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**From:**  
**Sent:** 14 June 2013 12:10  
**To:** Nigel Adams MP; Pubs Consultation Responses  
**Cc:** cablev@parliament.uk  
**Subject:** BIS Pub Consultation

Dear Nigel,

I regularly receive your e-mail communications about your activities within my local community. It's clear you get involved in issues of all kinds and hence I hope you don't mind me writing to you given the issues affecting the British Pub – something close to most people's hearts and an accepted institution that is part of what makes this country special. I live in [redacted] and have been in the pub industry for [redacted] the last [redacted] of them being a Regional Manager with Enterprise Inns responsible for between 40 and 60 leased and tenanted public houses. I've not written in before but feel moved to do so given what I am hearing about the forthcoming review of the tied Pub Company model.

I came into the Pub Industry as a [redacted] Graduate Trainee in [redacted]. Back then there were 5 major Breweries that all owned and operated pubs, both as managed and tenanted and the normal consumer experience was to only enjoy their own beers within their outlets, i.e. you went to a Tetley pub and drank Tetley's or a Bass pub etc. However, it was an industry steeped in tradition with the Breweries themselves being a huge positive influence within their respective towns or cities. I worked out of the [redacted] Brewery [redacted] and then the [redacted] Brewery [redacted] and there was something great about the smell of the hops, the noise of the dray waggon and the barrels being loaded bringing pride to those wearing suits and overalls alike.

However, those early years for me were also a time of great change within the business. The Government of the day had decided that "the Big 5" represented a monopoly and created anti competitiveness within the pub trade and so were all made to sell off half of the excess over 2000 pubs and to give guest beer rights to their remaining tenants amongst other changes. This served to break up the 150+ year old brewing industry, creating breweries that supplied beer to large pub companies. We've actually ended up 20 years later with 2 large Pub Co's, Enterprise and Punch, a few smaller ones and our country's breweries have been demolished to make car parks or sold to foreign investors.

I sometimes wonder, what the Government thought would happen. With thousands of pubs going onto the market, who did they think would buy them? Surely it would need to be someone who would need to borrow funds and would then ultimately look to achieve a return for their investment? Thus was born the Pub Co's who didn't have to provide the freedoms of tie imposed on the Brewery owned pubs and so could offer fully ties leases and tenancies. There was a consumer benefit in that they were free from any loyalty to a particular brand and so from the customer perspective they were free houses, being able to present for sale the best of the available brands in order to maximise trade.

It sounds negative to say the plan to change a monopoly of five and provide more freedom to publicans actually created a monopoly of two with more tightly tied agreements, but Punch, Enterprise and other smaller Pub Co's were born out of the breweries and so retained the people and the passion for pubs and love of beer, the community and all that knowledge of what makes a great pub, so all was not lost.

Over the years the tied Pub Co model has been challenged many times, but we have listened, and our ways of working now are a world away from how they were even just 5 years ago. Each time the business has come under review there have been learnings that have been embraced and incorporated within our procedures and Code of Practice. Our letting procedure is still evolving but now has many checks in place to ensure complete transparency regarding the terms that are being offered, combined with ensuring independent advice is taken throughout and that thinking time and cooling off periods are built in. We've

04/12/2013

committed to all our existing lessees that come their next rent review, if not before, they will be given choices regarding the products they are tied to buy from us and it is now much cheaper and easier for them to have the support of external professional valuers during their rent review process, if they feel they are not able to agree with review directly with ourselves. The fact of the matter is, however, that although I've heard of this facility being used in a handful of cases during my with Enterprise I've only had one rent review where the publican used an external agent to assist him with his negotiations with me out of the dozens I've been involved in, so we must be doing something right.

This shouldn't really be too much of a surprise. After all, yes we are a landlord who makes profit from rent, but the money to pay that rent comes from a self-employed publican who can only pay the rent if his business is sufficiently profitable. Our reliance on the success of our publican's business is then doubled when you consider that we are their major supplier as well. The more beer they can sell, the more profitable they will be, the more money we will make from selling beer, the more comfortable they will be to look at the business long term to invest and develop, to maintain our property condition and to be able to pay our rent. This intertwined relationship is at the core of what we do and why we work so hard.

Inevitably, some businesses fail. There can be all sorts of reasons for this as with business failures in any industry. As the landlord of the property from which the publicans operate and also their major supplier we're an obvious target for when things have gone wrong. When the trade in a pub has declined for whatever reason, the funds become tighter and some publicans have then not had sufficient funds to be able to purchase their beer from us, pay their rent or maintain the building as they had contracted themselves to do. Most complaints that I have heard about have come out of these situations where the Pub Co's have sought to enforce the contractual obligations that a publican had agreed to and the dispute has arisen. It is from these cases that the argument has come for us to charge less rent or to sell our beer for less or indeed to release people from the tie altogether.

I'd like to go back to my earlier point that we have a vested interest in working with publicans to succeed. If they fail, we fail. In situations where businesses do fail we make less as well as the publican and in these difficult times, each time a pub changes hands or even closes and reopens, it becomes that bit harder to rebuild the trade resulting in less profit for us in the meantime and a more costly and difficult job for the new publican. This recession has doubled the workload of the Regional Manager as we've had to get into the detail of our pub businesses more than ever before to help our publicans maximise every aspect of their business. This might include providing advice on their range of cask ales, developing their food offer, providing coffee, introducing entertainment, attracting pub teams or controlling their costs and motivating staff. We are experts in helping self-employed publicans make profit and it's all part of the service within the Pub Co model. Our property department works closely with our publicans to provide cost effective contracts to negate the worries of unforeseen and costly repairs that would be essential for the pub, like boiler failure or cellar cooling breakdown. We help them remain Health & Safety compliant through a contract that ensures all gas and electrical certification as well as emergency lighting, fire alarms, PAT testing and much more is done as and when required via an affordable monthly fee. Further to this we spend tens of millions each year helping new publicans have the right start by investing into their pubs so it's in the best condition to maximise their business and then we help them keep it that way.

Yes, the last few years have seen some pubs close but look at the way people live their lives now compared to 20 or 30 years ago, it's a different world and failing businesses isn't something that is exclusive to the pub industry. How many household names, national chains and independent retailers have gone from our high streets? Anyone looking to blame the Pub Co for the loss of their village pub, that in some cases received little custom despite being run well by a good publican on the right terms, should first consider the many other reasons that might have caused this.

If it wasn't for the tied Pub Co model, what would you have? Whoever owns these pubs will want a return on their investment and will no doubt have borrowings. If the pub owner is only achieving income through rent, then this would lead to more pressure to grow rents with less interest in the detail of the business regarding whether it is affordable or not. In fact we have reported that our like for like rents have dropped

by 12% since 2008. We have a genuine, deep down belief that if we have the right publican in the right pub and they want to succeed then they should. We've reduced rent, invested in our pubs and almost doubled our discounts on the beer we supply from an average of £37 per 36 gallon barrel in 2008 to £65 as of last year. We've done this not because we were made to but because it was the right thing to do for the pubs and publicans we work with. Should anyone really be able to expect to enter into a legal agreement and to rely on its protection if their business is a success or come back to renegotiate the terms if it isn't? That would be a little one sided wouldn't it? However, that is what many of the complainants have expected of us and in some cases, where it was the right thing to do, we have done just that. In other cases, however, we might not have been dealing with the right person for that pub, they may have breached the terms of their lease beyond repair or have huge debts with VAT, Business Rates or utilities and the only solution is to part company. It would be unrealistic to expect 100% of people choosing to go into their own business of any kind to be successful. Our job is to do everything in our power to minimise that failure rate and to manage it as best as possible where it can't be avoided to minimise the effect on the pub, the publican and ourselves.

On average our publicans are paying less now for their beer as part of receiving even more support from Enterprise to help them run their own business out of a pub in better condition and paying less rent for it. They get to work with a spectrum of Enterprise employees who love the business and fully understand the co dependence that there is between us. With all the changes regarding increased duty, cheap supermarket alcohol, smoking ban, hugely inflated SKY Sports costs, changing consumer habits, increased unemployment and the recession I've experienced a "Dunkirk Spirit" in the trade where we're all working much harder for less but the job's got to be done.

The best feeling in the world for me is to go into a really busy pub with a great atmosphere, people eating, drinking, relaxing and enjoying themselves, knowing that I've been a part of making that happen. That I sat down and interviewed the applicant for that pub and we shared a vision for the success of the business here. We agreed the terms of the tenancy / lease and the colour scheme / finishes of the pub. We chose the beer range and I helped them land on the right drinks prices and wine range. We provided a week of training which helped them set their business up for best possible success including cost control, marketing advice and information management. We printed the menu they came up with and helped them research the competition to land on just the right consumer offer, then market it correctly. Knowing they have the support of established licensed trade accountants and stocktakers who provide regular detailed information for us to review together. We support them through our Sales and Service Centre with regular offers, promotions and point of sale material. Our credit control department is flexible and understanding if a business is growing and needs a bit of cashflow assistance or indeed is supportive if struggling during quiet times etc etc etc.

I'm sorry this letter has turned out to be so long but I am concerned that the loudest shouting minority could have an undue influence on the forthcoming review into our business, our lives, our culture and that without a balanced argument being heard there could be catastrophic changes to the pubs in our country. I love pubs, I love cask beer, I looked at other high street retail sector jobs before but my passion is for pubs and seeing them succeed. I'm not on my own, Enterprise, Punch and other Pub Co's are full of us, all trying to do the right thing for the people who work hard to make a success of the pubs they have with us. Many people aspire to be their own boss and look to run their own business but with banks being less supportive than ever, the Pub Co's and their tied agreements still represent a great way to be able to access this way of life and have the rewards and opportunities it brings for a low cost entry.

I would welcome the opportunity to discuss my views further if you feel it would benefit your overall understanding of this business and to arrive at a fully informed position to best represent your constituents and local economy. We are not resisting change, in fact we are constantly changing to provide an ever improving offer and support package for our publicans, but the pub industry has previously been the victim of ill-conceived legislation that had major consequences on our pubs and didn't actually produce the desired effect. Please ensure there are no knee jerk reactions and that a full and unbiased consultation takes place.

I thank you for your time in reading this letter and wish you the best for the future.

Yours Sincerely



Regional Manager

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