

**Sent:** 13 June 2013 17:26  
**To:** Pubs Consultation Responses  
**Subject:**

Dear Sir / Madam

I write with regards to raising an opinion on the consumer and competition issues within today's pub / hotel industry.

With my experience of 20 years within the hospitality industry, I feel that an unfair level of attention and responsibility has been accredited to the companies who operate tied houses with regards to the cost of drinks consumed within licensed premises. The cost of drinking has certainly escalated in recent times, but this cannot be singularly attributed to such companies. It is worthy of note to suggest that without such companies, there certainly would not be the opportunity for individuals such as myself to acquire a premises and operate my own business.

Without the assistance and support of Enterprise Inns I would never have been in a position to commence my current business at the . Individually, I would never have managed to gather the necessary capital by which to purchase a premises, refit the premises, and still maintain enough capital to commence trading. Enterprise Inns made my business a possibility, by presenting the premises to myself and investing over £300k in a high quality refurbishment. The result has been a turnover business, serving over meals a week. Yes, we do charge a premium for our drinks products. but it must be noted that Enterprise Inns have costs and a return on their investment to recover. Due to the nature of this and my relationship with Enterprise, I feel the cost of wet products tied to Enterprise to be fair.

In my opinion there are other more significant factors that are responsible for the increased cost of drinking and socialising within on-trade premises, than the cost of tied product supply. My biggest issue is VAT. At present HMRC earn a vast amount more than myself from my business; which is highly irritating. I purchase wet products, dry food ingredients, and other consumables to operate. Of which, VAT is only reclaimed from wet products and consumables. The problem is that I am forced therefore to pay a full 20% VAT on the turnover figures generated from food sales and room sales. As such, my business often only breaks even, whilst HMRC takes a nice 12% of my turnover. Even if I loose money over a period, HMRC still take the lion's share. I ask, how fair is this, and how many operators are HMRC responsible for putting out of business?

In addition to this; the local councils are also responsible for 'bleeding' businesses with local taxes. My business rates recently increased by 20%. And to add further insult to injury, I am also forced to pay council tax on the accommodation at the premises. Why should I pay this council tax, when I already contribute over per year? Would one not assume that the of business rates is enough. And I even have to pay for my own refuse collection. Also to consider is the ever escalating cost of utility bills. Raising at 6-10% per annum. My current outlay on utilities is over £ per annum.

If you consider all the above. My turnover is £ . The government will generate over £ from my business, before we even consider employee tax and NI contributions. I will likely obtain a salary and the business will break even. Is this really fair? And would you not say that should you wish the cost of socialising to become more competitive, one needs to consider enabling a business owner to reduce his / her costs overall?

With regards to competition. I believe price is not as sensitive as many publicans believe. I charge a premium price on the cost of drinks relevant to the local competition. I do so because I spend a lot of time and effort ensuring the quality of my product and business is presented in a manner by which to justify this price. We do receive grumbles from some customers about how much more expensive we are in comparison to the other local outlets. But my argument is that some publicans are too scared to increase their prices due to the fear of this customer 'grumbling'. It is how it is; inflation happens, prices have to go up. To place the blame on companies that operate tied houses is naive. More effort should be targeted towards building quality into a publicans' product and service, by which to justify the necessary price increase.

As such, there is much more to consider in this industry than the easy target presented by companies such as Enterprise. Should a finger require pointing as to the reason why the cost of socialising in on-trade premises is rising; then perhaps the government should consider looking in the mirror, rather than trying to deflect blame and pick the easy target.

Yours sincerely

**General Manager**

-----  
This email was received from the INTERNET.

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