

30th May 2013

Re: Government Consultation Pub Companies and Tenants April 2013

To the Rt Hon Vince Cable

I and my business partners own and run public houses in London tied to Punch Taverns, the and . I wish to give my positive experiences in my dealings with the tied lease model or Pubcos which I believe to be a good alternative to FOT's or freehold operators.

As I understand it you have deep reservations about the ties to Pubcos, with landlords subject to buying overpriced beer and enduring onerous rental agreements. My experiences with Punch taverns could not be more different.

The premises we rent have half the rental price of our FOT counterpart, in effect we are heavily subsidised. Even pricing in the premium price sourcing our beer from our Pubco we would still need to be massively over our wet sales targets before we would be worse off.

I have conducted a rent review for each premises recently with Punch Taverns. In both cases they were frozen. I was made aware rents were allowed to fall as well as increase and I was given several different leases to choose from. One of them in effect was equivalent to a FOT agreement as the rent increases while beer prices fell to free market levels. I was free to go away and decide which one gave the best result for me.

I have also always been aware that Punch Tavern's rents can be negotiated at any time if extraneous events do impact my business. I have far more choice than I would with a simple FOT agreement. We also have no ties for wines, spirits, soft drinks or mixers either so it's relatively easy to gauge the impact on me.

When we first decided to enter the pub trade and were planning on establishing backpackers hostels above the premises to capitalise on the tourist trade we were given very clear advice by our BDM. He advised on the pitfalls of our business plan and the weaknesses and we were given a 10 year trading history to make an informed decision. The amount of capital we required to start was quite small, I doubt if a FOT rental option would even have been an option for us.

Our relationship with our BDM's is invaluable. They have many years' experience and it is in their interests to make our business perform as well as possible. They are a barrier between us and the overwhelming regulation and sometimes sheer idiocy of local government, in our case . Having a huge organisation with their resources behind you are invaluable. If it were not for Punch taverns help with over reactive

licensing and planning objections I doubt we would have any businesses at all, help like solicitors that I should stress they have provided for free.

If I review the main negative impacts on our businesses over the last 5 years I would lay them at the door of central government. Vat rises, beer duty escalators, RPI business rate increases, National Insurance hikes, no minimum pricing on alcohol to give the pub sector a leveller ground with supermarkets selling alcohol at a pittance reduces us to government cash cows, massively taxed and with revenues falling. I would like to know how you think a supposedly oppressive tie to a Pubco can ever compare to this list that seems to keep growing and growing?

I then turn to local government, overwhelming red tape and health and safety regulations, half of which are laughable for 2 small businesses with no accidents in 5 years worse than a cut finger. Fire regulations that gets more onerous year by year. HMO regulations which in effect are a crippling tax on accommodation, taking away income from traditional public houses. Half my time now I seem to be doing paperwork in an attempt to stop overzealous public sector workers trying to justify their existence rather than progressing my businesses or expanding our presence in London.

I look at our relationship with Punch Taverns as one that makes my business far easier to run. Online ordering and invoices, help with forms and industry advice. I have no experience of unfair rental or beer price demands. I hope my views help to balance out any negative feelings you have about Pubcos in general, and I have copied my local MP Miss Karen Buck in as well.

Yours sincerely,