

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

7th June 2013

Dear Sirs,

I write as an employee of Admiral Taverns Limited, a Chester based company with approximately 1000 licensed premises, to voice my concerns and opinions on the consultation into Pub Companies.

For some time now I have been reading stories in the press about the reasons for pub closures, the hardship of pub licensees, the inequality of the tied beer arrangement and numerous other articles which appear mostly to support the skewed view of a number of minority groups with an axe to grind. At the same time there appears to have been little in the way of balanced journalism on the subject and almost nothing to corroborate the statistics that have been proffered by these groups. In their condemnation of pub companies it is important to ask these groups where, in any economic climate, someone could rent a fully maintained and repaired licensed premises with an established and verifiable business turnover, inclusive of living accommodation, at a rental level that is now governed by a model based on fair maintainable trade (FMT). I suspect nowhere outside of the pub industry.

It goes without saying that in the early days of the larger Pubco's (brought about by the then Governments ill-conceived 'Beer Orders') squeezing as much as possible out of their investment was not an isolated occurrence. But times have changed, and dramatically. The recent introduction of a voluntary code of practice (which has its basis in FMT) has proved in a short space of time to be of great value to both licensees and pub companies such as Admiral Taverns. This voluntary code is still in its infancy and despite its immediate success still needs time to become more embedded into the Pubco model. To consider introducing heavy-handed statutory legislation at this time would be both unfair and somewhat unjust for companies like ours. Admiral Taverns have recently won the coveted title of 'Leased and Tenanted Pubco of the Year'. This industry honour was gained only after independent market research gathered the confidential views of our licensees about the company. Three-quarters of those contacted thought that we were a good company to work with and would happily recommend us to other licensees as a good business to work alongside. Since the introduction of the voluntary code of practice Admiral have not had a single rent referral to PIRR's nor a single licensee complaint to PICAS. It would be grossly unfair for a company of our size, with such an impeccable record, to be penalised with a statutory code alongside the likes of Punch and Enterprise – two companies responsible for the cause of most of the ill will within the industry.

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I understand that it is not just a statutory code that is being considered and that one of the major issues is that of the beer tie. The arguments promulgated against the tie have taken simplistic and totally unrealistic situations to distort the effect of the tied-beer model and fail to take into account the advantages of working in partnership with a pub company. There are the benefits of volume discount that Pubco's can negotiate with the multi-national brewers together with the rent concessions and additional barrelage discount that can be offered to licensees to enable them to compete in a very competitive marketplace. There is the day to day support offered via enthusiastic and committed Business Development Managers, and the office back-up staff that assist with legal and statutory compliance issues to name but a few of the additional services given to licensees. Legislation to ban the tie would invariably lead to the loss of all these services and a move from one of partnership and support between Pubco and licensee to that of commercial landlord and tenant. Thereafter, capital investment in these pubs would cease, many specialist building contracting companies (and their supply chains) employed to carry out investment work on pubs would fail and, finally, there would be a major reduction in staffing levels within the pub companies. This law of unintended consequences would assist in speeding up the closure of British public houses far beyond any current rates of failure.

All in all, a pretty dire scenario.

There are a number of other issues within the industry that are being investigated under the remit of your consultations, but none of which will have any great impact compared to the damage that could be caused by the introduction of statutory control for anyone other than the very large Pubcos; or the removal of the beer tie.

Before coming to any conclusions or recommendations, during and following the consultations, I would ask that you take extreme care in separating opinion from fact and to focus on many of the positive benefits that companies such as Admiral Taverns provide to the pub industry in the UK.