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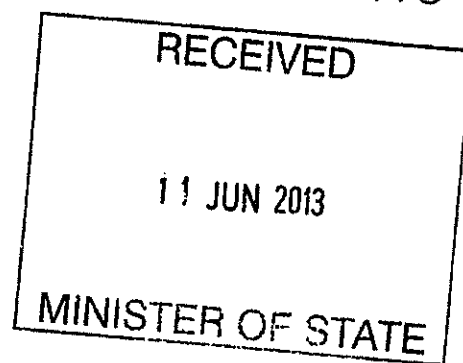
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HOUSE OF COMMONS
LONDON SW1A 0AA

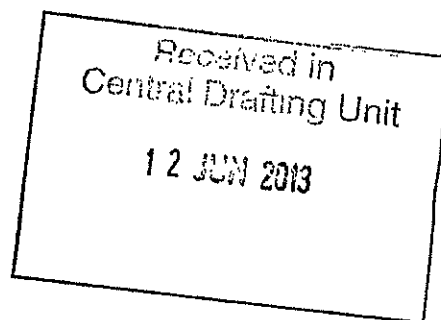
Rt Hon Michael Fallon MP
Minister of State
Department for Business Innovation and Skills
1 Victoria Street
London SW1H 0ET



M. Fallon

I enclose a copy of the email I have received from my above named constituent regarding his concerns about the pubco consultation and I would appreciate if you could let me have your comments on the concerns and points he makes.

you



From:
Sent: 07 June 2013 08:12
To: [Member of Parliament]
Subject: Pubco

Good Morning

Firstly I would like to thank you for taking time to read this email.

I am writing this morning with regards to the pub cos' and the beer tie which is shortly due to come up for debate. I am aware that there are people who believe that the tie is completely wrong and that you could make more money on a free of tie basis, whilst this possibly maybe the case at the minute and with some of the older agreements I feel as an operator of pubs with over 40 employees working for the company that this would change if pubs went on their own.

From experience and running a FOT (free of tie) property with compared to a tied business, I actually make more money/profit in my tied Punch properties simply because of their locations as they are not price driven having to compete with £2 pints, you look at this price and think that this is a great price which it is however it drives down your weekly takings possibly below the vat threshold meaning that it benefits single operators rather than entrepreneurs like myself who want to grow a successful company.

As previously stated I have Punch properties and I will agree at the start they were not a great company to deal with like most pub co's if you go off what others say however I have found a massive change in their attitudes with now listening to their tenants and recruiting and retaining area managers who you can work with to help build your business. I have also found since the code of practice has come into force they have kept to their promise in my experience however this email is not about how good Punch have become over the past few years but to stress about the importance of the beer tie, yes prices could be better but in what trade cant they be? I am never going to get the prices of being a small company compared to the big pub co's and yes I think the pub co's could pass on a bit more of the discounts but simply when you signed your agreement you should have checked what you are paying for per product, no point crying after about it as this is what you have signed up for and as any other business it is a matter of working these costs into your business plan. The pub co's may charge a bit on top, if you will a handling charge but I am aware that they do re invest some of this money back into their pubs as I have had refurbishments done on 2 properties to the tune of £187,000 without a rent increase in fact actually 1 property my beer price dropped due to local competition. I could never afforded to do this on my own but thanks to the pub co they done it for me which seen a return in their investment and I saw an increase in my profits. There has also been times over Christmas when my area manager has allowed me to put a £7000 order on a payback after Christmas when I have sold the beer will an independent be able to afford to do this with a lot of their customers?

One last point should pubs all go for the big companies like Molson Coors Carlsberg & Heineken are all busy with the big contracts what would they start to charge for deliveries if they could do them? Would we be left with white van man who doesn't offer a free repair service on cellar equipment and for them to decided how much they want to charge us it would be back to square one in my opinion.

I have been in the hospitality trade now for over 10 years starting off as a and worked my way up through the business learning every part of it yet I see this trade now being strangled by the government's fiscal policies with tax on beer granted the beer duty has been stopped but if you look at our VAT rates compared to other EU countries surely if these were addressed the trade could

move on allowing the likes of myself to increase my staffing levels enabling which in return would pay more payee tax and more people spending meaning more VAT revenues etc.

In conclusion I think there is more to this issue rather than people being tied to the pub co's and yes the pub co's could pass on more discount but at the end of the day nobody forces us to sign agreements and if it is a price issue don't sign the agreement and pub co's will soon realise it is their pricing policy and they will drop accordingly.

Many thanks for taking the time to read this email it is much appreciated.

Managing Director

Mob:

Fax:

Email: