



# Campaign for Pubs

Promote, Support and Protect Pubs

Emma McClarkin  
Chief Executive  
BBPA  
Ground Floor  
61 Queen Street  
London  
EC4R 1EB

26<sup>th</sup> June 2020

Dear Emma,

We are writing to you on behalf of the Campaign for Pubs, the new grassroots membership campaign for publicans, pub campaigners, customers and suppliers.

As the BBPA has done, the Campaign for Pubs has warmly welcomed the clarity that has now been provided to English pubs regarding the possibility of reopening from the 4th July 2020. The previous uncertainty was deeply unhelpful for all pubs and pub-owners and operators, whether a multi-national brewer, one of the large pub-owning companies or one of the thousands of individuals who run our nation's pubs.

We note your statement in the Financial Times (25th June) where you mention that the pub-owning company members of the BBPA were looking to open 80 to 90 percent of their estates. Considering these pubs are predominantly large venues able to cater for far more customers with social distancing than the average UK pub it is most likely the total number of pubs in England which will open on the 4th July will be considerably lower. Indeed the Campaign for Pubs has monitored the situation and there is now no doubt that a considerable number of small businesses will not feel able to open on 4th July under the new guidance, due to various factors including:

- the limited time scale now available to implement the necessary measures;
- the constraints of viability under reduced capacity with increased staffing ratio;
- fear of investing further in reopening due to severe financial burdens arising from a prolonged period of zero revenue especially where rent arrears have been imposed;
- continuing insurance and health and safety concerns for staff and customers;
- the normal mode of operation being severely restricted or entirely excluded;
- lack of cash to restock;
- for real ale or craft keg beer led pubs a severe lack of fresh stock due to inadequate notice given to small brewers to commence brewing in a timely manner.

Your statement in the FT goes on to state that of those 80 to 90 per cent of sites owned by your members only 10 per cent of sites were expected to be profitable. It is fortuitous for those members that the size of the vast majority of their businesses affords them the ability to cover losses for such a prolonged period of uncertainty. Indeed many have other elements to their business model (e.g. brewing) which have allowed them to continue to bring revenue in through sources other than closed pubs. In the case of a your large brewing pubco members - Star Pubs and Bars/Heineken, Greene King

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and Marston's, this amounts to an ongoing and large profit stream, with considerable beer sales for home consumption during the lockdown.

Clearly the average tenant is simply not in the same position. They possess neither the financial backing, credit facilities, or indeed after three and a half months of forced closure, simply the cash in the bank to sustain any more loss whatsoever. At the Campaign for Pubs we have noted that the dire situation of such tenants has often been severely exacerbated by a number of your members continuing to charge rent (in some cases full rent) to tenants whilst in forced closure and with zero revenue therefore generating huge losses.

Last week the government published the new Code of Practice for commercial rents, of which the BBPA was a signatory.

The Code clearly states that *"We all recognise the difficulties that many tenants are facing, particularly those affected by the closures during lockdown."* It goes to make clear that the expectation is for commercial landlords to *"enable otherwise viable businesses to continue operating through the period of recovery"*, with *"...interventions"* [which] *"are intended to be exceptional, time-limited measures to deal with unprecedented times of acute market shock."*

**Yet from most of your large pubco members, we have seen an ongoing intention to demand rent during closure, despite pubs having no trade and publicans having no income.** These companies, your members, have sought to present not insisting on full rent for all pubs as being "support packages" which is utterly disingenuous as well as deliberately misleading, when in most cases there are considerable sums still being demanded for rent, despite the pub not trading and some tenants are still facing 100% rent throughout closures, which is outrageous.

What's worse is that **some of your members are demanding that their tenants hand over most or all of the Government grants provided to small businesses**, to allow them to survive the closure period and be able to open again. In addition, in some cases offers of what is being presented as 'credit' actually means that tied tenants will simply be given a slight discount from what are already hugely inflated 'tied' prices. This is not 'credit' in the normal sense at all.

**What is also disgraceful is the deliberate and unfair discrimination some of your large pubco members are operating against those tenants who have exercised their legal rights to pursue and take a market-rent-only lease.** Such tenants are being charged FULL rent, which is clearly deliberately punitive, for them having had the audacity to seek to free themselves and their businesses from the outrageous tied prices they are otherwise forced to pay (despite the fact several of your largest members don't even brew beer).

We also have little indication of future proposals for support, although it has been made clear that the "recovery period" will also involve the paying back of rent arrears for thousands of tenants, so far from any meaningful support, our tenant members – and tenants of other British Pub Confederation members – are facing having to hand over their grants, build up large debts AND then be obliged to pay off these debts to your members for months to come, even though trade, as you know, remains heavily restricted and will be for some time.

**As you and your pubco members know full well, having been told by thousands of struggling tenants, the support they want and need the basic, simple and morally right thing to do – which is not to commercial charge rent during the forced closure period.**

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So given your acknowledgement in the FT article that this reopening period will continue to be unprofitable for the vast majority of pubs **the Campaign for Pubs calls on the Pub-Ownning Business (POB) members of the BBPA to:**

1. **Cancel all rent bills imposed during forced closure** and;
2. engage tenants in **meaningful rent reviews** across their estates to enable them to survive until normal levels of trade can be resumed;
3. to **apply these measures to all tenants**, including MRO/commercial tenants
4. In the case of the big six Regulated POB's **Market Rent Only Leases should be offered to all of their Tenants and Leaseholders in place of a Rent Review** to ensure a level playing field throughout pubs in the UK and the original determination of the Pubs Code being 'No Worse Off'.

On the third point above we stress that the rent Code of Practice is a universal code of practice and **therefore gives absolutely no justification for your members to discriminate, as many have, against MRO/commercial tenants in their treatment.**

As you will be aware, where tenants have been successful in securing such agreements (generally in the face of endemic and systematic resistance by your own members) they have generally had to accept a significantly higher fixed rent in the process (which is not actually a genuine Market Rent Option); but given that this is the case, the discriminatory absence of real support extended to those tenants by many of your member companies has hit those businesses with disproportionate severity. (For clarity, simple deferral of full rent during a period of complete enforced closure cannot be classed or justified by any reasonable mind as meaningful support.)

Where grants have been received the rent Code of Practice states that they will be taken into account, but **it is clear that they absolutely cannot simply be claimed in full by landlord companies in rent.** These grants were awarded to small businesses to help with all of their various liabilities during closure and were not simply a backdoor rent bailout for their property owners, which is what is clearly happening.

All other support is entirely irrelevant to rent, as none of the other support mentioned in the Code of Practice actually amounts to real revenue for a business which is closed and entirely without income. This includes the Government-backed loans which will of course have to be paid back out of the hugely uncertain trade which now faces the industry going forward. It is entirely unreasonable to expect a small business to incur and service such debt in these circumstances, simply to pay rent on a building which has been forcibly closed and is therefore completely unable to fulfil the terms of the lease.

The Campaign for Pubs believes that the above measures are the only meaningful ones that will ensure tenants can not only survive through the remainder of this pandemic but can also have any real chance to rebuild their business back to full sustainability in the future, and avoid defaulting on any Government-backed lending to which they may have had to resort in order to survive. **Without such measures in place the future of thousands of small pub businesses will be in severe jeopardy, risking dire potential consequences for jobs, supply chains, tax revenues, consumers, wider communities our national economy and culture.**

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In conclusion the future of the Great British Pub continues to be in grave danger accelerated by your members' unfairness and total disregard for their tenants' short and long-term futures. We urge you to encourage genuine best practice among your wider membership to match the good examples of certain pub owning companies who have provided genuine support in genuine rent breaks and future rent concessions. Until we see all of your members take such measures it will remain sadly true to say that the tenanted business model practiced by the vast majority of the BBPA membership can be claimed as a "partnership" in name only, and certainly not in spirit.

If you are truly a supporter of pubs and publicans – and not just of those who own pubs and see them as a source of rent – then we urge you to make a strong and clear statement, on behalf of your members, that all BBPA pub-owning companies will now do the right thing and genuinely support all their tenants including a rent free period of at least three months for all tenants, tied or free-of-tie/market-rent-only.

We look forward to hearing from you – or even better to seeing you make such a statement, publicly, to reassure all tenants of all your members, that they will not face being rented out of their pubs, as is currently happening, as you know.

Yours sincerely,



Paul Crossman  
Chair, Campaign for Pubs



Greg Mulholland  
Campaign Director, Campaign for Pubs