

PUB COMPANIES AND TENANTS: A GOVERNMENT CONSULTATION

Admiral Taverns Submission to BIS

14 June 2013

Strictly Private & Confidential

Confidentiality Notice

There are aspects of the information upon which this submission is based that are highly business and commercially sensitive that we have voluntarily provided to allow the Department of Business, Innovation and Skills to make accurate assessments of the issues before it.

The further disclosure of these parts of our submission beyond BIS could lead to us suffering a commercial disadvantage with suppliers, competitors and customers alike. We, therefore, reserve the right to redact these business sensitive elements in advance of any public dissemination of the report.

Please can you confirm that this is agreed and that you will provide us with adequate notice of any such disclosure to allow us to redact as we see fit?

"Deciding to make a complete change of career and take on my first pub last year was a huge decision for me and one I did not take lightly. The [redacted] was a pub which had had more downs than ups in recent years and was not trading well. However with the support given to me by [redacted], my BDM, and some very hard work we have turned around this struggling pub and created a great community asset with good food and beer. The selection of cask ales available from Admiral is vast and has helped us to grow the sales of real ale. [redacted] has arranged an extensive amount of training for us which has been invaluable and amongst other things we now have Cask Marque and always stock four cask ales.

I am not sure that I would have been able to grow a business like this in such a short timescale without the opportunity to take a tenancy with a good company like Admiral Taverns. I would be very nervous about any changes which could have a negative effect on our working relationship with Admiral."

[redacted], Admiral Taverns tenant at the [redacted]

"I was recommended to Admiral Taverns four years ago by one of Admiral's other tenants [redacted] who is still at the [redacted]. The [redacted] was my first venture into the pub trade and it has been an excellent experience. The support from my BDM, [redacted] and other members of the Admiral team has been invaluable to me in establishing a successful business based around good beer, excellent food and a community atmosphere. I cannot fault the working relationship I have with Admiral which is very much that of a business partner, and I would not like to see any legislative changes which could have a detrimental effect on this.

[redacted], Admiral Taverns tenant at the [redacted]

"Having taken my first tenancy at the age of 18 and subsequently held Operations Director roles at 4 independent pub groups I now have over 20 years' experience in the industry and can honestly say that Admiral Taverns is the most open and professional pub operator I have ever worked with. The foundation for this statement is based primarily on the trust they place in their Business Development Managers which enables them to make important decisions such as rent assessment, beer discounts and sales & marketing support based on the reality of the situations they see and rather than the needs of some accountant in the office. This really makes us feel that we're in partnership and has enabled me to get on with developing my businesses rather than having to worry about how I'm going to make the next rent payment.

This level of support has led me to end agreements with a number of national operators and a London based regional brewer and develop an estate of 7 sites with Admiral whom I would not hesitate to recommend to anyone looking to take on a new pub business."

[redacted], Admiral Taverns multiple tenant, [redacted]

"Having entered into partnership with Admiral Taverns around 18 months ago I now operate 3 sites with them, all of which received capital investment of over £30,000 when I took them over. This investment was vital for me to create businesses that offer the local community a great place to meet and enjoy each other's company and certainly would not have been available via lending from any bank or financial institution.

Throughout the recruitment process I've found the Admiral Team to be totally open about how they make their profit and the fact that beer could be purchased more cheaply if my agreement was free of tie. Whilst we would all

like to reduce our purchasing costs, the reality is that the capital investment and business support I receive from Admiral adds real value to my business model and has enabled me to develop a successful multi-site operation in the knowledge that they are behind me every step of the way.

Additionally, Admiral has engaged me to offer business re-launch advice (Admiral funded) to other licensees taking on capital projects in conjunction with themselves. This has exposed me to many other operators who feel the same way as I do and further demonstrates their commitment to working in partnership with all of their tenants to really develop their businesses."

Admiral Taverns multiple tenant,

"Since taking over [redacted] in September 2012 I would like to place on record how pleased we are with the help and support we have received from Admiral Taverns. The [redacted] was in serious need of investment and Admiral have delivered, after a 3 week refurbishment, a pub that not only us, the tenants, but the whole community can be proud of. My relationship with the Business Development Manager has been built on trust and all our dealings with Admiral, from top down, has been a very positive one. I would have no hesitation in acquiring a second unit from Admiral Taverns."

[redacted], AT tenant at

"Since I took on [redacted] it has been a pleasure to meet so many supportive people, from the Chairman (Jonathan) popping in for an informal chat, to Claire in ordering and Paul in credit control. It has been a pleasure to receive such support. It makes me as a licensee feel that I have the support mechanism to fall back on should I need it.

What is refreshing is that Admiral Taverns never give a bland 'No' to any request. My business development manager always looks at the possibilities of every request and if possible, will always help where appropriate. If the company continues in this vein, which I am sure it will, I hope to have a long and fruitful association with Admiral Taverns. "

[redacted], AT tenant at

"On behalf of the directors of [redacted] I'd like to express my thanks, and gratitude to my business development manager, [redacted] and the board at Admiral Taverns for providing the investment at the [redacted],

The building work has already started at the [redacted] (what a difference), a pub which has had no investment for over twenty years, and quite frankly we would not have got involved with if it wasn't for the partnership we have created with Admiral. It will lift the centre of [redacted] city centre, and has created a mass of interest in the pub, and the pub business - who else is investing, who else is trying to stimulate growth and opportunities?

We fully understand that there's a huge commitment from both parties, with Admiral committing to over £120k of spend, one of their biggest investments, and we appreciate the commitment shown, plus the comprehensive insight provided on rent, future appraisals, and the support provided - we would not have entered into this agreement with other commercial partners, and feel it's a great fit for us as a business.

One of the key highlights for us is the partnership - a partnership that helps us deliver our business plan, a partnership that provides us support on catering, marketing, finance, brand awareness, training courses plus a host of other opportunities for us to engage in. We would not and could not get this from a bank, brewery or other commercial partners - their remit is too narrow, and lacks support and insight."

[redacted], AT tenant at

We also include links to three videos taken with licensees, discussing their working relationship with Admiral Taverns in greater details:

<http://youtu.be/comnevNUJ5A>

Eddie & Jackie Cullen, AT Tenants at Ale House, Taunton

<http://youtu.be/9HBGiBWEjLA>

Stuart Dowding & Mark Eaton, At Tenants at Windmill, Loughborough

<http://youtu.be/sHH1TgYLdo8>

Luke & Rebecca Faux, AT Tenants at Valentine, Abergele

The above represent just a small sample of testimonials we have been offered by our licensees in preparing this response to the consultation. Many more have told us they will be writing in directly to BIS.

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Admiral Taverns ("AT") submission to Government Consultation on Pub Companies and Tenants

We welcome this opportunity to respond to the potential proposals being consulted upon by BIS as set out in its document of April 2013.

1. Introduction to Admiral Taverns

- 1.1 AT operates an exclusively tenanted and leased pub estate of approximately 1,030 pubs. The business was founded at the end of 2003 and grew progressively by acquisition in the run up to the credit crunch of 2007. The consumer recession triggered by the credit crunch, the introduction of the smoking ban in 2007 and the rapid increases in beer duty levied by the Government adversely affected Admiral's finances and in November 2009, Lloyds Banking Group restructured the company's finances and introduced new management, led by Jonathan Paveley.
- 1.2 Since 2009, the new leadership team repaid Lloyd's outstanding debt in full (over £367m), improved the management team, restored investment in its pub estate to about £9 million per annum, introduced new support services for its tenants and transformed relationships with its licensees.
- 1.3 The transformational nature of this change programme was recognised firstly by the company's attraction of approximately £200 million of new investment from Cerberus Capital in December 2012 which allowed Lloyds the opportunity to realise its investment in AT, to the end that AT presently carries no external debt and plans to take on only a conservative level of debt in future. Secondly, in March 2013 AT was awarded the industry's prestigious "Leased & Tenanted Pub Company of the Year for an estate of more than 200 pubs", beating a short list comprising two highly regarded family regional brewers. The Chairman of the independent judging panel, R Willock, stated,

"Admiral Taverns was named Tenanted & Leased Pub Company of the Year at the Publican Awards 2013 following a rigorous six-month judging process. Publican Awards entries are subject to an initial round of judging to identify a shortlist; after which finalists are visited by judges for an HQ interview and estate tour. Meanwhile, an independent tenant satisfaction survey ensures the pub companies' promises are being delivered on the ground. Finally, the senior management team attends a final judging day, at which they face an interview from a panel of judges. The Award was presented at a ceremony at The Grosvenor House Hotel on 11 March in front of 1,200 pub industry stakeholders.

The judges said: "Admiral Taverns has undergone a true turnaround over the past three years, culminating in new investment from a new owner - which should be seen as a great vote of confidence in the business. The well-respected senior management team and their highly rated cadre of Business Development Managers ("BDMs") strike a good balance of different skills, resulting in improved results for Admiral and its tenants alike.

Following investment in tenant recruitment, outcomes have improved significantly. Web enquiries have doubled to 400 per month, and an active CRM programme keeps in contact with a talent pipeline of around 1,000 candidates. Some 80% of the estate is now rented on long term agreements en route to a target of 85%.

Admiral's food support offer is excellent. Its Food 4 Thought programme offers tenants a simple, easy-to-produce, modular menu and the equipment to produce it. It is having transformational results in some formerly wet-only pubs. Admiral derives no direct benefit from this programme, but invariably achieves

improved wet trade at pubs which adopt “Food 4 Thought” as well as increased tenant motivation. With its finances now on a more secure footing, Admiral is able to concentrate on driving the business by supporting its licensees to improve their retail standards and grow their custom.”

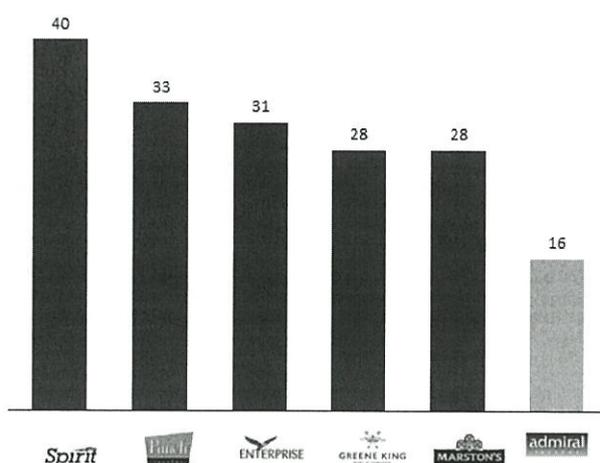
1.4 AT’s pub estate is largely composed of traditional community pubs spread throughout England and Wales, and the localities in which we operate are disproportionately in areas of socio-economic vulnerability (in England 46% are in the 30% most deprived local authority areas) in which our pubs may be very important as a source of community interaction and employment. The ability of licensees to buy a pub in these localities is severely constrained given the lack of capital available locally and the unwillingness of banks to lend to businesses in such deprived demographics. AT has been unusual among its competitors in championing the cause of local community pubs through investment and support for licensees (as is demonstrated by us initiating the “It’s Better Down the Pub” campaign www.itsbetterdownthepub.com) whereas most pub companies have been actively disinvesting from such localities.

2. Our Business Ethos

2.1 AT is therefore securely financed, investing heavily in its pubs and supporting its licensees. However, what we at AT pride ourselves most upon is our distinctive ethos of supportive and fair dealing with our tenants. We seek to run our business in the manner of a progressive family regional brewer, investing for the long term and keeping rents low, while seeing the beer tie as a means of motivating both we and our licensees to work together to build their businesses. We can evidence this in a number of ways as set out below.

2.2 We try to keep rents low, understanding that our licensees prefer a low fixed rent cost which is afforded by the Tie. Our average core estate annual pub rental is only £16,000 per annum, which compares favourably with our competitors (Figure 1 below). Our rents almost always include letting accommodation for the licensee and usually us taking the bulk of the repair liabilities as we strongly prefer to let our pubs on a traditional brewery tenancy arrangement rather than a FRI (fully-repairing-and-insuring) lease unlike our largest competitors.

Figure 1: AT core estate average annual rents (£000 p.a.)



Source: AT analysis of publically available information

2.3 While the typical AT pub may be smaller than those of some of our larger competitors, which will result in lower rents, we also know that our rent as a percentage of licensee retail turnover compares favourably with the market.

- 2.4 In the five years since 2008, our rent roll per pub has, on a like-for-like basis, risen by only 1% nominal, which represents a 20% real RPI adjusted decline in average rent per pub despite the company investing approximately £9-10m per annum in its pubs in recent years. This represents our flexible and low rent philosophy in action as we adjust our rents to support licensees in difficult economic times.
- 2.5 Our rental philosophy has ensured that since May 2008 AT has completed over 700 rent reviews and renewals, and not one of these rents has been set by a third party, whether through PIRRS, independent expert, arbitration or the courts. In fact, since the company was set up in 2004, no rent review or renewal rent has ever been set by a third party, with all rents being agreed consensually with licensees.
- 2.6
- 2.7 We therefore entirely refute any suggestion that our contractual arrangements with licensees do not allow them to make a fair return on their investment and commitment to a pub. It is simply not in our own commercial interest to undermine the financial viability of our licensees. However, neither can we guarantee them an income if they choose not to run their business professionally despite our efforts to help them. Sadly, there will always be a minority of such licensees in any business who are unwilling to respond to changes in market conditions and who therefore will be largely responsible for their own difficulties. Fortunately, we at AT have ever fewer such licensees and most are motivated and work with us in partnership. The AT licensee advocacy statements quoted earlier are just a very small selection of those we could quote which licensees have volunteered to us. We also understand that many AT licensees have said they will write into the consultation speaking up for our business practices while others have offered to speak to the media or write to their Members of Parliament. This is not a company at loggerheads with its tenants as the further evidence to be outlined below will confirm.
- 2.8 We very much prefer to let our pubs on the traditional brewery tenancy model of typically 3 or 6 years' duration. These involve us undertaking the repair liability, having a lower fixed rent/higher tied wet rent mix and are generally identical to the agreements operated by the family brewers. We still have some legacy assignable leases, generally dating back to the years' pre-2007 which were acquired from other companies, but we have been steadily working with licensees to convert these leases to the fairer tenancy model we prefer to operate. Currently only 20% of our pubs are let as leases (211 pubs – half the number compared with three years ago) and we believe that this proportion will be nearer 10% within another year.

- 2.9 We would always condemn abuse of the Beer Tie. We regard it as a way both to minimise the fixed rent for the tenant and to promote alignment between licensee and ourselves to develop jointly the business as much of our income from the pub is directly variable and linked to the licensees' trading fortunes. In recent years we have restricted tied beer price increases, pre-discounts, to tenants to below both RPI and supplier Wholesale List Prices (Section 10.1.2 below) and at the same time have increased additional discounts off list wholesale price to tenants to an average of £70 per barrel, a 94.4% increase since 2009. In calculating rents, we ensure that licensees are operating at a reasonable gross margin and will offer additional discounts to improve their margin. However, many licensees show a strong preference for lower fixed costs in the form of rent and do not take up the offer of further discounts which would necessarily increase the divisible balance and the rent. Furthermore, if a licensee has a compelling business case for greater flexibility around the beer tie we will try to meet their needs. At present 7% of our estate is fully free of tie ("FOT") on beer/cider/FAB's, while 24% is FOT for packaged beer/cider and 27 pubs enjoy a guest ale FOT right. However, demand from tenants for such additional Tie freedom is limited as they are unwilling to pay a significantly higher rent and generally quietly acknowledge the additional levels of support available to them which would be unavailable if they were on a true FOT agreement.
- 2.10 Our relations with the vast majority of our licensees are very positive and still strengthening, as was confirmed by our 2013 "Leased and Tenanted Pub Company of the Year" award. We subscribe to the annual tenanted pub company "Tenant Track" relationship survey conducted by HIM market research in January each year which asks a large random sample population of many companies' tenants (225 in our case), on a confidential basis, a series of questions about their view of their pub company. One of the most important questions is "How likely would you be to recommend your pub company to other publicans?", to which over 70% of AT tenants answered they would be likely or very likely, a score comparable to the level of answers given by the family brewers' tenants. Furthermore, this represented nearly a 10% improvement in our score on the same survey conducted in 2012 and we remain focused on further improving our scores in the January 2014 survey as the business shrugs off its chequered pre-2009 history and wins the active support of more of its licensees.
- 2.11 We can evidence the positive nature of our relationships in another way. We were very distressed to see the misrepresentation of calls to the BII helpline attributed to AT in Figure 1 on page 18 of BIS' consultation document which indicated that the BII Hotline had received 3% of the "complaint" calls made about AT. The BII in its recent statement has clarified that these calls include many that are not "complaints" or "grievances" as the BII terms them. We can confirm that in fact the BII Hotline has received no grievances at all from AT licensees in 2009-2012 and indeed is the subject of few enquiries at all (Appendix 1 attached) despite the fact that we at AT actively encourage our licensees to work with the BII and pay the membership costs of all our licensees for their full term on tenancy and lease agreements. *We have had no substantiated complaints against us at all since the institution of self-regulation.*
- 2.12 This lack of substantiated complaints about us from tenants is despite them all receiving the latest version of our company Code of Practice and all new licensees receiving it as part of the letting process, which sets out how to make a complaint to PICAS or PIRRS. It is a simple document written in clear layman's language setting out their rights and our obligations. In the HIM Tenant Track survey of January 2013, 90% of AT licensees surveyed reported a good awareness of our Code of Practice, which is encouraging given that some of those who were originally taken through it when first issued in 2010 may well have forgotten it in the intervening period.
- 2.13 We invest heavily in supporting our licensees at pub level by offering a wide range of support services, mostly free-of-charge, sometimes at subsidised prices, as acknowledged in the R Willock quote in Section

1 above. These support services, known under the industry acronym "SCORFA", cost us about £12 million or about £11,500 per pub per year and can be split:

- Business / legal / marketing / training etc. £8,000 per pub p.a.
- Additional direct financial / cash support £1,000 per pub p.a.
- Maintenance capex support £2,500 per pub p.a.

With a further Development Capex support worth £4,000 per pub per annum, the total support costs incurred by AT add up to £15,500 per pub.

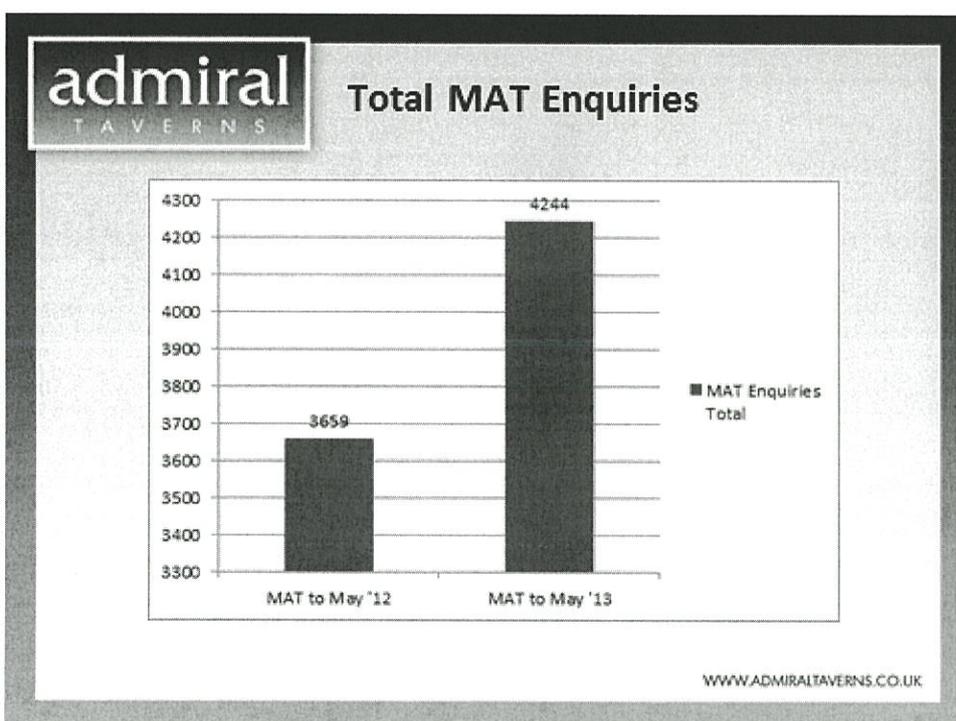
These support services (excluding development capex support) are worth approximately £15,000 to each licensee each year on average if they were to have to buy these services on the open market, plus the development capex cost of £4000 per pub. Please see Appendix 3 attached for a full list of the services provided.

- 2.14 These additional services are tailored to individual licensee needs by our team of BDMs who are our principal relationship managers with our tenants and who look after on average 40-45 pubs each, depending on geography. We have put considerable effort into recruiting, retaining and developing what we regard as the best set of BDM's in the industry, a majority of whom have been licensees themselves previously. Each of them is empowered to an unusual degree to provide a package of support to their licensees. Again this is evidenced by the HIM 2013 Tenant Track survey which reported that 82% of AT licensees rated their BDM as "very useful or somewhat useful" – with over 50% rating their BDM at 8 out of 10 or higher - a score exceeded by only one small family regional brewer, and well ahead of our other competitors. Again, this is a measure we intend to surpass by 2014.
- 2.15 We believe that our size, allied to our ethos, enables us to achieve a balance between securing economies of scale to provide our licensees with exceptional people and valuable support services while ensuring that we do not get too large and become remote from our licensees, who are after all the life-blood of our business. Our collective management experience leads us to conclude that this "sweet spot of scale" is available between 750 and 2,000 leased and tenanted pubs if the company's operating ethos is well founded and properly embedded - coincidentally 2,000 pubs was the threshold established in the 1989 Beer Orders prior to their revision by Margaret Beckett in 2002, when the 2,000 site threshold was rescinded. Too much smaller and some of the value added expertise we provide could become prohibitively expensive, too much larger and the organisation could become distanced from its licensees and clumsy in its relationships which is why smaller and medium sized companies have better relationships with their licensees.
- 2.16 This set of hard evidenced and strong (and strengthening) relationships with our tenants is only possible because of the Beer Tie. The bulk buying power it gives us in our supply negotiations with the large multinational brewers and other suppliers generates margin unavailable to individual licensees which we can deploy in keeping rents low, investing in our pubs and licensees, and providing a strong suite of flexible support aimed at sustaining our tenants' businesses. *These things would not be affordable if Government action were to erode the buying power we derive from the Beer Tie and the company's current business model would not be sustainable if the Beer Tie were weakened by means of Mandatory FOT or broad guest beer rights.*
- 2.17 We at AT are therefore both bewildered and extremely concerned that the success of our company is being jeopardised by the measures set out in this consultation when all the hard evidence available indicates that a large majority of our tenants are very positive about their relationship with AT, that the

BII's Hotline has recorded no substantiated complaints or grievances from AT tenants against the company from 2009 and that we have had no rents referred by licenses to any of the external appeal mechanics available. We would therefore urge BIS to consider carefully as to how any potential measures it should decide to pursue would affect us and our licensees, and whether such measures are either proportionate or justifiable.

- 2.18 Our reputation for fairness and active support of our licensees, which is derived from our business practices as evidenced in this submission, was most notably recognised in our award as this year's "Leased and Tenanted Pub Company of the Year". But, more practicably, it is reflected in the growing number of applicants we are receiving from would-be tenants for our pubs as is illustrated in Figure 2 below, such that the number of applications we receive now far exceeds the number of pubs we have available to let. This means that we can therefore select only the most suitable licensees and clearly demonstrates that would-be publicans know that we are a good company with which to work.

Figure 2 – Application Enquiries from Potential Tenants



- 2.19 Finally, do not just take our word for it or that provided by the hard evidence already cited. The following objective industry commentators have offered us the following testimonials about our business practices from their expert knowledge of the industry.

"I have watched with some admiration how Admiral Taverns have worked hard at improving their relationships with their licensees. Indeed every long serving tenant I have met has indicated they are by far the best landlord they have ever had. In administering the BII helpline the few queries I received were always dealt with promptly and sympathetically. Indeed on a recent visit to Otley I asked them to look into the situation of a local Publican, their response and improved support was gratefully welcomed by not just the tenant but also the local MP. They were very worthy winners of the best Brewery and Pub Co awards at this year's Publican Awards. Why their future should be undermined by the threat of statutory regulation is difficult to comprehend."

Phil Dixon, Industry Adviser

"We felt that we would like to write congratulate you on your recent coveted award of "Pub Company of the Year". Following the discussions we have had and knowing some of the policies you promote this came as no real surprise to us. Your policy which we highly commend is the direct assistance you have provided over the last 2 years to your tenants of absorbing the brewers price increases. This is a front line benefit to all your outlets and is in stark difference to some of the other leading pub companies and is ahead of free trade operators.

The above along with what we perceive to be a forward looking attitude to the business in general and your tenants in particular, the capital programs you are progressing and the quality you require of your regional management team all point to a company which shares a common aim with ourselves, that of a partnership approach with your tenants to your mutual benefit."

David Hawksworth, President of the Federation of Licensed Victuallers' Associations

3. Q1 – Should there be a statutory code governing relations between tenants and pub companies?

- 3.1 No, for several reasons. Firstly, no Government should interfere in arm's length business relationships. The tied nature of our model promotes significant alignment of interest between licensee and landlord because of the significant variability of the wet rent. The asserted comparability of the supermarket adjudicator is not accurate – this governs relations between the large grocers and their suppliers, not customers, and does not involve itself in setting the prices and terms on which the two parties do business as this proposal does. Property rights and freedom of contract are essential pre-requisites of an effective market economy and any intervention will increase costs, be seen as arbitrary, extremely damaging with huge potential unforeseen consequences and will clearly undermine the faith of overseas investors in the UK business environment.
- 3.2 Secondly, such a statutory code is also unfair because those companies like AT which run their businesses well and ethically, and have very good relations with their tenants, will be penalised by being subject to a highly complex, costly, bureaucratic and onerous regime. We would be marked out to seem as a predatory business which would detract from our ability to attract good licensees to our business when we are highly regarded. The key matter is to ensure transparency in the relationship, i.e. that licensees have full information before they commit to a pub on a long term agreement, and they have a range of effective independent, low cost ways to complain and seek redress if their claims have merit. These are the principles behind the development of an increasingly effective self-regulatory structure for which we at AT have been prime advocates. Key commercial matters, such as rents, the extent of the Tie etc. are matters for the free market to settle as pub companies compete to attract and retain tenants – the reduction in rents and introduction of a plethora of different types of agreement over the last few years is *clear evidence that the market has been forcing pub companies to develop competitive advantage in the battle to attract talent to run their pubs. Those companies which run their businesses poorly or which do not support their licensees effectively will simply fail and deservedly so.*
- 3.3 We recognise that pre-2009 the industry was slow in responding to criticism and in developing a rigorous and objective self-regulatory framework to ensure that licensees are properly advised before taking a pub and have an effective, low cost dispute escalation mechanic to protect them from ill-treatment. However, post-2009 industry has made massive strides in establishing not only a code of practice which is legally enforceable, but in offering low cost rent dispute investigation and resolution, and in a complaints investigation and enforcement regime.

- 3.4 The Government appears to have reversed its position of less than a year ago and has not given sufficient time for the self-regulatory regime to mature fully or to be assessed objectively, especially given that the industry has just agreed a further improvement to the Industry Framework Code (“IFC”) in Version 6. Furthermore, BIS has provided very little hard evidence of a failure of self-regulation – the licensee “complaints” quoted in the consultation document have already been demonstrated to be wildly erroneous and much of the rest is pure assertion from self-appointed “champions” with personal axes to grind. The two trade bodies most representative of individual licensees, the FLVA and BII, are actively involved in the self-regulatory regime. The ALMR only represents multiple managed operators trading some of the best, prime located sites with turnovers much higher than average, not the vast majority of individual tenants, and its members are seeking lower rents and FOT to increase the capital values of the leases they own. They have much greater buying power than, and their agenda is very different from, that of the individual tenant.
- 3.5 The industry is committed to fair and transparent dealing, and the provision that the Tie should not be abused, and that tied licensees should be as well off as FOT licensees over the life of an agreement, provided that adequate recognition is made of the differences in working and other capital invested by both pub company and tenant, and of the difficulties of defining what a FOT price is (see section 9.2 following). We at AT would be happy to enshrine these principals in the next stage of the industry code of practice if self-regulation were to be retained.
- 3.6 AT’s complete lack of complaints and third party rent dispute resolutions demonstrates that we do not need further regulation and that Admiral should not be subject to it, but should be allowed to continue to develop our business in partnership with our tenants.
4. Q2 – Should the code be binding on all companies owning more than 500 pubs?
- 4.1 Our answer to this question and those subsequent should be viewed in the light that we do not accept there is a need for statutory regulation *per se* as stated above. Given our high degree of licensee satisfaction and our fair and supportive business ethos, any regulatory threshold should be set to exclude Admiral.
- 4.2 We believe that in general the licensee problems that were more prevalent in the industry in the past were concentrated in the much larger pub companies when they grew to own many thousands of pubs – they simply became too large to run their businesses effectively, which created tenant dissatisfaction and variable business practices. Their subsequent dramatic reduction in size should offer them the opportunity to resolve these excessive scale issues and we see, as a competitor, some evidence that they are making some headway in this regard. The market is in effect solving the problem and is making the need for any statutory regulation redundant.
- 4.3 As described above, we have a strong preference for traditional “brewery-style” tenancy agreements as opposed to long term, FRI, assignable lease agreements. It does appear that the vast majority of the complaints and issues which have arisen within the industry relate to lease agreements and the difference between these agreements was recognised within the IFC version 6 which places greater obligations on a pub company in advance of signing a new lease agreement. This difference has not been fully recognised in the consultation and there is a very strong argument that any limit should be calculated on the number of lease agreements held by a pub company. If this were to be adopted, a much lower limit could be included in the legislation, potentially down to 100 lease agreements as agreed in the Version 6 IFC, with traditional tenancies being exempted from statutory regulation and still subject to the self-regulation framework.

4.4 We also agree that smaller companies should be exempt from any statutory regulation as their businesses could not absorb the additional costs and bureaucracy generated, and they, like AT, have not given rise to many complaints. We believe that both small and medium sized pub companies (potentially defined as operating fewer than the 2,000 pub Beer Orders threshold) should be completely exempt from any statutory regulation, and by retaining them subject to self-regulation, the costs of maintaining a self-regulatory regime should not become uneconomic for the small companies as it would otherwise do if the medium size companies were caught instead by a statutory regime.

5. Q3 – Should a binding code affect all of a company’ non-managed pubs?

5.1 No – it should affect only those where a tenant takes a pub on an agreement which means they have to make a significant financial investment/commitment in that pub. This would exclude short-term introductory or emergency agreements (tenancy-at-will “TAW” or temporary management agreement or “TMA”) where again the licensee does not have to give more than a short notice period to leave a pub (typically 28 days) and makes little or no financial investment other than a very small deposit.

5.2 We at Admiral employ TMAs if a licensee leaves a pub unexpectedly before we can arrange a letting to another longer term tenant (substantive lets tend to take 6-10 weeks before a licensee can take a pub). Reasons for such early surrender may be illness or relationship break up, and there exists a pool of temporary licensees who will take over a pub to keep it open on a few hours’ notice (in return for a nominal rent) while a permanent tenant is being recruited. If such temporary agreements were made subject to the stringent requirements of the code of practice governing substantive tenancies and leases, the emergency or short term letting market would die and we would end up with many more temporarily closed pubs (each for 8-12 weeks at the very minimum) which is not in pubs’ or local communities’ interests.

5.3 We at Admiral also use TMAs for inexperienced licensees or for those who want to try a pub before committing to it for the long term for a typical 6 month term with minimal financial commitment (just a small deposit and discounted rent) and a 28 day notice period for the licensee. In this time they can decide whether they want to work with us or to take the pub fully. This offers a safe and very low risk market entry for a licensee and during this period we will provide them with significant support to enable them to decide whether to take the pub permanently on terms to be agreed before they make any significant commitment. This has been a successful innovation, is popular with prospective licensees and helps them to know exactly what they would be committing to, and it helps us to assess what support they will need before moving to a substantive agreement. If they decide to move to a full agreement, the letting is then subject to the full procedures governed by the code of practice. Again, subjecting temporary agreements to the code of practice would not be in the interest of a prospective tenant who would have to take a pub initially on a full commitment basis which increases their initial risk.

6. Q4 – Should franchises be covered by the code?

6.1 The differences between pub franchise agreements and tied lease or tenancy agreements are difficult to define. All will operate a product tie, and the former may charge a turnover based rent as well as a franchise fee, whereas the latter will charge a property rent. However, the former may also charge a property rent, although the landlord may not be the same person as the franchisor. In reality, all agreements are different and there may well be a grey area where an agreement has mixed elements of both broad types of agreement. If operating a product tie is a defining feature, then it is clear that most branded restaurant franchises would be caught under this consultation. We therefore think this is

another issue where there may be further significant unintended consequences, but we also recognise that some industry franchise agreements can be argued to be another form of tied letting agreement. We are therefore sceptical whether most of the franchise agreements could be excluded from a code, but some perhaps should be.

7. Q5 – What is your assessment of the likely costs and benefits of these proposals on pubs and the pub sector?

- 7.1 The postulated regulatory cost of the adjudicator is circa £900k per annum, several times the cost of the self-regulatory regime and therefore it looks to be bureaucratic and inefficient from the start. It is difficult to ascertain its cost to Admiral, but on a straight pub numbers apportionment, we would incur costs of some £50k per annum which is 10 times our current cost of self-regulation. Given that we have had no rent disputes or substantiated complaints we think this extremely unjust and disproportionate. Furthermore, the additional management time required to manage with such a new code would at least double these external costs, leading to a minimum of £100,000 per annum. This would in effect mean three less pub investments per annum, investments which support licensee incomes and local economies. The up-front one-off cost in additional training to adapt to a new regulatory regime and set of practices would be at least two multiples of the on-going expense – setting up for self-regulation cost us £192,000 two years ago, so we would conservatively expect a minimum on cost in the first full year of about £300,000, which is the equivalent of a further nine foregone pub investments.
- 7.2 There are several thousand rent reviews in the industry every year, with many more new lets and renewals in addition. If there were no cost or risk to a tenant seeking adjudication, the adjudication body could be overwhelmed by licensees seeing this a one way bet to gain a reduction in rent with no consequence to them if their claim were dismissed. This would introduce an additional element of antagonism into any such negotiation even for companies such as Admiral which has invariably agreed rents consensually. Furthermore, companies are not resourced to deal with hundreds or thousands of contentious rent or other disputes – day-to-day business would be materially impacted, relations with licensees damaged and the entire sector tied into “defensive licensee management” rather than working together to invest in growing businesses. Furthermore, if such a confrontational culture between licensee and pub owners became the cultural norm within the sector, even those companies outside Statutory Regulation could be affected as their licensees replicate behaviours seen in the regulated companies as many licensees may have pubs with more than one company. We therefore believe that the current charging structures adopted by PIRSS and PICAS strike a fair balance between encouraging licensees to make genuine complaints while discouraging vexatious claims.
- 7.3 In terms of the postulated value transfer outlined in the consultation and impact assessment, we believe that the breadth of the range (nil to over £200 million per annum) indicates that BIS is travelling blind in making these proposals and really has no confidence in its own impact assessment. Neither do we from what we have seen, as it displays a lack of understanding of the way our business model works. We have contributed our data to the Impact Assessment being submitted by Compass Lexecon and we believe its methodology and conclusions are robust. We estimate that of those pubs we have sold since 2009 approximately 80% of their buyers have either ceased to trade them as a pub immediately or within two years, and have converted such sites to other uses.
- 7.4 Assuming that for illustrative purposes BIS’ mid-case estimate of £102m p.a. is correct, on a per pub basis the loss to Admiral would be about £5m of EBITDA per annum, or over 20% of our annual pre-tax and interest profit. This is material, is broadly equivalent to our entire annual investment budget and could fundamentally compromise the company’s financial position. Given that all the hard evidence regarding

Admiral is that we are fair and our licensees are overwhelmingly positive about us, this would represent an outrageously unjust assault on a well-run company operating a legitimate business model. Ultimately, it would lead to many pub sales, loss of pubs to the market, fewer opportunities for tenants with a reputable pub operator and substantial loss to the economy. Much of this “value transfer” would not be gained by tenants at all, but would be lost to the sector and the economy, thus the “benefits” to tenants are probably much over-stated.

8. Q6 – What are your views on the future of self-regulation within the industry?

8.1 Please see our answer to Q1 above. We believe that self-regulation has already had a significant positive effect and will continue to generate further improvements for licensees. However, we have always seen the self-regulatory regime as one of on-going evolution and improvement, and have played a full part in the development and agreement of Version 6. We would be prepared to help develop a Version 7 further strengthening the role of self-regulation and believe that reputable tenant bodies would work with us to introduce additional advances.

8.2 We would also be happy if a judge-led independent review or commission were to review progress in a further 2-3 years to recommend further improvements and to examine on an objective basis the evidence as to whether self-regulation is working as a mechanism of depoliticising this entire issue.

9. Q7 – Do you believe a statutory code would be based on the two over-riding principles of “fair and lawful dealing” and that “a tied tenant should be no worse off than the free-of-tie tenant”?

9.1 Yes, certainly, to the first principle as we are entirely confident that this is how we operate anyway.

9.2 As for the second principle, we would agree in theory, but are unclear as to how this would be defined or calculated in practice, and believe it to be impracticable to adopt in reality. For instance, how does one define what a FOT beer price is? All pubs attract different FOT prices at different times depending for example on:

- Licensee credit history.
- Brand range stocked – they will get better terms for buying all their of product range from one large brewer than if they source a broad range from a number of brewers and wholesalers.
- Recent trading history.
- Do they only buy short-dated or heavily promoted, temporarily available product, or source at fixed prices guaranteed for a year?
- Do they just buy on cheapest price or take other services such as free technical services or marketing support from a supplier?
- Geography – are the costs to deliver high because the pub is not near a main road or heavily populated area?
- Order patterns – does the customer place lots of small irregular orders or a regular weekly single large order?
- Is the pub seen by the supplier as a prestige or show-piece account, or one that is not particularly valuable?

9.3 Contingent on the above, a licensee’s free-of-tie pricing may vary hugely almost by the week whereas a pub company gives a clear price for a year, inclusive of a full service package. Our pricing operates in a similar manner to that of the Royal Mail, i.e. one fixed price per product irrespective of the licensee’s

location in mainland England & Wales. It would be almost impossible for an adjudicator to make an accurate assessment of a FOT price that should be applied as one would never be comparing apples with apples, and there is a complete lack of pricing transparency in the free-trade wholesale market anyway.

- 9.4 This would only be one of many difficult to make and prove assumptions any adjudicator would be forced to establish in examining whether a tied rent was fair; another would clearly be the valuation of SCORFA benefits to a licensee. It would be impracticably difficult and uneconomic for a pub company to customise SCORFA benefits at a single point in time for any individual pub. For example, if the pub company bears the cost of repairs, repairs should be annualised over a full repair cycle which may be thirty years or more for an item such as a roof. A pub company budgets to do so many roofs etc. per annum on a cycle across its estate – but one cannot allocate spend to an individual pub in a specific single or few years. Such a SCORFA benefit additionally acts as a repair insurance benefit for the licensee, insuring them from unanticipated repair costs. Many other SCORFA benefits will be impossible to assign to an individual pub in a specific year as licensee need will vary over time – in some years they may need much more help and less or little in others.
- 9.5 There are many other instances, for example fixed cost risk and differential capital requirements, where it would be extremely difficult to compare accurately tied and FOT agreements, and it is disingenuous or naïve to assume otherwise. Because of the lower fixed rent, lower initial capital investment and on-going lesser property obligations falling to a tied tenant, the pub company takes much more risk under a tied agreement than under an FOT agreement, whereas the position for tied and FOT tenants is entirely the reverse. How would an Adjudicator compensate the pub company for both its higher risk incurred and also for the fact that its capital investment in a site is far greater than that of the licensee?
10. Q8 – Do you agree that a statutory code should include the following provisions?
- 10.1 Q8i - Provide the tenant the right to request an open market rent review if they have not had one in five years, if a pub company increases drink prices significantly or if an event occurs outside the tenant's control?
- 10.1.1 We already undertake to allow licensees to have a rent review at least every five years – most rent review terms happen on a three year cycle within our business.
- 10.1.2 We have already committed to our licensees that, other than for duty or tax increases which we pass through directly, we will use our best endeavours to change our prices only once per year, unless there are exceptional circumstances, typically in February or March each year. Furthermore, we have worked hard not only to keep our Wholesale List Price changes each year both below suppliers' list wholesale price increases and below the annual RPI increase across our product portfolio: for instance in the three years 2011 to 2013 our average wholesale list price has risen by 9.88% compared with 10.84% increases from suppliers and 12.80% for RPI (based on top 100 selling beer and cider products which comprise over 95% of sales).
- 10.1.3 Our List Wholesale prices on many important brands – which represent 24% of our total annual sales - are now as a consequence well below the supplier List Wholesale Price, with 84 being priced at 5p per pint or more less than the suppliers price (see Appendix 2), with almost all of these differentials being created in the last few years as we have restricted list price increases to below market levels and have frozen the prices of a number of significant brands to enable licensees to avoid any cost increases by changing their product mix.

- 10.1.4 In addition, we also provide further discounts off list price which are customised specifically to a licensee local market needs, for instance we might provide a lower level of discount in a wealthy part of the south east and much higher discount for a community pub in Wales or the North West (up to £175 per barrel in some instances). These additional discounts cost us £9.5 million in the year ended 31 May 2013 and have increased by over 94% since 2009, massively ahead of list wholesale price and RPI increases.
- 10.1.5 We at Admiral therefore do our best to protect our licensees from supplier initiated increases and do not seek to increase our margins ahead of inflation, a point recognised by licensees as stated by the FLVA statement above. However, the proposals suggested here would not help licensees or be fair to us: we need some flexibility to pass on an exceptional increase put through by a supplier, whether it be much ahead of inflation or a second increase within twelve months if we are unable to resist such an increase. In reality, a supplier pushing through such an exceptional increase would invariably be doing so across the market, including the free-house market, so our licensees would not be prejudiced. In most instances, we are able to provide additional restraint on suppliers because of our buying power is much greater than that of a free-house, which would have less ability to resist. However, we do need commercial flexibility in these unusual situations and so must reject such a simplistic formulaic approach as proposed.
- 10.1.6 Furthermore, who would define “a significant increase” – is this higher than a brand owners List Wholesale Price increase or is higher than inflation? What happens if a brand owner increases the price to Admiral ahead of these two factors and we could not reflect such an increase in our pricing to licensees, which as demonstrated above has been rising below inflation and supplier rates in recent years? If we could not recover some of our additional cost, we might be forced to delist a brand which our pubs otherwise want to stock.
- 10.1.7 We would always look sympathetically on a licensee who has a genuine reason for requiring additional support, and might offer this by reducing the rent on a temporary or permanent basis, providing more drinks discounts, helping directly with costs (e.g. Sky Sports) or freeing up the AWP machine Tie for instance. Depending on an individual licensee’s specific needs we might provide any one or more of these additional support mechanics: we are currently providing an annualised £3 million of this type of support. Simply reducing the headline rent on a permanent basis is a blunt instrument which might not target the issue a licensee is facing for example:
- A major nearby development might hit a pub’s trade by blocking passing traffic or footfall – such a pub needs temporary support, not a permanent reduction.
 - A major new competitor may open up nearby – our pub might most benefit from an investment or pricing support to compete more effectively.
 - A major local employer closes – such a pub would probably need a product price or rent reduction as local customer demand drops for the medium to long term.
- 10.1.8 Furthermore, as part of responding to a change in local market conditions, we would be prepared to offer support to the licensee, but may ask them to help themselves as well by changing their brand range or introducing a better food offer. Offering our support with a degree of conditionality might prompt the licensee to make such changes and it demonstrates the two-way nature of our partnership with tenants. It would not be fair if we were always to bear the risk of local market changes and the licensee were exempted – a complacent licensee would have no incentive to adapt their offer if they always knew we would have to subsidise them for failure to respond to a local market change. We and licensees should always share the risk to encourage us to work together. This alignment of interest is at the heart of our interpretation of the Tied model.

10.1.9 Hence, we do not agree with this proposal and think it unbalances our share of risk-and-reward and would reduce our ability to tailor support to individual licensee issues.

10.2 Q8ii - Increase transparency by requiring the pub company to produce parallel "tied" and "free-of-tie" rent assessments so that a tenant can ensure they are no worse off?

10.2.1 Please see our answer to Q7 above which points out only some of the impracticalities of actually trying to compare a tied and FOT rent valuation. We believe it is the interest of both tenant and pub company that the relationship is transparent and that both parties are clear what is expected of the other. However, having to quote a side-by-side rent assessment would be highly contentious and would leave many lines in the calculation as sources of potential disagreement as views might genuinely differ on what a licensee might command in the way of FOT beer terms etc. and lead to lots of fruitless wrangling which could poison a relationship between company and tenant from the start.

10.2.2 In reality, if a licensee is genuinely interested in a FOT agreement and we believe the pub is potentially suited to such an arrangement, we will quote on such a basis – we currently have 7% of our pubs which are fully FOT. We also have 24% of pubs which are FOT for bottled beer and cider and 60% of our agreements are FOT for FAB's – we are very flexible on this issue when required. However, most licensees are really focused on their potential net earnings from a site, their ingoing costs and whether the pub fits their target criteria. Consequently, most want to lower their risk profile by accepting some form of product tie to reduce their rent and minimise their initial investment, and are concerned whether they will earn in their view a fair share of the profit pool generated by the pub.

10.2.3

It is difficult to

see how a bureaucratic requirement which is highly open to misinterpretation would do anything other than create antagonism where currently it does not exist and so we would disagree with this proposal.

10.3 Q8iii - Abolish the gaming machine tie and mandate that no products other than drinks may be tied?

10.3.1 We at AT are agnostic on the gaming machine tie and try to encourage licensees to consider going free-of-tie as it simplifies our business and, because we do not rentalise tenant gaming machine income if they are tied, we would be no worse off if the licensee went FOT on machines when we would include a licensee's gaming machine income in the rent calculation. Furthermore, we unilaterally started to phase out supplier royalties paid to us on gaming machines nearly three years ago to the advantage of our licensees to aid transparency and benefit our licensees. This is costing us circa £400,000 per annum and represents a unilateral transfer of value to our tenants.

10.3.2 In reality, licensees have been generally resistant to paying a higher fixed rent in exchange of going FOT on machines and as at May 2013, there were only 142 (14%) sites which were FOT for gaming machines. There are further reasons why tenants are generally resistant to going FOT on machines.

10.3.3 Pub companies employ gaming machine specialists who negotiate rates and service levels with machine suppliers, analyse machine performance data to ensure poor machines are rotated out of a pub quickly, and hence machines in tied pubs tend to be more financially productive than FOT pubs (by 35%

according to Sceptre Leisure, a leading machine gaming supplier). An individual FOT licensee lacks the expertise and buying power to exercise these disciplines and their machines are less productive. Many licensees recognise this and prefer the pub company to deal with this complex and arcane discipline.

- 10.3.4 This is further corroborated by the fact it is widely reported in the industry that the Government's recent introduction of Machine Gaming Duty has led to much lower than anticipated gaming duty revenues as many individual licensees, faced with far more bureaucracy, have avoided it by taking out their machines, thereby reducing their own incomes. MGD requires individual licensees to take responsibility of the tax and registration requirements themselves, whereas these were previously managed by the pub companies and machine suppliers on their behalf. Abolishing the machine tie would simply lead to more licensees dispensing with their gaming machines entirely and forgoing a helpful source of additional income for them and reducing Government revenues further.
- 10.3.5 Finally, it is well-known that gaming machines are attractive to organised criminals who value them for their money laundering properties, and who are quite prepared to install "illegal" machines (typically high stake, high pay-out category B machines permitted only in betting shops and casinos) in pubs when they can intimidate or suborn the licensee. A pub company polices the machines in its estate and excludes these machines and the criminal activities behind them. FOT licensees are highly vulnerable as the pub company does not collect data on their gaming machines and cannot audit what machines are in the pubs or how much cash they are collecting. Organised criminals would definitely advocate abolition of the machine tie.
- 10.3.6 We would therefore argue that an outright abolition of the gaming machine tie would not benefit most licensees and would have other unfortunate unintended consequences, although this is one of the proposals that gives us least worry from a purely self-interested perspective.

10.4 Q8iv - Provide a "quest beer" in all pubs?

- 10.4.1 We offer a huge range of 157 draught beer brands, including 80 cask ale brands, which are permanently available. We also give our licensees full access to both the SIBA Direct Delivery Scheme ("DDS" or access to direct supply of many hundreds of beers from micro-breweries so a licensee can stock local brands) and a rotational seasonal guest ale programme (94 brands offered over the last year). In the last 12 months 119 AT pubs have taken beers via the SIBA DDS. There is no shortage of choice for AT publicans. Keith Bott, Chairman of SIBA volunteered us this statement on our work with SIBA,

"Admiral Taverns were an early adopter of the SIBA direct delivery scheme that enables tied licensees to source locally produced cask ales directly from the 650 cask ale producers within the SIBA membership. Since then Admiral have remained an active and committed supporter of the scheme and allow all licensees' unrestricted access where the licensee believes it would benefit their business. Over the last 12 months over 125 Admiral licensees have taken advantage of this opportunity and our members have sold in excess of 7,500 firkins of locally produced beer to Admiral Licensees. We enjoy a positive and engaged relationship with Admiral Taverns and recognise their flexibility and supportive approach to their licensees."

- 10.4.2 We also allow some pubs with a specialist cask ale or local beer requirement to source a guest ale on a non-tied basis, although clearly this will affect the rent assessment. Currently, 27 pubs enjoy a guest beer right within Admiral.
- 10.4.3 We are therefore fully prepared to be flexible on beer ranging and sourcing arrangements to support licensees' businesses. However, licensees who request such additional flexibility or take up access to SIBA

DDS etc. are either specialist cask ale pubs or pubs with a strong local product bias which are aiming to stock an unusual cask ale that is probably produced very locally to support their retail proposition.

- 10.4.4 What we do not offer is guest beer rights on the major national lager or ale brands. These brands are ubiquitous in their distribution and they command the lion's share of the market. As they are a prerequisite of most on-trade retail offerings we provide a full selection of major national or regional brands for licensees to choose from, with the flexibility to differentiate their retail offering coming from the wide selection of permanent and rotational cask ale brands, SIBA DDS and the more niche brands available in our extensive portfolio.
- 10.4.5 As drafted this proposal would allow any publican the ability to source any brand on a "guest free-of-tie" basis. In reality, in all but a small minority of specialist cask ale pubs, a large national lager or ale brand brewed by one of the five multinational brewers (Carlsberg, Diageo, Heineken, Inbev and Molson Coors) will be the biggest selling beer brand by volume: this is the case in over 87% of AT pubs. Most publicans would logically simply source their top selling brand on such a "guest" basis and continue to buy their other less well-selling brands on a tied basis. This would not create any additional licensee or consumer choice, or assist the development of small or regional brewers' presence in pub company pubs.
- 10.4.6 Given these national brands are the ones on which Admiral enjoys the best buying terms, we have
- 10.4.7 In reality the damage done would be worse because these top selling brands represent 38% of our annual purchases. Their loss would effectively break our supply agreements and bulk purchasing power, and lead to the end of our ability to operate the tied tenanted model. We would either be forced to sell any sites we own above the *de minimis* threshold, go fully FOT and become just a property company, or sell off the entire company site by site. Given that our experience so far from selling pubs is that ultimately up to 80% cease to trade as pubs within two years following sale and are converted to other uses, the introduction of this proposal could lead to the loss of over 800 pubs to the market and local economy.
- 10.4.8 The case of a guest beer right is therefore not credible if extended to include any brand. The arguments against are however less strong if such a right were restricted to a local cask ale brewery, perhaps within a notional 20 mile radius of the pub. However, even here, the independent pub companies all offer licensees huge ranges of local, regional and national beer brands of all types as we do, as they try to give their licensees local competitive advantage. Indeed, these ranges are much wider than those offered by regional brewers who offer ranges based on their own brands and a few factored lines. There is little pro-active demand in our business for such guest beer rights as our range is so comprehensive and we are able to offer such flexibility for the small minority of licensees who need such specialist offerings as evidenced above. Again, many licensees would prefer to have a lower rent in exchange for a full Tie – BIS should leave this issue to individual negotiations between company and licensee.
- 10.4.9 We therefore think this proposal is misguided, would not benefit local brewers and would have massive unintended consequences in terms of company failures and loss of pubs.

10.5 Q8v - Provide that flow monitoring equipment may not be used to determine whether a tenant is complying with purchase obligations?

- 10.5.1 This is nonsensical. It is saying that a technology has developed, but should not be used – an analogy would be to disallow the police from using DNA evidence in prosecutions!
- 10.5.2 The use of flow monitoring equipment has become an emotive issue within the industry, especially within a small group of ex and current licensees who have been very vocal. A number of claims have been made by this group that the equipment is not accurate but to date, the only evidence provided has been tests performed on different equipment to that used within the pub industry. In fact, we understand that the tests performed by Brulines have indicated that the equipment used in pubs is accurate to within 0.5% for keg product, which is certainly within any acceptable tolerance.
- 10.5.3 AT uses flow monitoring equipment within its estate and the data is made available to licensees to assist in their understanding of their business. This has assisted multi and individual site operators to analyse specific trading patterns, to improve staff utilisation and implement better controls to increase business profitability.
- 10.5.4 AT also uses this information as a tool to identify licensees who are buying outside of the contractual position (“buying out”). This information is only an indicator and AT will use this data to start a dialogue with the licensee and gain a better understanding of the position. As agreed in IFC version 6, this information will not be used on its own to invoice a licensee for products bought outside of the Tie unless the licensee also refuses to allow AT staff access to the whole of the public house and in particular the cellar – such refusal in itself would contravene their agreement with us. If access is provided, no charge will be made unless additional evidence of buying out is identified including physical stock on site, admission by the licensee or evidence of by-passing of the flow monitoring equipment. In most cases where buying out has been found, the first offence will only be charged and collected following a repeat offence by the licensee.

11. Q9 - Are there any areas you think the draft Statutory Code should be altered?

- 11.1 All our subsequent answers are predicated by our strong belief that a Statutory Code is not justified at this time by any real evidence, that self-regulation is progressive and working, and that statutory regulation would be expensive, bureaucratic and have hugely damaging unintended consequences.
- 11.2 There are a large number of alterations which should be made to the proposed Statutory Code included in the consultation (“Code”). A number of the points have been covered elsewhere in this response and are not repeated here but additional points are noted below.
- 11.3 *Properties covered by the Code* - the current draft of the Code assumes that all properties owned and let by the pub company are covered by the Code. This would include short term agreements and rented properties ancillary to the public house.
- 11.3.1 *Short term agreements* - this has already been noted in 5.1. If the Code is not amended to exclude short term agreements, there will be a significant increase in the number of closed pubs within the industry.
- 11.3.2 *Ancillary properties* - in many cases, a property owned by a pub company will include the public house and other unlicensed properties which are rented to a different party. This may include residential

properties, shops, betting offices, poster advertising or telecommunication equipment. Under the proposed drafting, all of these properties would be caught by the Code and lease agreements with upward rent review clauses would be overridden by the Code. This would include agreements negotiated with FTSE100 companies. By including these properties, relevant pub companies caught by the Code would be at a disadvantage to other property owning companies. This is manifestly unfair unless these clauses were extended to all rented property in the United Kingdom!

11.4 *Differentiation between lease and tenancy agreements*

11.4.1 The Code does not differentiate between lease and tenancy agreements and certain clauses are not considered necessary for tenancy agreements. The IFC version 6 has segments which are purely for lease agreements and segments which are purely for tenancy agreements. This recognises the greater obligations on a licensee under a lease agreement which has provisions for assignment, greater upfront financial commitment and more significant repairing obligations. The Code only appears to have one clause which differentiates between leases and tenancies (Part 2 Clause 9 c (v) which only refers to leases). There is therefore no requirement for a pub company to provide a schedule of condition for a property for tenancy agreements, recognising that the pub company is responsible for the structure of the property, but in Part 2 clause 9 e and clause 9 f the pub company is required to advise that the licensee incurs additional professional fees to understand the property structure and on a survey of the property when the repairing obligations will remain with the pub company.

11.4.2 The Code also requires Rent Assessments to be provided to the licensee at least 6 months before the relevant date. When the agreement is a 3 year tenancy agreement, this means that the information gathering will start about 1 year before the relevant date to ensure that required dates are met. This will mean that discussions will start with the licensee only 2 years into the agreement and with 1/3 of the agreement term still to run. This is too early in the agreement cycle and again does not recognise the difference between tenancy and lease agreements. The IFC requires lease agreement rent assessments to be presented 6 months before the relevant date, but just requires a timetable to be set out for the licensee for tenancy agreement rent assessments. Admiral currently informs the licensee of the renewal date and the relevant timetable and process 6 months prior to the relevant date and commits to providing the rent assessments at least 2 months in advance of the relevant date.

11.5 *Definitions* - there are a number of definitions which need to be reviewed and amended. As an example, the definition of 'Pub' would result in a number of tied establishments being excluded from the Code where the property is principally traded as a food led venue. We are unclear why these properties should be excluded from any proposed Code.

12 Q10 - Do you agree that the Statutory Code should be reviewed periodically and amended if required?

12.1 Any Code of Practice and its application should be reviewed and periodically amended if required, and indeed it should be considered whether it is still required at all or should apply in different circumstances. The pub market is dynamic and evolving rapidly as a response to the very difficult economic and consumer environment. This is built into the industry's self-regulatory mechanism and we at Admiral have been encouraging further evolution beyond Version 6. A review every three to five years is about right as any revisions will need at least 12 to 24 months to bed down fully, and its results to become apparent. Likewise, if complaints drop materially any possible argument for statutory regulation would reduce. However, any such review should be conducted by an independent body, not an Adjudicator, to be objective and independent. However, if a new Code were to result in rapid and major unintended

consequences becoming apparent, it should be suspended immediately and reviewed thoroughly prior to amendment or abolition.

13. Q11 - Should the Government include a mandatory free-of-tie option in the Statutory Code?

13.1 No. The provision of a Mandatory FOT option is simply a further multiplication of the Guest Beer option (Q8iv) which we comment upon in section 10.4 above and its financial effects would be even more dramatic. The bulk purchasing terms that the Tie confers upon a pub company are at the heart of its economic model, enabling it to offer lower rents, invest in its pubs, provide a very broad product range and support tenants by providing a plethora of services and specialist expertise. These bulk purchasing terms are not available to individual licensees or small multiples.

13.2 The inclusion of a Mandatory FOT would erode a pub company's buying power because suppliers would see that the pub company no longer had control of product supply into its pub estate and would seek to sell direct to the FOT pubs on terms much more favourable to the supplier than it has to offer to the pub company. The bulk buying terms of the pub company would be eroded to the point at which they would no longer be sufficient to sustain the company's investment in its estate, support for its licensees, infrastructure or capital structure.

13.3 Furthermore, if a substantial minority of publicans chose to go FOT, the company's infrastructure which exists to service a tied tenant would become increasingly uneconomic as FOT licensees would not be contributing to its costs. At some point, we at AT would be forced to convert to a fully FOT model, i.e. just become a property landlord whose only interaction with its tenants is as a rent seeking landlord.

13.4 It is not possible to calculate what proportion of our pubs switching to FOT would compel a move to full FOT or when this would occur, as it would depend on the nature of individual supply contracts and terms on which licensees moved to FOT.

The tragedy is that even if a significant majority of AT tenants opted to remain tied, our company would not be in a position to maintain a tied agreement infrastructure and would have to compel them to go FOT with no in-house services or investment to support them. It is for this reason that companies tend to be either overwhelmingly tied or FOT – one cannot do both effectively within the same infrastructure.

13.5 In addition, even if we at AT moved to a full FOT model, we believe that the returns available from many of our pubs on a FOT basis would not justify continued ownership against the embedded capital value and would have to be sold. We have provided Compass Lexecon, which has undertaken an economic impact assessment of this proposal as part of the BBPA's submission, with full access to our confidential data, as have a number of other leading pub companies. Compass Lexecon provides an objective and rigorous analysis of the potential consequences of Mandatory FOT option.

13.6 Furthermore, the features of Tied and FOT are radically different from a licensee's perspective. FOT agreements are almost all long term leaseholds paying high fixed rents, receive no support from the

landlord, with the licensee bearing the entire repair and insurance obligations unlike under the tied agreement, with much higher up front ingoing costs such as a three month rent bond and full purchase of fixtures-and-fittings etc. They tend to appeal to substantial multiple operator pub groups who can afford their own service infrastructure and who can command bulk buying terms superior to those available to the single trader.

- 13.7 Traditional tied brewery tenancies, as preferred by AT, exchange lower fixed costs for a higher variable tied product costs, provide professional services as part of the deal, and generally have lower up-front costs for the licensee. They are most suited to individual licensees without significant capital resources who cannot afford the purchase of a freehold pub and who also value the domestic accommodation which is almost always provided along with the pub. Our pubs are overwhelmingly more suited to the latter style of licensee and we have few multiple operators letting our pubs.
- 13.8 The alternative strategy for AT would be the rapid sale of sites over a de minimis threshold, currently proposed at 500 sites. However, such a shrinking of the business would again call into question the scale economics of our buying power and service infrastructure, and might lead to a more radical outcome for the company.
- 13.9 In summary, would a move to offer a Mandatory FOT benefit tenants as a whole? It would probably benefit some of the largest multiple operators leasing prime sites (represented by the ALMR) which require little support from their pub company, but these types of operators little need any external intervention as they are strong enough to fight their own corner commercially anyway. However, for the large majority of smaller or single operator licensees, Mandatory FOT might offer a small initial improvement in terms, but this would come at the expense of much greater risk in terms of exposure to large supplier power, higher fixed rents, unanticipated property costs and higher ingoing expenses which many would not want to take on board. Furthermore, many would risk losing their pub, home and livelihood as the pub companies were forced to sell a large proportion of their sites. Other groups would lose out heavily as well:
- Prospective future licensees would need to raise more capital to take a pub and would not receive support from an interested pub company to optimise their chances of success, and there would be many less pubs available to let.
 - Local communities would see many more pubs, and sources of employment, close.
 - Suppliers would lose distribution and sales opportunities, particularly smaller local brewers, as pub companies provide effective national and regional distribution opportunities for their brands that the large competing multinational brewers are unwilling to offer their smaller competitors' brands, a point well understood by the family regional brewers and SIBA.
 - Furthermore, the large multinationals would structure their terms in a way to drive FOT licensees to buy their entire product range from that one brewer, thereby foreclosing the market to smaller brewers and other suppliers.
 - The impact on HM Government and Local Authority revenues would also be significant.
- 13.10 The Mandatory FOT, and Guest Beer right as current proposed, would both have the same dramatic unintended consequences, crucifying a legitimate industry, harming those it is most intended to help, benefiting only a few large multinational brewers and multiple operators, and leading to thousands of more pub closures. *We at AT are horrified that, operating our business as fairly as we do as evidenced in Section 2 above, we are faced with a range of measures which separately or in combination represent an*

existential threat to our company and the livelihoods of our tenants and employees and ask that BIS fundamentally reconsider its proposals.

- 13.11 One must ask whether the Government, through various iterations, has not already done sufficient damage to the British pub with its very high alcohol duties, exorbitant business rates for small businesses, introduction of legions of new regulations and the ban on smoking in recent years? State action has been a significant contributor to the loss of thousands of British pubs over the last few years and it should reflect carefully before potentially inflicting yet more catastrophic measures on the industry.
14. Q12 - Other than a mandatory free-of-tie option or mandating that higher beer prices must be compensated by lower rents, do you have any other suggestions as to how the Government could ensure that tied tenants were no worse off than free-of-tie tenants?
- 14.1 Both potential measures mentioned here are flawed, simplistic and would have huge unintended consequences. Mandating that higher beer prices must be compensated by lower rents is extremely simplistic as other factors such as SCORFA and the lower risk element of tied agreements to licensees need to be reflected in any comparative assessment. Tied rents are not a binary equation between beer pricing and rent payable.
- 14.2 The Government does not seem to appreciate that rents are a negotiation between consenting parties who can both walk away, not a calculation, and that licensees make a judgement as to what income they think that they can make from a pub. A pub company needs to be transparent with the information it provides, to advise a licensee to take competent independent advice to assist in their rent negotiations and to provide a cheap and effective rent or other appeal mechanic to an outside body as is already constituted by PIRRS and PICAS. We do all of these things and are only too happy to improve them further where suggested as it is our interest to have contented and motivated tenants.
- 14.3 If the Government is concerned that some agreements are unfair, it should require the pub companies to further resource and advertise PIRRS and PICAS so that more tenants use it if they have a problem. It should also ask RICS, which sets the rent assessment guidelines, to strengthen its guidance for rent assessments, which the pub companies utilise and abide by, and should ask RICS to name and shame a pub company if RICS believes it consistently misapplies RICS' guidance. The remedies are already to hand – it does not need complex statutory regulation.
15. Q13 - Should the Government appoint an Independent Adjudicator to enforce the new Statutory Code?
- 15.1 Any Code needs an Adjudicator to conduct the investigation of complaints. However, the terms of remit of such an Adjudicator and the skill set required by it needs very careful consideration. The PICAS and PIRRS bodies set up under self-regulation have an excellent mix of objective and independent industry experts who are able to investigate quickly and efficiently whether a complaint or claim has merit or not. Any Adjudication body needs to have the respect of genuine licensee representative bodies, such as the FLVA, pub owners, RICS etc. Appointing people with little practical experience or expertise in the sector would not gain the respect of the key parties and lead to the Adjudication body being ineffective.
16. Q14 - Should the Adjudicator be able to arbitrate individual disputes or carry out investigations into wider breaches of the Code?
- 16.1 The remit, if introduced, should match that of a combination of PIRRS and PICAS under self-regulation so that there would not be a mismatch in methodologies if the latter were retained for companies below a

de minimis number of pubs. Indeed, there would be a compelling case for an Adjudicator to contract PIRRS and PICAS to undertake its investigative work for larger companies given the latter's expertise and this would help to make their continued existence viable for those smaller companies which would continue to be governed by a self-regulatory function. In this situation, the Adjudicator would be the legally constituted body overseeing strategy and the work of PIRRS and PICAS.

17. Q15 - Do you agree that the Adjudicator should be able to impose a range of sanctions on pub companies that have breached the Code including Recommendations, Requirements to Public Information or Financial Penalties?

17.1 We have always supported the argument that the self-regulatory regime should have teeth in the form of a range of reputational, restorative and financial sanctions, and indeed we originally proposed the introduction of financial sanctions during the discussions about Version 6 of the IFC. However, any sanctions need to be proportionate and not aggressively punitive, and should also include sanctions, such as an award of costs, against complainants if the latter's case is adjudicated as being without merit or vexatious.

18. Q16 - Do you consider the Government's proposals for reporting and review of the Adjudicator to be satisfactory?

18.1 We agree with the proposals for reporting and reviewing the work of the Adjudicator. A similar regime should apply if self-regulation is retained.

19. Q17 - Do you agree that the Adjudicator should be funded by an industry levy with companies who breach the Code more paying a proportionately greater share? What would be the impact of an industry levy on pub companies, tenants, consumers and the overall industry?

19.1 No – clearly the principle that errant companies should pay more than those which do not breach a code is better than the alternatives, but above all the pub sector is already massively over-taxed in terms of business rates, alcohol duty, machine gaming duty, VAT etc. Yet another levy/cost imposition is simply unjustifiable, especially when there is no clear evidence justifying Statutory Regulation. We at AT could not pass it on to our tenants as they are over-taxed anyway and we would simply have to absorb it, which would reduce the funds we have for investing in our pubs and supporting licensees. Given our excellent reputation, business practices, good relations with a large majority of tenants, total absence of complaints or external rent adjudications, we believe any such cost to us is unjust in the extreme.

20. Conclusion and additional proposals

20.1 AT is a progressive and fair company, and is highly regarded as such by an increasingly large majority of its tenants. While AT understands the concerns about some of the practices that have occurred in parts of the industry, primarily concentrated in the assignable lease sector, and recognises that more progress needs to be made, we believe that not only would statutory regulation be wholly unmerited due to the lack of credible evidence, but also that:

- i. Self-regulation is working well and developing quickly and effectively.
- ii. It would penalise those companies such as AT which are operating a fair business model.
- iii. It would be a fundamental interference in the rights of freedom of contract and property.
- iv. It would result in substantial corporate failures, and losses of jobs, tax revenues, debt providers and investors.

- v. Thousands of pubs would be likely to close, tenants lose their livelihoods and employees their jobs, with consequent knock on impacts on local economies and communities.
- vi. The beer market for suppliers, which is currently offering ever greater consumer choice and seeing a huge development in small and medium sized British breweries which are now also growing their export sales, would see the four foreign owned multinational brewers scoop most of the profit pool lost by the pub companies and be able to start tie up distribution with exclusive sales deals, thereby reducing sales opportunities for the smaller brewers who have really benefitted from the emergence of the pub companies over the last decade.
- vii. Most tenants would be no better off over the long term, many worse off, and investment in pubs would fall as the pub companies that survive mutate into pure rent seeking property companies.

20.2 The unintended consequences of the various proposals being considered are dramatic and would defeat the possibly well-intentioned purpose of BIS. It is also ultimately pointless as the market is forcing poor pub companies to improve their support for and relationships with tenants to survive and compete against the better companies such as AT and the family brewers. More time should be given to self-regulation which has made large but perhaps unrecognised strides in improving the environment for tenants. The pub companies, especially AT, remain committed to further developing self-regulation to quash any remaining doubts. We are happy to develop a dialogue with BIS to achieve this as we have with those licensee representative bodies who genuinely represent the real interests of individual tenants.

20.3 We would also be willing to commit to the following additional requirements as part of a strengthened Version 7 IFC if self-regulation were retained and would work to get these improvements that benefit licensees accepted by our competitors and reputable licensee groups.

- a. Pub companies to provide more financial resources to strengthen PIRRS and PICAS.
- b. Contribute to funding a licensee advisory service administered by a credible licensee body such as the FLVA to provide advice to tenants on matters outside the remits of PIRRS and PICAS.
- c. Agreement to enshrine the principles of fair and transparent dealings and that a tied licensee should be as well off as a FOT tenant over the lifetime of the agreement (subject to agreement on how this is measured).
- d. Support a judge led evidence based independent review in 2–3 years' time to assess objectively the effectiveness of self-regulation.
- e. All prospective licensees and those approaching a rent review/renewal to be offered a default gaming machine FOT and a tied arrangement only to be offered if a licensee explicitly request it.
- f. Support for a review and improvement of RICS rental setting guidelines and a RICS "name and shame" policy for non-compliance.
- g. Support for the meaningful strengthening of the sanctions (financial and reputational) available to PICAS for breach of the voluntary codes.

Figure 1 illustrates that in 2009 Admiral Taverns' tenants and lessees represented 3% of all calls recorded by the LBSH.

To further explain the relevance of the 4 calls received by Admiral Taverns' tenants and lessees who are members of the BII, figure 2 provides a breakdown of the nature of the calls, according to the appropriate categorisation:

Figure 2: Analysis of the Nature of Calls Recorded in 2009

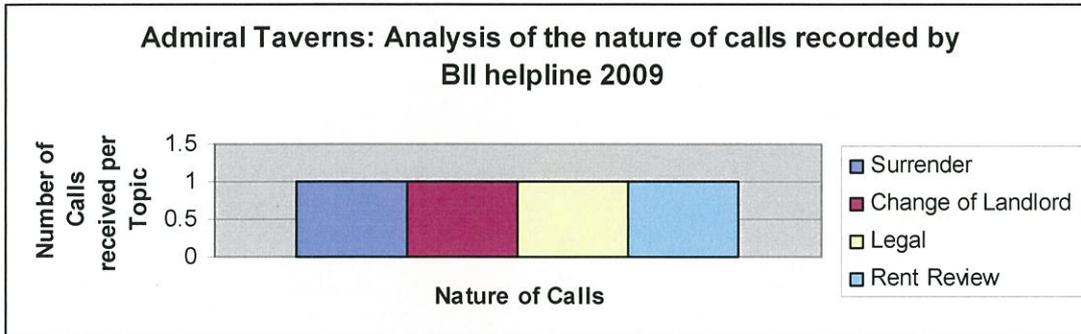
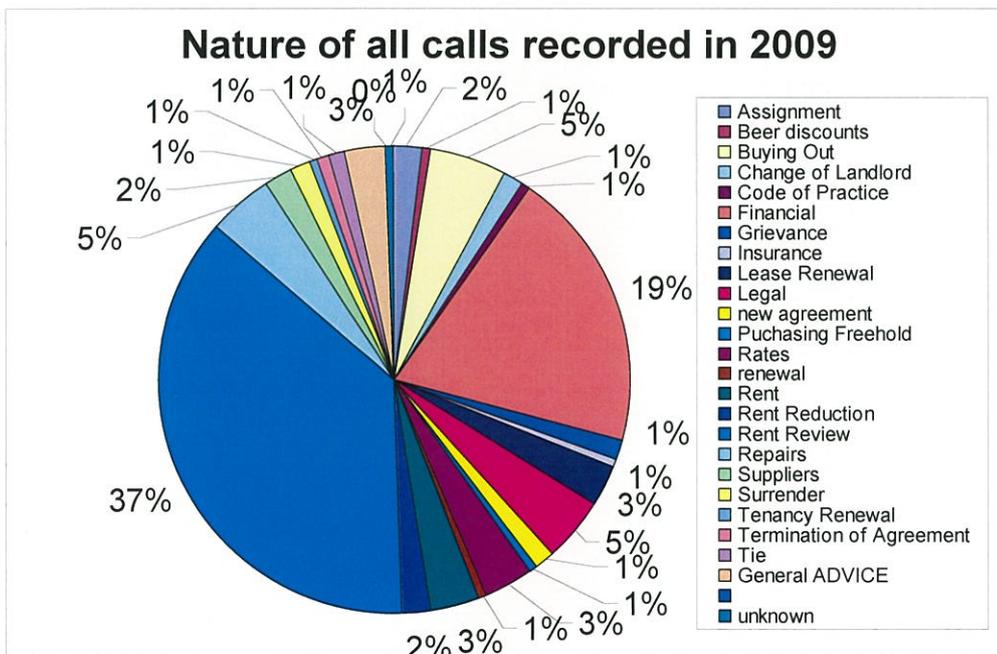


Figure 2 illustrates that of the 4 calls received all were seeking advice on different matters affecting their business, however, what is interesting is that in 2009 no calls were registered as 'grievances'.

Overall trend report on the nature of calls recorded in 2009

By way of comparison figure 3 demonstrates the nature of all calls recorded in 2009 across all Pub Operating Companies. From figure 3 it is apparent that overall 1% of calls received in 2009 concerned advice on the Pub Company 'Codes of Practices' and that 1% of all calls concerned an aggrieved tenants or lessee with their Pub Company.

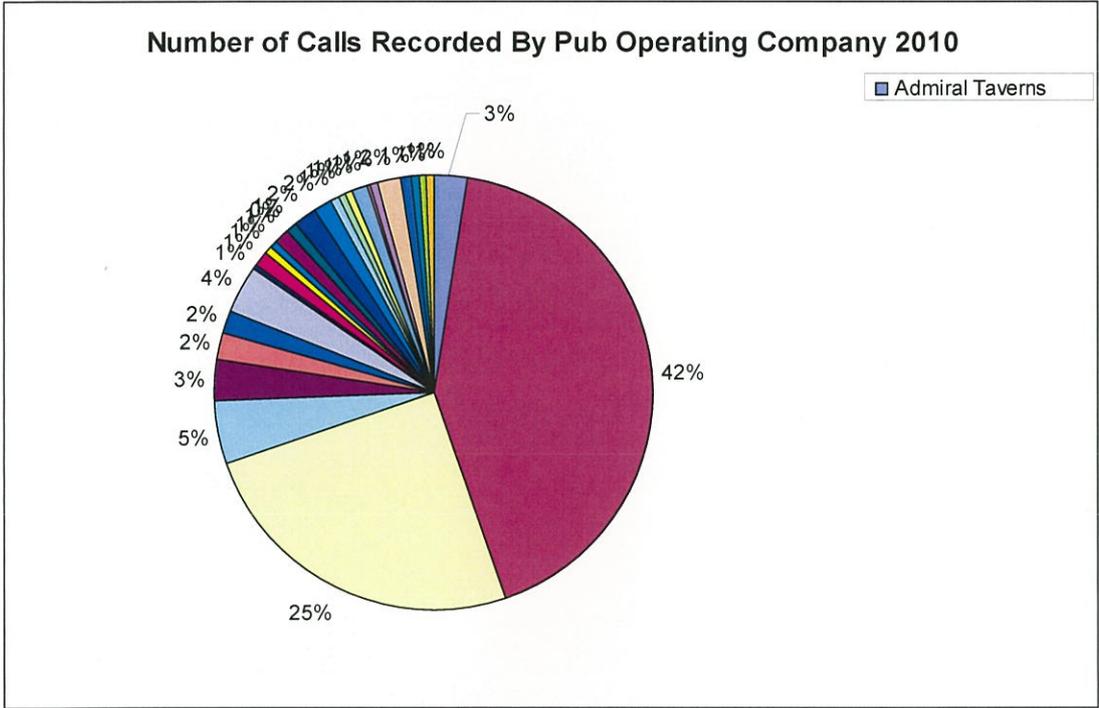
Figure 3: Nature of all calls recorded in 2009



2010

In 2010 the LBSH recorded a total of 195 calls from BII members. Figure 4 illustrates the proportion of calls received in 2010 by Admiral Taverns' tenants and lessees.

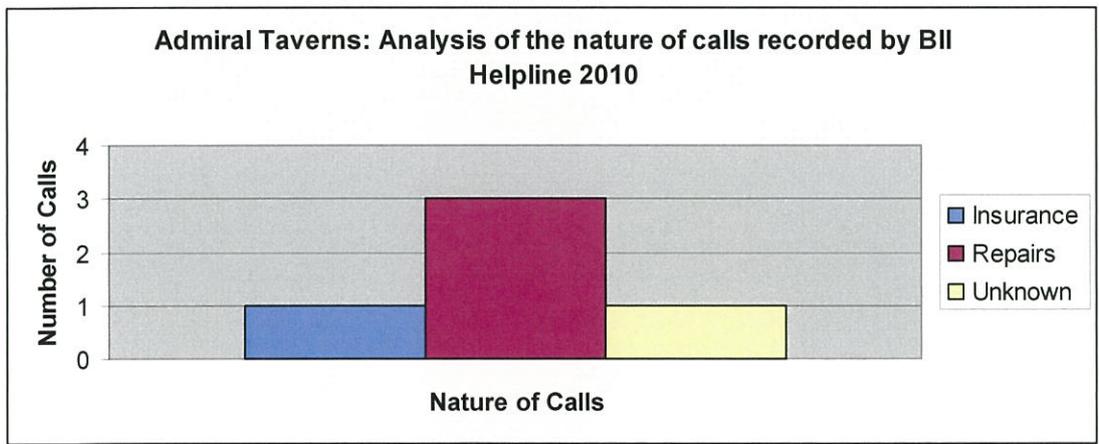
Figure 4: Number of Calls recorded per Pub Operating Company in 2010



In 2010 Admiral Taverns' tenants and lessee contributed to 3% of all calls recorded by the LBSH. This remains consistent with that of 2009, however there was an increase in the actual number of calls received by 1 (4 and 5 calls recorded respectively).

To examine the trends of advice sought by Admiral Taverns' tenants and lessees that contacted the helpline figure 5 below reveals the most frequent topics for support.

Figure 5: Analysis of the nature of calls received from Admiral Taverns' tenants and lessees 2010

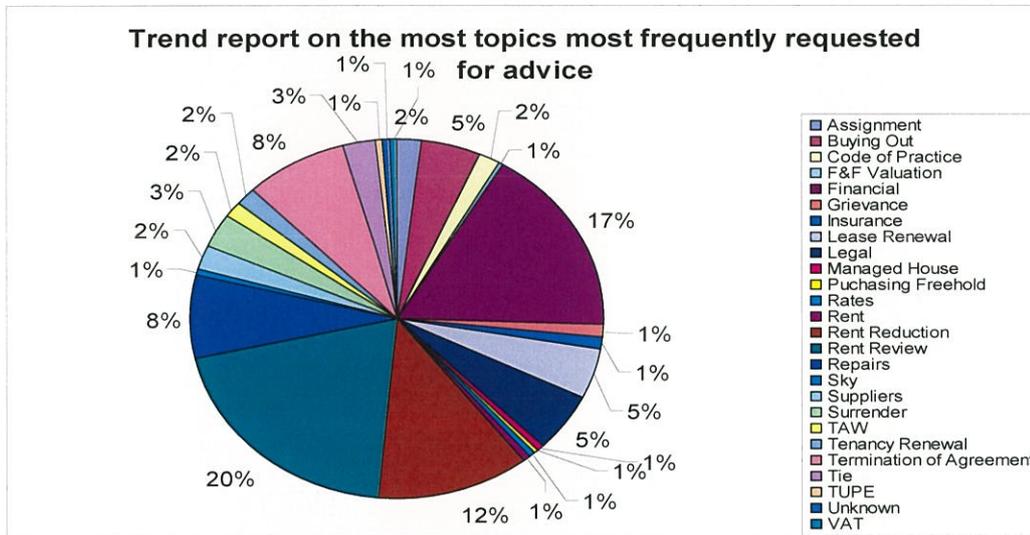


Of the 5 calls recorded in 2010 the 3 of the calls recorded were seeking advice on repair responsibilities with the remaining 2 calls classified as regarding matters of 'insurance' or 'unknown'

Overall trend report on the nature of calls recorded in 2010

By way of comparison figure 6 demonstrates the nature of all calls recorded in 2010 across all Pub Operating Companies. In comparison to 2009, 2010 saw a reduction in the number of calls overall regarding rent to 33% (-8%). There was, however, a 7% increase in the number of calls received in 2010 seeking advice on the termination of an agreement in comparison to only 1% of all calls seeking the same advice in 2009.

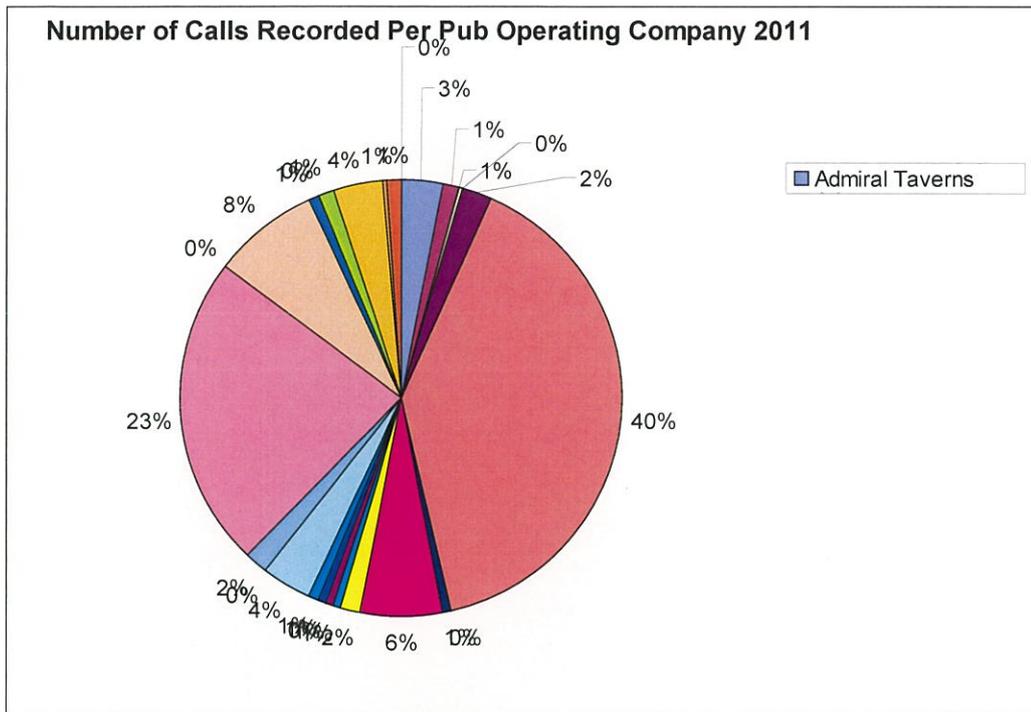
Figure 6: Nature of all calls recorded in 2010



2011

In 2011 the LBSH recorded a total of 197 calls from BII members. Figure 7 illustrates the proportion of calls received in 2011 by Admiral Taverns' tenants and lessees

Figure 7: Number of Calls recorded per Pub Operating Company in 2011



In 2011 the LBSH recorded a total of 6 calls, equivalent to 3% of all calls recorded during that period, from Admiral Taverns’ tenants and lessee. This is again consistent with the previous years, however in terms of actual calls received 6 were recorded showing an increase of 1 from 2010. The nature of the calls recorded by the helpline from the tenants and lessees that did contact the BII is shown in figure 8.

Figure 8: Analysis of the Nature of Calls Received from Admiral Taverns’ tenants and lessees

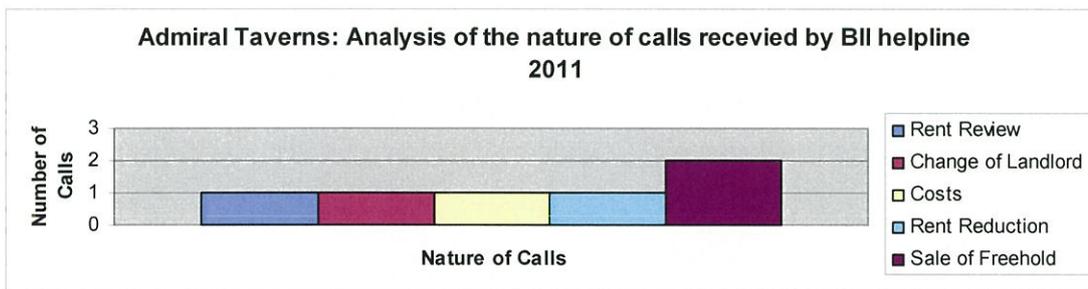


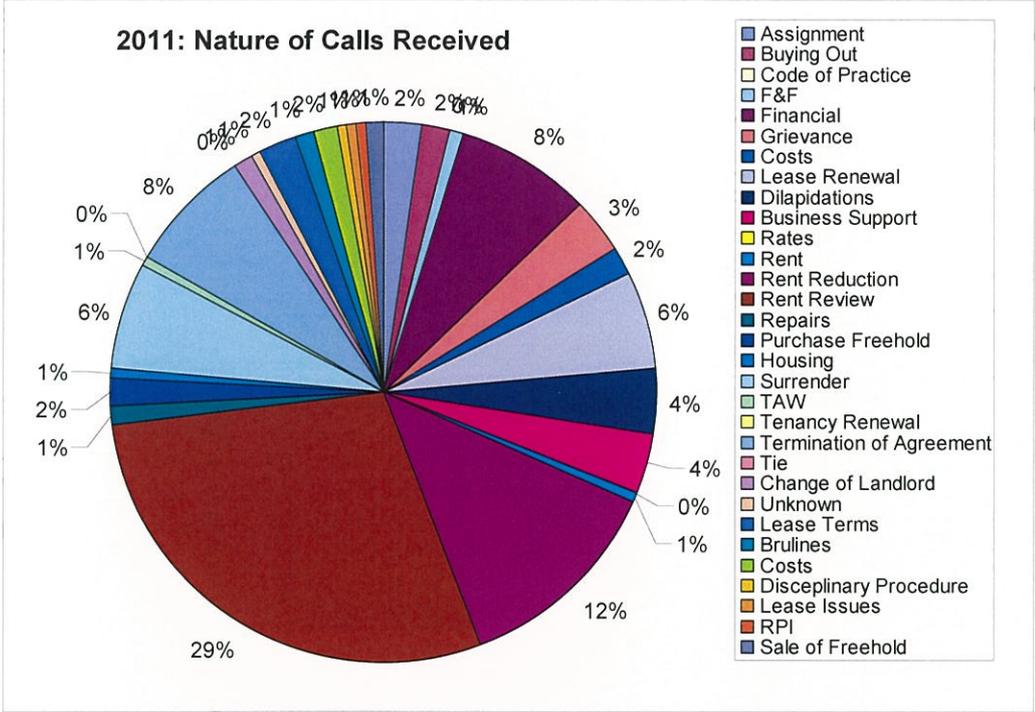
Figure 8 shows that of the 6 calls recorded they were classified within 5 categories with 2 callers seeking advice on the ‘sale of the freehold’. Again, there appear no calls classified as ‘grievances’.

Overall trend report on the nature of calls recorded in 2011

Figure 9 further supports figures 3 and 6, exhibiting that the majority of calls received in 2011 were requesting advice and assistance on rent reviews and reduction matters (42%). Calls registered as ‘grievances’ accounted for 3% of all calls received in 2011.

Figure 9: Nature of calls received in 2011

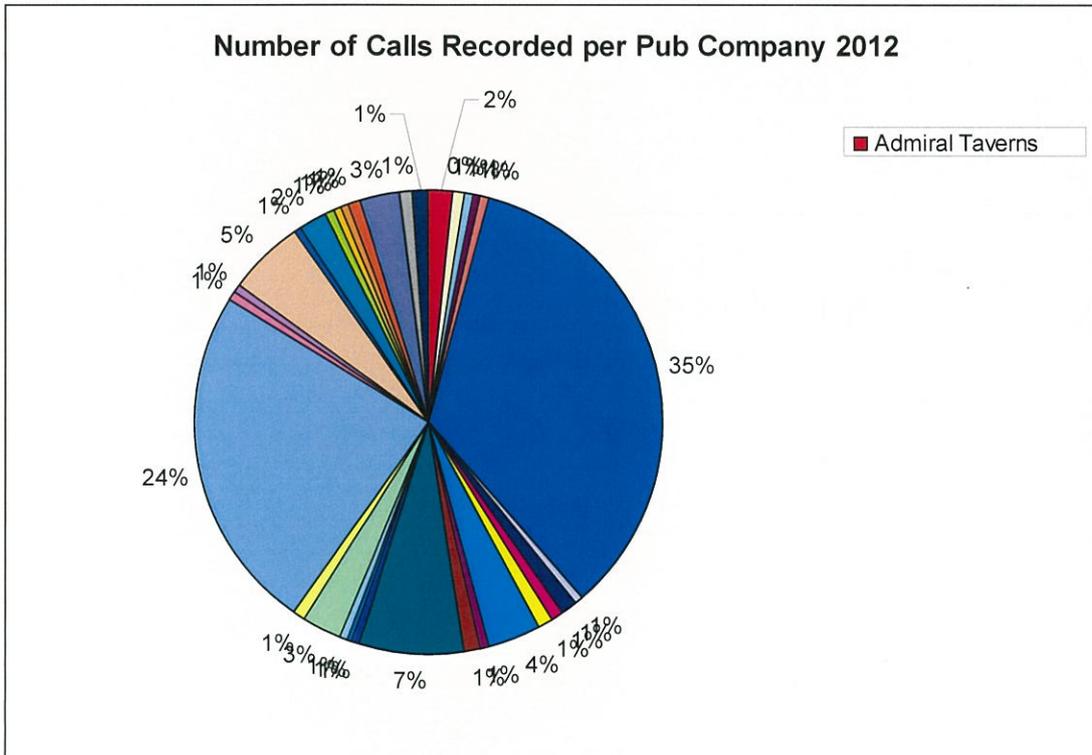
2011: Nature of Calls Received



2012

In 2012 the LBSH recorded a total of 194 calls from BII members. Figure 10 illustrates the proportion of calls received in 2012 by Admiral Taverns' tenants and lessees

Figure 10: Number of Calls recorded per Pub Operating Company in 2012



In 2012 there was a small decline in the percentage of calls received from Admiral Taverns' tenants and lessees from 2011 (-1%), in real terms the helpline received 3 calls. The nature of the calls recorded by the helpline from the tenants and lessees that did contact the BII is shown below in figure 11.

Figure 11: Analysis of the Nature of Calls Received from Admiral Taverns' tenants and lessees

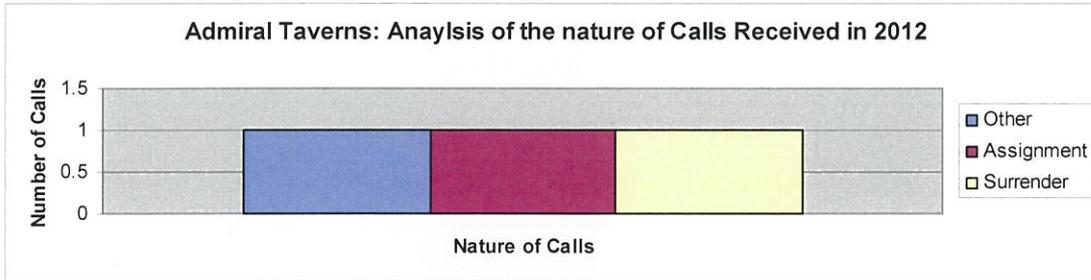
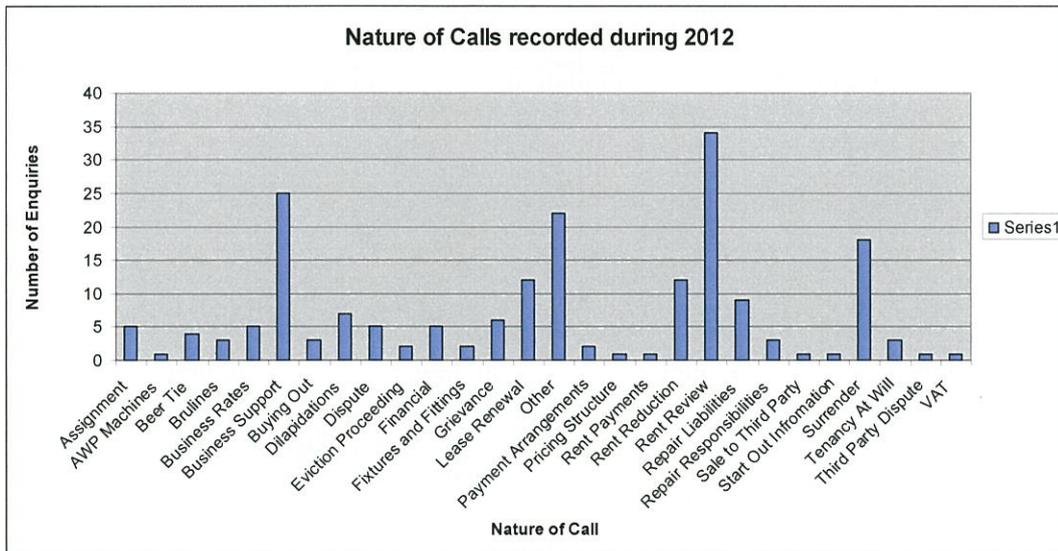


Figure 11 illustrates again that the topics discussed by Admiral Taverns tenants and lessees were mixed and varied with no real trend appearing over the four years. The table above indicates that as in previous years, the LBSH recorded no calls as complaints or grievances from Admiral Taverns' tenants and lessees.

Overall trend report on the nature of calls recorded in 2012

Figure 12 confirms the trend over the 3 years that calls to the helpline were most likely to relate to rent matters.



Conclusion

In conclusion, during the three year period from 2009-2012 the LBSH recorded no calls concerning complaints or grievances about the Landlord Company. The calls received by members requested access to independent advice on a range of factors affecting their businesses for which they deemed it appropriate to take such advice.

APPENDIX 2

Draught Beers and Ciders where the Admiral Wholesale List Price is 5p or Less per Pint Lower than that of the Supplier

Description	Size (gallons/case)	Admiral List Price	Supplier List Price	Difference per Item	Difference per Barrel (36 gallons)	Difference per pint	Difference (%)
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APPENDIX 3

SCORFA Benefits Provided to Licensees by Admiral Taverns

SPECIAL COMMERCIAL OR RELEVANT FINANCIAL ADVANTAGES ("SCORFA")

Types of benefits provided

Business Help and Support

- Support of a highly experienced and dedicated Business Development Manager
- Rent concessions to support licensees when circumstances require
- Extended credit terms to aid cash flow
- Access to financial loans at reduced costs
- Provision of free stock to assist cash flow and fund business development activities
- Payment of pub running costs including rates, utilities, stocktaking services etc

Legal Costs

- Contribution to legal costs prior to taking a substantive agreement
- Overseeing and funding licensing process and administration
- Support services in utility contract negotiation to secure best rates

Property Services

- Architect and surveyor services
- Maintenance capex investment
- Development investment
- Repairs and maintenance which are licensees responsibility completed to support licensees
- Statutory compliance checks including fire risk assessments, fixed wiring, gas and cellar cooling appliances
- Rating advisory services

Membership and Subscriptions

- Membership to BII, Cask Marque and FLVA

Marketing and PR

- Provision of support to launch a site following capex
- Capex development advisor to assist in maximising the impact on trade of Capex
- Advice on ranging and retail price to improve profitability
- PR Advice and support - latest news, internal publications, online, charity support, heart of the community
- Provision of site specific communication & promotional material
- Provision of targeted support & promotional point of sale material
- Subsidised / free digital TV offer
- Subsidised WiFi offer
- Admiral dedicated Pool and Darts competition
- Access to national / regional brewer marketing support and business development teams

Products and Product Support

- Discretionary discount provided to assist business building
- Regular communication of business development ideas and promotional offers
- Every day low pricing on packaged beers and ciders
- Access to SIBA direct delivery scheme
- Promotional price on monthly feature cask ale
- Training from Cask Marque and Dispense Managers on best cellar practice

Consultancy / Business Services

Dedicated Catering Development Executives to advise and provide support on the introduction or development of food.

Food development workshops

Free point of sale materials to support food offers

Online support and advice for food supply, development and compliance

Exclusive food and other supply arrangements with national cash and carry suppliers providing discounted terms to licensees.

Training

Pre-entry awareness training

Initial training course for licensee

Ongoing training courses for licensees and their staff

Business Development training

Cellar management training

On-line health and safety training