

Internal Memorandum

To: Public Affairs Contacts and Branch Chairs (England, Scotland, and Wales)

From: Campaigns Team

CC: Campaigns Committee, Pub and Club Campaigns *Committee*, Real Ale, Cider and Perry Campaigns Committee, Regional Directors

Subject: Alcohol Duty Review – how branches can respond to the latest Government consultation

Date: 7 January 2022

This memo provides information and briefing points for branches to respond to the latest Government consultation as part of the ongoing Alcohol Duty Review.

Background to the Alcohol Duty Review

In the 2020 Budget the UK Government launched the Alcohol Duty Review to look at wholesale reform of how all categories of alcohol are taxed. This started with a call for evidence on potential reforms to the duty system. You can read CAMRA's submission to that call for evidence [here](#).

In the 2021 Budget, the Chancellor made some important announcements on the Alcohol Duty Review, including some key policies that CAMRA has campaigned for over many years:

- The principle of a differential rate of tax for draught beer and cider
- The raising of the lower strength duty threshold from 2.8% abv to 3.5% abv
- A progressive duty system for small cider makers

We produced a briefing for branches at the time, which you can download [here](#).

At the same time, the Government launched a new consultation on the new duty system, which ask more detailed questions of how the new system will work – and there are some very important changes that we need to ensure are made to get the best for brewers and cider makers.

Why branches should respond to the latest Government consultation

The Campaigns Team will be preparing a comprehensive central response on behalf of CAMRA, but, where resource and time allows, we are urging branches to respond to the latest consultation on the new duty system.

This is because the current proposal for beers and ciders that will qualify for the new draught duty rate needs to change.

We also want to affirm our support for these positive proposals:

- The general principle of the new draught duty rate



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- The raising of the lower strength duty threshold from 2.8% abv to 3.5% abv
- A progressive duty system for small cider makers
- The retention of the 70HL duty exemption for the smallest cider makers

The consultation document also states that Government is open to a conversation on raising the minimum juice content for cider – this is something that CAMRA supports, and we think that it should be raised from 35% to at least 50%.

Key points that branches may want to make

Below are some key questions posed in the new consultation, and some points that branches may wish to make.

Section: Overview of new rates structure

Q1: What are your views on the proposed new structures of alcohol duty?

- CAMRA welcomes the bold reforms proposed to beer and cider duties. This includes:
 - The principle of a draught duty rate for beer and cider
 - The raising of the lower strength duty threshold from 2.8% abv to 3.5% abv
 - A small producer relief scheme for small cider makers

Q3: Are there any other changes that you think should be included in the new structure?

- In addition to small producer relief scheme for small cider makers, CAMRA would like the Government to raise the minimum juice content of cider from the current 35% to at least 50%. This would:
 - Provide consumers with confidence that any cider they purchase contains at least 50% apple or pear juice.
 - Require reformulation to increase the quality and price of most cheaply formulated ciders – a key aspect of improving the value perception, and quality of cider and perry
 - Provide environmental benefit through a renewed demand for the several thousand acres of orchards bearing tannin-rich apples that are being currently wound down due to a lack of demand

Section: Draught products rates

Q4: Do you support the principle of the proposed rates for draught products?

- CAMRA strongly supports the principle of a lower rate of duty for draught products. This is because draught products are almost exclusively sold in the on-trade, where the sale and consumption of alcohol is supervised and in a community setting.
- We welcome this important distinction between alcohol sold in pubs and social clubs – which are community facilities, and alcohol sold in the off trade for consumption at home.

Q6: Do you agree with the qualifying criteria for the draught rates?

- CAMRA do not agree with the proposal that only containers of 40L or above would qualify for the draught duty rate.
- 20L - the smallest container typically connected to a dispense system in the UK on-trade would be a more appropriate threshold. This is because:



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- Many small brewers only supply draught products in 20L and 30L formats – therefore the current proposal would only benefit larger and global brewers and unfairly exclude many smaller, UK-based brewers who maintain diversity and consumer choice in the beer market.
- Many pubs, bars and social clubs use 20L and 30L containers do not have storage or cellaring arrangements that are appropriate for 40L or larger.
- 20L and 30L containers are commonly used by venues to maintain quality of beer (and especially cask ales) where footfall is lower, or to have a greater range of changing draught products for consumers to enjoy.
- Most small cider makers sell to the on trade in 20L bag in box format – so the current proposal would only favour global producers of lower juice content ciders and perries.
- Restricting the draught duty rate to containers over 40L would benefit global producers and exclude smaller local producers, resulting in greater ‘beer miles’ between the place of production and place of sale. This would jeopardise the environmental benefits that come with promoting the consumption of local draught beers and ciders in pubs and social clubs.
- It is also important that the qualifying criteria is based on the design of the container, rather than the final dispense method – this will allow for traditional gravity dispense to continue (where beer or cider is dispensed using a tap directly from the container, rather than connecting to a pump or other dispense system).

Section: Small producer relief

Q7: Do you support the principle of an expanded small producer relief?

- CAMRA strongly supports the expansion of small producer relief to include cider makers as well as brewers
- We strongly support the retention of the 70HL duty exemption for the smallest of cider makers – most of whom are farm gate producers.

Q14: Are you content for the small producer relief to otherwise follow the design of the Small Brewers Relief (SBR) scheme, e.g. on technical details?

- CAMRA notes the proposal to move all small producer reliefs to a cash basis. Should this proceed, we would seek assurance that the cash rate will be updated in line with any changes to the new general duty rates, to maintain the value of the relief over time.

How to respond to the latest consultation

You can view the full consultation document [here](#).

Anyone can respond to a government consultation, and you don't have to answer all the questions in the consultation document or write pages of detailed analysis – you can choose what you want to respond to, and a simple letter on the issues of most importance to you will still count as a valid response.

We would recommend that where possible, branches try and mention local examples of brewers and cider makers that be negatively impacted if the Government doesn't make changes to the 40L draught duty container proposal.

You could also copy your response to your local MP and ask them to back our suggestions for changes to the scheme too.



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You can send a response by emailing a document or letter to HMTVATandExcisePolicy@hmtreasury.gov.uk – we recommend that you include the name of the consultation and your branch name in the subject line.

The deadline for responding to the consultation is 30 January 2022.

Thank you

Finally, thank you to branches that responded to previous consultations on alcohol duties and to everyone who has emailed their MP, shared messages on social media and supported campaigning for any of the proposed reforms to beer and cider duty – it's a team effort.

If you have any questions, or need general campaigning advice we can help - contact the Campaigns Team on campaigns@camra.org.uk

Cheers

Ellie, Paul and Cam
The CAMRA Campaigns Team

