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Bill Wiggin MP
8 Corn Square
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By email: bill.wiggin.mp@parliament.uk

Dear Bill

I am writing to you out of great concern and frustration in relation to the Government's Consultation on Pub Companies and Tenants, which closes today, Friday 14th June, and I would ask you to take up my concerns directly with the Secretary of State for Business, Information and Skills, Dr Vince Cable.

I have worked in the pub and leisure industry since September 1986 with organisations such as Whitbread, Allied Domecq, the Rank Organisation and Marstons before joining Enterprise Inns in February 1999. I have held the role of Chief Operating Officer since October 2006, since which time I have been responsible for the company's pub operations and our business relationships with the tenants and lessees who run the pubs we own.

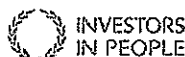
Throughout my time at Enterprise I have been hugely impressed and heartened by the sheer determination, integrity and passion shown by the entire Enterprise workforce in their support for, and engagement with, publicans who occupy Enterprise pubs. This has never been more evident than during the last few years when, amidst enormous market challenges following the smoking ban, changing consumer habits, supermarket competition, rising costs, continual increases in bureaucracy and taxation, and a catastrophic decline in consumer confidence following the banking crisis, pubs have been under severe economic pressure. The response of my staff has been to work even harder for their pubs, provide even more support to their publicans, and use every tool and initiative at their disposal to meet these challenges head-on.

At Enterprise, in the last 4 years alone we have invested over £250 million into our pubs, yet we have seen our income-per-pub decline, on a like-for-like basis, by 12% during that time. We have constantly evolved our business model in order to attract and retain the best Publicans to run our pubs, whilst at the same time we have spent over £50 million in direct financial support to assist Publicans who have found themselves in financial difficulty. These non-contractual concessions are typically in the form of rent reductions and additional discounts and are clearly shown in our annual reports and accounts.

In the last two years alone we have invested in additional staff, built new strategic partnerships with suppliers, created new traffic-building initiatives and added more service packages to the vast array of support services that are available to Enterprise publicans. All of these activities are made possible because we operate the tied business model, allowing us to utilise our scale to leverage additional margin from suppliers of tied products – predominantly draught and packaged beers and ciders – margin which is simply not available to individual publicans in free-of-tie pubs.

Enterprise's investment in our pubs, our publicans and our people continues for one very simple reason – we are only successful if our Publicans are successful.

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Alongside the exceptional external factors that the pub industry has faced, our business has been further challenged by a succession of enquiries, investigations and campaigns, all of which create uncertainty and distraction, thereby preventing businesses such as Enterprise from being able to devote our entire focus and energy on supporting deserving publicans through this difficult trading period.

Such enquiries have often resulted in certain individuals (including MPs) and groups making clear their opinions on, even their distaste for, the leased and tenanted operating model practised by companies like Enterprise. Business leaders such as myself have often been targeted for particular attention, even opprobrium, but I regard that as an unfortunate bi-product that comes with the job. However, my greatest regret throughout this period has been the manner in which the integrity of my staff has been subjected to wholly inaccurate and inappropriate innuendo as a result of continual, self-serving, mis-leading and frequently dishonest allegations perpetuated by a small but very effective group of campaigners, fuelled by a very small number of MPs.

I have personally taken part in most of the reviews undertaken by successive select committees, the Office of Fair Trading and more recently the Department for Business Innovation and Skills over the last ten years, and throughout this period I have consistently asked for the details of the evidence which underpins the claims and allegations which have been levelled at businesses such as Enterprise. I have made it clear that, upon receipt I would thoroughly investigate any incident raised in order to provide a full resolution, or an alternative explanation of the circumstances.

Most recently, I had cause to write to Dr Cable himself, following comments made by him in the BIS Select Committee Annual Report review on Tuesday 30th October 2012 when he referred to the progress of self-regulation in the UK pub industry by saying –

"I am as concerned about this as you are and I continue to get the same complaints particularly about Enterprise."

I specifically asked Dr Cable to provide me with the details which supported his statement, in order that I may investigate them and provide a response to him. However, other than a reply from Dr Cable's office informing me that the matter would now be subject to consultation, I have never received a reply from Dr Cable, nor any details which supported the public statement he made.

Sadly, Dr Cable's response (or lack of it) was but the latest in a long line of attempts by me to secure hard evidence, which might then be investigated and responded to. Most notably, it is our most vociferous MP critics, Greg Mulholland MP and Brian Binley MP who steadfastly refuse to provide any detail to support their repeated public assertions, always made under the cloak of parliamentary privilege, and which are so damaging to the reputation of my company. I regard such behaviour as wholly inappropriate and incompatible with the status and responsibility becoming of a Member of Parliament.

I hope you will understand why I have become so frustrated over the refusal by these parliamentarians to engage effectively and responsibly in order to ensure that their public positions on these matters are informed by facts, rather than by the claims and allegations proliferated by campaign groups.

It is therefore extraordinary to find that the Government's own consultation document into these matters hardly makes reference to the myriad of external factors I have referred to above, and which have caused such difficulty for the UK pub industry, preferring instead to focus all of its barely-disguised excuses on the relationship between pub companies and their tenants. Indeed the Foreword penned by Dr Cable makes a number of wholly emotive allegations –

"...pub companies trying to retrieve their financial position at the expense of their tenants...";
"...pubs in our constituencies being driven to the wall by, frankly, exploitative financial practices...";
"...in too many cases tenants are being exploited and squeezed, through a combination of unfair practices...";
"it is the abuse of the tie, like the abuse of rent calculations and other factors, that is causing problems..."

Statements such as these, and the (unevidenced) claims of bullying, intimidatory and misleading behaviour from the likes of Messrs Mulholland and Binley, ignore the fact that, whilst Enterprise itself is but a corporate entity, everything we do is carried out by our people. This wholly unprovoked attack on the people who work tirelessly to support our pubs and our publicans was then summed up in a comment made by Dr Cable in an interview on BBC Breakfast only yesterday morning. On being asked whether Government really needs to get involved in the matters covered by the consultation, he replied –

"...they (Publicans) are dealing with very powerful organisations. It is a bit like David and Goliath. When they get into a dispute they get hammered."

This is a direct attack on the integrity of every member of the Enterprise team, past and present, and every member of staff of every organisation who works with us, alongside us and provides goods and services to us in our business relationship with our Publicans.

Finally, you will I'm sure be as outraged as I was (alongside all other pub owning companies) to know that a key piece of "evidence" on page 18 of the originally published consultation document, and on which elements of the Government's proposals are based, has been proven to be a completely false statement. When initially published, the document stated that "the British Institute of Innkeeping (BII) has received over four hundred complaints on its hotline over the past three years..... the vast majority were about pub owning companies with large numbers of tied pubs". In fact, as the BII has since confirmed, out of 276 calls from Enterprise publicans to its advice line between 2009 and 2012 there were in fact just four complaints. It is hardly surprising that the BII advice line receives a large quantity of calls from Enterprise publicans, since we do have almost 6,000 pubs, and we pay for the first year of BII membership for every new publican. We do this because the BII provide a valuable array of support, advice, training and qualifications for licensees.

I believe that this material inaccuracy and misinterpretation is not untypical of the basis on which the whole consultation is being undertaken, and it is hard to describe how seemingly unprofessional, unbalanced and premeditated the entire consultation is. Enterprise will of course be making a full submission making clear our views and backing up our position with hard facts.

The UK pub industry, and that part of it which is represented by pubs operating under tied leased and tenanted agreements, has evolved beyond recognition over the last few years. This has been as a direct consequence of the very significant market challenges we have faced, the enormous competition for great Publicans to run our pubs, and the drive for greater transparency, clarity and protection in the contractual agreements that lessees and tenants enter in to. There is a very strong and comprehensive framework of industry self-regulation that has been extensively enhanced over the last few years and it is essential that the UK pub industry is not held back by the bureaucracy, cost and unintended consequences of further statutory intervention which is so contrary to this Government's own policies.

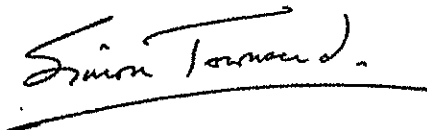
My primary reason for writing to you is to ask you to raise my concerns with Dr Cable, and to ask him to provide you with his unequivocal assurance that this consultation will be completed with due consideration of evidence-based facts, and not simply by reference to emotive allegations and claims such as those I have described. I would also ask you to obtain his assurance that the Department for BIS is taking full account of the unintended consequences that Government intervention through statutory regulation will undoubtedly bring. I would be happy to meet with you at any time to discuss these matters further.

On a final note, you will be aware of the closure last June of the Farmers Arms in Wellington Heath, an Enterprise Inns pub to which I and my family were regular visitors. This closure occurred because the very talented and popular landlord Martin Carter was simply unable to generate enough support from the local community over the 18 months of his tenure. This was despite having the opportunity to continue to operate the pub whilst paying no rent whatsoever and being completely free of any ties. Sadly the pub remains closed, and I fear greatly for its future given that we have been unable to secure interest from any new operator to run the pub, on any terms whatsoever, or even from any individual looking to acquire the pub on a freehold basis. The Farmers Arms is an all-too-common example of the outcome for some pubs as a result of the many factors I have described.

On a lighter note, I'm delighted to say that Martin Carter has recently taken on the Crown & Anchor in Lugwardine, and I'm sure he would be very pleased to welcome you as a customer, as well as his parliamentary representative with an interest in these matters.

Thank you for taking the time to consider my concerns. I have taken the liberty of copying this letter directly to Dr Cable, and to the BIS consultation, and look forward to your response.

Yours sincerely



Simon Townsend
Chief Operating Officer

Cc Dr Vince Cable enquiries@bis.gsi.gov.uk
BIS consultation pubs.consultation@bis.gsi.gov.uk