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14 JUN 2013

May 2013

RT Hon Dr. Vince Cable
Secretary of State for Business Innovations and Skills
Dept. for Business Innovations and Skills

Received in
Central Drafting Unit

17 JUN 2013

cc. :

Dear Mr Cable,

Re: Government Consultation Pub Companies and Tenants April 2013.

I write to you in response to the government consultation involving my pub co, Punch Taverns. I am in a situation which I believe is very relevant to your consultation. I am currently negotiating my agreement but have not agreed or sign one yet. The reason I have not signed it is because I am yet to decide between a lease and a tenancy. I believe that you are consulting on making these two agreements fall in line with each other which will reduce choice for me if successful. The tenancy agreement has very different benefits to the lease, for example a notice period, shared repair liability and a flexible product tie. The lease agreement offers me a free of tie provision, but does not offer the flexible benefits of a tenancy, i.e. if I want to leave I will need to sell (assign) my lease to someone else. My business manager has explained the detail of each agreement and it is up to me to choose.

My issue is the suggestion of a mandatory free of tie agreement which is not convenient for me at best. If I am free of tie, I can buy products from whomever I want but I will have to negotiate discounts with each brewery and as I only have one pub, my buying power is very limited. Tied to Punch for my products with the option of having 1,2 or 3 free of tie cask products means I can spend my time developing my business rather than deal with many different suppliers.

I have heard much criticism of the tied model on the internet and in trade press and the discontent seems all about choice and price. Punch offer literally hundreds of products and if I have a guest beer provision, I can offer my

customer a huge choice, so I can't understand this as an argument. With regards to price, I can choose from 2 discount bands which are both very competitive even benchmarked against free trade discounts, these are achieved due to large company buying power; as stated I do not have this level of buying power so my tied products from Punch are competitive in the market. I have a rural pub and a strong cask ale customer base. Your committee has noted that the tie may actually play an important role in safeguarding the future of Britain's smaller brewers, many of which supply through Punch, this is a view shared by the CEO of CAMRA, the Independent Family Brewers of Britain and the majority of tied pub tenants, so I would urge you to listen to the experts and not the disgruntled minority.

Yours sincerely,