

From:
Sent: 14 June 2013 23:37
To: Pubs Consultation Responses
Subject: Pubco Reform Submission

To whom it may concern,

The Pubco & tenant is a deal made in hell.

That's emotive and easy to dismiss but closer to the truth than you would think in that for the unwary the arrangement ends up being such that the pubco effectily controls you and your livelihood worse than a feudal lord ever could.

I'm an experienced publican having ran several pubs, a nightclub, hotel and bars, as I'm also a retired . I've a business degree and a masters qualification, as well as my publican licence skillset.

The current tie should be illegal under UK and European law, as it runs totally contrary to Article 85 of EU competition law.

It is totally biased to the pubco who has huge experience in the legalities and operation of the agreement and totally controls the relatively inexperienced and ubderesourced Publican.

In every area, the pubco has arranged the agreement to its financial advantage and forces these conditions on the tenant through coersion, threats, quasi-legal pressure and the like.

Take any part of the business and this is the case:

Beer Tie. Pubco supplies (this is an anachronism as they don't actually supply or stock it themselves but act simply as phonebased middlemen) range from 60 to circa 100% more: Carlsberg 85.00 plus VAT at Bookers 150 from Enterprise Inns (EI); Bulmers Cherry case (12), 28.51 + VAT EI, 13.89+VAT at Bookers; echo falls white wine circa 7 pound per bottle incl VAT from EI or 3 for a tenner at my local garage. This is unreasonable! When I got into my pub years ago these price discrepancies did not exist, but the pubco sets the price at will.

What is more the pubco will not allow normal business practices which would assist its tenants.

Heineken recently launched two new bottle products, Fosters Gold & Radler and offered free stock to EI to pass to pubs to promote the launch, but EI refused to offer this to pubs as it wasn't making a cut.

Machine Tie: the publican makes very little from the machines, as both the machine supplier and operator make a larger share in the norm, despite the landlord's costs in running the machine.

Moreover, each supplier company pays EI and one presumes other pubcos, a royalty, which effectively decreases the publican share further, especially if the machine takes very little. Thus a quiz machine may take only a few pound a week at a quiet time but the supplier currently pays EI a below the counter "royalty" of 8 pound per week. Moreover, financial responsibility and thus machine licensing responsibility now lies with the landlord, so how is this tied situation legally, let alone morally supportable My pub usually takes about 5,000 per year but I make less than 5k per year and many weeks in the quieter months I support it financially from my pension and by taking on building projects. I love the pub and the trade, but it is totally thankless and financially unrewarding.

A lot of publican I know (at least) 50% are trading illegally in some way to keep their business afloat, be it not declaring PAYE, and/or doing cut and shut firm closures to get rid of their debts, often to HMRC or on local NNDR.

I honestly don't think the current situation will change, as the likes of EI and its boss have seen political agendas come ans go. I am determined to leave this business in the next year, as I can no longer sell my soul to the devil.

I salute the current legal efforts and wish you luck. In the words of Hilaire Belloc, we won't know what we had in our local pubs until they're gone.

Landlord