

Brewery Logistics Group



Business Update
November 2020

Background to the Brewery Logistics Group



The BLG is a trade association representing the key logistics companies servicing pubs, restaurants and bars in London.



It currently represents 15 members who can cover over 1000 trips a day in London, accounting for approximately 75% of all beer deliveries inside the M25.

Health & Safety

The brewing industry is subject to extensive Health and Safety regulations

The HSE accept that deliveries and collections are essential to the brewery industry and to the businesses they supply, they also determine that delivering beer can be the most dangerous of activities to both employees and members of the public if guidelines are not followed

Every delivery point must be risk assessed and documented prior to the first delivery, often the safest time for delivery puts the operator at odds with parking restrictions and residents due to noise

The HSE are extremely interested in other elements of the delivery procedure such as manual handling, power operated equipment including cellar hoists, working at height and load security, kegs are required to be strapped to the bed of the vehicle before the vehicle can move, hence at every delivery

Business Update

- ▶ Closure of pubs has had a devastating effect on Breweries and their distribution partners
- ▶ During the first lockdown publicans were forced to send for destruction 70 million pints of spoilt beer (Ullage), much of which was donated to farmers for organic fertilisers or animal feed
- ▶ The effect on the beer market of the first lockdown was immediate as beer sales plunged by 40% in March compared to the same period in 2019
- ▶ Where brewers business was on-trade their business was impacted by 98%, effectively turned off overnight



Business Update

- ▶ Before pubs could reopen after the first lockdown all Ullage needed to be uplifted from deep cellars, which required up to five people at each pub, and three vehicles to maintain social distancing
- ▶ Through CLFQP and London Councils this was achieved without enforcement through communications with the various boroughs
- ▶ Once the cellars were restocked, pubs then made premises COVID safe by installing safety equipment with mitigation costs of £450M for the sector



Business Update

- ▶ BLG members are reporting that on average delivered volume in London were down 45%, but in the City of London this was down by 80%, with the West End at 60% reduction.
- ▶ The effects of the loss of volume has already been felt with all members making significant redundancies, one member has closed their London RDC as well as other sites in Yorkshire and Wales were they were the largest employer in the town
- ▶ Reviews are taking place among our members and its likely other London distribution sites will close, some are already in consultation with staff and unions



Concerns of the BLG

- ▶ Members report that it could take up to three years to recover 2019 volumes, however this would be very much dependant on what becomes the new normal e.g. will people return to offices in their previous numbers ?
- ▶ Difficult conversations with pub groups and brewers will need to be had around new city rates for delivery as productivity continues to fall because of congestion and reduced access to the kerbside
- ▶ We were already seeing operators looking to negotiate new rates for London prior to COVID, we expect this to be applied to all big cities, it appears that operators are prepared to walk away if profitable delivery rates are not achieved
- ▶ The cost of delivering a tonne of beer pre-COVID was over £100, we expect that this figure has already been surpassed



Concerns of the BLG

- ▶ Members ability to continue to conform to the Health and Safety guidelines for brewery deliveries are concerning operators and are questioning where liability sits in the event of accidents
- ▶ Access to the kerbside will become more and more difficult due to Streetspace changes, and with all 33 London boroughs doing their own thing, this fragmented approach to planning and lack of consultation is very concerning
- ▶ This individual approach leads to longer journey times, equals less calls being made in a day, equals increased vehicles used per day to meet the short fall, equals more congestion and vehicle emissions, all things we are trying to reduce



Concerns of the BLG

- ▶ An example of what operators face can be taken from Waltham Forest
- ▶ There are more than 30 kms of segregated cycle lanes
- ▶ 51 modal filters
- ▶ 31 pocket parks taking away loading bays/parking bays
- ▶ 7 station cycle hubs
- ▶ 500 cycle hangars
- ▶ 145 blended crossings
- ▶ Last year Waltham Forest removed 900 parking spaces and has taken out a further 465 so far this year
- ▶ **Information taken from Parking Review Sept 20*





Future 2021

- Pubs where kerbside changes have taken place that have had a detrimental effect on operators ability to follow HSE guidelines will no longer be offered deliveries unless a workable solution is found
- Where this has happened one solution has been to offer a reduced product range that does not include keg beer deliveries
- Load Planning systems overnight were made unfit for purpose as roads were closed for access, leaving operators with systems that now do not plan an achievable days work, thus leading to delivery failures and drivers hours issues ... and more and more vehicle trips

Future 2021

- ▶ Members report that congestion in central London is at its worst for many years, and that when they look to find alternative routes they incur fines
- ▶ In all the business reports from members there was not a hint of positivity from the sector, all were making redundancies, all commented on how difficult it is to deliver to London, one of the largest of our members has sold the business as in their words “A contract that has no possibility of being profitable is a contract not worth having”



Questions ?

