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WADWORTH CO
since 1875

Our Ref: CJEB/JB
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

Pub Companies and the Tenants:
A Government Consultation by the Department for Business, Innovation and Skills

I am writing on behalf of Wadworth & Co Ltd in response to the Government consultation on Pub Companies and Tenants.

As members of the Independent Family Brewers of Britain (IFBB) and The British Beer and Pub Association (BBPA) the Company support, without reservation, the detailed responses of both organisations.

The IFBB document is attached for information. *[See separate IFBB response]*

The Company has been in family control and ownership since 1875.

We are one of the major employers in our home town of Devizes and most local people know someone who is either employed or associated with the brewery.

There are 193 tenanted houses in our tenanted estate with a further 46 managed houses covering some 6 counties within an eighty mile radius of the brewery.

Tenants are offered a traditional tenancy agreement with a tie. The brewery maintains full responsibility for structural repairs including external decorations and signage. As part of our agreement we offer a Maintenance Service Agreement to ensure tenants fully comply with existing and new regulations. The agreement covers such things as gas safety compliance, fire safety, health and hygiene amongst an increasing list of regulations forced on tenants.

Our agreement is contracted to the Landlord and Tenants Act 1954 and renewable on a tri annual basis.

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At renewal we will discuss with our tenants the continuation of the tenancy agreement, plans for the future and agree a rent. We have an open and transparent rent negotiation looking at the profitability and viability of the business together with any changes that will have an effect on the business.

Rents may increase, remain at the current level or be reduced depending on the circumstances. Within our agreement tenants have the opportunity to dispute the rent proposed through an arbitration process defined in our agreement and latterly through the Pub Independent Rent Review Scheme (PIRRS). As a Company we have not had a rent negotiation that has had to be resolved through the arbitration system or PIRRS: all have been dealt through our internal procedures.

We incorporate Version 6 of the new Industry Framework Code (IFC) into our agreements. The updated Company code, incorporating the IFC, is awaiting accreditation with BIIBAS.

It is our strong contention that the existing code and self-regulation has worked and continues to work for the benefit of our tenants. It is on this basis we believe the government should allow the new code to be 'tried and tested' and the industry to self-regulate.

The Tenanted model has worked extremely well. The support offered to tenants throughout the period of economic difficulties has helped to sustain many businesses that otherwise may have closed. Banks in particular have treated our tenants with financial contempt and without our support offering extended credit, financial investment, unsecured loans and sound business advice many more pubs would have ceased trading.

In an independent survey of our tenants 60% of our tenants strongly agreed their rents were fair, 72% were happy with the drinks range offered, 89% were happy with their relationship with their area manager (97% felt the area manager dealt with them honestly and with integrity) and 80% believed the agreement and tenancy was fully explained to them throughout the recruitment process.

My apologies for stating the obvious which is that it is important for both Wadworth and the licensee to be successful and profitable and that is our aim.

We are committed to offering the very best support to existing and new tenants through our Training kitchen and Licensee Training Centre.

New tenants are invited to attend Pub School before taking their tenancy. This involves hands on training in an existing tenancy with an experienced operator.

Our Tenanted Trade Director has been responsible for looking after an estate of tenants and tenanted houses for 34 years.

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I cannot imagine an industry that has suffered more external interference and regulation. The Beer Orders in 1989 sought to address issues that were believed to be detrimental to tenants and consumers and it is absolutely clear that these were bad for our industry and for pubs.

Whilst one can argue some areas of improvement the overall unintended consequence of the legislation has seen a reduction in profits to both pub operators and pub companies causing an acceleration of pub closures and consumer choice. Further regulations will only serve to reduce potential investment into our pubs and tenants with the consequence of further closures. Added to this the annual increase in duty and the duty accelerator have also reduced licensee's income as these now cannot always be passed on to the customer.

I would urge the Government to allow the industry to continue to work with its tenants and business partners without the need of further government intervention.

Increased legislation through a Statutory Code will inevitably add extra cost and unnecessary burden to a sector that is already heavily laden with regulation and bureaucracy.

Yours faithfully
for WADWORTH & COMPANY LIMITED

C J E Bartholomew
CHAIRMAN