

165

---

**From:****Sent:** 07 June 2013 13:16**To:** Pubs Consultation Responses**Subject:** Pub Consultation Process

Dear Sir/Madam,

This is to provide some feedback to the Pubs Consultation Process based on my own experiences. I am writing this because I have tried to go through the online process but there are too many questions where I feel no option adequately expressed my point of view. In general, I don't object to the tied model.

**Background**

I am a multiple tenant in . I have 6 pubs – 4 are tied leases with Enterprise Inns, 2 are freehold and free of tie. I employ 80 people. I have been trading for 15 years. Having started our business with a tied lease in 1998, I have taken on 5 further tied leases (converting 2 of them to freeholds). After the first 2 pubs, the leasehold growth has been organic. (The Freehold acquisitions understandably required additional investment).

As such, I have a fair amount of experience in dealing with the tied model and the free trade.

Over the 15 years, we have been through many rent reviews which undoubtedly provide the most tension in any landlord/tenant relationship. However, in each case, the discussions have been principled, polite and ultimately agreeable between both parties.

**Increased Support by Landlords**

Over the last 15 years, the contractual elements of the leases haven't really changed – i.e. we are contracted to pay rent, look after the building and buy beer from the designated supplier (which is the landlord themselves)

However, the support we receive to manage our pubs has improved dramatically.

**Property Management**

On the property front, 15 years ago, we had no support to manage our property. We might just as well have been freeholders.

In the last 5-6 years, Enterprise have developed a scheme whereby our legal requirements of property management (Electrical, Gas, Fire Safety as well as Risk Assessment and general Health & Safety) have become immensely easier to manage. While this scheme wasn't perfect at the start, it has been amended through time and is now a very efficient system. I have been able to apply some of these learnings to my freehold pub management where I obviously have no external support to achieve this.

**Commercial Support**

Enterprise have supported our business on several Capital Expenditure projects as well as a particular Business Support exercise:-

**Capital Expenditure** – when the smoking ban came in, Enterprise provided the capital to purchase

05/12/2013

Jumbrellas to provide a 'Smoking Solution'. We have also recently agreed another similar project in our pub in : where Enterprise are providing funding of £30,000 to develop a covering for our patio to provide year round space for customers. In each project, we have agreed a percentage of the capital that will be added to the rent. On these projects (as well as other projects), we have always had the option to go to a bank and borrow the money. Sometimes, we have gone down the bank route but on these projects, Enterprise have been collaborative and supportive. If they didn't have an interest in our trade (through the beer tie), they might not be so supportive (or the commercial deal might not be so attractive).

**Business Support** – one of our pubs has suffered significantly in the economic downturn since 2008. The pub in particular benefited from lunchtime and early evening trade from local offices. In 2008-09, many of those offices were vacated and remained empty for several years. Furthermore, the road outside our pub was dug up 7 times in 18 months causing general noise, dirt and disruption to our business – not helpful when trying to attract a declining local clientele. Enterprise have supported us during this time through a combination of temporary reduced beer prices and temporary reduced rent. This has allowed us to continue to support our business despite reduced turnover.

#### Product Range & Support

Since becoming a free-of-tie in 2 of our pubs, I have discovered that Enterprise's Wholesale Beer Supply Business is the best in the country as far as Range is concerned. To have the same variety of products (and to get the best prices) in the free market, I need to use at least 3 suppliers to do the same job. I have even had exploratory discussions with Enterprise about supplying our free-of-tie sites.

In recent years, Enterprise have also become more proactive in seeking to build relationships between brand owners and us as tenants.

#### Equitable Financial Reward?

As stated earlier, Rent Reviews have been conducted fairly and always in agreement without the need for external arbitrators.

Through Rent and through our beer sales, I believe our landlords have enjoyed reliable, healthy income from our businesses.

However, I also believe that we have enjoyed financial health across our group within the tied lease model that has allowed us to grow our business.

Naturally, I would be delighted if my rent was lower and the beer was cheaper – who wouldn't?

But, I accept the terms of our contracts as we've agreed them and have been able to maintain our business throughout some demanding economic times.

#### Conclusions

I believe the tie provides a great incentive for the pub companies to support our trading businesses. If there was no beer tie, there would be no more complaints about the price of beer – but rents would go up and I guarantee the complaints wouldn't stop, they'd just be about rent.

Given the wide variety of pub sizes, styles and locations there is no formula that can be applied to all pubs to determine Rent and Beer Price.

The best solutions in our case have been achieved through human interaction where elements of a business contract are discussed and agreed with principles and fairness.

The inclusion of the price of beer in these contracts allow for a more variable discussion on contracts which gives a better chance of everyone being happy.

I hope you find this feedback useful.

Yours sincerely

.

-----

This email was received from the INTERNET.

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

-----