## Greg Mulholland to Vince Cable 7 October 2013

11 August 2015 10:22 MINISTERIAL BUSFORE

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Rt. Hon. Vince Cable MP Secretary of State 1 Victoria Street, London SW1H 0ET

7th October 2013

Dear Vince,

I am writing on behalf of Fair Deal for Your Local to share with you the headline figures from a recent release from the campaign on pub disposals by the large pub owning companies.

By now I am sure you are aware of my position on the issue of pubco reform and so I will keep this brief.

According to annual reports from Enterprise Inns and Punch Taverns, in 2008 Enterprise Inns owned 7,763 pubs but by 2012 this figure had dropped to 5,720 pubs. Similarly, in 2012 Punch Taverns owned just 4,529 pubs (excluding the Spirit managed estate) having previously owned 7,560 in 2008.

The Fair Deal for Your Local campaign argue that these statistics expose the catastrophic reality of the pubco tied business model as well as clearly demonstrating the effect this business model has on the viability of pub businesses.

No other part of the pub sector has seen disposal levels of anything like this, showing that it is the large, leased pubcos and their restrictive tied model, that are failing on a unparalleled scale. This is also in stark contrast to the many smaller pub companies who are succeeding, increasing their figures and taking on pubs – notably they operate completely different business models.

I would also like to thank you for your ongoing work on this issue.

Yours sincerely,

Greg Mulholland MP Campaign Coordinator, Fair Deal for Your Local

#### FW: Pubs consultation

04 August 2015 14:52

Attachment

[Attachment withheld under section 43 of the Freedom of Information Act - commercial interests]

From: Martin Caffrey [redacted]
Sent: 15 October 2013 11:14
To: 'Martin Caffrey'; [redacted]

Cc: [redacted]

Subject: RE: Pubs consultation

[redacted],

Further to my email of yesterday please find attached a further copy which now incorporates a Free of Tie (FOT) comparison.

The suppositions made in this section would need to be ratified but the basic principal of increased GP with static overheads produce a larger Divisible Balance which may well attract a higher bid on the open market.

The elements i would like to discuss if possible are highlighted in

# Martin Caffrey

Martin Caffrey
Operations Director
Federation of Licensed Victuallers Associations
[redacted]

From: Martin Caffrey [redacted]
Sent: 14 October 2013 15:23

To: [redacted]
Cc: [redacted]

Subject: RE: Pubs consultation

[redacted],

As promised Draft P&L model.

When received if you give me a call i will point out various issues which may be of interest/note which would help in the eventual negotiated settlement.

Martin Caffrey

Martin Caffrey
Operations Director
Federation of Licensed Victuallers Associations
[redacted]

From: [redacted]

Sent: 11 October 2013 17:22

To: 'Martin Caffrey'; [redacted]

Cc: [redacted]

Subject: RE: Pubs consultation

That's excellent Martin, thank you very much

[redacted]

From: Martin Caffrey [redacted]

Sent: 11 October 2013 16:58

To: [redacted]

Cc: [redacted]

Subject: RE: Pubs consultation

[redacted],

Will provide draft P&L by close of play Monday

Martin

Martin Caffrey

Martin Caffrey
Operations Director
Federation of Licensed Victuallers Associations
[redacted]

From: [redacted]

Sent: 11 October 2013 15:55
To: 'Martin Caffrey'; [redacted]

Cc: [redacted]

Subject: RE: Pubs consultation

Thanks Martin that is really helpful as was our discussion yesterday.

Apologies for the barefaced cheek but if you were able to get the example P &L to us as soon as is practicable and any further points where you think a single code would need to be more detailed than the current draft then that would be very helpful.

I hope you have a weekend free of train journeys.

Best Regards

[redacted]

From: Martin Caffrey [redacted]

Sent: 11 October 2013 15:45

To: [redacted]

Cc: [redacted]

Subject: RE: Pubs consultation

[redacted],

Thank you for your time yesterday and once again apologies for our late start courtesy of East Coast

#### Trains!

I will forward more detail next week re the P&L's and the "deal breakers" in respect of a universal codes.

[redacted]

Once again many thanks and looking forward to further meetings

Martin

# Martin Caffrey

Martin Caffrey
Operations Director
Federation of Licensed Victuallers Associations
[redacted]

From: [redacted]

Sent: 10 October 2013 15:03

To: 'Martin Caffrey'
Cc: [redacted]

Subject: RE: Pubs consultation

Martin

Thanks for the useful meeting just now. I've copied and into this email so that you have each others contact details and can follow up actions from the meeting in my absence next week.

#### Regards

[redacted]

From: Martin Caffrey [redacted]

Sent: 03 October 2013 16:55

To: [redacted]

Subject: RE: Pubs consultation

[redacted],

If we could take 12.30 that would fit in nicely.

There will be 2 delegates myself and our President David Hawksworth

Martin Caffrey

Martin Caffrey
Operations Director

Federation of Licensed Victuallers Associations [redacted]

[. caactoa]

From: [redacted]

Sent: 03 October 2013 15:40

To: 'Martin Caffrey'

Subject: RE: Pubs consultation

Thanks for the quick response Martin

If you're able to come here, Thursday would suit us best, any time after 11.30.

#### Regards

[redacted]

From: Martin Caffrey [redacted]

Sent: 03 October 2013 14:21

To: [redacted]

Subject: RE: Pubs consultation

[redacted],

Good to hear from you again. We would be happy to meet again next week.

[redacted]

By process of elimination that leaves Wednesday/Thursday and i am trying to collate and amend diaries. We would prefer to come and meet you rather than a phone call if you could accommodate us on either of these 2 days. If you could perhaps confirm times which are available on these days then we can finalise the meeting.

Again many thanks and looking forward to meeting you and your colleagues

Martin Caffrey

Martin Caffrey
Operations Director
Federation of Licensed Victuallers Associations
[redacted]

From: [redacted]

**Sent:** 03 October 2013 12:32

To: 'martin.caffrey

Subject: RE: Pubs consultation

Martin

I mentioned that I'd be in touch. I wondered if you were in London at all next week to meet up with me and a couple of colleagues? Alternatively, we could arrange a phone call?

Kind regards

[redacted]

From: [redacted]

Sent: 20 September 2013 10:09

To: 'martin.caffrey

Subject:

Pubs consultation

#### Martin

Sorry to miss your call last week and apologies for not getting back to you before now. We have been busy considering the evidence coming in from the consultation - we received over 1,130 written responses to the consultation and over 7,000 responses to the online questionnaire - and are developing recommendations for ministers based on what that evidence is telling us. So at the current time, there is little that we could update you on/discuss at a meeting with you, but I imagine it would be helpful to have a discussion with you at some point soon. Can I get back to you about when might be best for us to meet?

#### Regards

[redacted]

## Fwd: GOVERNMENT PROPOSAL - RENT CALCULATION

07 August 2015 12:17

Subject	Fwd: GOVERNMENT PROPOSAL - RENT CALCULATION
From	[redacted]
То	
Sent	26 October 2013 15:06
Attachment s	[Attachment withheld under section 43 of the Freedom of Information Act - commercial interests]

#### FYI

----Original Message-----From: siclarke [redacted]

To: [redacted]

Sent: Sat, 26 Oct 2013 15:00

Subject: GOVERNMENT PROPOSAL - RENT CALCULATION

Hi [redacted]

Really quick one.

I happened to be going through the consultation paper again [redacted]

I happened to notice an error at the end of the assessment sample, the calculation itself is OK but the formula is not :

"NET POST RENT BALANCE". I think that should read F = B - D not F = A - D

It may be this has already been raised or spotted but I thought I should mention it.

Regards.

Simon Clarke

This email was received from the INTERNET.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

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# Alistair Cooke (CAMRA) to Sir James Paice MP - pubcos

18 August 2015 12:41 Rt. Hon. Sir James Paice MP

South East Cambridgeshire



Sos Rep

#### HOUSE OF COMMONS

LONDON SW1A 0AA

Rt. Hon. Vince Cable MP Secretary of State for Business Department for Business, Innovation & Skills 1 Victoria Street London, SW1H 0ET

22 October 2013

Dear Vince,

#### Cambridge & District CAMRA

I have received the enclosed letter from the Cambridge & District CAMRA about pubcos and reform of the beer tie. I am fully supportive of their campaign and would be grateful for your comments on the issues raised.

I look forward to your reply.

Yours sincerely,

Rt. Hon. Sir James Paice MP

Email: james.paice.mp@parliament.uk Website: www.jamespaice.co.uk Harton .

# CAMPAIGN FOR REAL ALE CAMBRIDGE & DISTRICT BRANCH



Public Affairs Officer
Alistair Cook
5 Rexbury Court
Sturton Street
Cambridge
CBI 2RU

CAMPAIGN FOR REAL ALE 16th October 2013

Rt. Hon. James Paice MP House of Commons London SW1A 0AA

Dear Sir,

The Cambridge & District branch of the Campaign for Real Ale covers the city of Cambridge and much of southern Cambridgeshire including part of your constituency. Our branch has over 3,600 members. Nationally CAMRA has over 150,000 members. I am writing on behalf of our branch to urge your support for the government's plans for the reform of the beer tie. An eight week consultation period has been held and we are keen for the government to now press ahead.

Around 50% of pubs in the UK are owned by Pub Companies (pubcos) – large property owning companies who lease pubs out to tenants to run as their own business. These tenants are contractually obliged to buy their beer from the pubco rather than on the open market. As a result, licensees of tied houses can pay up to 50% more for their beer than those of free houses. The system also restricts the beers that the licensee can sell, locking out many of Britain's more than 1000 small brewers from supplying to their local pubs and taking away choice from pub customers. In addition, licensees of pubco pubs often find themselves paying above market value rents and currently have no independent adjudicator to settle disputes. CAMRA recently commissioned CGA Strategy to conduct polling of over 850 licensees, which found that 57% of licensees tied to big pub companies earn less than 10,000 a year. For too long large pub companies have been taking more than is fair or sustainable from pub profits, leaving licensees struggling to make a living and contributing to the closure of 26 pubs every single week.

After nine years of self regulation failure by the big pub companies, the Government has now consulted on plans for reform. The Government's plans to deliver a fair deal for licensees tied to large pub companies include the introduction of a statutory code of practice which enshrines vital principles of fair dealing and ensuring that tied licensees should be no worse off than free of tie licensees, alongside a powerful new adjudicator to give tied licensees much-needed protection. In order to stop the large pubcos charging excessive rents and high beer prices, all pubco licensees should be offered a choice between a tied option and a Market Rent Only option. For those who choose to remain tied, a Guest Beer Option should be offered. The Government has

conservatively estimated that this fair deal will result in the average tied pub being £4000 better off annually.

These reforms would deliver a fair and positive business relationship between large pub companies and their licensees, resulting in a thriving and prosperous pub sector. They will provide a major boost for Britain's thriving independent brewery sector as small brewers would be free to make their beers more widely available to pub customers.

I know that your former position within government meant that EDMs, such as EMD 57, weren't the most suitable way for you to support issues. Please could you give your support to the Fair Deal for Your Local campaign by contacting Business department ministers Rt. Hon. Dr. Vince Cable MP and Jo Swinson MP, urging them to implement this package of measures and help secure a sustainable future for viable and well-run community pubs.

I hope I can rely on your support. Should you wish to discuss these and other issues with us we would be delighted to meet with you at our Octoberfest which we are running at the University Social Club, Mill Lane, Cambridge this Friday and Saturday <a href="http://www.cambridgebeerfestival.com/viewnode.php?id=114">http://www.cambridgebeerfestival.com/viewnode.php?id=114</a> If this time isn't suitable we would be happy to arrange another suitable occasion.

Yours faithfully.

Alistair Cook

Public Affairs Officer

Cambridge & District CAMRA

publicaffairs@cambridge-camra.org.uk



Department for Business Innovation & Skills

1 Victoria Street London SW1H 0ET

The Rt Hon Sir James Paice MP House of Commons London SW1A 0AA T +44 (0) 20 7215 5000 E enquiries@bis.gov.uk

www.gov.uk/bis Our ref: MCSL2013/10339

\ C November 2013

Dy Tanos

Thank you for your letter of 22 October enclosing correspondence from your constituent Alastair Cook, Public Affairs Officer of Cambridge & District CAMRA, 5 Rexbury Court, Sturton Street, Cambridge CB1 1RU, about the Government's consultation on establishing a statutory Code of Practice and an independent Adjudicator to govern the relationship between pub companies and their tenants.

The Government's consultation closed on 14 June. The purpose of the consultation was to gather additional evidence to help us better assess the likely impact on the pubs industry of our proposals. We wanted to ensure that we heard the widest possible range of views before any decisions are taken, including from pub companies, breweries, tenant organisations, tenants and members of the public. I am grateful to you for sharing Mr Alastair Cook's views with us.

We received over 1,130 written responses to the consultation and over 7,000 responses to the online questionnaire. We are currently considering all the evidence brought forward during the consultation and on that basis will decide how to act. We intend to publish a Government Response to the consultation later this year.

VINCE CABLE

Secretary of State for Business, Innovation and Skills

# Letter from Tim Hulme, Chief Executive, BII

30 July 2015 15:01

Subject	Letter from Tim Hulme, Chief Executive, BII
From	[redacted]
То	[redacted]
Sent	06 November 2013 09:52
Attachments	doc13098

Dear [redacted]

Please find enclosed copy letter from Tim Hulme. I will also put a hard copy in the post today.

[redacted]

[redacted]

www.bii.org www.biiab.org

Follow us on Twitter: @BllandBlIAB Find us on Facebook: BllandBlIAB

[redacted]



Wessex House 80 Park Street Camberley Surrey GU 15 3PT

T 01276 684449
F 01276 23045
E reception@bii.org
W www.bii.org

Assistant Director,
Consumers & Markets
Consumer & Competition Policy Directorate
Department for Business, Innovation & Skills
1 Victoria Street,
London SW1H 0ET

6th November 2013

Dear

# Proposals to establish a statutory adjudicator for UK tenanted and leased pubs

I am writing to tell you of the work the BII has been undertaking in recent months to find a solution to the weaknesses identified by the Department of Business, Innovation and Skills in terms of the tenanted and leased pub industry. I am specifically referring to the deficiencies and imbalances in the commercial relationships between pub-owning companies and their tenants.

As someone new to the pub sector – I assumed responsibility as CEO of the BII in January of this year – I come with no 'industry baggage' and, having maintained a close watching brief of the consultation, and the significant correspondence BIS has received, I recognise the challenge the Department now faces in implementing statutory regulation, if, of course, that is the outcome.

I feel my position, and importantly the impartiality of the BII, has helped me shape what I strongly believe is a logical, coherent and practical framework which would address the weaknesses referred to above. Furthermore, the solution I am offering is a robust and effective one, which could be implemented, quickly and efficiently. Most importantly, it would, I believe, bring about the reform BIS is seeking.

The framework which has been shaped in recent months has been done so in partnership with my counterpart David Hawksworth at the FLVA (Federation of Licensed Victuallers Association). The BII and FLVA are the two largest representative bodies for the UK pub industry, between them representing over ten thousand licensees, most of whom are tenants or lessees of the 'big six' – the major pub-owning companies (Enterprise Inns, Punch Taverns, Greene King, Marston's, Star Pubs & Bars, and Admiral Taverns).





In essence the proposal would address the concerns set out by BIS by establishing a minimum level of entitlement which supports the whole 'journey' of a pub tenant or lessee regardless of who their landlord is. Providing best-in-class objective information, advice and guidance through a range of independent professional advisers, the service would be underpinned by a national helpline, something coincidentally the BII already offers its 11,000 members.

For ease of explanation below, I have broadly defined the proposed service around three key stages of a licensee journey:

Pre-entry – which includes inter alia, a new and re-designed PEAT (pre-entry awareness training) qualification, the content of which will ensure that prior to entering into any contractual agreement, the tenant/lessee can make an informed choice. Supported by accredited independent experts, this fundamentally important stage is designed to ensure that a rigorous and fair pre-entry process occurs, which effectively interrogates the suitability of the candidate and the appropriateness of their proposed business plan. Crucially for industry, this will establish a minimum level of entitlement for every single licensee and a benchmark against which the pub companies can be independently monitored and measured.

Operations – the second stage of the new support service is designed to offer all licensees instant and easily available advice and guidance from their first day of operating. Not only will this ensure that a programme of continuous professional development is available, it will put in place much needed safeguards designed to support those who are 'at risk'. Taking in finance, compliance, business planning, team management, marketing and much more, this part of the service will equip tenants and lessees for the rigours of modern pub retailing.

**Dispute resolution** – As you know, the BII currently administer on behalf of the Pub Governing Body, the PIRRS and PICA services, both of which have started to transform the pub landlord and tenant relationship and the way in which disputes are managed and resolved. The new proposal includes a further refinement of these meaningful, low-cost adjudication and arbitration services, and incorporates much needed sanctions and remedies for non-compliance.

Notwithstanding the principles of what the statutory code might bring about, I believe the BII can support BIS in the delivery of an independent, professional and ultimately fit-for-purpose solution which addresses the issues originally set out by BIS in its observations of the commercial relationships between pub-owning companies and their tenants and lessees.

The new service would not only act as a gateway for new entrants, it would deliver a minimum entitlement of support for all tenants and lessees, ensuring vital assistance for licensees for the duration of an agreement or contract with any of the big six pub-owning companies. It would also regulate and standardise the performance and behaviour of pub landlords; it would help tenants and lessees make better decisions, driving standards and reducing failures, and it would deliver a fair, low-cost and meaningful dispute resolution service.

In addition to the above, the BII and FLVA have also committed a great deal of time and energy in seeking to establish a single unified code of practice upon which the proposal described above will be based.

I trust you recognise and understand the position the BII holds and the benefit someone new to the industry could bring in helping BIS shape a solution, and I would welcome an opportunity to meet with you to present the contents of this letter in more detail.

Yours sincerely

Tim Hulme

**Chief Executive** 

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# Emily Ryans (CAMRA) to Brian Donahoe MP

18 August 2015 12:45 lubco - Aware of consultation with a complaint of pubco

Pubs CC/CDM

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HOUSE OF COMMONS
LONDON SW1A 0AA

MINISTER OF STATE

Jo Swinson MP

Parliamentary Under Secretary for Employment Relations & Consumer Affairs

Department for Business, Innovation & Skills

1 Victoria Street

LONDON

SW1H 0ET

7<sup>th</sup> November 2013

Our Ref: CA/8572/SG/BHD

Please quote on all correspondence

Dear JC

#### Back the Pub

Please find enclosed a copy of a letter which I received. I support their views and hope that you will do the same.

I look forward to hearing from you with your comments.

Yours sincerely

Brian H. Donohoe MP

Central Ayrshire

Encl.

Brian Donohoe MP House of Commons London SW1A 0AA



Campaign for Real Ale 230 Hatfield Road St Albans Hertfordshire ALI 4LW

**REAL ALE** 

www.camra.org.uk

31st October 2013

Dear Brian,

#### Pub Company Reform - please help ensure Government acts

Thank you again for supporting the Fair Deal for Your Local campaign for reform of the big pub companies.

We are writing because we understand the Government's decision on how to act is expected in a matter of weeks. At this critical time please help us to ensure the Government follows through on its commitment to act by keeping the pressure on Business Secretary Vince Cable and Business Minister Jo Swinson. This is a crucial opportunity to stop unfair practices in the tied pub sector, stamp out abuses of the pub company tie and support essential small businesses.

In order to secure a prosperous and sustainable future for Britain's pubs, we need:

- A statutory code of practice with the key principles of fair dealing and ensuring tied licensees are no worse off than free of tie lessees at its heart. The big pub companies have repeatedly demonstrated that an independent voluntary code is inadequate, avoids the substantive issues and is arguably unenforceable.
- An adjudicator to enforce the statutory code and give licensees long-awaited access to justice. The adjudicator will play a key role in arbitrating disputes, investigating breaches and ensuring licensees know their rights.
- A choice for licensees between a tied option and a market rent only option, to allow market forces to work and stop the big pub companies charging excessive rents and high beer prices. Giving licensees this choice would incentivise pub companies to act in a competitive manner and make their tied deals fair and attractive.
- A quest beer option to enhance consumer choice and boost Britain's thriving independent brewery sector. Despite the growth in the number of small brewers the pub market is substantially foreclosed to them because they are unable to supply the minimum volumes, discounts and logistics demanded by large wholesale and pub owning companies.

These reforms would deliver a fair and positive business relationship between large pub companies and their licensees, resulting in a thriving and prosperous pub sector.

Thank you again for your ongoing support, and we hope you will ensure Ministers hear your views.

Yours sincerely,

**Emily Ryans** 

CAMRA Campaigns Manager



Campaigning for real ale, pubs and drinkers' rights since 1971 A not-for-profit company, limited by guarantee. Registered in England: 1270286



Department for Business Innovation & Skills

1 Victoria Street London SW1H 0ET

Brian H Donohoe MP House of Commons London SW1A 0AA T +44 (0) 20 7215 5000 E enquiries@bis.gov.uk

www.gov.uk/bis Our ref:CK/2013/11557 Your Ref: CA/8572/SG/BHD

November 2013

Dear Brian,

Thank you for your letter of 7 November enclosing correspondence from Emily Ryans, CAMRA Campaigns Manager, about the Government's consultation on establishing a statutory Code of Practice and an independent Adjudicator to govern the relationship between pub companies and their tenants.

I am aware of the concerns that have been raised about the relationship between large pub companies and their tenants. I can assure you that the Government is taking this matter very seriously. The Government's consultation on establishing a statutory Code of Practice and an independent Adjudicator to govern the relationship between pub companies and their tenants closed on 14 June. The purpose of the consultation was to gather additional evidence to help us better assess the likely impact on the pubs industry of our proposals. We wanted to ensure that we heard the widest possible range of views before taking any decisions, including from pub companies, breweries, tenant organisations, tenants and members of the public. I am grateful to you for sharing your views with us.

We received over 1,130 written responses to the consultation and over 7,000 responses to the online questionnaire. We are currently considering all the evidence brought forward during the consultation and on that basis will decide how to act. We intend to publish a Government Response to the consultation later this year.

JO SWINSON MP

Jo Swinson MP Minister for Employment Relations and Consumer Affairs

#### **COMPANY CODES - REACCREDITATION**

07 August 2015 12:16

Subject	COMPANY CODES - REACCREDITATION
From	[redacted]
То	[redacted]; McLynchy Julie (ED)
Sent	11 November 2013 14:49

Dear [redacted] and Julie

I appreciate you are probably tying things up and I thought it might be opportune to bring you up to speed on the above.

You will recall that the IFC V6 has a 'Minimum Obligation' that "All contracts will be fair, reasonable and comply with legal requirements".

In public consultation responses we have outlined that we consider this one key phrase should be in all codes whether statutory or voluntary.

Leaving asider the absence in self regulatory codes of provisions to rebalance risk and reward and deliver circumstances where a tied tenant is no worse off, I raised the issue with Bernard Brindley, Pubs Governing Body, that company codes were being accredited in accordance with the IFC despite them not containing the 'Fairness', Minimum Requirement, provision.

Bernard has since confirmed that all company codes hereafter will not be accredited unless they contain the provision (see below).

For consistency I believe the Statutory Code should contain the same provision. I recall this was an omission from the code proposal outlined in the consultation, despite it being based loosely on the voluntary V6 IFC, and wanted to ensure that its inclusion was considered in the Statutory Code as outlined in consultation responses.

I hope this is of some help.

Regards.

SIMON CLARKE INDEPENDENT PUB CONFEDERATION

-----Original Message-----From: Bernard Brindley (redacted)

To: siclarke [redacted], [redacted]

Sent: Thu, 19 Sep 2013 21:24

Subject: RE: PICAS - REACCREDITATION

Dear Simon

Please except my apologies for the slight delay in getting back too you.

The six major Pub Companies have all submitted their codes prior to the dead line of 30th April 2013.

[redacted]

[redacted]

I can also confirm that all codes will contain the IFC paragraph section 35 and 133 " All contracts will be fair, reasonable and comply with all legal requirements"

# Best Regards Bernard To: [redacted] Subject: PICAS - REACCREDITATION From: [redacted] Date: Sat, 14 Sep 2013 06:43:17 -0400 Dear Bernard I would be grateful if you could please provide an update of code re-accreditation. Please see attached. Regards. SIMON -----This email was received from the INTERNET.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal

purposes.

# Mike Benner (CAMRA) to Vince Cable

18 August 2015 12:49 MIN

Dr Vince Cable MF

Department for Business, Innovation and Skills

1 Victoria Street London SW1H 0ET

7th November 2013

Dear Vince,

**Pub Company Reform** 

Hatton



Campaign for Real Ale 230 Hatfield Road St Albans Hertfordshire ALI 4LW

Telephone: 01727 867201 Fax: 01727 867670 Email: camra@camra.org.uk www.camra.org.uk

FOR REAL ALE

1 3 110V 2013

ER OF STATE

We are writing because we understand the Government's decision on the pub company reform consultation is expected in a matter of weeks. Reform will ensure local businesses can continue to thrive through providing a fair and sustainable business model.

Pubco reform is an issue critical to the longevity and well being of Britain's beer and pubs industry. For too long, large pub companies (those with over 500 pubs) have been taking more than is fair or sustainable from pub profits, leaving licensees struggling to make a living and contributing to the closure of 26 pubs every single week.

Under the current inequitable business model, licensees cannot afford to invest in improving their business. Publicans tied to big pub companies can pay at least 50% more for beer than free of tie publicans, as well as paying above market rents.

CAMRA's latest research also reveals that 57% of large pubco tied licensees earn less than £10,000. This compares to only 25% of free of tie lessees earning less than £10,000. The detrimental effects of the current pubco model thus mean that the sector is simply unable to attract and retain talented publicans.

The IPPR think tank's report: "Pubs and Places: The Social Value of Community Pubs", further found that pubs inject an average of £80,000 into their local economy each year. The report adopts a 'social return on investment' methodology to measure the wider social value generated by a sample of community pubs, and finds that this ranges from around £20,000 to £120,000 per pub. Providing licensees with a fair and sustainable business model would thus allow for publicans to invest further in their local business and create more jobs.

The financial impact pubs have on the local economy is currently undermined by the pubco model, and thus reform of the large pub companies is vital for the growth of these small businesses. Action to ensure that pubco tied licensees are no worse off than free of tie lessees will substantially reduce the hardship faced by far too many licensees, allowing them the freedom they need to grow their businesses.

CAMRA is calling for reform of the tied pub company model to deliver a market rent only and guest beer option for tied licensees, backed up by a powerful Code of Practice and industry watchdog.

Please act now and ensure our valued community pubs are provided with a fair and sustainable business model.

Yours sincerely,

Mike Benner **CAMRA Chief Executive** 

Campaigning for real ale, pubs and drinkers' rights since 1971 A not-for-profit company, limited by guarantee. Registered in England: 1270286



Department for Business Innovation & Skills

1 Victoria Street London SW1H 0ET

Mr Mike Benner Chief Executive Campaign for Real Ale 230 Hatfield Road St Albans AL1 4LW T +44 (0) 20 7215 5000 E enquiries@bis.gov.uk

www.gov.uk/bis Our ref: 2013/12001

30 1

November 2013

Dear Mike,

Thank you for your letter of 7 November to the Rt Hon Dr Vince Cable MP, about pub company reform. I am replying as this matter falls within my portfolio.

As you will be aware from my letter of 19 November to you and other members of the Fair Deal For Your Local campaign, the Government's consultation closed on 14 June. We received over 1,130 written responses to the consultation and over 7,000 responses to the online questionnaire. We are currently considering all the evidence brought forward during the consultation and on that basis will decide how to act. We intend to publish a Government Response to the consultation later this year.

I am grateful to you for sharing CAMRA's views with us, both in your consultation response and yourlatest letter.

JO SWINSON MP

Jo Swinson MP
Minister for Employment Relations and Consumer Affairs