

576

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**From:****Sent:** 14 June 2013 20:08**To:** Pubs Consultation Responses**Subject:** Time for Pubco Reform

To Whom it may concern,

My name is \_\_\_\_\_ and I am a pub-goer and a member of the \_\_\_\_\_ Branch of the Campaign for Real Ale. I write with concern over how pub companies treat their tenants within pubs. For far too long, large pub companies have been taking more than their fair share of pub profits, leaving licensees struggling to pay high rents on top of inflated beer prices.

We know that we are facing tough economic times. We have seen many British businesses file for administration. Some of our biggest pub companies are also in debt, for example Punch Taverns owe their creditors around £2.4 billion. But we are now seeing that; in an attempt to reduce deficits and increase profits; the Pubcos are squeezing every last penny out of licensees. Many pub landlords already earn less than the National Minimal Wage, and some have even faced bankruptcy because of the actions of the Pubco. Any increase in rent gives the licensee the option to either increase customer prices in order to continue making a living; or to leave the premises. Because of the nature of the beer tie, it is often hard to measure when a pub does close permanently, as in some cases the Pubco is able to find a new tenant to keep pubs open; or find a relief manager to run the pub in the interim. However; the increased demise of the British economy has tempted many Pubcos to sell their premises to property developers in an attempt to reduce the deficit of their operating costs and debt. Every pub failure is a disaster for the local community built around that pub as well as for the individuals involved. And when a pub does close; the local economy loses around £80,000 and (on average) around eleven jobs are lost.

Cheap supermarket offers have taken cash-strapped consumers away from local traders, but the actions of the Pubco are certainly not helping to level the playing field. Publicans tied to big pub companies can pay in excess of £110 for a barrel of beer, but independent licensees are able to purchase the same barrel of beer for less than seventy pounds. The Pubco's beer supplier buys their beer in discounted bulk orders from the brewery, yet these discounts are not passed onto the pub licensee. Pubcos need to make an effort to supply business rates to their tenants and supply their beer at a competitive price; after all it is in their interest to compete with other local pubs. Oddly, this policy is affecting soft drinks as well; therefore customers who are designated drivers are also being penalised by high prices resulting from the beer tie.

It also seems bizarre to me that tied pubs are restricted to what beer they can buy. An independent licensee is usually able to call a local brewery to arrange delivery of a local beer; whereas the local Pubco publican has to watch the beer leave the brewery and go past the pub in order to be

03/12/2013

delivered to the Pubco's distribution centre, thus incurring increased transport costs. The increased popularity of home entertainment is also penalising our pubs. Too often we find that pubs aren't showing the big football match because the price of a pub subscription to a TV sports service is significantly higher to what people are able to purchase at home. And serving home-cooked food can play a significant factor too. If a licensee decides to furnish their pub kitchen, source local ingredients and provide home-cooked food for their customers; the pubco will also want a slice of the pudding.

In the March 2013 budget, Chancellor George Osborne announced that the beer duty escalator would be scrapped; and that the beer duty would be a further reduced by a penny. The Chancellor also announced that this cut was expected to be passed on in full to customers. However, I have since visited a number of local pubs in my CAMRA branch area and have found that some pubs have increased their prices by as much as ten pence a pint! I feel that this is an insult to the volunteers who have lobbied their MP and have campaigned for the beer duty escalator to be scrapped.

These so called 'operating costs' need to be clearly examined, and that a fair deal is achieved by all concerned. The beer tie may offer a low cost route for new publicans to gain experience within the industry; but it is often reluctant to reward great licensees. Some licensees feel that the sheer size of Pubcos makes it impossible for them to seek help and advice on how to improve their business. Others note that consultant business development services are available to them; but an extra fee in their rent is required in order to take advantage of them. Often, successful licensees are keen to purchase the freehold of a pub, only to be told it is not for sale; and these landlords are forced to look elsewhere for further promotion within the industry. At present, large pub companies are very reluctant to invest in current pub premises and promote opportunities; they are more likely to prefer new purpose built pubs which they can design to their specifications to maximise customer appeal. This is very worrying news to the tradition of the British public house; there are some fantastic historical pubs out there that would simply be discarded just because they would not confer to the Pubco's preferred model.

In summary, the big companies are contributing to the destruction of Britain's pubs by failing to support their licensees with competitive wholesale beer prices and rents. An increased share of the profits between Pubco and licensee would encourage licensees to invest more resources into the pub. The British Beer & Pub Association has already put together a UK Pub Industry Framework Code, but the message doesn't seem to be getting through to licensees as to whether it is legally binding or how licensees address complaints concerning the code. Clearly the self-regulation method is not working; and a statutory code monitored by an independent adjudicator needs to be appointed to ensure the Pubco is offering a fair deal for everyone. The independent adjudicator should have the authority to redress issues such as rent issues and tribunals if the licensee feels that the statutory code has been breached. Please help to ensure that our licensees get a fairer deal in

576

our tied pubs.

Yours Truly,

1 of the Campaign for Real Ale

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03/12/2013