



656

13 June 2013

Pubs Consultation
Consumer and Competition Police
Department for Business, Innovation and Skills

Via email pubs.consultation@bis.gsi.gov.uk

Dear Sirs

**Re: PUB COMPANIES AND TENANTS: GOVERNMENT CONSULTATION BY THE
DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS**

I write on behalf of Hall & Woodhouse Ltd and in response to the Government consultation.

We are firmly opposed to the imposition of a Statutory Code on the industry as proposed by the Department for Business, Innovation and Skills. As members of the IFBB and BBPA our Company wholeheartedly supports both their detailed responses, which you will have received.

Hall & Woodhouse Ltd was established in 1777 and is one of the few remaining family owned brewers to run our own managed and tenanted pub estates in the UK. We employ 1500 team members and have an annual turnover of £90m. Our pub estate comprises of 220 pubs of which are Business Partnerships (tenanted houses). These pubs operate under a system that ties our Business Partners to purchasing their drink products from us. Our tenancy agreements are based on a 3 year renewal term and contracted into the Landlord & Tenant Act 1954. Our agreements are supplemented by a code of practice approved by the BII, which is binding on our side, and we will be updating this code of practice over the next few months to embrace the recently agreed Version 6 Industry Framework Code. It is a business model that works well and with adaptations has stood the test of time.

We operate in a highly competitive industry where market forces, both from within the sector and from the broader economic conditions, are driving real changes. In this context we are constantly seeking ways of improving our support to our Business Partners through benefits that are recognised by the European Commission as Special Commercial or Financial Advantages (SCORFA). We believe that it is this additional support that makes us 'stand out from the crowd' and led to us being awarded 'Best Tenanted/Leased Pub Company (10-199 sites)' in the 2012 Publican Awards.

2) Supporting Information

In order to support our comments above please find below the following information:

1. In 2010, before self-regulation, we introduced a 'no rent review' clause into our agreements which gives our Business Partners the certainty that they can renew every 3 years, should they wish to do so, without the fear of a large rental increase.

Hall & Woodhouse Ltd., The Brewery, Blandford St. Mary, Dorset DT11 9LS
Tel. 01258 452141 Fax. 01258 459528 www.hall-woodhouse.co.uk

REGISTERED IN ENGLAND No: 57696

2. We have held the price of our own brewed cask ales (excluding duty increases) for 5 years in a row, despite rising material costs to support our Business Partners.
3. We only sell our cask ales in our own Public Houses giving our Business Partners a unique selling proposition.
4. We have 'capped' RPI increases on rents at 2.8% for the last 4 years.
5. We estimate our average Business Partner Profit to be £ k pa (excluding any 'live in benefit' and 70% of our Business Partners generate more than £' k pa (in 2008 these figures were £ k and 53% respectively).
6. Since 2009 we have supported our Business Partners through reduced rents and drinks prices to the value of k pa across the estate.
7. We spend on average £12k pa per pub on repairs, maintenance and property improvements.
8. We are currently recruiting for only 7.5% of our estate.
9. We are currently running at 98% for new Business Partners surviving the first year in their business. This is significantly higher than the survival rate for new business start-ups.
10. Through an external agency we conduct a Business Partner survey each year and in 2012 our Business Partners told us:
 - 93% are happy with the support levels from the brewery
 - 70% agree a great job was done on property maintenance
 - 99% are happy with the relationship with the Area Manager
 - 73% are happy with their drinks range
 - 66% understand the benefits of the tie
 - 89% would consider renewing their agreement with Hall & Woodhouse Ltd
 - 84% agree that Hall & Woodhouse Ltd have lived up to their expectations.

3) Summary

We believe that a combination of market forces and self-regulation is driving significant change in the sector. The evidence above shows how we have changed our business model considerably in the last few years. We continue to increase the SCORFA benefits to our Business Partners and will embrace Version 6 of the IFC to strengthen self-regulation further. We believe this is sufficient and that a Statutory Code is unnecessary. In the event that a Statutory Code was implemented we would support the 500 pub threshold on the basis that it includes tenanted and leased pubs only and not managed houses.

In conclusion, our industry has suffered considerably in recent years from too much Government and European interference, most of which has given rise to unintended consequences. Given this, and the extreme pressure on business in this recession, we appeal to the Government to let our industry get on with trying to make a success of pubs in collaboration with our Business Partners.

Yours faithfully

Anthony Woodhouse
Managing Director