

Castle Rock Brewery

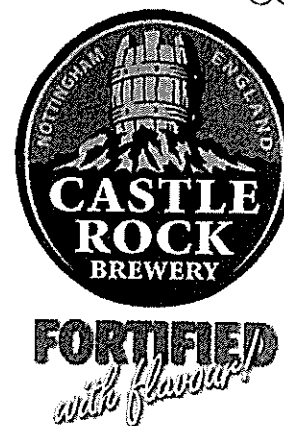
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Rt Hon. Dr Vince Cable
Secretary of State for Business, Innovation and Skills
Department for Business, Innovation and Skills
1, Victoria Street
London
SW1H 0ET

Dear Dr Cable,

Re: Government Consultation Pub Companies and Tenants April 2013

I wish to make you aware of my own thoughts with regards to the above consultation. Castle Rock Brewery is a smallish local brewer that began brewing on microbrewery equipment in 1997 with our company in fact being established as a single 'real ale' pub back in 1977. We now have 20 pubs and are brewing approximately 12000 brewers' barrels per year and we hope this will further grow. Whilst no doubt that our industry has continually been attempting to sail into a strong headwind of regulation, higher costs and excessive taxation, as a business we would be classed as one of the success stories of the magnificent UK brewing industry in recent times. We have made the best of it by understanding the needs of consumers and a desire for long term sustainability. With our experience, passion and consumer orientation we feel we are very well placed to be able to comment on this issue.

We are a supplier to all sectors of the beer market, including the tied on-trade business of Punch Taverns. We have been able to negotiate mutually convenient trading terms with them and this leaves enough on the bone for us to further support their partner pubs. Our supply into Punch Taverns, and Enterprise Inns for that matter, is an important and growing part of our business.

It has allowed us to invest in our brewery and create sustainable employment.

It is my opinion that the majority of the current problems surrounding 'the tie' were caused as a result of the 'Beer Orders' and this subsequently created 'greedy' pub companies. However I have at first hand seen a marked improvement over the last five years in how the senior leadership at Punch Taverns has improved the whole culture of the business from the core outwards. It was clearly true a decade or so ago that pub companies were simply property companies that were enjoying increasing asset values whilst being able to use existing agreements that were in place from the national brewers before them to take much more than their fair share out of the value chain that pubs created. This was to the detriment of the tenant and in most cases the consumer as well.

Much change has already been driven through; Punch Taverns now operates to keep pubs open. The penny has dropped with pub companies with a realisation that they need highly

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Directors: G. D. Newton (Non-executive Chairman), C.F. Wilde, S. Bramley, A.W. Eastwood, P.J. Wilde, P. Brettell, G.N. Kelso, V.L. Saxby, N. Kellett E.C.A. (Company Secretary)
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motivated, innovative and suitably rewarded entrepreneurs to run their pubs. No longer can these pubs be closed in the knowledge that they are making more in daily capital gain than they do as a trading pub. Punch have consolidated their operations and actively seek to engage with their partners, both to understand their needs better and to give them the tools and information they need to assist them in running a successful business. The pub itself as a trading entity is important again. We regularly attend Punch Road Shows where this process can be seen in action and we have the chance to showcase our beers to visiting tenants and get the chance to understand what they want from us, the supplier. I'm sure that Punch Taverns would be more than happy to invite you along to see one of these events for yourself, to experience the support and innovation they offer their partners.

Castle Rock is just one of many of Punch's suppliers, I know they have similar relationships with many of our peer set of brewers and this will be upwards of 50 smallish brewers spread across the country. Not only this, there is further access available for much smaller brewers through the Direct Delivery Scheme (DDS) that was set up and handled by the Society of Independent Brewers (SIBA). Punch have embraced this scheme and allowed any member brewer supply them should they wish to. I believe there are now 600 SIBA members. There is no doubt at all that this access to market would not have been achieved when public houses were under the stewardship of the national brewers, nor under the original watch of the pub companies; they were effectively the same people. With further commitment to allow tenants to take some free of tie cask supply on some lines within their agreement then it is already not beyond the realms of possibility that Punch's partners can source any beer that they wish, in fact having a choice of over 5000 may already be considered as excessive.

I am confident that Punch Taverns understands the importance of its supply chain as well as the needs of the end consumer. I would be most concerned if there were to be any further legislative change without all of the possible long term consequences being thoroughly thought through. The changes that Punch Taverns have already made and the course they have currently plotted already provide some redress to bygone problems and they know they are not there yet.

In order for the UK Pub and Brewing Industry to thrive it is important that the profit stream is divided fairly at every level of the supply chain with end value having to be delivered to the end consumer as a prerequisite. I believe that the government does need to assess these issues from time to time but it is my belief that things are already moving towards equilibrium; a poor strong armed legislative decision taken now will upset this and again throw us open to the damage caused by unforeseen consequences. In fact it could damage businesses like ours.

Yours sincerely,

Colin Wilde
Managing Director
Castle Rock Brewery

cc: Giles Wilkes, Special Adviser to the Secretary of State for Business, Innovation and Skills, 1 Victoria Street, London. SW1H 0ET

Jo Swinson MP, Minister for Employment Relations and Consumer Affairs, Department for Business, Innovation and Skills, 1 Victoria Street, London. SW1H 0ET

The Rt Hon Michael Fallon MP, Minister of State, Department for Business, Innovation and Skills, 1 Victoria Street, London. SW1H 0ET

James Wild, Special Adviser to the Minister of State, Department for Business, Innovation and Skills, 1 Victoria Street, London. SW1H 0ET

Jane Hartshorne, Assistant Director, Consumers & Markets, Department for Business, Innovation and Skills, 1 Victoria Street, London. SW1H 0ET

Brandon Lewis MP, Parliamentary Under Secretary of State for Communities and Local Government, Department for Communities and Local Government, House of Commons, London. SW1A 0AA

The Rt Hon Kenneth Clarke QC MP, Minister without Portfolio, Cabinet Office, House of Commons, London. SW1A 0AA

Kathryn Laing, Special Adviser to The Rt Hon Kenneth Clarke Q C MP, Minister without Portfolio, Cabinet Office, House of Commons, London. SW1A 0AA

Rupert Harrison, Special Adviser to the Chancellor of the Exchequer, HM Treasury, 1 Horse Guards Road, London. SW1A 2HQ

Tim Luke, Senior Adviser on Business, Trade and Innovation, Number 10 Policy Unit, 10 Downing Street, London. SW1A 2AA

Andrew Griffiths, MP, House of Commons, London. SW1A 0AA