

Pubs Consultation

Dept of Business, Innovation & Skills

Westminster SW1H 0ET.

10th June 2013

Pub companies and their tenants: A consultation.

I am responding to the above consultation as an employee of Admiral Tanners Ltd whose business would be adversely affected by the introduction of a statutory framework as suggested in the consultation.

Firstly all, it is difficult to recognise some of the assertions in the consultation document which appear to reflect the views of a small minority within the industry. Although there have been some difficulties between the very large pubcos and their tenants in the past, there is now an excellent framework in place to deal with such issues by way of the industry's Voluntary Framework Code. This is something that all companies are taking very seriously and provides an effective mechanism to hold companies to account when required. I do not understand why legislation would be necessary before this voluntary framework has been given a chance to show that it works.

Admiral Taverns have never had a complaint made to the self regulatory adjudicator by a licensee. Furthermore, we have successfully negotiated and agreed hundreds of rent settlements without one ever being appealed for third party adjudication. The Consultation document refers to unfair rents within the industry, but this is clearly not something that I recognise at Admiral Taverns, where I believe the rents are fairly assessed. (As a professional member of RICS, I believe that I have some qualification to make this observation!)

It is also worth noting that Admiral Taverns are highly regarded and trusted by the majority of its licensees. This is something that helped the company to win the Morning Advertiser's "Good ad Pub Company of the year" award.

The introduction of a statutory code will do nothing to improve the business of Admiral Taverns or our licensees. As demonstrated from the comments above, our relationships with licensees are strong and our rent assessment processes are fair. If there are any problems arising (and our record shows that this has never been the case), then there is a proper and effective mechanism to provide for and deal with any complaints or grievances. I do not understand why it would make any sense to introduce the extra cost and bureaucracy, let alone risk the unintended consequences, of a statutory code.

The Consultation asks if companies owning over 500 pubs should only be caught by a new regulatory code. I assume this would be to exempt the family brewers, but as it would affect Admiral Taverns who own over 1000 pubs, this does not make sense. Our record is every bit as

good as the fairly brexems!

The Consultation appears to suggest that a mechanism can be introduced to show that a tied tenant is no worse off than free of the tenant in any given situation. The principle, of course is fine, and I believe the results changed by Admiral Taverner very fairly reflect the existence of any tied arrangement within an agreement. I do believe however that any simple mathematical model will be unable to address and compare the benefits of either type of agreement, nor of course could it possibly reflect what is happening in an open market context.

The Consultation also asks if all tenants should have the right to go free of tie. This could pose a serious threat to the way Admiral work with their licensees. We work in partnership and provide a wide range of business support. The introduction of a free of tie option could only lead to a dilution of this relationship and a reduction of the level of support on offer - with our business being placed on a more hand nosed commercial (and arms length) footing. I believe that many pubs today have been able to survive the difficult economic climate due to the support provided through the tied relationship - not just by Admiral but across the industry as a whole. A comparison with the retail property market would be worth making in this regard, with the high street clearly suffering from the effects of a less supportive landlord regime.

The tie for machines is also something that should continue to be permitted. As with drinks, this comes with added support and specialist expertise which would not otherwise be available. As the income from machines is excluded from any rent assessment calculation, but included in a free-of-tie situation, then there can be little benefit for a tenant in any event.

With regard to the right for a guest beer, Admiral Taverns do offer this in specific circumstances where it is necessary for the business. However with all of our licensees having access to an extensive beer range and to SIBA, this is rarely necessary in any event.

To conclude, I do not believe the introduction of a statutory code would be in the interests of the industry as a whole - the voluntary code must be given some time to work before additional cost and red tape is imposed upon an important section of the economy. Furthermore, I do not believe that Admiral Taverns in particular should be subject to legislation, the reasons for which simply could not be identified within its current business.

We are well regarded by our licensees (with a survey indicating that of 75% would recommend Admiral as a pubco to work with) and our rent assessments are fair, with an emphasis on ensuring that any agreement underpins a viable business proposition for each of our licensees.

Yours faithfully