# FW: FOI FW: Meeting with Greg Mulholland

11 August 2015
10:43

**From:** McLynchy Julie (CCP)
**Sent:** 25 February 2015 15:51
**To:** Swinson MPST; Cable MPST; SPAD Cable MPST; Hancock MPST.; SPAD Hancock MPST.; Neville-Rolfe MPST; Normand Caroline (CCP); [redacted]; Goh Binnie (LEGAL B); [redacted]
**Subject:** Meeting with Greg Mulholland

All

[redacted] and I attended a meeting between Jo Swinson and Greg Mulholland. Mr Mulholland was accompanied by George Scott.

In his introduction GM repeated his complaint that the process "he had agreed to" at the 17 December meeting had not been followed. Jo's letter to him of 9 February had answered this point. He said that there were three conditions he needed to be met in order to say that the Govt had delivered MRO in a way that he is happy with:

1) the definition of a market rent
2) that it is market rent *only*
3)that the tenant has 3 rights – to trigger the MRO process (so that needs to be 'must' not 'may' in the Bill)
- to an independent assessment as part of the process (but happy to leave the detailed process to secondary legislation)
- to take the market rent at the end of the process (so the process must have a clear end point).

The note that GM had provided to SoS on Monday evening formed the basis of discussion. The numbering follows that in his paper.

a (i) market rent vs market rent only – GM stressed that the Bill must refer to the 'market rent only option' or 'MRO option'. Jo confirmed that 'only' would indeed be reinserted, or 'MRO' where that was less convoluted for the drafting. I highlighted that there were some places in the Bill were 'MRO option' would not make sense – eg where we refer to an 'MRO-compliant' lease or tenancy. That point was not disputed and discussion moved to what we meant by an 'MRO-compliant' lease or tenancy – I explained that this was a means of ensuring that tenants knew what they were signing up to and that the MRO 'offer' included relevant details such as the length of the lease, timing of rent reviews and break clauses, repairs etc etc – as these would all affect the market rent and they are an important transparency protection for tenants. He seemed to accept that point.

a (ii) may vs must – Jo confirmed we would do this – subject to agreement across govt.

a (iii) process for MRO must be limited to 'finite and reasonable' timescales – GM was content that we would not specify in the Bill the length of the process but there needed to be a clear end to the process within a reasonable timeframe. Jo confirmed that we would introduce some wording to make this clear, possibly referring to the MRO process being 'completed' within a 'reasonable' period. He was happy with that.

b (i) delete 'market' from the name of the rent that could be agreed between parties in stage one of an MRO negotiation – We pressed GM on the source of his concern on this. He began by saying that the parties could not agree a 'market rent' and to describe it as such would be unlawful and they

would launch a legal challenge to such a description. We pointed out that his clause 42(7) explicitly referred to the pub company and tenant seeking 'to negotiate a mutually agreeable Market Rent Only settlement' and that this drafting had been carried over into our clauses. He admitted that this was their mistake.

He agrees that the initial stage of the MRO process should be for the pubco and tenant try to agree a rent. If they agree a rent, that is the end of the process. There is no need to have an independent assessment and if the tenant accepts the pubco's offer he (the tenant) cannot decide further down the line that he would like an independent assessment after all. That rent which has been agreed 'sticks'. The tenant will of course be free-of-tie if he accepts the pubco's 'MRO' offer anyway and no longer covered by the Code. But GM is vehemently opposed to the rent that is agreed by a pubco and tenant during stage 1, with no independent assessment, to be defined as a 'market rent'.

So we are left trying to find a way of amending the Bill so that the tenant has all the safeguards of the MRO process (an MRO-compliant lease etc) during stage one of that process, but that the resulting rent from a Stage 1 negotiation is not called a 'market' rent. I'll pass this on to Parliamentary Counsel.

b (ii) – definition of 'market rent' must be based on existing law – this was not discussed.

b (iii) – independent assessor must follow existing law and guidelines – this was not discussed

c (i) – Reinstate sale of title trigger for MRO – Jo explained that the legal advice was that if this was included, the Govt could not sign the declaration of compatibility with ECHR. She briefly explained our proposal to extend Code protections, excluding MRO but including PRA, post-sale until the next rent review, and to extend the same protection to the remaining tied tenants of a pubco which sells a number of pubs and then falls below the 500 tied pub threshold. This was as the meeting was finishing but GM seemed fairly sanguine about the proposal.

d (i) – reinstate anti-discrimination wording – this was not discussed

d (ii) – Govt must say how it will protect non-tied tenants from unfair rent/costs – this was not discussed.

Julie
[redacted]

# FW: Ministerial meeting tomorrow

12 August 2015
11:37

**From:** Kate Nicholls [redacted]
**Sent:** 25 February 2015 16:27
**To:** [redacted]; McLynchy Julie (CCP)
**Subject:** Ministerial meeting tomorrow

Apologies again that I cannot make tomorrow's meeting with the Ministers. As promised, I have attached below my comments back on the 5 areas that we discussed last week and should be happy to provide additional commentary on any issue arising from the meeting.

- **Sale and transfer:** we are all agreed that the issue here is not the sale or disposal of property per se which gives rise to any concern but rather the behaviour of the landlord post sale. We had previously set out suggested remedies (outlined below) to provide an alternative mechanism for regulating behaviour post sale which may be more appropriate than an MRO trigger at point of sale. You also raised the possibility of an alternative route, namely the requirement for the Statutory Code to be transferred as part of the lease at point of sale and to apply until then next trigger event – either an exceptional rent review should terms change or the next rent review point. The key point for us is to be able to provide the lessee with a mechanism for re-negotiation should fundamental terms change and this is a logical solution, providing the terms of a streamlined Statutory Code can be agreed.

- **PRA and MRO:** as I mentioned at the meeting, I do not believe it will be possible to incorporate a PRA and an MRO into one document to provide lessees with both sets of information at all rent negotiations. As noted below, we accept that this would impose a significant administrative burden on all parties and would introduce delay into the proceedings, particularly for routine negotiations. We remain of the view that PRA's have a role to play in facilitating negotiated settlements and that they should be available to tenants where an MRO trigger does not apply.

- **Stocking requirements:** we support the Government's proposals to provide clarity on the face of the Bill to provide for exclusive stocking requirements for brewery owned pubs. We have reservations about extending this to allow for minimum purchase or volume requirements.

- **Investment:** as noted below, we support the proposal for a limited opt out from MRO triggers at contractual rent review points – we note the BBPA has proposed that MRO break points would still be allowed in exceptional rent review circumstances where terms and conditions change – should a negotiated investment be agreed. We believe that the length of such an opt out should be aligned to the landlord's ROI period or the period over which the investment would be rentalised and that this should be disclosed to the lessee at the outset.

- **Franchises:** we support the Government's position on franchise arrangements.

**From:** Kate Nicholls [redacted]

**Sent:** 05 February 2015 09:55

Thank you for sparing the time to meet with ALMR, BII and FLVA yesterday to discuss potential additional Government amendments to the Small Business Bill. You identified three key areas of concern which you needed to advise Ministers on and asked for our input in developing practical solutions to address them. We thought it would be helpful to reconfirm our joint position in these areas:

- **Administration/Sale or Transfer of Title:** we agree with the Government position as set out in the accompanying briefing note ahead of Grand Committee in the House of Lords as to the impact of an MRO trigger in these circumstances on investment and the sale of pubs as going concerns. We understand, however, that there are very real concerns from the Opposition Front Bench and MPs about the decision to remove these triggers which the Government will need to address going forward.

  We explained that in our view, it is not the sale per se which causes the problem and necessitates a trigger, but rather landlord behaviour or change to terms and conditions post sale. If the sale is made to a company covered by the Statutory Code, then the MRO rights continue going forward and also there is an ability under the original Draft Code for a sale or transfer of title to give rise to a request for an exceptional rent review. We believe that this is a better check and balance than a blanket MRO trigger as it is based around behaviour. Moreover, this provision could be strengthened by providing for a PRA to be provided at that point – this mirrors the Government's statements in Committee that a PRA should only apply where an MRO trigger is not available.

  Concerns may arise where the sale or transfer is made to a company not covered by the Statutory Code but we are not sure as to the practicality of, in effect, regulating behaviour of companies who have been deemed to not merit intervention. We note that the IFBB member companies have all given a commitment to abide by the Industry Code and retain PIRRS and PICAS to self-regulate and a strong statement by the Minister at Report Stage reminding them of the need to do so to address these concerns would be helpful.

  Finally, there is the sale to a company outside the Statutory and voluntary regimes. Here we believe there may be merit in following the approach adopted in IFC 6 requiring the selling company to insert a Deed of Variation into the lease pre-sale to enshrine new contractual rights. This could be an insertion of IFC 6 to incorporate that into the lease or it could be a simpler deed banning UORR and inserting a new right to an exceptional rent review post sale should prices or trading conditions change significantly.

- **PRA availability:** we know that there are significant concerns raised by some at the wholesale removal of PRA provisions from the Bill and the Code. We agree with the Government's approach which differentiates between MRO triggers and PRA requirements, with the latter only being available where an MRO trigger does not apply. At present, the only gap relates to exceptional rent review provisions in the Code – some by not all of which are MRO triggers. We believe the ability to request an exceptional rent review without an MRO trigger attached is an important one and to build dialogue and negotiation throughout the relationship. We believe that it is important that these are retained as originally drafted and a PRA may be appropriate.

  We also discussed the use of PRAs for new and prospective tenants and our concern that the wording of the Bill and Code requires a negotiation to have broken down completely before a PRA can be requested and then only at the intervention of the Adjudicator. We believe that this will create a climate of confrontation and also result in landlords removing deals from the table at a very late stage. Our preference would be for a PRA to be provided if requested rather than at a breakdown stage and that as this is a tool to improve transparency and negotiations, it should be free to new and prospective tenants to allow them to ensure that they receive a fair deal.

- **Investment:** we discussed the BBPA amendment on investment and the challenges it poses referencing as it does an opt out from MRO. We have many examples within our membership of the benefits of joint investment projects and we have also equally been clear of the need for new legislation to avoid hampering landlord headroom in continuing with this. While we have a great deal of sympathy with the proposal, it must be couched as a voluntary waiving of rights rather than an opt out. Care would need to be taken to ensure that it was not open to abuse, noting that any investment by the landlord if rentalised in any case – and we welcome

the references to secondary legislation and consultation in these areas. To be effective, we believe that any waiving of rights should be time limited and ideally aligned to the ROI period – in many cases this will be 5 years but there should be an absolute cap of 7 years. It would also be sensible to link this with the size, scale and nature of the investment. This should be substantial capital investment on the fabric of the premises rather than small scale cosmetic improvements of trade related investment.

**Kate Nicholls**
**Chief Executive**

[redacted]

# FW: SMALL BUSINESS BILL - PART 4 - MRO investment opt out amendment proposal

12 August 2015
11:43

**From:** Dave Mountford [redacted]
**Sent:** 27 February 2015 12:20
**To:** McLynchy Julie (CCP); [redacted]
**Cc:** siclarke; nevillerolfe
**Subject:** SMALL BUSINESS BILL - PART 4 - MRO investment opt out amendment proposal

Dear Julie and [redacted]

Further to Simon's most recent e mail I thought it useful to explain how Simon's suggestion works in the free trade.

As you are aware [redacted] run a privately owned Pub.

Whilst we avail ourselves of a variety of microbrewery beers, due to customer preferences one of our main suppliers is [redacted]

The Pub [redacted] was previously owned by [redacted] and as such was in need of some tender loving care.

[redacted] took out a loan with [redacted] for some remedial work - [redacted]

This loan is repaid through an increase in the price of our purchases from [redacted] at a price of [redacted] per composite Brewers Barrel (36 gallons) . There is no time limit to repay this loan, no interest and no penalties. The more we buy from [redacted] the faster it is paid off as it is based on composite barrelage which means all our wines, Spirits and Mixers are included in the repayment calculation. It is an incredibly easy and efficient way of borrowing money for investment purposes and whilst we have borrowed a relatively small amount, our [redacted] rep tells us very large investment sums are not uncommon through this arrangement.

Should we leave before the loan is repaid the outstanding balance of the loan is due.

Due to our success and increased turnover this loan has been repaid having had no impact on our cash flow other than a minor reduction in our expected GP %.

[redacted] are keen to offer this service – we are frequently asked if we want a "top up" - as it clearly acts in a similar but much more flexible way to the tied arrangement – basically its on our terms

In practical terms our [redacted] costs us [redacted] as opposed to a normal price of [redacted] ([redacted] on an [redacted] price list is about the [redacted] mark)

[redacted] run a similar scheme as I suspect all Brewers do.

I hope this is useful and would just like to add my support to Simon's e mail.

Should you need any further information please don't hesitate to give me a shout.

Regards

Dave Mountford

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# FW: SMALL BUSINESS BILL - PART 4 - MRO investment opt out amendment proposal

12 August 2015
11:43

**From:** siclarke
**Sent:** 27 February 2015 08:47
**To:** McLynchy Julie (CCP); [redacted]
**Cc:** Swinson MPST; Cable MPST; nevillerolfel@parliament.uk
**Subject:** SMALL BUSINESS BILL - PART 4 - MRO investment opt out amendment proposal

**THE FAIR PINT CAMPAIGN**

Dear Julie and [redacted]

What became clear from the meeting yesterday was that the issue of MRO opt out in exchange for investment was the most contentious and emotive issue.

Julie asked something along the lines of "is there anything that could be presented that would reassure tenant organisations if such a provision were included in primary legislation ?". The answer from CAMRA, that I would say I believe was absolutely supported by all 10 FDFYL organisations, was "NO".

I appreciate BIS may be in somewhat of a predicament on this if they were to believe, what we would consider to be, the propaganda of the pub owning companies. With the level of distrust that exists between the factions I am sure you can see how In the minds of some this proposal could be more sinister than it appears.

With the latter in mind I have had a seed of an idea which I have tabled with CAMRA and FSB and certainly will present with the rest of FDFYL, I have copied in the former who have confirmed they are in agreement and hopefully they will give their thoughts on what I think might be a position they consider acceptable later today. I think it is what the pubcos and brewers are actually trying to get at but they may not have delivered it very well, leading to this stand off.

First consider our primary reservation - this pubco demand has very little to do with investment in existing tied pubs, it is, in our opinion, simply a vehicle to introduce the 'idea' of an opt out. We predict there will be a multitude of variations on the opt out theme in the future and therefore this proposal, as plausible as it may look to anyone who is not actually a tied tenant, may be a Trojan horse for future dilution of the legislative intent.

With the latter in mind, and the Governments problem, I thought we should look at what actually happens now in the free trade where an investment is offered. A brewer (and there is nothing to stop a pubco taking the same role) can offer an operator a loan on the basis of an 'opt in', i.e. the tenant commits to a tied agreement for a period on specific grounds - ordinarily this would be like a utility contract or a mobile phone contract - basically one of the terms would be that the tenant can severe the agreement by a reimbursing what is left of the loan using alternative finance. It may well be this is actually all the pub owning companies are suggesting.

The fact is given the reality of the situation there already is a mechanism to deliver what the pub owning companies are claiming to want to achieve, investment in property in exchange for a commitment to remain tied is possible now and there is nothing in the Bill as drafted to prevent this mechanism continuing once passed. There is no necessity to express an MRO opt out in the Bill. What the pubcos could potentially do is offer a tenant a surrender and regrant, a surrender of the existing agreement in exchange for a regrant of a new agreement giving an assured period, ordinarily 5 years, to the next rent review MRO option opportunity for the tenant.

This way the Bill can remain as it is, without the principle of a MRO opt out at all, satisfying the tenant and consumer groups, but the principle of a tenant committing to be tied in exchange for what effectively would be seen as a loan remains. A tenant is presented with, and potentially accepts, an investment proposal on an entirely separate agreement which assures a return for the investor either over a period, where the tenant has committed to be tied, or, in the event the agreement is not

working, the tenant reimburses the investment and effectively buys themselves out of the commitment to be tied, at a pre determined price that diminishes over time.

Hopefully this explanation assists BIS in reducing the time spent in debate at Report Stage and Bill redrafting - whilst being confident the pubcos can still invest in pubs and be assured of a return, as they claim they need to, and the tenant groups are satisfied that the Bill is not used as a gateway for future gaming in this regard.

Regards.

Simon Clarke
The Fair Pint Campaign
[redacted]

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# FW: FOI - FW: Yesterday's stakeholder meeting

05 August 2015
10:21

| Subject | **FW: FOI - FW: Yesterday's stakeholder meeting** |
|---|---|
| Attachments | Slides fro...<br>Pubs - Han... |

ATTACHMENTS WITHHELD – S.35

**From:** [redacted]
**Sent:** 27 February 2015 18:38
**To:** [redacted]
**Cc:** [redacted]; McLynchy Julie (CCP); [redacted]
**Subject:** Yesterday's stakeholder meeting

Many thanks to all who attended yesterday's meeting with Baroness Neville-Rolfe and Jo Swinson. We were grateful to you for the constructive discussion. For the benefit of those not able to make it, I attach a copy of the slides that Baroness Neville-Rolfe spoke to and which were circulated at the meeting. I also enclose a brief summary of the amendments which the Government is considering ahead of Lords Report, as outlined by Baroness Neville-Rolfe.

Regards

[redacted]

# FW: SMALL BUSINESS BILL

30 July 2015
11:49

[redacted]

**From:** siclarke

**Sent:** 04/03/2015 09:31

**To:** [redacted]

**Subject:** SMALL BUSINESS BILL

Hi [redacted]

Given the alternative of MRO I'd say a strong possibility that this possible loophole will be exploited by some, in our experience every other one has been.

As I have said before the pubco's crave control. Control over tenants GP and costs, if possible, both of which ultimately effect the income they derive.

An increase in product or service costs leads to either a lower pub GP or higher pub costs both of which have the effect of a lower tenants earnings. As the pubco control these product and service supplies the tenants loss is the pubco's gain.

Some costs are outside their control and they may take a hit if increased e.g. utilities, staffing, duty and rates, (to name the obvious) so they try to influence them to keep them low (thus increasing rent). On utilities they might do a bulk deal with the suppliers, offer the tenant discounts (possibly for a kick back) and call it a SCORFA, so increase rental income. Staffing they can't control so use their own benchmarking (and might try and steer tenants away from ALMR benchmarking) to try and maintain a low, bare minimum. On duty and rates, well you see what they're up to on duty, and the BBPA are in negotiations now with Valuation Office Agency to keep pub rates down. Lower costs means higher rent. For tenants there might be some modest benefit but its largely swings and roundabouts and boils down to who we pay.

The reasoning behind the query is to avoid, what we know could be a loophole.

1. We have ample proof over the last 20 years of these loopholes being exploited.
2. Government has 4 BIS inquiries, 1 investigation into self regulation and a consultation which have all broadly reached the same conclusion.

We are trying to encourage a change in the business model to deliver fairness. The lack of trust issue comes from some pubcos past actions and where at all possible I believe we must seek to deprive them of temptation, the opportunity to exploit.

The problem here is that we are leaving another tier - tenants who end up tied to non alcohol product ties and service ties would be unprotected and vulnerable to exploitation.

One way to deal with it is a simple amendment to Condition D, as outlined before, or some powers conferred on the Adjudicator to alter the definition of "Tied Pub" if this does end up being a gaming avenue.

Not sure which is easiest ?

Regards.

S

-------- Original message --------
From: [redacted]

Date:03/03/2015 23:33 (GMT+00:00)
To: siclarke
Subject: RE: SMALL BUSINESS BILL

No problem,

I see what you are saying and will discuss with colleagues.

Just a thought though. Condition D is an obligation that some or all of the alcohol to be sold at the premises is supplied by the landlord, a subsidiary or someone nominated by the landlord. [redacted]

Thanks,

[redacted]

**From:** siclarke
**Sent:** 03 March 2015 23:19
**To:** [redacted]
**Subject:** Re: SMALL BUSINESS BILL

Thanks for coming back so quick - appreciate the time !
You are correct - we are thinking of gaming in the future. If a pubco releases all alcohol ties but keeps a tie on minerals (a full tie is alcohol and minerals) and service ties then it seems the pub is not a 'Tied Pub' for the purposes of the Bill and the tenant is denied 'Pub Code' protection and MRO option.

Surely a "Tied Pub" should be defined as a pub with any product or service tie (with the exception of insurance in accordance with the Bill).

S

-----Original Message-----
From: [redacted]
To: siclarke
Sent: Tue, 3 Mar 2015 23:12
Subject: RE: SMALL BUSINESS BILL

Thanks Simon,

Can I just check. Do you think this is a problem because there are tied pubs where you are not tied for alcohol but you are tied for other products? If so are you aware of which company offers those deals and how many there might be? We have always worked on the premise that tied pub tenants are tied for at least some of the alcohol sold at their pub. if that is the case then whichever other products they are or aren't tied for wouldn't matter because their pub would still be in scope.

Welcome your further views,

Cheers,

[redacted]

**From:** siclarke
**Sent:** 03 March 2015 22:53
**To:** [redacted]
**Subject:** SMALL BUSINESS BILL

Hi [redacted]

I have received an email from [redacted] giving us a briefing of what is coming out as proposed

amendments. Largely this looks positive news.

On a separate issue Dave Mountford has identified a possible glitch - which I agree is an issue worth consideration. A MRO compliant agreement (43(4)) would have no service or product ties. A 'Tied Pub' (68(5)) is a pub bound only by a contractual obligation that some or all of the alcohol to be sold at the premises is supplied is supplied by the landlord or a nominated supplier.

The implication is that a pub tied on products other than alcohol and/or having service ties is NOT a 'Tied Pub' for the purpose of the Bill. I think this creates an issue.

I think there may need to be some amendment to the definition of 'Tied Pub' :

*68(5) Condition D is that the tenant or licensee of the premises is subject to a contractual obligation that* ***some or all of the products sold at, or services provided to,*** *the premises is supplied by—*

*(a) the landlord or a person who is a group undertaking in relation to the landlord, or*

*(b) a person nominated by the landlord or by a person who is a group undertaking in relation to the landlord.*

I would think this is best proposed as a Government 'tidying up' amendment. Given the timing I believe another Lord may need to make the proposal before Thursday at 15:00 if it is not confirmed as a Government proposed amendment (or BIS can confirm this is covered in some other way).

Sorry to lay this on you so late.

Regards.

Simon
[redacted]---------
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# FW: FOI FW: BNR meeting with Mr Mulholland

11 August 2015
10:41

[redacted]

-----Original Message-----
From: Dame Lucy Neville-Rolfe
Sent: 05 March 2015 11:13
To: Neville-Rolfe MPST
Subject: Mr Mulholland

I had a friendly drink with Mr Mulholland last night.

He confirmed he was generally happy and would support us.

He was however developing a piece of paper on points of detail, most of which looked delivered or very legal and technical eg he had noticed some references to MRO without the only. It will come our way at some point and I have his draft if it doesn't surface today. I didn't seek to negotiate.

He had obviously been annoyed by the suggestion I made in the heat of the opening debate in Committee that he had not been willing to negotiate. Can't remember exactly what I said, but we might think about whether there is anything I can say on Monday that is positive about him.

I think I should also talk about MRO in full when I address the House which he would like

Warm regards
Lucy

Sent from my iPad

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# FW: Pubco Code Bill - Report Stage

12 August 2015
11:42

**From:** Kate Nicholls [redacted]
**Sent:** 06 March 2015 15:11
**To:** [redacted]; McLynchy Julie (CCP)
**Subject:** Pubco Code Bill - Report Stage
**Importance:** High

I hope that you are all well but no doubt busy ahead of next week's debate.

We will be putting together a very short briefing for Peers – along the lines previously submitted to you ahead of the Ministerial round table – emphasising our support for the Government amendments tabled earlier this week.

There is one slight issue of concern that I have regarding the investment piece – and it may be that this is simply a drafting point (I hope so!). I note that the Government is using an existing power in the Bill to enable them to write into the Code the ability to defer MRO in exchange for substantial investment. We are very happy with this and agree that it is preferable to proscribing size, scale and length of investment and deferral period on the face of the Bill.

The briefing note, however, refers to "pub companies issuing a tenant with a new lease alongside an offer of investment". I think the intention there is to make clear that there is nothing stopping anyone from doing this as a way of achieving the same ends, but it has been taken by many to mean that the Government is only allowing the deferment of MRO if the tenant signs a new lease and that anyone wanting to benefit from this amendment would need to issue a new lease. While many investment packages are offered at renewal or new lease signing, some will be agreed at rent review or mid-term. If there was a requirement to negotiate a new lease in order to defer MRO, then this would impose significant costs on the tenant – legal fees are around £800-1000 and there would also be stamp duty payable.

As I say, I don't think that this is the Government's intention, I think it is simply the wording of the briefing note and that you are setting out one way of achieving the same ends. It would, however, be helpful if you could clarify so that I can reassure tenants and landlords alike – all of whom are concerned.

**Kate Nicholls**
**Chief Executive**
[redacted]

# FW: Small Business Bill - Pub Tenants' Protection

12 August 2015
11:44

**From:** Tim Page [redacted]
**Sent:** 06 March 2015 17:27
**To:** Neville-Rolfe MPST; Swinson MPST
**Cc:** [redacted]; McLynchy Julie (CCP); [redacted]; Jonathan Mail
**Subject:** Re: Small Business Bill - Pub Tenants' Protection

Dear Ministers

Thank you for addressing CAMRA's concern, which I expressed in my email to you on 27th February, about the potential addition of a Market Rent Only 'opt-out' to the Small Business Bill.We were hugely relieved to learn that an 'opt out' will not now be added to the Bill. That measure would have enabled the pub companies to pressure tenants to sign away their future right to opt for a Market Rent Only agreement, resulting most definitely in an "unintended consequence" or possibly, from the pub companies' perspective, an intended consequence that would have wholly undermined both the spirit and purpose of the legislation.

CAMRA is supportive of the Government's amendments to the Bill and we will be urging Peers to support these.

We look forward to the Bill receiving Royal Assent at the earliest opportunity and to the positive change that these measures will bring about for the Pub sector.

With kind regards

Tim Page

**Chief Executive**
**Campaign for Real Ale**
[redacted]
*Pubs Matter*
*Have Your Say*
*www.pubsmatter.org.uk*

On 27 February 2015 at 09:21, Tim Page <[redacted]> wrote:

Dear Ministers,
Please accept my sincere apologies that I was unable to join you at yesterday's important meeting.
Following my briefing from Jonathan Mail, CAMRA's Head of Public Affairs, I would like to thank you personally for agreeing several very key changes to the Bill. These are all so important to the future of the pubs and the communities they serve.
The only outstanding issue for us is our very serious concern at the proposed MRO opt out in exchange for promised investment. This would be wide open to abuse and would in our view seriously undermine what has been achieved. This is therefore something we would be obliged to oppose strongly.
The largest tied pub companies have been responsible for chronic underinvestment in their tied estates. I understand that at the meeting Enterprise Inns quoted annual capital investment of only £70 million across 5,000 pubs. This is barely sufficient to cover repair and renewal costs and is dwarfed in comparison to the level of investment in pubs by managed pub companies.
The MRO option contains no credible threat to levels of investment in pubs given that pub companies would retain the ability to provide loans to their tenants should it not be possible to 'rentalise' the full amount of an investment.
If the Government amendments next week are as set out yesterday, with the omission of the MRO opt out, then CAMRA would be able to give its full and absolute support to the Bill and celebrate the good that it will bring for the sustainability of the Pub sector.
I trust that you will understand our concern on the proposed opt out and will be able to address this.
With kind regards

Tim Page

**Chief Executive**
**Campaign for Real Ale**

[redacted]

*Pubs Matter*
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*www.pubsmatter.org.uk*

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