

13th June 2013

MP
Member of Parliament

Dear

I write to you not only as a constituent, but also as a Regional Manager of the Pub Company, Enterprise Inns and previously as an Area Manager with a number of managed and tenanted pub companies.

I was pleased to see from your website that you supported the scrapping of the Beer Duty Escalator and that you are a champion of the community pub.

You may be aware that for years the leased and tenanted model has been the subject of numerous enquiries resulting in the model being seen as perfectly acceptable – granted with some change and recommendations, and for the past few years we have been operating under a voluntary code of practice that has seen many benefits to both tenants and pub companies alike in the form of better working relationships and transparency for all.

I would like if I may take a few minutes of your time to illustrate just exactly the benefits of the current structure and the ill thought out consequences of the BIS statutory proposals:

- The leased and tenanted model is a fantastic way of offering a low cost entry into running your own pub.
- Over years I have supported some fantastic publicans taking on the challenge of becoming very successful in their own business,
- You will be aware of the public sector threats and private sector redundancies in our constituency and running a pub as a self-employed publican is a perfect opportunity to enjoy a good living and support the local community at the same time. Hard work yes, but this is the nature of our industry.

If the BIS proposals were successful, I believe they 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 and provides an effective rent review procedure (PIRRS) and complaints process (PICAS).

- If endorsed, their 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 skills and resources. There would be no stimulus for the Pub Companies to support and invest.

As a Regional Manager, I have work hard to support my publicans, and part of the reason I joined Enterprise Inns, is that I believe they are doing more than most tenanted and leased companies to support their tenants through these tough times. I can now see signs of recovery indeed confidence returning to our Publican's businesses that have been plagued with challenges such as the smoking ban , followed by the recession, cheap alcohol prices in supermarkets, changing social trends, an unfair ratings system, four wet summers in a row, and with the Treasury tax rise by 19% in four years to £1 in every £3 taken across the bar.

Our income per pub has fallen by 12% as we have offered rent reductions and increased discounts to help and assist our Publicans.

The level of support that the leased and tenanted industry provides for its publicans would, I believe would be severely threatened by these proposals.

This issue is about more than rent and beer prices, but about how we support our tenants as a total package. Of late we have been completing more and more non contractual repairs and decoration works to help our tenants remain competitive in their market place.

There is no doubt that in the BIS proposals this level of support and commitment would not have occurred as there is no rational reason or indeed evidence for free trade to spend capital defensively with no return.

There are some fantastic pubs in our constituency that are now in real threat if these proposals go ahead. I would be grateful if you would consider my thoughts and lobby Vince Cable MP to refrain from further unwanted legislation within our industry.

Yours sincerely

Regional Manager
Enterprise Inns PLC