

I write with the hindsight and experience of having worked in the brewing and pub retailing industry for in excess of years. My career journey has taken me from being a pub manager, to a self employed pub retailer, to a senior executive in a regional brewer/pub retailer. I now work as a manager for a national leased/tenanted pub operator.

I have worked within the leased, managed and freetrade sectors of the pub retailing industry and can confidently say that I have developed a view of the industry based on what I have actually experienced, and not what I have read in the press.

I wish to offer my view of the current 'tied' system to the consultation panel, based on my experience of having been fortunate to have worked with hundreds of managers, tenants and freehouse owners within the pub industry.

The current system of the 'tie' allows both the landlord and the tenant to share the risk related to the amount of beer sold at a particular pub. The more beer that is sold, the more income for both tenant and landlord, and (more importantly) vice versa. The risk is shared between landlord and tenant. By removing the purchasing 'tie', and setting the rent according to the pubs assumed potential, this risk will invariably be placed totally onto the tenant. There will also be little incentive for the landlord to provide operational support to 'free of tie' tenants, and regional managers will be replaced with rent collectors who have little vested interest in how the site trades, or the professional development of their licensee tenants.

The next likely scenario for tenants enjoying the supposed freedom from 'tie', will be disagreement with their landlord as to what is considered to be a fair rent for a particular pub, this being the alleged existing scenario that this consultation seeks to re-dress. Disagreement on rent within non-licensed commercial property rental agreements is common occurrence, but there are industry procedures for resolving these disagreements, and ultimately the simple laws of supply and demand prevail. The same takes place with the 'tied' pub model through PIRRS, it works, and is amply fit for purpose.

In my career I have seen as many freetrade operators suffer hardship and difficulty as 'tied' and 'free of tie' tenants. The pub industry is a difficult industry in which to succeed, and is no different to any other type of small business in the current financial climate. However, those entrepreneurs who apply themselves whole heartedly to their business, and change with the needs of their customers, will invariably succeed, and this will continue to be the case whether they are 'tied' or 'free-of-tie'.

Many of the opponents of the 'tie' claim that it accerates the closure of pubs. My response is that making changes to the 'tie' will not stop or decelerate this process, as the many headwinds the industry faces will not diminish all because a tenant can buy their beer at a different rate. Licensees will continue to suffer business challenges, the same as farmers, chip shop retailers, garage owners and other owners of small businesses. At least a 'tied' tenant receives professional support in their business endeavors, which I fear may not be the case should the 'tie' be removed.

I appreciate that the government has a duty to investigate the various claims that opponents of the tie have put forward. However, I would urge the consultation committee to consider the alternatives very carefully, as the last major intervention into the pub industry (Beer orders - 1989) has been universally hailed as causing disasterous consequences for the pub industry. The 'tie' is not perfect, but it is a proven business model that should not be tampered with - no more disasters please !

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