

Pub Consultation

Consumer and Competition Policy

Department for Business, Innovation and Skills

3rd Floor

Orchard 2

1 Victoria Street

Westminster

SW1H 0ET

3 June 2013

Dear Sir/Madam

I am employed by the Pub Company, Admiral Tawelns and I wish to provide an opinion on a number of questions raised in the BIS government consultation with reference to pub companies operating tenanted pubs.

Should there be a statutory code?

No. There is currently a self regulatory scheme in place. This is developing and working well. It has not been given enough time to become properly established. The process is not afraid to deal with substantiated complaints made against pub companies.

The pub sector is suffering at the moment. Each pub is an individual small business and it is well known that the current economic climate is having devastating effects.

High business rates, high utility costs, lack of banking support,

unfair supermarket competition and the smoking ban are all causing major problems. An extra layer of expensive and unnecessary bureaucracy is not the answer.

The existing regulatory bodies PIRRS and PIRAS should be allowed to continue, develop and firmly bed in.

Should the code apply to companies that own more than 500 pubs?

Admiral Taverns owns just over 1000 pubs and would be included in the regulation. The company was named Pub Company of the Year in March 2013. The majority of our tenants would recommend the company to others. This was established by work carried out by an independent market research company. We have never had a complaint made against the company under the self regulation process.

The figure of 500 is a stab in the dark. It is not a fair or well thought out number. A company with 499 would not be covered by the scheme and could treat its licensees poorly without regulation. The current self regulatory schemes should catch all.

The regulations should not be brought in but if there is found to be a necessity then why put the figure at 500. Why not include all.

Views on the future of self regulation.

It has not been allowed time to develop. It should be allowed to continue and possibly reviewed at an agreed time scale.

Should the code be based on fair / lawful dealing
and the tied tenant should be no worse off than free of tie

In my experience Admiral Taverns deal with their tenants in a fair and lawful manner. I can see no argument against the second point.

From what I see the agreements are flexible in the licensee's favour with rent concessions, beer discounts, and machine income adjustments available for the licensee, when help is deemed necessary.

I believe most of our licensees favour the tied model as it takes advantage of a lower rent. Thus a licensee can become established with low capital income and build up. Support from the company in business advice, training, quality and legal issues is always available to build a successful business.

Guest beer.

An unintended consequence of a mandatory guest beer is that licensees would be allowed to choose their biggest seller and therefore most profitable. This is currently one of the international brewer's lagers. Thus the object of supporting local brewer's would fail. It could also result in a higher rent being charged.

Admiral Taverns has access to a wide range of local beers through our main supplier and Siba.

Mandatory free of tie option.

The government's own proposals recognise that this could

cause damage to the industry. The advantages of the tie outweigh the disadvantages.

The mandatory free of tie option would create a downward spiral. If a large proportion of licensees took it up this would have an adverse effect on the pub company's bulk buying discounts. Unviable pubs may have to be sold. Banking restrictions currently mean that licensees would be unable to purchase their premises. Developers could move in with licensees losing their homes and businesses.

Remaining pubs would likely go free of tie. They would not benefit from bulk buying discounts and have to pay higher rent. The multinational brewers would profit and the pub companies would struggle to invest or support. Thousands of pubs would be forced to close with the associated job losses. A small number of licensees would benefit and the pub companies would have to resort to legal action against the government as the tied model has previously been declared as lawful.

It has to be recognised that there have been problems in the past but statutory regulation is not the answer. The future for the pub sector looks bleak if covered by legislation. I am more optimistic for a self regulated future using independent, professional, experienced people who are not afraid to deal with pub company / licensee issues. A reasoned rational approach is called for, one that is based on an examination of facts and hard evidence not hearsay and opinions of a vocal, small and unrepresentative group.

Yours sincerely