inn, Banton after successfully securing money from the Scottish Land Fund\(^10\), there is little else in the way of funding available, and some groups have stalled during the process. A community group trying to re-open the Crook Inn at Tweedsmuir have successfully bought the building, but are now struggling to access funds to make repairs to the building and reopen, ten years after their campaign began.\(^11\)

As of March this year, only 7 requests had been received under the Land Reform (Scotland) Act 2003 or the Community Empowerment (Scotland) Act 2015 in relation to the Community Rights to Buy Land in relation to public houses, two of which came from the Tweedsmuir group.\(^12\)

In England, the Department for Communities and Local Government provided £3.6m of funding for the ‘More Than a Pub’ project which was provided through Power to Change

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\(^8\) YouGov Omnibus Survey July 2017
\(^9\) https://petition.parliament.uk/petitions/202436
\(^10\) https://www.cumbernauld-news.co.uk/news/business/cheers-banton-residents-to-buy-pub-thanks-to-scottish-funds-1-4626218
\(^11\) http://www.tweedsmuircommunitycompany.org.uk/
\(^12\) FOI requests by CAMRA
and the Plunkett Foundation, with the aim of supporting groups take 80 pubs into community ownership. A similar scheme of grants and support could be provided in Scotland at a much lower cost due to there being fewer Scotland.

**Additional considerations**

**Drink driving policy**

CAMRA would like the government to launch a review into the impact of the new drink driving policy on the pub sector in order to develop proposals to help support affected pubs and support public transport in rural areas.

The rate of pub closures increased following the implementation of the new policy, from 0.3 per week from June to December 2014 to 1.4 per week from December 2014 to June 2015,\(^{13}\) therefore the government should look to investigate adverse impacts of the policy on the pub sector and how these could be mitigated.

**Representations to the UK government**

CAMRA would urge the committee to make representations to the UK government on non-devolved policy issues which affect the beer and pub sector in Scotland, for example on beer duty.

The UK government froze beer duty in the Autumn Budget, however there was an inflationary rise in beer duty in the Spring Budget earlier this year (the first time that beer duty had been increased in 5 years). While CAMRA has applauded the welcome freeze in beer duty, a longer term freeze is needed for the sector to grow its capabilities.

Beer duty in the UK is disproportionately high in comparison to other leading brewing nations in the European Union. The UK pays nearly 40% of all beer duty in the EU but only consumes around 12% of the beer.\(^{14}\)

Rises in beer duty are not absorbed through the supply chain and are instead passed on to consumers. These cost increases mean that beer drinkers are finding pub going increasingly unaffordable and are encouraging unregulated consumption in the off trade, where prices are cheaper.

Polling conducted on behalf of CAMRA by YouGov found that 46% of Scottish people now think that the price of a pint in a pub is unaffordable.\(^{15}\) In order to encourage the public to consume alcohol moderately and in a controlled environment, it is in the interests of the government to implement measures which encourage people to drink in pubs rather than increasingly purchasing alcohol in the off trade.

Beer accounts for 7 out of 10 drinks sold in pubs,\(^{16}\) therefore cuts and freezes to beer duty represent an effective way to prevent large increases in the price of on trade beer and

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\(^{13}\) CGA Strategy for CAMRA

\(^{14}\) Facts on Tap 2017

\(^{15}\) YouGov Omnibus Survey July 2017

\(^{16}\) Facts on Tap 2017
encourage consumption of relatively low ABV products through regulated on trade channels, and specifically pubs.

Conclusion
CAMRA again thanks the Committee for the opportunity to respond to the call for evidence.

As outlined above, the Scottish beer and pub sector is thriving, and the growth in Scottish breweries has resulted in increased choice for consumers. A thriving brewing sector must be complemented by a strong pub sector, which is currently under threat from the burden of the business rates revaluation. Therefore, CAMRA considers that the overriding objective of support in the Budget should be economic growth and support.

In conclusion, CAMRA is calling for the following measures for the beer and pub sector to grow its capabilities and deliver the resulting social benefits for communities and economic benefits for the wider Scottish economy:

- The permanent retention of the 12.5% pub cap, to build on the progress made in extending this for 2018-19.
- The extension of the Small Business Bonus Scheme, to allow more pubs to benefit from business rate relief.
- A full review of the business rates system, to address the issue of the disproportionate level of business rates burden facing the pub sector.
- The allocation of funding to support community groups seeking to take ownership of pubs via the Community Empowerment Act, taking the form of an advisory service, with the provision of loans and grants.

CAMRA
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