

Dr Vince Cable MP
 Secretary of State
 Department for Business, Innovation and Skills
 1 Victoria Street
 London
 SW1H 0ET

Dear Dr Cable

Re. Pub Companies and Tenants: A Government Consultation
(Individual Representation)

I understand your department is currently consulting on the future of the relationship between large pub companies and their tenants, with the focus being on tied pubs. I would like to take this opportunity to personally express some facts and opinions which I trust you will take the time to consider.

For over 10 years, I have supported pub managers and tenants with their property maintenance and development as an employee of a large pub company, Enterprise Inns plc. During this time I have personally visited and surveyed many hundreds of individual properties and several thousand licensees throughout the United Kingdom. It is disappointing that I feel it necessary to add my support to the employer of many thousands of people in the industry who are being disproportionately represented by relatively few who have experienced problems with their landlord.

A key fact which should be considered from the outset is that Enterprise and many other companies currently already offer new tenants the chance to bid for a pub on a partial tie or indeed free of tie terms. This is possible for new agreements and if enforced retrospectively could have significant detrimental consequences, such as the reduction or removal of specialist support with pub operators becoming property companies, which in turn could lead to selling-off and forming alternative developments.

As a general observation, within your report, under section 3.2, you state there has been a lack of necessary culture change within the industry which I refute and could provide numerous examples of where my colleagues and I have expressly followed our Code of Practice and developed customer service enhancements.

I understand section 3.3 is also misleading with a statement "The British Institute of Innkeepers has received over four hundred complaints on its hotline over the past three years" which I trust you are now aware is more accurately stated by the BII as receiving over 700 calls to their helpline over a four year period and only FOUR of the 276 received regarding my employer were actual complaints. In addition Enterprise actually offers to pay our tenant's first year subscription to the BII, with 525 subscriptions last year and 250 so far this year.

These are just two elements of the report which will be more comprehensively covered by a formal response from Enterprise's Chief Executive, but seek to highlight the apparent flawed and misleading approach taken by the report.

We all wish to ensure there is fairness with the publican and tenant relationship and stress to remind the aim of the report as section 3.8 to "safeguard the long term stability and sustainability of the industry, through proportionate and targeted interventions where needed."

From a more personal perspective, I have personally managed multi-million pound capital investment to support pubs in my local community, which have ranged from a simple roof repair through to full

refurbishments and extensions. I believe the benefits of these projects, delivered with experience and professional advice far outweigh the relatively few negative comments received and are too often overlooked.

The report proposes "increasing the tenants' share of profits is likely to have a small positive impact on investment" (s.3.14) which appears unsubstantiated, whereas I would argue the following points.

Further pressure and statutory legislation by this government may have a substantial negative impact on the capital investment large pub companies provide to the local community. The effect of this is far reaching with some of the Partnered Contractors, who are often regional family founded businesses suffering up to a 50% loss in turnover, with resultant redundancies both directly and indirectly through sub-contractors.

By removing the professional and efficiently controlled delivery of investment away from the larger tax paying companies, it is also possible that cash rich individual pubs could turn to the black market economy for investment and further hinder the economic recovery of this country.

As a significant employer of local contractors, the large pub companies have also supported the growth and development of individuals as well as businesses. This has ranged from apprenticeships from community colleges, through to recognition such as Investors in People. I consider it unlikely that individual pubs moving to a commercial free of tie lease arrangement would be as supportive of this strategy and indeed the excellent construction health and safety regime employed by the large companies.

I do believe a greater understanding of the pub company and tenant relationship could be appreciated by a visit to the actual pubs within my local MP's constituency and indeed contractors' offices.

Finally I would ask you to consider the alternative cause for the decline of our local community pubs such as an increase in beer duty by 42% since its introduction in 2008, (acknowledging the scrapping of the beer duty escalator in March 2013) and the trend toward drinking alcohol at home (greatly influenced by extremely large companies who have forced out the traditional individual corner shop) or alternatively support those who freely enter into a legally binding contract.

I consider the government has taken significant steps more recently to support the pub industry, such as cutting beer duty this year, supporting Pub is the Hub and changes to corporation tax, national insurance etc. There is also a working self-regulatory approach including guidance from the Royal Institution of Chartered Surveyors (RICS), and the cost effective dispute resolution services of the Pubs Independent Rent Review Scheme (PIRRS) or Pubs Independent Conciliation and Arbitration Service (PICAS). This approach needs time to develop and evolve.

I reiterate my earlier offer for my local MP to visit our pubs and suppliers to fully understand our business, support services and investment.