

## The Prince Albert – An ale and music destination pub for village, town and country

(Based on an interview with Miles Connolly, partner of Lotte Lyster, the pub's tenant)



Lotte has been the tenant of the Prince Albert for 24 years (1996), firstly, with her partner and children and later with Miles who joined her in 2005 just after a fire closed the pub for six months. The pub is now owned by a Pub Company (PubCo), Punch Taverns (previously Pubmaster). They are embedded in their local community – Rodborough - a mile outside Stroud so the pub attracts have both village users and local town users due to their special attraction as an entertainment pub and a good ale pub.

They have Rodborough Parish Council meetings in the pub and are heavily involved with village activities. At

the local fete they give the village the opportunity to run their own bar there, so they take the profits from it and for the summer social that happens every other year. When Christingle happens in the church, they encourage the young people to come to the pub afterwards to complete their celebrations with mince pies and drinks. They also allow the pub to host weddings and funeral wakes; a collection for the Stroud Food Bank every week and political hustings during election times, inviting all the candidates to contribute.

The pub is not a destination pub for food, 'We don't do food, but we host Popup Food businesses on some Friday and Saturdays and at special events'. However, it is also a music and comedy club destination pub with bands from all over the world. They 'have changed the culture of the pub because we do live music and many Stroud people come for that; it is part of Stroud's fabric'. Lotte books all the bands and entertainment and they have both been involved with the music industry for over 30 years working backstage at Glastonbury in the past. Miles, whose father was a music promoter, travels all over the country working as backstage acoustic support for part of the year. They have built a very good reputation in the pub music world.

We have people coming to us from all over the country because we have a certain band on. I have a friend from Deal in Kent who contacted us to say he was keen to come here at the end of the month to hear a certain singer. We often have people coming from Bristol for a show. We had a couple from the States who flew over here for New Year's Eve last year.

They are steeped in the music and entertainment industry and due to existence of a world-renowned manufacturer of sound equipment in the next town they have good quality acoustic support for the bands.

We're supported by D+B audio here. The speakers you see on the floor and those ceiling ones are top of the range speakers. They are the same that are used in the Albert Hall, the Sydney Opera House, that Cold Play and Bjork take on tour. We borrowed these plus the amps from them and have had them for 5-6 years now which puts the musical experience on whole new level on the quality for audiences. When bands ask what kind of speakers we have, they are amazed we have speakers of this quality and a high value mixing deck. They recognise we are a high-quality venue who know what we are talking about. No pub in the country has got such high-quality equipment. We are just lucky that the company is in the next town.

It has been suggested that they maximise their profit from the entertainment by charging at the pub door, but they must consider their village locals who may just want a pint or two, so they have worked out a financial compromise. They don't charge an entry fee when there is music on Thursday-Saturday, but they pass the hat round and the pub is usually busy anyway. 'From Sunday to Wednesday 'a charge is fair game for a ticketed gig because the pub is never busy on those nights. Most regulars are done by 8pm anyway, so if you are a pub not doing food its usually nearly empty by 8pm. If someone just wants a drink during these ticketed events, we send them into the garden. There's heater lights out there and tables, so its fine. We can sell 100-150 tickets for gigs Sun-Wed, so it makes sense to increase income and footfall with music offers'.

Their third draw as a destination pub is due to their wide range of cask ales they offer from around the country and they have been in CAMRA's Good Beer Guide for much of the last ten years and are the local Stroud CAMRA Pub of the Year 2020. This accolade means that those interested in ale, who visit this area of outstanding beauty in the South Cotswolds, make a beeline for the pub. They also hold a very successful Beer

Festival in the summer to which people travel from far and wide to taste a wide range of national ales and to enjoy a weekend of varied bands and music.

They regard themselves as lucky to live in Rodborough. 'We are grateful to Punch for the opportunity to live here. We have never had 'a pot to piss in' as they say'. However, it's a double-edged sword being a tenant of Punch Taverns as the PubCo 'takes such a large slice of the cake'. Miles has two other businesses in order to support their living here because 'this pub cannot support two people'. He has the Stroud Marque company (9 marquees he hires out in the summer) and he goes out on tour earning money supporting bands. 'Any money I get goes towards holidays or treats'.

Punch PubCo owns the building of the pub and the tenants own the fixture and fittings. They are charged rent which is related to their turnover and profit and so any increase in profit results in a higher rent being imposed at the 3 yearly rent review. 'Punch penalise you when you do well. If your income increases, they put up the rent. We recently went to a tribunal to challenge their latest proposed increase. The result was that they had to drop the rent by £3k a year. That will help us in the future to say this is the rental value of the property'.

They are also 'tied' to buying their alcoholic and soft drinks from the PubCo who purchase the products directly and then sell them to the tenants for a higher price. 'Consequently, the margin of profit made on a product is shared between the PubCo and the tenant and the former sets the price at which the tenant can purchase them and therefore their profit. 'A Stroud Brewery ale cask is bought by the PubCo for £50 and they charge us £160. So, they make over 3 times the cost of it. I would have to pay £80 to Stroud for the cask if we were free of tie so the brewery is making it difficult for us to make a decent profit'.

Another example is the ale 'Timothy Taylor Landlord' which is popular with some of the pub's regulars. However, if they were to charge the full amount including a profit for both Punch and their business, they would have to charge £5.15 a pint, because Punch charges them such a high price for it. 'We cannot bring ourselves at this stage to charge that amount. We'd be the most expensive pub in the country for this ale. So, we have now taken down the Timothy Taylor pump clip, but we keep it on for our regulars who drink 4-5 pints every day of the week and are willing to pay the higher price for of £4.50 pint. However, we get little or no return on it'.

They are being advised that they should meet a set General Gross Profit (GPP) on their sales in order to achieve a satisfactory surplus for the business but this is difficult when the PubCo forces them to pay high prices for products they sell. Consequently, after a review they are having to cut some products as they do not sell at the level of recommended GPP retail price. 'The Moretti now must go. It was OK while we had the offer of 'buy 2 get 1 free' from Heineken but now that offer has finished, we are taking it off. We would have to sell it at £6.15 if all the GPP was added. The IPA Keg is going as are some of the Craft Ales and one of the keg ciders must go'.

A third aspect of being a PubCo element, aside from rent and product prices is they feel the lack of trust by the PubCo.

All the lager, cider and Guinness taps on the bar are all part of another company called Brewlines related to Punch Taverns. So, the PubCo knows exactly how much we deliver over the bar and when we pull it. So, if were to buy 'out of tie' they will be able to ascertain that fact. We believe that with Lotte being here 23 years there should be a bit of trust from the PubCo. We ask, 'why have you got this listening equipment in our cellars to record every pint we pull?' We clean all our lines once a week and we always pull through some water when we change an ale. They sometimes complain that according to their data we haven't done our pipe cleaning when we have.

According to Miles their tenancy is a basic existence without much return. They pay themselves '£140 each which isn't very much money'. Their annual turnover is about £350K but they 'only made a profit of £3K' recently. They are now reviewing their future after having run this community and nationally recognised pub for the last 23 years. 'We are getting to a point in our life where we are having to review our lifestyle. We don't have any property, no life savings, no pension, so we are looking to Punch to help us out'. They are in their 50s and Miles believes he cannot carry on putting up marquees for ever as its heavy work. They would be interested in purchasing the pub from Punch but the 'last time they asked Punch about selling it to them they wanted £1m. A joke. We had it valued a few years ago and were quoted £300K'.

They begin negotiations for a renewal of their 3-year lease in October 2020, to start again in October 2021. They are planning a radical approach, to apply for a Market Rent Only (MRO) adjudication. This is based on a

recent parliamentary bill that seeks to protect community pubs from PubCo dominance. As part of a new code of practice, which was introduced in July of 2016, pub tenants in England and Wales now have new rights and levels of protection which enable them to take advantage of information about any tied deals on a prospective pub, as well as the ability to move to a 'free-of-tie' tenancy and a fair assessment of their rent. The purpose of introducing the MRO option is to align pub tenants' rights to those of 'traditional commercial tenants and remove the interference from PubCo landlords about how their business can be conducted. Under this scheme, the landlord's responsibility for insurance for the building remains unchanged. The government have brought in these changes in order to halt the closure of many pubs over recent years – an impact that has repercussions on the immediate community as well as on the wider economy.

There is a strong possibility we will go for MRO then. If we were to win this adjudication, we would pay a market rent only and we would be free of tie. We would rent the building not just the business. However, there is a strict programme to achieve it and lots of things we must do at the right moment and at precise times. There would be a cost to us for lawyers.

They are buoyed by a recent court case won by a pub in Cheltenham recently under an MRO adjudication. In addition, the pub took their PubCo, Marston's, to court for charging him for a full barrel for many years when the company allows a certain wastage, which they had been charging the pub for many years. The publican is now free of tie and runs the pub under MRO.

If the publican wins, he will get a substantial reimbursement. This could be a pub's PPI scandal that involved the banks charging insurance for a credit card without agreement. We may try a similar challenge to Punch. It's great being here in Rodborough and Stroud but we cannot afford not to earn some decent money for the next 15 years. Other freehouses locally charge about the same for their beer as we do but they are making a much larger profit from it.

Their third strategy is to highlight their successful pub alongside publicising how difficult it is to make enough for their future in a BBC programme.

Lotte saw an advert in the Morning Advertiser the publican's newspaper, and she answered it saying we were interested in being part of a Tom Kerridge programme on pub survival and sent in a small video. The premise of the programme is that he gives advice to failing pubs on how to become more successful. We are not a failing pub but a pub that does not make enough money. He wants to help us become a successful and surviving pub by making his business experience available to us. However, we are hoping that as well as taking notice of his advice we can bring our issue to the notice of the general public and to put pressure on Punch to agree to any MRO proposal. There are four pubs in the programme to be shown on BBC in the Spring, one in Brixton, a community pub in Devon, us and the fourth is to be decided.

The publicans of the Prince Albert have given a great deal of their lives to making this pub a success over the last two decades or so, but they still struggle to maintain a decent income for the many hours a week they invest. They have shown creativity, energy, determination and a commitment to both their village and their local town. Lotte ran an alternative music festival there for a few years recently. They and their pub are popular and well known nationally and they surely deserve a decent return for their dedication. Let's hope the MRO is successful for this is exactly the case for which the law was intended. Maybe the local community and its supporters nationwide will offer some help in making their MRO case.

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