

From:
Sent: 10 June 2013 20:08
To: Pubs Consultation Responses
Subject: Fair Maintainable Trade

Dear Sir/Madam,

For Tied tenants there are questions around how Pub Companies calculate fair maintainable trade (FMT) and thus annual rents on the back of this. However I believe there is a simple solution as there is a government body that already does this, the Valuation Office Agency (VOA). The VOA are independent and calculate FMT for a pub as their rateable value. This value should be used with a multiplier based on geography and a multiplier based on the level of food sales a pub does, in order to calculate an annual rent set by the Pub Companies. This methodology would then be fair and transparent.

An example is shown below.

VOA Rateable value	Geographic Multiplier	Food Mix % charged by Pub Multiplier	Annual rent Company	Notes
20,000	0.5	0.4	18,000	1
20,000	0.5	0.1	12,000	2
40,000	0.8	0.4	48,000	3
40,000	0.8	0.1	36,000	4

Notes

1. Northern pubs would have a lower geographic multiplier as the pub makes lower drink margin as a result of lower selling prices. This example pub has higher food mix, thus has a higher multiplier due to the higher margins made from food.
2. Northern pubs would have a lower geographic multiplier as the pub makes lower drink margin as a result of lower selling prices. This example pub has lower food mix, thus has a lower multiplier than the example in 1.
3. Southern pubs would have a higher geographic multiplier as the pub makes higher drink margin as a result of higher selling prices. This example pub has higher food mix, thus has a higher multiplier due to the higher margins made from food.
4. Southern pubs would have a higher geographic multiplier as the pub makes higher drink margin as a result of higher selling prices. This example pub has lower food mix, thus has a lower multiplier than the example in 3.

These are my own views. I am an individual who works in the pub industry.

Regards

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