



**BUILDING CONTRACTORS
SPECIALISTS IN REFURBISHMENT WORKS**

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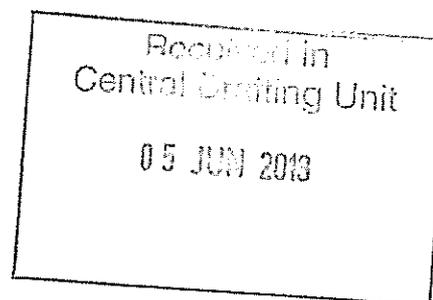
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29th May 2013

Rt Hon Dr Vince Cable
Secretary of State for Business, Innovation and Skills
Dept. for Business, Innovation and skills
1 Victoria Street
London
SW1H 0ET

ccp Swinson



Dear Sir,

Re Government Consultation Pub Companies and Tenants April 2013

I would like to take this opportunity to comment on the above consultation and forward our views.

We at Blacknoll Limited are an independent building company based in Dorset and have worked for pub companies for 25 years. We work all over the south and south west of England to which our main specialist field is carrying out public house refurbishment work.

Our turnover is 6 million and we employ 40 people PAYE and carry numerous subcontractors. We have seen a lot of changes in the pub industry in this time and out of all of them we can't think of any positive ones.

One of our main customers is Punch taverns, they are a property pub company that let their pubs out to the smaller entrepreneur on lease agreements. The property that they let out has to be paid for as in corporate loans etc. and obviously any business loan has to be serviced. Any property owner / landlord would require an income from their leased property to pay its way either to pay loans, profit for shareholders or both etc. The only difference as we see it is that a pub company can spread where it gets its income from i.e., beer, wine and spirit sales, fruit machine, rents etc. I am finding it hard to see what is wrong with the current state of the beer tie.

Example; if a pub company requires say £40k per annum return from a particular property it probably means that this would then be a rent of £20k and the rest on beer sales etc. making it easier for the pub partner to start off by keeping overheads low. When turnover increases and the pub is doing well they are only paying an added mark-up on what they are selling. We believe that large discounts are offered per barrel if targets are hit therefore

adding extra incentives. In the event of free of tie being introduced then the rent would be £40k per annum, end of? So where does it get us?

Our view is that if pubs go free of tie then we as a company would suffer as work will be vastly reduced. The partners/retailers running the pubs will not have the back up of professionals, either from their landlords or other professional services attached to the pub companies. At present they have a shoulder to cry on with Regional business relation managers to talk to and can learn and network with other businesses with any related issues (of which there seem to be more and more these days)

Finally looking from the outside we would just like to point out that the rents and the beer tie position have not really changed in recent years and, in fact the rents have been coming down. Therefore this has not ruined the pub industry. However ever increasing alcohol tax duty and VAT at 20% has changed and increased substantially. This along with the escalating utility bills cost, means to us that the rents and beer ties are the least of the worries for a retailer we would of thought? ↗

Yours sincerely

Richard Jones

(Managing director Blacknoll Limited)