ALMR MATTERS

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THE ASSOCIATION OF LICENSED MULTIPLE RETAILERS | APRIL 2010

PUBS ON AGENDA FOR ALL PARTIES

At a time of political and economic uncertainty, it is a measure of how successful the industry has been in raising its concerns that pubs continue to dominate the agenda.

For the first time all parties are going into a General Election with a package of 'pub-saving' proposals. There is a remarkable degree of consistency across the parties on the measures needed – the difference is in tone and emphasis.

The challenge going forward is not how to get trade concerns on to the agenda but how to influence the tone of debate in the new parliament. This is particularly relevant when we will have large numbers of newly elected MPs whose views are, as yet, largely unformed on the sector.

So what do we want from a new government?

The freedom and flexibility to run responsible and profitable businesses. If they are over-taxed, over-regulated and fighting with one hand behind their back against supermarket prices pubs cannot function as the wealth generators they deserve to be.

Pubs are small business barometers of the health of the economy. If they are given the room to be successful then they can return maximum revenues to the Exchequer and help pay off the debt mountain. That way we all win.

What are the *ALMR* priorities for action?

The net effect of gov't policies has been to drive people away from pubs and social drinking in a controlled environment, to a culture of unregulated drinking at home, fuelled by deep discounting.

We need to fight together and fight hard to refocus attention on unregulated consumption through the off-trade channel. The new government could start by: –

- scrapping the alcohol duty escalator
- tackle below-cost supermarket deals
- reintroduce controls on alcohol sales in supermarkets
- streamline the licensing system
- cancel new regulatory burdens and tax increases

This agenda is vital if pubs are to survive the downturn and thrive in the future

Inside this isssue:

Manifesto for Pubs

***ALMR* Priorities**

Election Special – what do the 3 parties want to do to your business?

Events Review

Members' Update

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vital statistics

Since New Labour came to power in 1997...

- 325 new pub regulations introduced
- 26% increase in total pub tax take
- 60% increase in beer taxes
- 20% decline in pub numbers

CEO comment

Is it just the longer days and the warmer sun that is fuelling the business optimism that is creeping back? The economy remains pretty uncertain and the twin black clouds of the national debt and the prospect of a hung parliament loom over us. So what's going right?

Peter Luff's pubcos report is published and he confirmed that something must be done – now! The good news is that things really are happening; RICS is still working on the principles of rent setting and the pubcos are rewriting their Codes to confirm the transparency of their relationship with lessees. Hopefully they will be adding value and benefits to prove they have the best business offer.

Pubs and bars and restaurants will be glad that other industry issues can attract attention again. Despite the banks continued unwillingness to lend, or perhaps because of it, there is increasing attention being paid to the quality and delivery of what's on offer and coupled with heavy pressure on prices the customer is getting a great deal. At last it's beginning to show in sales.

What we need therefore is for government to support this reemerging success and *ALMR*'s strategy is to convince present and future ministers that pubs and bars are the best place for responsible fun. We deliver jobs, tax revenue and a safe place for alcohol consumption. The message does at last seem to be getting through, that preloading is a serious concern and it doesn't just happen by accident; it is fuelled by sub economic, promotional pricing strategies by the supermarkets which leads to unsupervised alcohol being consumed and misused in the home and in public.

We will make sure we sell responsibly; individuals have their part to play in consuming responsibly but nowhere does under-cost selling help – it needs to be outlawed.

Nick Bish
Chief Executive

The Party Line

With the General Election finally under way, the three main parties are all vying for the title 'saviour of the pub' and have a specific package of proposals to put forward. What will it mean for your business? Read our guide to find out where the parties stand on the main issues affecting pubs and find out what the new parliament holds in store.

Current poll trends suggest that the Conservatives will win the next election. The real question will be whether they get enough votes to secure a workable majority. The *ALMR* predicts a narrow victory of between 10-20 seats. This makes Parliament and individual MPs more important. Large majorities mean Ministers can steam-roller opposition.

Civil servants are also preparing for a hung parliament, where no one party has overall control. If this is indeed the outcome, then the Liberal Democrats could become real brokers of power and greater attention should therefore be paid to their agenda for reform.

Whoever wins the next election, one thing is certain – the Election of 2010 will see the largest number of new MPs returned to the Commons. These MPs are very political, with strong party political and communications backgrounds. They will be acutely aware of their lack of experience and all of this is good news for campaigning pressure groups such as the *ALMR*. We have a greater chance of being able to proactively influence the agenda and shape legislation. In short, Ministers will have to listen to outside concerns if they want to get legislation through. New MPs will be more receptive to good quality, factual briefings, particularly from small businesses in their constituency.

The consensus on the issues which need to be tackled in respect of pubs makes it more likely that action in the following areas will be taken.

Supermarket Pricing & Promotions

Whilst Labour has been reluctant to take on the likes of Tesco – preferring to commission research and consider options in the future – the Conservatives and Lib Dems are in favour of intervention in the off-trade market. All sides recognise that current policies to tackle consumption have failed because they have focused on on-trade controls meaning Scottish style action is likely to be replicated south of the border post election.

"Labour has been reluctant to take on the likes of Tesco."

The Conservatives have pledged to ban below cost selling, claiming it will tackle 'pre-loading'. They also believe that this will go some way towards closing the price differential which is driving consumers to drink more alcohol at home to the detriment of pubs.

The Lib Dems believe that, whilst healthy competition is vital to the economy, the use of alcohol in price wars between retailers has reached irresponsible levels – with rock bottom prices being most appealing to the most vulnerable. They have pledged to introduce a minimum price for alcohol. They would set up an independent board of economists, industry and health specialists to make recommendations on minimum pricing.

Both parties have expressed concern that Labour's Alcohol Code does not tackle off-trade promotions but neither have set out plans for its extension as yet.

Beer Duty

Labour's policy was set out at the last Budget – the alcohol duty escalator remains in place and will see prices increase by at least 2% above inflation until 2014. As the cider hike indicates, however, the escalator is the minimum the trade should expect under a Labour Chancellor.

Only the Lib Dems are categorically opposed to this policy. They have pledged to end the escalator, saying it is seriously damaging to pubs.

The Conservatives have not ruled out higher duty rates but would rather focus them on the highest strength products. They would treble duty on alcopops, significantly increase tax on super-strength beer and more than double tax on super-strength cider such as Diamond White. Micro producers would be exempt from the tax changes. The £80million raised by this move would be used to support community pubs and encourage responsible drinking.

The Tie

Calls for reform of the beer tie have received high profile support in Parliament in recent months, following the publication of the Select Committee report into pubcos. There are vocal and influential supporters on the back benches of all three major parties, meaning that this issue will not go away post Election.

Labour, the Conservatives and Lib Dems all agree on the principle of the tie itself, but all are equally supportive of the need for reform. At a political level, there is a general consensus that the status quo is not an option, and that statutory intervention will be required unless the industry takes steps to address concerns. Precisely what those steps should be, what will be sufficient to lift the threat of intervention and indeed what form that intervention might take have yet to be ironed out, but there is a clear expectation of substantive and swift action.

"New MPs will be more receptive to hear briefings, particularly from small firms"

Licensing Reform

Whilst the Conservatives are wedded to the idea of a new Licensing Act and are proposing the most substantial reforms, all three parties are now committed to the dismantling of 24 hour licensing and to greater devolution of powers to local licensing authorities. It suggests that in planning and licensing, we will see a return to locally set fees, different policy approaches and a weakening of central controls over local authority discretion.

Labour will give local authorities the power to blanket-ban alcohol sales between 3am and 6am and have also set in motion a number of consultations to streamline red tape and make it easier to put on live music.

The Conservatives have the most worked up set of policy proposals and are pledging to toughen up the licensing regime, give local authorities a right of veto and impose a 'late night levy' on off-licences trading beyond 10.30pm and pubs trading beyond midnight – effectively re-introducing standard permitted hours.

They will remove the general presumption of grant and allow councils to refuse or amend a licence where no objections are received. Councils will also have the power to control closing time – to set fixed closing hours or impose staggered closing times in an area. If the police object, the applicant will need to prove beyond reasonable doubt that the police assessment is wrong. Rights of appeal against council decisions to the magistrates court will be limited

The Lib Dems are focused on the licence fees charged. They oppose national fee bands and want to give local authorities the power to vary the fees to reward responsible operators and penalise problem outlets or those attracting the highest enforcement costs.

Planning

The debate again here is all about moving away from national controls and devolution of power to local authorities. As a corollary to licensing reform, the Conservatives would give councils new powers through the planning system to control licensed retail development which "negatively impacts" local residents.

The agenda for planning reform has been set by John Healey's package of support for community pubs. This proposes publishing detailed guidance on the application of the Use Classes Order, the planning protections currently available to pubs and a consultation on restrictive covenants. This agenda has been endorsed by all parties and it is likely that these initiatives will remain in train post Election.

Business Taxes

The Conservatives have pledged not to press ahead with Labour's planned 1% increase in employer and employee NICS, due to take effect from April 2011. This has attracted widespread support from the business community, particularly retail, and suggests that the Tories will be looking to reverse tax increases seen as a tax on enterprise and job creation at the earliest opportunity.

ALMR OPERATORS – A PROFILE

Who would run a pub? Well, truth be told, we would.

It's what we do - bringing the kind of pubs we grew up in, into the light once again. So we searched the highways and (often forgotten) byways of the Chilterns to create our little clutch of born again boozers. Unsung little gems, ready for a new start.

Now 11 years in, we have always served food. It's just that our pubs serve better food than most. Classics and twists abound on the menu, well seasoned with the taste of Empire and the wine list is redolent of 'Old World' quality.

Our 4 pubs, soon to be 5 with the introduction of The Black Horse in Fulmer, (opening late April) prize true hospitality over all else. We expect more than just good service; our culture is rooted in knowledge, understanding and above all generosity.

This is what we do. And we love it!
www.salisburypubsltd.co.uk

SALISBURY PUBS
COUNTRY PUBS & EATING

DOING BUSINESS ONLINE – POWERED BY ITRADENETWORK

ITradeNetwork, the leading provider of e-commerce and business intelligence systems to the hospitality and foodservice industries, continues to use the power of the internet to deliver superior collaboration between operators and their suppliers, improved business intelligence and additional management control.

On offer is a dedicated, branded website for each *ALMR* member group with online ordering, supplier management tools and insightful reporting. Implementing electronic trading can save operators in excess of 4% of total food and beverage expenditure, through improved compliance, better terms negotiated, more accurate discounts, improved cash flow and considerable administrative and operational efficiencies.

iTradeNetwork would be delighted to hear from *ALMR* members interested in receiving a free of charge benefits assessment and demonstration of the latest technology – call 0845 120 7425 for more information.

itradenetwork

NEW MEMBERS

Mark van der Goot has joined the Association with **Boomerang Pub Company**. Having trained in Sydney, Mark returned to the UK as a head sommelier at The Greenhouse before joining the pub industry. Boomerang have bars in Kent and south London.

Generously supporting the *ALMR* Business Day, Tom Arundel of **SoundNet** brings Wifi and sound services to members. SoundNet will be providing Wifi at the event so do take advantage of the internet access that will be available in the registration hall on 29 April. For more information, please visit: www.soundnet.net

soundnet

For your recruitment needs, Dawn Redman of **The Retail Recruitment Company**, specialising in the on-trade, is there to help you. Additional services offered include facilitation, succession planning, outsourcing, restructuring, training & development and recruitment marketing - all listed at: www.trrcompany.com

the retail recruitment company

Compufix
www.compu-fix.com

How much money are you wasting on unused, unnecessary telephone lines?

Compufix is one of the leading suppliers of cutting edge IT technology to the licensed trade, working with several leading pubcos, including the Orchid Group, Fullers, and Barracuda.
We help clients to improve business efficiency and customer footfall, and achieve significant savings on everyday operational functions.
How?

For example, a telephone line rationalisation programme carried out on behalf of one leading pub operator has significantly eliminated most call charges, producing annual savings of £150,000 a year.

Our team has specialist knowledge of the pub trade and the way that the industry operates through working with leading pub companies over many years.

They can carry out detailed analysis on how many lines are coming into your estate, how they are being used, and whether you need them all. Usually, a single broadband line can do what several existing lines are currently doing. With every line into each pub costing around £15 a month - that's a big potential saving.

If you have inherited an incumbent contract with BT or the like, we can spotlight and advise on future savings.

If you want to know more, please give us a call or e-mail us on:

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Helen Cook of Novus reports on her Budvar prize trip

The big win from the *ALMR* Ops Awards and 3 days fantastic prize trip to Budvar in the Czech Republic – and suddenly the essays, trade visits, interviews and MasterClass last year seem all very worthwhile!

We touched down in Prague and we were greeted by our driver and 2 ice cold beers – very welcome! But little did we know that this was to take the edge off the 2½ hour white knuckle taxi ride to our destination Ceské Budejovice. Despite the ice and Jenson Button driving we safely arrived in the beautiful, snow covered home of the famous Budweiser Budvar – to be greeted by 2 pints of Budvar and lashings of piping hot goulash.

Friday started promptly with a Budvar at the brewery (if we stopped, ate or even sneezed a beer would appear – it was magic!). Our host Jiri Pokorný left us with the Master Brewer for an access-all-areas tour including the full story of the copyright battle between Budvar and their American namesake, delivered in a 3D motion picture! Morning blended into afternoon and we found ourselves in Ceské Krumlov, a fairytale town nestled in the hills of Southern Bohemia – a brisk tour, lots of photo opportunities finishing with a hearty steak and beer before it was time to take in the nightlife back in town.

Nursing the downside of all this hospitality, we rollercoastered in our taxi back to Prague… with plenty of time to eat, wander this fantastic city and find the compulsory presents before heading back home and the reality of work. A great trip thanks to Budvar and *ALMR*.

Budweiser Budvar
TREASURED BY GENERATIONS

ALMR NETWORKS **EVENTS DIARY**

ALMR Business Day
THU 29 APR

People, Performance & Profit is the theme of the Business Day 2010. It offers a combination of our legendary *ALMR* networking coupled with an intensely business focused meeting.

Lord Tim Bell, as the keynote speaker, leads a headline debate on image development for pubs and bars in an anti-alcohol world, and Ian Edward and Peter Martin challenge preconceived ideas on investment and marketing. Coca-Cola adds again its insights on customer expectations.

Nick Pring of Real Pubs, Lucy Knowles of Corney & Barrow, John D'ell Ross of Unusual Coffee Company and Simon Collinson of Oak Taverns reveal their workable business ideas at this great day for business and a great day to catch up with colleagues and competitors!

Only a few places remain at our flagship event. Remember it's not online and it's not on paper – Be there!

ALMR Golf Day
WED 14 JUL

Yet another business networking and a sporting opportunity from the *ALMR*! Some do the one better than the other but there's nowhere better to do it than Burhill Golf Club in Surrey, rated in the country's top 50 courses. The Old Course boasts some of the finest greens in Surrey and is a tricky test for all levels of golfer.

Why not take the opportunity to treat your team or entertain your customers by entering a 4-ball in the Heineken sponsored competition and even add to that by sponsoring a hole?

The day at this magnificent parkland course will include breakfast, range token, competition, refreshments, all drinks, a 3 course dinner and fantastic prizes.

ALMR Race Night
MON 26 JUL

ALMR's summer highspot repeats the success of last year's inaugural event. The evening races at Windsor on the banks of the Thames, within sight of the Castle are a not-to-be-missed occasion to entertain colleagues or customers.

Start by meeting in Windsor town for pre-race drinks and take a stroll down to the jetty for a short river trip – docking at the racecourse. Then there is a complimentary bar followed by a 3 course dinner in our private box overlooking the finishing line. And afterwards 'The Mix' band playing a disco concert.

What else? Take home your winnings after a full evening race card on the fun filled Ladies Day at this great course. Tickets are strictly limited – so early booking ensures a great evening for you.

FOR MORE DETAILS ON THE ABOVE, PLEASE VISIT OUR WEBSITE
WWW.ALMR.ORG.UK
OR CONTACT LESLEY CUGGY AT: **LCUGGY@ALMR.ORG.UK**

Cider without Rosie!

Who would have thought, faced with unprecedented levels of debt and the need to cut public spending, that this would be remembered as the scrumpy Budget?

Whilst all beer duty went up 2% above inflation, for cider the increase was 10% above inflation – a 9p change in retail prices rather than 2p a pint for beer. This could mean a 25p hike in price at the pump, making cider a premium price category overnight.

Its reversal, when it came in the aftermath of the General Election announcment, was equally unexpected, but had more to do with political realities than a genuine change of heart. The 13% increase will remain in force until 30th June when it will reduce to 5%. Even this may be short lived. Labour has said that they will reintroduce the increase if re-elected and will also change the structure of the duty regime to put cider tax on a par with made wines.

The duty hike was due to bring in £30million additional revenue and, put simply, no party can afford to lose that amount of tax revenue. The Conservatives will hold an emergency budget if elected and the additional revenue will need to be raised from somewhere. Attempting to differentiate their approach as targeting super-strength cider rather than the category as a whole, Cameron came up with the immortal line that drinks like White Lightning bear as much resemblance to an apple as he does to Gandhi.

"The cider debacle highlights the law of politically unintended conse-quencies"

This demonstrates the political appeal of playing up the craft/heritage side of the industry – and one that should be exploited more.
The cider debacle also highlights the law of politically unintended consequences. In a harsh economic climate, pointing out inequalities in the tax regime results in increases in the under-taxed, not decreases for the over-taxed!
But there was far more in the Budget than just a £160 million tax bill for the trade. Here is a round up of the key measures: –

- **Bank lending:**

Improved business liquidity with state-owned banks required to issue £41 billion in business loans. A new Small Business Credit Adjudicator will hear cases where businesses have been unfairly denied credit, with statutory powers to enforce judgements. Lord Sugar will lead a task force and a consultation will be launched in the summer.

- **Rates:**

Properties with a rateable value of up to £6,000 will pay no business rates from October 2010 for one year, with reduced bills for those with RV £6-12,000. It is estimated 4000 pubs will be affected.

- **Capital Allowances:**

Annual Investment Allowance doubled, allowing the first £100,000 of capital expenditure incurred from April 2010 to be offset against taxable profits. The threshold for Enterprise Relief will be doubled from 6 April 2010, allowing the first £2million lifetime profits from disposals to attract a 10% rate of CGT.

- **Red Tape:**

A new Better Regulation initiative will be taken forward with all departments being obliged to publish 12 month forward plans of new burdens and proposals for simplifications to aid business planning. All consultations will now be required to present a non-regulatory alternative and pass a new affordability test or cost-benefit ratio threshold.

- **Taxes:**

Main rate of corporation tax will be 28% from 1 April 2011 and the small business rate will be 21% from 1 April 2010.

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