

14<sup>th</sup> June 2013

Mr V Cable  
Department of Business, Innovation and Skills  
1 Victoria Street  
London  
SW1H 0ET

Dear Mr Cable,

**Re: Pub Companies and Tenants – A Government Consultation**

The fact that this is my first ever letter to an MP, let alone a Government Minister, reflects the importance I place on the above consultation process.

I shall make no secret of the fact that I am employed by Enterprise Inns PLC as a Regional Manager. I work with individual business people (tenants and lessees) on a daily basis in order to help them not only maximise their business returns but also to develop innovation, skills and a welcoming and relaxing environment for consumers i.e. the general public.

I have worked in the industry for in excess of thirty years and have had experience of managed houses, tied tenancies and leases as well as the free trade.

I can say without doubt that the business is more challenging now than it has ever been. You will obviously appreciate many of the reasons why but I thought that I would list some of them anyway:

1. The current economic climate coupled with rising taxes and a government that does not wish to stimulate economic growth. How does that help any business let alone my industry?
2. The introduction of the Smoking Ban.
3. The duty escalator (now removed) which helped to increase retail selling prices substantially above inflation.
4. The availability of cheap alcohol in Supermarkets
5. Costs, particularly utilities, having risen massively above inflation
6. Poor weather for the last four years

I can vouch that my Publican partners and myself have never worked harder to make our mutual businesses successful and offer a pleasant environment for our consumers.

I cannot remember the last time I concluded an upward rent review, some have remained as existing but the majority have reduced. I do however, on an almost daily basis, vary publican's terms to include additional levels of discount, provide additional financial support to assist with cashflow and profitability, invest into our properties even when there is no contractual obligation to do so and

provide marketing, training, and business development support as any true business partner would. I also uphold my own and the Company's integrity and beliefs via my personal standards and the industry Code of Practice.

I fail to see how the changes that are proposed for my sector of the industry will help either existing or new Publicans. If the proposed changes go ahead a Publican would possibly be entitled to pay the same as a free trade operator for their wet purchases, if they do not already do so. Rents would increase, beer volumes are declining at c. 10% and therefore the advantage of purchasing more cheaply would erode over time. To ensure the maximum discount levels the majority of a Publicans purchases would need to be sourced from one supplier thus limiting consumer choice and squeezing out the likes of the smaller Cask Ale brewers from the market. Investment into properties would shrink markedly and lease and tenancy agreements would become more onerous as is currently the case with commercial lease agreements throughout other parts of business. Concessionary support would disappear meaning a higher rate of failure, reduced tax income and the possible closure and the reduction of staff within breweries, wholesalers and other associated support services.

There would be a choice of fewer independent businesses and a growth in the managed house chains which, whilst run well and with good consumer offers can never really replicate the true nature of the Great British Pub coupled with a great Publican.

On a personal note there would also be the need for far fewer staff within my Company including myself. All that would be required would be rent review negotiators and property condition surveyors. No need for Regional Managers, Marketing, Telesales and other support services. How can this help to reduce unemployment and assist with an ever decreasing tax collection? In short it can't!

In summary, whilst I believe there are always things that can be improved I do not believe that the planned wholesale changes are beneficial to Publicans, the industry as a whole, consumers or the well-being of the country. I have previously worked within the free trade and work alongside it now and can confirm that many of these businesses are struggling equally as much as within my sector of the trade but that they have no "safety net" around them in times of difficulty.

I hope that this helps with your consultation process and if I or my Publicans can offer any further information please let me know.

Yours faithfully,

CC

MP