

Benchmarking guides galore!

David Clifton explains why those operating, or looking to operate, a pub or bar will be assisted greatly by **two** separate **benchmarking guides** published recently by the BBPA and the ALMR

Over the years, we have often been approached by entrepreneurs wanting us to handle their licence applications to enable them to open their first pub or bar.

We have experienced with them the ups and downs of contested licence applications, the challenges of breaking into an already well supplied market, the sweet smell of success and, on occasions, the disappointments of abject failure.

We have seen fantastic commercial successes develop from the most modest of proposals. We have equally seen grand plans and ideas fizzle away to nothing but painful memories for those who had invested all their time and money in the hope of achieving the big time.

What is a vital requirement for all those seeking to enter an already highly competitive market is a well-formulated business plan, supported by carefully considered financial projections. In this respect, not only those looking to operate, but also those already operating, their own pub or bar will be assisted greatly by two separate benchmarking guides published recently by each of the BBPA and the ALMR.

The BBPA's updated "Running a pub" guide is based on data supplied by its members in relation to both short-term tenancies and longer-term full repairing and insuring leases. Freely available on the BBPA's website, it provides the latest data for prospective or existing tenants and lessees on typical operating costs in the UK pub industry and shows the average (and range of) costs in running a pub over a variety of different models based on turnover and business types, including food- and wet-led models.

The lowest operating costs are shown to be for the community wet-led £12k turnover per week model with

a percentage cost to turnover of 33.2%, whereas the highest (at 40.3%) are for the rural character £5k turnover per week model, with wages and salaries the biggest expense for all business models. The important point is made that "all pubs are unique and the actual costs incurred will be dependent on the different aims and styles of the business according to the location, the market and the skills of the tenant/lessee".

The eleventh annual edition of the ALMR "Benchmarking Report", produced in conjunction with Christie & Co (highlights of which are available on the ALMR's website), benchmarks operating costs, market trends and sector performance across the community local, food-led, casual dining, high street, licensed accommodation, nightclub and wine bar sectors.

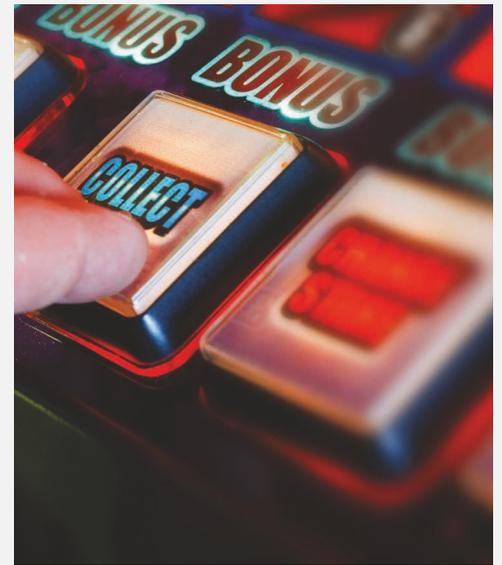
The ALMR report shows that operating costs across all trading styles are at 51.6% of turnover, passing the 50% mark for the first time in the survey's history. There remains confidence in the sector, although at 1.1%, growth across the sector as a whole is continuing to slow. One particularly striking graph is the quite considerable upturn in legislative costs as a percentage of turnover. The ALMR states that the report "highlights areas of positivity, with licensed accommodation growing at 5.1% and nightclubs experiencing resurgence with 3.6% growth", but also underlines that "increased operating costs and tightening margins have highlighted the importance of support for the sector and the need for clarity over Brexit".

Both publications are well worth a read, although you should bear in mind the BBPA's warning that costs do vary across the country and the size and focus of your business will have significant impact on costs. 

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Questions & Answers



Q: What's happened with the triennial review of gaming machines?

A: You are not alone in asking that question, as I know many pub operators are fed up with licensed betting offices attracting pub machine players by the lure of the FOBT jackpot prizes. It was confirmed in the House of Commons on 29 June that any announcement of the outcome of the review of gaming machines and social responsibility measures launched last October has been delayed until this October at the earliest. This was followed up by a comment on Twitter by DCMS minister Tracey Crouch that the review was "definitely not in long grass - process is really important on this issue", so we all have to be patient for a while longer for what I hope may be good news, both BACTA and pub industry trade associations having called for increases to a £2 maximum stake and a £150 maximum prize for pub machines.

Q: Should someone else replace me as DPS while I go on maternity leave?

A: Yes. While a DPS can go on holiday without the premises licence holder needing to appoint a replacement, you are going to be away for a longer period than that, so an application should be made to vary the premises licence to specify a new DPS.

Q: How do I go about referring an issue to the Pubs Code Adjudicator (PCA)?

A: You will only be able to refer an issue to the PCA if you are a tied tenant or a pub-owning business in relation to market rent only disputes (or you are authorised to act on their behalf). If you fall within this category, the referral form and guidance on when and how to make a referral is published on thegov.uk website. If you are unclear whether you fall within that category or want to make a general enquiry about your rights or obligations under the Pubs Code you can submit an enquiry form via rohs.bis.gov.uk/pca-enquiry or phone the PCA on 0800 528 8080.

Clifton Davies Consultancy Ltd



Clifton Davies Consultancy Limited specialises in all licensing, gambling and regulatory issues affecting the pub and bar industry. The views expressed by David Clifton and Suzanne Davies are given without any assumption of liability on their part. If you have any questions, do get in touch and they will be pleased to provide answers, either via this page or direct.

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