

From: Hamish Elder
Sent: 14 June 2013 17:34
To: Pubs Consultation Responses
Subject: Pub Leases Statutory code

644.

14th June, 2013

BIS

Dear Sir / Madam:

As Executive Chairman of Harveys of Lewes I hurriedly compose a submission to the select committee in response to suggestions regarding a Statutory Code because a particular point is not being clearly made in those responses that I am aware of.

We are in major agreement with the points submitted by the IFBB and many other traditional brewers,

Background

My company is an old brewer, like several others but smaller than most. All our pubs are currently occupied by satisfied, fixed-rent tenants. These hosts can either renew or retire at the end of their lease and indeed tenants can unilaterally give notice to leave (at no penalty) during their tenure. i.e Harveys point out- It cannot be in the interest of firms like us to have dissatisfied tenants because it would reflect badly on our local reputation and ongoing heritage. By the same token, it is in our interests to see each publican thrive to augment our reputation and aiding our tenant recruitment. Therefore we work closely with tenants to ensure they remain contented ambassadors of our products. This well tested and perpetuating system is a long term investment taking decades to show returns. Such dividends cannot be measured in conventional financial terms. – It is goodwill literally. However all but two of our houses are run under traditional 6 year tenancy agreement. Pub management is a rare and temporary activity for Harveys.

The giant leasing landlords have no such long term goals which are dependant on maintaining a reputation. They are unconcerned about failure of the pub because leases are structured to ensure all the risks reside with the lessee long term. Their contracts tend to use the lure of business assignment to lessees for 25 years with onerous costs and no way out.

In terms of regulation, combining traditional brewery tenancies within the same code of practice as large leasing firms is like compelling steam railways to the same transport regulations as airlines or shipping. i.e- Incomparable. It will have the effect of forcing small companies like ours in a direction new to us. **We shall have to operate our houses under Management.** Faced with the cost of complying with bureaucratic requirements we shall reluctantly replace self employed tenants with managers. Therefore the endeavour of small local entrepreneurs will become replaced by the corporate logo operation, rubber stamped over the diverse landscape of British Public houses. Ultimately the 3 out of 5 pubs which survive the resultant culling will all be run as managed bars.

Harveys could have a profitable pub operation. So - Why reluctantly?

a) Harveys are good at what we do, brewing beer, shipping wine, wholesaling and distributing drinks; 73 staff in all. We invest our profits into licensed property as a 'shop window' for our community reputation. We don't run pubs, we cant cook food. This is achieved by competent licensed professionals who rent our properties and bring their own flair and enterprise to their business in our pub, filling a pivotal central role in the Pub's community and local economy

b) We believe community pubs offer better quality and service as a result of the expression of free enterprise and competition. We are far from convinced that people want their local pub 'uniformly branded' to match others in the county. Local pub customers don't want constantly changing managers with little incentive for commercial success and no interest in local activity.

Many of the respondents to this inquiry run both managed and tenanted operations. We feel this point about the crushing of the majority of independently run pubs as small businesses has not been properly made because of these

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dual interests.

As an aside, please imagine the effect on tourismA nation of half as many widely dispersed, giant, super-bars replacing all the small, traditional, trouble-free, and tenanted pubs.

Yours Sincerely

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