

12<sup>th</sup> June 2013

MP

Dear

I write to you primarily as a constituent, secondly as someone who has been in the pub / hospitality industry for over 20 years and thirdly, as an employee of Enterprise Inns Plc. for the last years.

The leased and tenanted (L&T) model has been the subject of Business, Innovation and Skills Committee enquiries in 2004, 2009 and 2010, and now require further submissions for yet another enquiry, 'a last chance to get their house in order', suggested Adrian Bailey, BISC chairman. While it is reassuring that Parliament continues to debate this important issue I have become increasingly dismayed by what appears to me to be a lack of awareness, 'on the ground' of what are clear benefits of the leased and tenanted model and the assumption that we are not working incredibly hard to maintain and exceed agreed regulatory standards .

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 the years this model has 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 therefore be no stimulus for the Pub Companies to support and invest.

As a Divisional Director covering [redacted] my team of Regional Managers and I have work hard supporting directly and introducing rent reductions and increased discounts to support a number of our [redacted] publicans to ensure they succeed during these tough economic times. I can now see signs of recovery and indeed confidence returning to our Publican's businesses that have been plagued with all the challenges, such as the smoking ban, banking crisis, recession, cheap alcohol prices in the off trade, changing social trends, an unfair ratings system, four poor summers back to back and with the Treasury tax rise by 19% in four years to £1 in every £3 taken across the bar.

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

cc - Vince Cable MP, Secretary of State for Business Industry and Skills