

From: Jim Harrison
Sent: 11 June 2013 14:00
To: Pubs Consultation Responses
Subject: Leased Pubs

100.

I write in connection with the current consultation regarding the leased pub sector.

By way of introduction, we are a craft brewer based in Derbyshire and have been in business since 2005.

We have enjoyed rapid growth in the market, in both home and - more recently – export, and now employ over 30 people in the brewery alone.

Our strategy for brewing growth has included a move into running a number of pubs, some with small private landlords and others with large "pubcos".

Without a doubt our growth would have been inhibited by a lack of leased pubs – freeholds are not an investment option for us at the moment.

We therefore view a vibrant leased pub sector as a vital part of the overall mix.

Clearly, a standard "beer tied lease" would be of no use to us, but we have worked hard with the two largest pubcos to create "free of tie" options.

The devil is in agreeing a fair total payment that allows profits to be made by all parties!

The discussions around "Fair Maintainable Trade" is what drives this, which can be a difficult thing to agree.

Negotiations between small companies (us) and large companies (pubcos) are fraught with difficulties, this applies to business in general, but we have found that there is an interest from them in creating bespoke agreements that allow us into the marketplace. They have also been willing to invest heavily in run down pubs that we have then been able to turn into fantastic community assets through our unique trading offer – again, such level of investment is beyond us at the present time.

We also have the obvious right to renew our leases, so we are happy to invest our money in the properties on an ongoing basis.

The system is not perfect, as an operator I believe the balance is still too far in favour of the pubcos, but that is not to say they cannot form part of a vibrant, mixed pub economy.

I think there is now a genuine understanding that pubs cannot be delivered as a homogenous, one size fits all solution and that tenants must have more say in what they sell and how much they pay for it.

There is need for yet more variety, yet more access to local products and yet more opportunity for the pub operator to make more money – but the system does not need to be destroyed to achieve these things.

There is already change, it needs to be accelerated, but we must also be wary of wholesale change.

Regards

Jim Harrison

Chief Executive



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