

10th June 2013

Dr Vince Cable
Member of Parliament

Dear Mr Cable

I write to you concerning the current Government consultation on plans for a statutory code to regulate the pubco/tenant relationship and the establishment of an adjudicator to hear disputes.

I have been employed in the Pub industry for over 20 years working for various companies such as Greenalls, Scottish and Newcastle and smaller Venture capital companies in various roles within Free Trade, Managed houses and the leased / tenanted division.

Recent years have been really tough for the whole pub industry due to several major issues and changes in legislation.

1. The smoking ban in 2007 had a devastating effect and led to the closure of many local pubs.
2. The selling of cheap alcohol in supermarkets.
3. Lack of funding and greed from banks.
4. The recession in general.
5. Major price rises and unscrupulous dealings by certain utility companies
6. Excessive licensing regulations
7. Etc etc etc.

Despite all of these barriers and hurdles the current leased/tenanted model provides a low cost entry into running your own business, access to capital investment, and the provision of professional support services. Given the current level of economic distress, resulting in a decreasing public and private sector workforce, the opportunity to run a pub as a self-employed Publican is something that should not be threatened by ill-conceived proposals for change.

Enterprise Inns will be spending around £60m in capital investment in this current financial year to support Publicans through investment in the fabric of the estate to either defend the current operation or provide growth opportunities.

The level of financial support that our leased and tenanted Publicans have received through rent reductions and increased discounts has seen reduced like-for-like rent of 12% and increased discounts for Publicans by £28 per barrel, costing Enterprise £54m last year and effectively transferring an average of £9k of profit to every pub.

I believe the vast majority of pub company tenants understand the agreements that they signed up to and, despite the well documented economic difficulties facing consumer oriented businesses in the UK, are running successful businesses in partnership with their pub companies. Where disputes or disagreements arise, there is a robust and legally-binding voluntary Code of Practice in place, which is proving effective in providing tenants with low cost rent review and complaints procedures.

I have many year's experience in the industry and over time have seen many local and some famous hostelrys close for ever and been criticised for allowing it to happen, this is not what

I or the company would want, however with the impact of the issues raised earlier, the changing consumer needs and choices, a lot of these Pubs have become totally unviable, with a loss of many jobs.

It is quite worrying that I read a recent article written by my CEO Ted Tuppen in response to the proposed code that indicated that one of the options the company might implement would be to remove the support to our tenants, and operate as a property company, I believe this would be a disastrous consequence of this process that would not only force more tenants out of business and more pubs to close, but also a loss of Jobs and a £35m contribution to the government in lost revenue.

I believe that I have always acted honestly, fairly and with transparency in all my dealings with my tenants, and have a real desire to add value and support to their efforts to run successful and profitable businesses for our mutual benefit.

I imagine that you are inundated with letters and therefore I thank you for taking the time to consider the points I have raised.

Yours sincerely

Enterprise Inns PLC