

13th June 2013

Dr. V Cable MP
Department for Business, Innovation and Skills
1 Victoria Street
London
SW1 0ET

E mail to pubs.consultation@bis.gsi.gov.uk

Dear Dr Cable

I am writing to you not only as an interested party, but also as an employee of Enterprise Inns.

As you are aware the deadline for submissions to the BIS consultation in to a statutory code for the pub trade expires on the 14th June.

I have spent the last working in a trade which I care passionately about alongside honest hardworking and committed individuals. I have spent the last working within the estates department in various roles with Enterprise Inns. During this time I have been involved with providing professional advice to publicans on numerous legal and property aspects that have an impact on their business. In all of these cases I have acted fairly honestly and with professionalism. I also work closely with the operations team who manage the core estate. I am flabbergasted and amazed at the vitriolic attacks within Parliament and the trade press, which is directed at me and my colleagues on an ever increasing scale.

The proposal document states, and I quote;

"The Government would like to be clear that this is not a competition issue. In 2010, the Office of Fair Trading (OFT) found that "At a national, regional and local level, the evidence indicates that there is a large number of competing pub outlets owned by different operators and that there is competition and a choice between different pubs." Importantly they also said "Given that we have found that consumers are benefiting from a significant degree of competition and choice between pubs, we do not consider that issues relating to the negotiation process between pub companies and lessees can generally be expected to result in consumer detriment."

I fail to see how enshrining the principal that a tied tenant should be no worse off than a free of tie tenant, can be anything other than a competition issue as the logical enforcement of this principal would determine that both sets of tenants would pay the same price for their beer, thereby manipulating the market and denying competition.

The leased and tenanted model is a fantastic way of offering a low cost entry into running your own pub. I believe that the BIS proposal if adopted, 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.

- Contradict Government policy on deregulation and in effect be a complete u- turn from statements made by BIS just twelve months ago.
- Institute 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 the Enterprise code of practice, is working well and provides an effective rent review process, coupled with an effective independent procedure (PIRRS) and complaints process (PICAS).
- If endorsed, the BIS 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 be no stimulus for the pub companies to support and invest.

As an Estates Manager, I have worked hard to support publicans throughout my career and especially so since the smoking ban and the economic downturn. Enterprise's income per pub has fallen by 12% as we have offered rent reductions and increased discounts to help and assist our publicans, whilst the duty due to the treasury has risen by 19% in four years to £1 in every £3 taken across the bar.

Enterprise Inns will this year invest £60 million in the pub estate, carrying out refurbishments and repairs which in some cases are the responsibility of the publican. This indicates the Company's willingness and ability to invest in the estate alongside its publicans to develop and grow successful and sustainable businesses. If the BIS proposals, including a mandatory free of tie option were to be implemented, then there would be no sound commercial reason for this level of investment to continue, which would lead to an inexorable decline in the consumer offer and the fabric of the buildings.

This would ultimately lead to more failed businesses, and more pub closures, the responsibility for which would lie firmly with the Government for meddling and interfering in the private sector.

Yours Sincerely

Commercial Estate Manager
Enterprise Inns plc