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From:**Sent:** 14 June 2013 14:45**To:** Pubs Consultation Responses**Subject:** BIS Pubs Consultation.**From:****Sent:** 14 June 2013 09:33**To:** MCINTOSH, Anne**Cc:** pub.consultation@bis.gsi.gov.uk**Subject:** BIS Pubs Consultation.

Dear Anne McIntosh MP

BIS Pubs Consultation

I write to you with regard to the current BIS Pubs Consultation and I do so not only as a constituent but also an employee with the Pub Company Enterprise Inns with responsibilities for some pubs prior to that in the Pub and Brewing industry with both John Smiths & Bass.

With a background of the effects of the 2007 smoking ban that has been followed by the recession, cheap alcohol prices in supermarkets, changing social trends and four wet summers in a row, while Treasury Duty has risen by 19% in four years to £1 in every £3 taken across the bar, this has all contributed to a decline in the income in pubs, which with my Regional Management team we have worked hard to help Publicans through the economic downturn and now see signs of recovery and confidence in their business and potential for growth.

You may be aware that over the years the Leased and Tenanted Pub sector has been the subject of numerous enquiries all of which has resulted in the core model being seen as perfectly workable – albeit with some change and recommendations. However, the current BIS proposals if successful would:

- Completely ignore OFT reports published in 2009 and 2010, which concluded that competition in the industry is benefiting consumers and prevents the beer tie from being used to inflate pub beer prices beyond competitive levels;
- Its proposals are contrary to Government policy on Deregulation and a complete U-turn from statements made by BIS just twelve months ago;
- It proposes a very simplistic and unworkable rental calculation formula which may well not comply with RICS guidance and includes the establishment of an adjudicator to hear disputes, adding a further layer of cost and red tape to the industry;
- The voluntary Industry Framework Code, embodied into our Code of Practice, is working well, providing an effective rent review procedure for Publicans at low costs (PIRRS) and a complaints process (PICAS)..
- If enacted, the proposals could lead to a whole raft of unintended consequences such as pub and brewery closures, lack of investment, reduction in consumer choice, job losses, a fall in tax revenues and potentially the end of a great system which offers a low-cost, lower risk business opportunity for aspiring Publicans, fully supported by our company's skills and resources resulting in a potential lack of stimulus for the Pub Companies to support and invest.

The Secretary of State in his foreword to the BISS Consultation paper highlights that, *"the activities of the major pub companies, have intensified the crisis"*, that *"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"*.

These are all very inflammatory statements, which will do little to build bridges in our industry and which I simply don't recognise from the activities and actions that I have been carrying out in my job over the past

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years which I highlight in more detail below:

- My own experience is that it is just not in either Enterprise Inns or its Publicans interest to allow pubs to be 'driven to the wall' as Publican failure has devastating financial effects for both the Publican and pub owner - and that is why we have spent hundreds of thousands of pounds locally, much of which has been personally approved by myself, granting financial support to Publicans by the reduction of rents and beer prices as well as business support in all its guises. Such financial support, as provided is non-contractual and discretionary and at national level this runs into millions of pounds of support.
- In the same period, we have invested significantly in our pubs, some £2million per annum in the years since the start of the downturn and are now increasing this investment to some £3 million per annum this year across the North East and North Yorkshire, a level which we plan to maintain over the coming years.
- The areas of support offered to our pubs and Publicans are substantial and I highlight a few examples: A Regional Manager on call to advise and assist the Publican in all business and pub development matters, Nationally recognized and awarded Training for new prospective Publicans (and existing Publicans) which we insist they attend prior to taking on a Pub Business, Business Planning and Financial advice and support both prior to and once in the business together with a regular business review with their local Regional Manager. Our Publicans have the ability to draw on specialty expertise such as independent Accountants for financial advice, Surveyors for advice covering property & refurbishment projects, experts to get the best energy and utility deals , ongoing promotional support that promotes the pub and its facilities to the wider community and probably the largest range of drinks list available in the industry to suit the needs of each pub and its customers, including the sourcing beers from both National and Local Brewer's and suppliers.
- Finally the Leased and Tenanted Model is a fantastic way offering a low cost entry in to running your own business when compared to that offered by branded franchises. Over the years we have supported and seen some fantastic people taking on the challenge and becoming very successful in their own business who would never have been able to enter the sector by a freehold purchase due to the levels of capital required.

I believe that the BISS consultation proposals if enacted could present a real threat by putting at risk the levels of investment and support provided to both Pubs and Publicans which I have outlined above and I would be more than happy to explain this in more detail directly to you.

I look forward to your reply and would be interested to hear your thoughts.

Yours sincerely

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