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*International
Management &
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Irmck/tag
13 June 2013

Pubs Consultation
Consumer and Competition Policy
Department for Business, Innovation and Skills
3rd Floor, Orchard 2
1 Victoria Street
Westminster
SW1H 0ET

gleeds®

Dear Sirs

Pub Companies and Tenants – A Government Consultation

We understand that the Government is consulting on proposals to establish a Statutory Code and an Independent Adjudicator for the pubs sector to govern the relationship between large pub companies and their tenants.

Gleeds Cost Management Ltd is a major supplier of professional construction services to Enterprise Inns PLC (ETI), and as such consider it prudent to provide you with some relevant background information and to note our concerns in respect to these matters. Our concerns relate to the considerable impact this review might have on both our client's business and the supply chain within the construction industry that supports it.

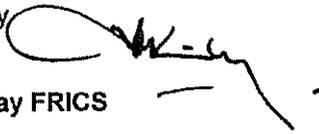
Gleeds Cost Management Ltd currently employ approximately 60 personnel who are dedicated to servicing ETI and their tenants on a full time basis (we also provide our services to other companies within this business sector). We are responsible for the facilities management of their circa 6,000 pubs, which includes the rolling refurbishment and maintenance programme on which they currently spend circa £60 m per annum. Through our work on this programme, we have an in-depth knowledge of where and how this money is spent and what is required to maintain the high standard of properties owned by large companies such as ETI.

As with any property owner, it is of paramount importance that not only is the value of their assets maintained, but that annual growth is achieved and through years of experience, ETI has developed a sustainable model which balances the substantial risks associated with property ownership against that of tenanted houses. A fundamental factor in maintaining the value of their portfolio has been their continuous refurbishment and maintenance programme from which tenants currently benefit, which provides controlled quality in an expedient manner, thereby keeping pubs statutory compliant and in accordance with Health & Safety regulations. In addition to their day to day maintenance programme, ETI are presently undertaking an external decorations programme of some 1,000 pubs, with an average spend of £10,000 per property and we believe they are planning a series of toilet and kitchen refurbishments in the near future, as well as other property improvement initiatives.

Our role also involves managing the ongoing Changes of Tenancies. Due to the very nature of the business, together with current challenging market conditions, change of tenancy averages 60+ per week and as a result, we are well advised on the problems associated with keeping pubs trading on a continuous basis. It goes without saying that this is a costly exercise in itself and we firmly believe that during these difficult times, if left to their own devices, tenants would be reticent to incur anything but essential expenditure on property refurbishments/improvements, resulting in an abundance of neglected/run down/abandoned properties, as can be demonstrated through the social housing model. We believe that this would have an extremely detrimental social effect, as a thriving pub is most definitely an asset to any community.

We trust you will find the above useful in your deliberations and would be pleased to provide further information if required.

Yours faithfully



Ian R McKinlay FRICS
Director
For and on behalf of
Gleeds Cost Management Ltd



Addendum to response (29.11.13):

"We are engaged by Enterprise Inns to review the level of statutory compliance in every pub where there is any potential change in the occupational agreement and on an annual basis where the testing of statutory compliance is the responsibility of our client.

The number of tenancy changes referred to in our response incorporates many different situations that can occur more than once in a pub, particularly where there is a delay in a change of tenancy and there is a need to reconfirm the status of the statutory compliance. A change of tenancy includes normal lease and tenancy expiries, assignment between publicans, the removal and addition of names on an agreement, instances where existing publicans transfer their lease into or out of a limited company, granting of new long term agreements to existing publicans, a change in a TAW agreement and the opening of closed pubs – all of which contribute to the weekly figure stated in our response".