

Re. Government consultation Pub companies and Tenants April 2013

To: The Right Honourable Dr Vince Cable,  
Secretary of State for Business, Innovation & Skills.

Dear Sir,

With all the recent publicity regarding the government's consultation on pub companies and the relationship between them and their tenants I feel compelled to express my view on the matter.

Having been in the licensed trade for 29 years and worked on both sides of the fence (so to speak) I can say with all honesty that as far as Punch are concerned their methods of operation and code of practice are more than fair, and in comparison to other pub companies a breath of fresh air.

We have recently re-opened a pub following a refurbishment with Punch investing £250,000 in the property. Additional to the financial contribution Punch also gave support with marketing, training and product supply contacts utilising Punch buying power. The post completion support and feedback from Punch has also been comprehensive. All this was done on the strength of a 5 year tenancy agreement. Just a few years ago the minimum requirement would be for the tenant to commit to a ten year fully repairing and insuring (FRI) lease.

The experience of this project and the success of the business have led us to commit to a similar project due to commence work in July.

The opportunity to operate a newly refurbished business with a potential annual net turnover of £400,000 for as little as £25,000 backed up with the ongoing support that Punch offer is I believe unrivalled in the industry.

My view is that past governments have done enough meddling with the industry and indeed contributed to the precarious position some tenants, and indeed some pub companies, find themselves in. The introduction of the smoking ban had devastating consequences on certain types of pubs. The beer escalator (now thankfully gone) and cheap alcohol in supermarkets, who by the way have none of the responsibilities and duty of care towards customers that pubs carry, have also contributed to the failure of many licensed trade businesses.

You will gather from the above that I am more than satisfied with my business relationship with Punch and I hope you give serious thought to any legislation under consideration in particular the long term effect it may have. As an example I would suggest that we find ourselves in this position as a consequence of the beer orders introduced in 1989 by Lord Young.