

Member of Parliament

10th June 2013

Dear

I write to you as a member of your constituency and as an employee of Enterprise Inns PLC.

You are no doubt aware of the current Government consultation on plans for a statutory code to regulate the pubco/tenant relationship and the establishment of an adjudicator to hear disputes. This is despite previously unsuccessfully challenges against the leased and tenanted model to the Office of Fair Trading in 2009 and 2010.

Whilst efforts to improve efficiency and effectiveness should always be encouraged, further regulation and interference would, in my opinion, be damaging to an industry which has suffered 42 reviews in the last 44 years.

The current leased/tenanted model provides a low cost entry into running your own pub, access to capital investment and the provision of professional support services. Given the current level of economic distress, resulting in a decreasing public and private sector workforce, the opportunity to run a pub as a self-employed Publican is something that should not be threatened by ill-conceived proposals for change.

Enterprise Inns have committed some £60m in capital investment in this current financial year to support Publicans through investment in the fabric of the estate to either defend the current operation or provide growth opportunities. The level of financial support that our leased and tenanted Publicans have received through rent reductions and increased discounts has seen reduced like-for-like rent of 12% and increased discounts for Publicans by £28 per barrel, costing Enterprise £54m last year and effectively transferring an average of £9k of profit to every pub.

If the BIS proposals were successful, I believe they would ignore the OFT reports published in 2009 and 2010, increase regulation, which is contrary to Government policy to increase the speed of deregulation, add a further layer of

cost and red tape to the industry and result in an increase in pub and brewery closures with associated job losses.

Furthermore, the BIS proposal would not attack the root causes of Publican distress, namely:

- Impact of the smoking ban
- Impact of the recession
- Impact of cheap alcohol prices in supermarkets

Thankfully, the scrapping of the damaging beer duty escalator has provided some relief for the industry but that positive action should not be nullified by this mis-guided attempt to further regulate the industry which will result in a decrease in Government tax receipts, increase in pub closures/job losses and a decrease in consumer choice.

I imagine that you are inundated with constituent letters and thank you for taking the time to consider the points I have raised.

Yours sincerely
Enterprise Inns plc

CC Vince Cable MP (Secretary of State for Business, Innovation and Skills).