

From:
Sent: 13 June 2013 09:13
To: Pubs Consultation Responses
Subject: A New publicans Experience

1094.

Dear Sir,

I am writing to this department because I feel I should share my experience with you, of the treatment I have recently undergone with Enterprise Inns Plc.

To give you some background I was made redundant from _____ in August of last year, and due to my age and the way that industry is shrinking I decided to look for other opportunities.

My son was working in a free of tie, freehold pub at the time and the publican mentioned to him that he was interested in leasing the business due to personal circumstances. I looked at a copy of the figures and knowing how successful the pub was first hand with a turnover of £350,000 I started to write a business plan. The publican wanted to lease the pub for 10 years with a 5 year break clause, it was to be fully repairing and would cost me a premium of £70,000 in addition to this I would pay him rent of £46,000 per year. I also needed to find 3 months rent as deposit and 3 months in advance also money to buy the stock, in all about £90,000.

With my small redundancy pay and savings I had about £35,000 to invest, so I needed help from the bank! I had been a long term customer of _____ so obviously went to them first. I was turned down at once because I was trying to buy a pub, if I came up with half the money I would stand a better chance. This meant I had to borrow £10,000 from my family, but still the bank refused even though it was a viable business showing a healthy profit!

I needed to make sure I could pay my mortgage costs and I knew that living in a pub and renting out my house would solve this problem. I then heard about a tied house only a few miles from the pub I had originally wanted to lease, but was concerned about the tied aspect and renting a pub off Enterprise Inns because of the bad press they and other large pub companies are receiving from some MPs like Vince Cable, but I looked at the pub anyway, and sat down with _____ who would be my Regional Manager. He offered me, not without some negotiation, a Tenancy rental agreement of £26,000 per year, this with a reduced start for the first 3 months and a discount on my wet stock of £61 per brewers barrel. They have also redecorated the outside of the building helped a great deal with repairs on the inside of the building, and met my accounting costs for the first year, which has been a tremendous help with financial planning, payroll, stocktaking and all the other problems one encounters when starting a new business.

I was also able to go into the property on a temporary basis without having to commit a large amount of money, for deposit and Fixtures and Fittings, this gave me time to rent out my house to secure payment of the mortgage but also left me with spare cash that I could invest in the business by improving the kitchen.

This last point is very important! Any pub now that is not in the middle of a large town or city has to rely on food as its main source of income. This is not because I have to buy beer at a small premium as compared to a free of tie house, this is easily offset by the lesser amount of rent I pay Enterprise, it boils down to the factors that have blighted the industry over the last ten or so years, namely the price one can buy beer and wine from the supermarkets. Now instead of going to the pub to have a chat with your mates, you stay in and text them drinking cheep booze and watching TV. None of these pursuits add to the economy!

The supermarkets sell beer at a loss and there are less people employed in the leisure industry as a result of pubs going out of business.

Enterprise have been very fair with me they have enabled me to start a business that has gone into profit in the second month of trading, they are happy because I am paying a fair rent and buying stock from them, I am happy

as I am able to make a modest profit on the wet side and have had enough to invest in the food operation to make it successful, and the government should be happy because I have created 10 jobs!

I was happy to sign a 5 year tenancy with Enterprise, and be confident that the rent will not increase by more than the rate of inflation for this period and I can give them 6 months notice at any time if I wish to quit.

in conclusion I feel that any consultation committee should look at all the factors of this industry, and not take the easy option of knocking pub companies because of a tiny proportion of complaints by a handful of tenants.

Yours

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