

BBPA additional response to the APPG for pubs inquiry into the impact of the pandemic on pubs

Following the APPG for pubs oral evidence session about the impact of the pandemic on pubs which took place on Thursday 15th July, we wanted to respond to a number of the comments made, particularly in relation to the leased and tenanted pubs model.

As highlighted in the initial BBPA response to the inquiry, pub companies who operate leased and tenanted pubs, the vast majority of which also include a supply agreement, recognised what a hugely challenging period it has been for publicans and provided them with significant amounts of financial and other support which in turn aimed to reassure anxieties caused by the uncertainty of their situation. Leased and tenanted pubs across the country received an estimated £285m of financial support from their pub companies. This was in the form of rent reductions and other charges waived, which when combined with other support offered equates to an average of £27,000 per pub.

Furthermore, when it came to the reopening on 12th April around 60% of tenanted and leased pubs were in a position to reopen, in stark contrast to a figure of less than 40% of independent pubs and just 23% of licensed hospitality venues overall. The experience of the pandemic has demonstrated the strength of this unique partnership model. The levels of support and figures show that these businesses are in a much stronger position to survive through this period and return to growth. It is also worth reiterating at this point how important it is that the Government does not put in place any further heavy-handed legislation that cuts across our sector that undermines this collaboration and would hamper pubs and brewers at such a delicate moment.

Please find below further figures and stats which highlight the levels of support pub companies have provided tenants throughout the pandemic and the positive impact this has had.

Covid: Financial Support

- Over the last 12-months, pub companies have provided an estimated £285m of rent reductions and other charges waived or, an average of **£22,000** per leased and tenanted pub.
- Adding deferred rents, discounts and other direct financial support in terms of refunds for spoiled beer, PPE, signage and other re-opening cost support, this increased to **£27,000** per pub.
- Pub companies have only **received a fraction of this** in terms of rent reductions from their commercial landlords, with many receiving no rent discounts at all.

Perception, Recruitment and Closures

- In the year prior to the pandemic (2019/20), applications to run tenanted and leased pubs were up 11% in 2019/20.
- The latest independent survey of pub company tenants and lessees (undertaken by Kam Media in Autumn 2020) highlighted that the value that tenants perceive from the partnership model continues to rise. **75% of tenants** now say they **are satisfied overall** with their pub company and **7 in 10 would recommend their pub company** to another licensee.
- CGA data showed an estimated 3,000 pubs have closed since December 2019 (c.6.2%), as the pandemic decimated the whole hospitality sector. However, the number of bars, restaurants and casual dining outlets has declined by 8.1% between March 2020 and May 2021.