

341

From:
Sent: 14 June 2013 15:35
To: Pubs Consultation Responses
Subject: tie release fees

Here's some idea of how tie release fees are seen by Enterprise Inns, I pay a year to release wine, spirits, soft drinks, bottled cider and bottled lager. I also pay a full market rent and am tied to buy all my draught beer and cider at twice market rates. With no support from the brewers, as this is not allowed by Enterprise (buy 5 get 1 free from local brewers, monthly discounts from the nationals etc)

Anyway, when Enterprise Inns supplier; Waverly TBS went bankrupt and Enterprise were no longer able to supply Wines/Spirits/Soft drinks. Was the tie release fee suspended, was it hell, I still had to pay the fee to release me from a non existent supply chain.

But you will want to opt for tie release as the wine list is awful, no samples will be forthcoming and the prices are shocking. Delivery will be erratic and terms are a maximum of 14 days. A tied system does not engender good service.

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05/12/2013

From: [redacted]
Sent: 29 May 2013 11:43
To: Pubs Consultation Responses
Subject: Pubco written submission

Dear sirs

I took a pub on a lease assignment under Enterprise Inns in

My deal is far better than some but still incredibly expensive

Rent

tie release on non draught

cost of tie on draught beer

(should be £20k but am selling bottles when ever possible)

ETIs' estimate of open market rent

Open Market rent assessed

RICS

I felt pushed into taking the tie release on non draught simply because the tied product choice is so poor. I can now stock products the customers want, sold at a market price and make sensible GP.

The draught is still a problem and they will not as yet release the tie. I used to have [redacted] on the bar but was told a day after my order went in that it has been delisted. Deliveries are unreliable, on hugely over priced product. There are penal charges for emergency ordering, so you have to stay overstocked.

I have seen no substantial countervailing benefits, though with the amount I pay I have obviously asked what they are, repeatedly. The website lists such things as you would get from any supplier, though an open market supplier would go beyond this to keep your custom. ETI now seem to admit this in the press, listing only that it is a cheap entry into the business. This is true, in that tied leases are now worthless, where as you still have to buy a free of tie lease.

There is no complaints department. Getting anything done or conversing with ETI will invariably see you directed back to your BDM (business development manager), though he is not developing the licensees business. His job is to ignore things as long as possible, none of the ETI email address has an acknowledgement reply and you are lucky to get a reply at all. A BDMs phone will always go to answerphone.

Don't get me wrong my business is viable, even after a fall in trade following 5 brewery taps opening in town we still take £ [redacted] /year (down from [redacted] at last rent revue). The trouble is there is no margin left in the deal to allow for drops in trade, so I have requested a rent revue on basis of changes trading environment. ETI seemed to accept this, it is in their COP. But 3 months later I am still awaiting a figure.

I offered on the freehold but have been turned down [redacted] times now.

I nearly gave up after the pubcos were given another 12 months of self regulation, so am really hoping you can make this work. But the emphasis needs to be on a quick application of the principle that tied I am no worse off. My rent should be market rent. The beer price matched to market prices, less infact to account for the limited

05/12/2013

choice and poor service. If to get this all pubs have to take ETI to an adjudicator, then things will continue as before for some time.

Ideally we should all have the option to go free of tie at market rent as I see no other way to ensure parity.

Sincerely

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05/12/2013

From: [REDACTED]
Sent: 13 June 2013 22:59
To: Pubs Consultation Responses
Subject: micro brewery

is a master brewer and would love to set up a micro brewery in my pub, which is fine, except that being tied to Enterprise Inns we'd then have to pay to register with SIBA, after which Enterprise allow a maximum of 3 ales per brewer (on my 6 pump beer engine) and we would pay them per firkin (£ / brewers barrel) for privilege of selling our own beer. On top of rent (which is the market rate) plus : tie release on non draught (mandatory because their wine is awful and expensive) and paying twice the market rate on ale, 1.5 times market rate on kegs.

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05/12/2013

341

From:
Sent: 14 June 2013 14:26
To: Pubs Consultation Responses
Subject: survey
 from

A small business on an Enterprise Lease

1. **Should there be a statutory Code? yes**
2. **Do you agree that the Code should be binding on all companies that own more than 500 pubs? If you think this is not the correct threshold, please suggest an alternative, with any supporting evidence. *I see no need for a threshold***
3. **Do you agree that, for companies on which the Code is binding, all of that company's non-managed pubs should be covered by the Code? Yes**
4. **How do you consider that franchises should be treated under the Code? *Included***
5. **What is your assessment of the likely costs and benefits of these proposals on pubs and the pubs sector? Please include supporting evidence. *Less than the cost of leaving the industry to play out it's terminal winding down, while claming everything is fine***
6. **What are your views on the future of self-regulation within the industry? *Well it hasn't worked so far and the big 2 pubcos can no longer afford to play fair, their unavoidable bankruptcy would be almost immediate***
7. **Do you agree that the Code should be based on the following two core and overarching principles? yes**
 - i. ***Principle of Fair and Lawful Dealing***
 - ii. ***Principle that the Tied Tenant Should be No Worse Off than the Free-of-tie Tenant***
8. **Do you agree that the Government should include the following provisions in the Statutory Code? Yes**
 - i. ***Provide the tenant the right to request an open market rent review if they have not had one in five years, if the pub company significantly increases drink prices or if an event occurs outside the tenant's control.***
 - ii. ***Increase transparency, in particular by requiring the pub company to produce parallel 'tied' and 'free-of-tie' rent assessments so that a tenant can ensure that they are no worse off.***

05/12/2013

- iii. *Abolish the gaming machine tie and mandate that no products other than drinks may be tied.*
- iv. *Provide a 'guest beer' option in all tied pubs.*
- v. *Provide that flow monitoring equipment may not be used to determine whether a tenant is complying with purchasing obligations, or as evidence in enforcing such obligations.*
- 9. *Are there any areas where you consider the draft Statutory Code (at Annex A) should be altered? Look out for compulsory sinking/delapidations/maintenance funds. The one with Enterprise Inns has no maximum amount and takes control of that cash away from the lessee. If ETI were trustworthy to manage lessees interests we would not be having this consultation*
- 10. *Do you agree that the Statutory Code should be periodically reviewed and, if appropriate amended, if there was evidence that showed that such amendments would deliver more effectively the two overarching principles? yes*
- 11. *Should the Government include a mandatory free-of-tie option in the Statutory Code? Of course, if we are to ensure point 7ii*
- 12. *Other than (a) a mandatory free-of-tie option or (b) mandating that higher beer prices must be compensated for by lower rents, do you have any other suggestions as to how the Government could ensure that tied tenants were no worse off than free-of-tie tenants? Cap the percentage pubcos can add to beer prices. Restrict the tie to draught products or just to beers.*
- 13. *Should the Government appoint an independent Adjudicator to enforce the new Statutory Code? yes*
- 14. *Do you agree that the Adjudicator should be able to:*
 - i. *Arbitrate individual disputes? yes*
 - ii. *Carry out investigations into widespread breaches of the Code? yes*
- 15. *Do you agree that the Adjudicator should be able to impose a range of sanctions on pub companies that have breached the Code, including: at the very least. The tie is an archaic privilege which has been utterly abused.*

I. *Recommendations?*

II. *Requirements to publish information ('name and shame')*

III. *Financial penalties?*

16. Do you consider the Government's proposals for reporting and review of the Adjudicator are satisfactory?
Yes
17. Do you agree that the Adjudicator should be funded by an industry levy, with companies who breach the Code more paying a proportionately greater share of the levy? What, in your view, would be the impact of the levy on pub companies, pub tenants, consumers and the overall industry? Yes, this would quite probably hasten the end of the big 2 pubcos and make the others think about playing fair. The winding up of the big 2 would save the industry far more than the administrator costs

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