

Dr Vince Cable MP
House of Commons
London
SW1A 0AA

13th June 2013

Dear Dr Cable

Re: Pub Companies and Tenants

I have worked in the licensed trade for , including for Breweries such as Courage Ltd and Scottish & Newcastle and most recently with Enterprise Inns. In that time we have seen material changes to the trading landscape driven by long term macro consumer trends, the smoking ban, supermarket pricing, taxation and considerable intervention by successive governments. Interestingly this has included the unintended consequence that all of the major breweries in the UK are now in foreign hands (including those that I worked for).

My experience has involved working within the On and Off trade markets and the last 6 years in Leased and Tenanted with S&N Pub Company (now Star Pubs and Bars) and currently with Enterprise Inns. I have had the pleasure to work with some really impressive hard working people in my career, none more so than my colleagues here at Enterprise.

I now have the privilege to be the Managing Director of the Midlands at Enterprise (c. 1,800 pubs) and have been hugely impressed by the professionalism, integrity and work ethic of the entire team. I can assure you that during this challenging economic climate we have worked tirelessly to support our business, maintain our high personal standards and help our Publicans. Of course we do occasionally make mistakes, but we always strive to resolve all issues when they arise.

The Voluntary Industry Framework Code is embodied into our Code of Practice and is working well. It is inevitable that as landlords we do have differences of opinions from time to time with some of our Publicans, but we have a great track record of resolving these issues through open and fair negotiation. For example, if we are unable to reach agreement through a rent review process, there is the option to go through low cost arbitration with PIRRS. For major disputes or complaints Publicans can escalate their concerns through our complaints process, third party mediation (including with the likes of the BII) or through PICAS.

I should point out that this represents a small minority of our Publicans as is illustrated with the data provided by the BII that in a four year period, the BII received just **FOUR** complaints out of a total of 276 calls received about Enterprise Inns. I was appalled that these statistics have been misrepresented but I am sure you will address this is due course.

/Cont'd

Unfortunately I fear a vocal minority of often poor and failed publicans have managed to gain a disproportionate share of your attention and those others involved in the Government Consultation. My concern is that you will be unable to have a fair and balanced view without engaging with the vast majority of Publicans who continue to benefit from the leased and tenanted model and value the support given by the excellent staff at all levels within Enterprise. Please take the opportunity to spend time with us and make your own mind up rather than listen to the disproportionate, often unsubstantiated propaganda.

I was surprised to read your foreword to the BIS consultation process. I am not sure you realise the impact your ill-informed comments have on my hard-working, honest and professional colleagues. I note your statements such as "popular pubs being driven to the wall by, frankly, exploitative financial practices", and that "the evidence I have received makes it clear that in too many cases tenants are being exploited and squeezed" and would ask that you provide evidence to support these comments. I also find it strange that such rhetoric is directed at tied pub companies when the evidence clearly illustrates that free of tie pubs are more likely to close than tied.

Figures from the latest CGA Study commissioned by CAMRA show that between March 2010 and September 2012 the closure rate was lower in tied pubs, 4.3%, than in free of tie pubs, 4.5%. The 'net closure' is the more appropriate statistic to use as it takes into account 'churn', where pubs close for a short period then reopen. However, if one uses gross closure figures then proportionately even more free of tie pubs are closing, 3.4% versus 5%."

One of the reasons that tied pubs are more sustainable than free of tie pubs is the support given by the landlord. At Enterprise this has taken shape in a variety of ways, for example:

- We have invested over £300m into our estate over the last five years and will have spent £60m this year alone on capital projects such as exterior decoration.
- Our Publicans have access to the best and widest range of beers and ciders of any Pub Company in the UK, providing valuable access for a vast range of over 300 brewers
- We do listen when publicans get into difficulty and have invested heavily in terms of rent reductions, discounts, financial advice or marketing support where appropriate (for example over £5m in the Midlands in the last twelve months).
- Professional property, training health & safety support

This level of flexibility and support is not available to FOT operators. The Leased and Tenanted model continues to provide a popular low cost entry into running your own pub and for entrepreneurs to build successful businesses. I would ask once again that you take the opportunity to spend time with my colleagues and our publicans to witness this for yourself.

I am sure you are aware that Beer duty has increased by 42% since 2008. The recent abolishment of the beer duty escalator was welcome but still not enough. I would suggest the retail price gap between supermarkets and pubs has had more of an impact on pub closures and Publican distress with an estimated £1 in every pint sold going to the government in taxation. If you are passionate as I am about the Great British Pub, this is where more attention is needed.

/Cont'd

3.

So in summary, I would ask the following of you:

1. Please come and see for yourself what we are all about
2. Please give our industry the opportunity to continue with self-regulation
3. Please stop the annual review of our industry. I wonder whether your team are aware just how much energy and time is consumed with these reviews. Every year we seem to be prevented from focusing 100% on pushing the business forward.
4. Please follow up on your commitment to reduce bureaucracy and burden on companies.
5. Please take further meaningful steps to reduce the tax burden on pubs and help us to create a level playing field with other sectors.

Thank you for reading this letter.

Yours sincerely