



Campaign for Pubs

Promote, Support and Protect Pubs

David McDowall
Group Chief Executive
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24th March 2023

Dear David,

Stonegate Pubs' introduction of charges for branded glasses & closing the free supply route from brewers for tied tenants

We have been approached by a number of Stonegate tied tenants who have told us that Stonegate have introduced a charge for branded tied beer supply glasses that hitherto have been provided for free either via Stonegate or direct from the brewers themselves. This has now also been [reported in the trade press](#).

This action means that tied tenants will incur additional charges for dispensing tied beer supply in the correct glassware, something that is important and something that brewers/producers want to happen. You will be aware that serving drinks, including beer and cider in glasses branded with another beer/cider could be deemed a breach of the Trade Descriptions legislation (if not explained to the customer). In any case, it can be confusing and is something that brewers/producers do not like.

It is, frankly shameful that Stonegate have introduced this extra charge, for something that as you well know, many breweries are often happy to supply direct and free of charge to pubs (and do so routinely to free trade/free-of-tie pubs).

It also makes a mockery of Stonegate/pubco claims that the grossly excessive prices imposed on tied tenants somehow leads to 'Special Commercial or Financial Advantage' (SCORFA). One of the things passed off as a supposed benefit to tied licensees is supply of branded material/point-of-sale material that in actual fact is from producers, and simply passed on by non-brewing/producing pubcos. For Stonegate now to introduce charges for branded glasses therefore and to do so during this cost-of-living crisis, when as you know publicans are seriously struggling (and Stonegate/EI tenants are handing back the keys of pubs) is grotesque.

We note that Stonegate 2022 financial year figures have just been published, showing that Stonegate have doubled its revenue from the previous year to £1.61 billion, with earnings of £465 million, which makes the decision to impose the new and unacceptable cost on struggling tied licensees even more distasteful.

There are two core arguments that mean that we believe Stonegate introducing this charge is actually illegitimate and potentially unlawful:-

- a) many tenants who have been receiving free branded glasses from Stonegate since their Agreement commenced, and dependent upon the wording of their Agreement, may have a right or implied term to continue to receive free branded glasses;

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- b) if Stonegate claim that no tenant has any right to free branded glasses as a result of their Agreement (i.e. glassware is untied supply), then Stonegate may have unlawfully engaged in anti-competitive and potentially cartel-like activity to seek to end the supply of free glasses from brewers, by colluding with brewers in doing so.

You may or may not be aware of a previous case where Greene King was taken to the Small Claims Court. Greene King had set up a slightly different, but similar scheme. They were asking tied tenants to contact brewers direct to order branded glasses but that Greene King would subsequently levy a charge per box. The case was taken by a Greene King tied tenant, Gary Murphy (Gary is, separately, also a Director of the Campaign for Pubs).

In the case, Greene King disingenuously claimed that the use of branded glasses was not standard practice within their estate, when it demonstrably was. Gary had been supplied with free glasses for some 12 years before being told by Greene King that they would be charging for them.

Whilst Gary lost the case for glassware to be an implied term, the Court was absolutely clear that Greene King had no contractual right to charge the tenant for untied supply items. Greene King told the Court that they would not do so. This is precisely what Stonegate are doing and it is therefore potentially unlawful as well as clearly unfair.

We would please ask Stonegate to explain their actions on charging for branded glasses within the context of (a) and (b) above and also ask why, in this cost of living crisis, you have imposed this on tenants now.

We have also called on the Pubs Code Adjudicator to launch an investigation into this, as in our view it is not 'fair and lawful dealing'. If the PCA decides not to investigate, we will raise this with other bodies, but we would prefer to see Stonegate see sense and do the right thing and abandon this greedy and dubious decision.

We look forward to hearing from you.

Yours sincerely,



Greg Mulholland
Campaign Director



Dawn Hopkins
Vice-Chair