

## Written evidence submitted by McCartans Ltd (IBR0065)

Written evidence submitted by Tony Leonard on behalf of McCartan's Ltd, the Snowdrop Inn, 119 South Street, Lewes, East Sussex, BN7 2BU.

Changes in Business Rates policy since 2017 have:

- Increased the pub's business rates by 106 per cent;
- Are unsustainable;
- Placed the business in jeopardy;
- Resulted in reduced employment;
- Made it impossible to plan for the future;
- Prevented investment;
- Created an unfair playing ground with competitors;
- Unfairly penalised successful operators;
- Made the premises unrentable;
- Made the premises unsellable as a going concern;
- Taken considerable time and attention in attempting to challenge and navigate around an incoherent and opaque valuation system;
- Unfairly hit independent freehouses;
- Will likely result in the closure of this and many other award-winning pubs.

Myself and my partner, Dominic McCartan, own and run the Snowdrop Inn in Lewes, East Sussex. The Snowdrop Inn is a small pub with no owners' accommodation or letting rooms, at the end of a quiet residential dead-end street at the end of town. There is no passing trade or dedicated parking and non-residents parking is limited. It currently has a rateable value set at £82,500 which means it is not eligible for the discount for pubs valued below £51,000 set in the autumn budget.

In contrast to our rates, our nearest competitor, the Dorset Arms, faces both a busy street and a large car park, has accommodation, letting rooms and around three times as much floor space, is valued at £36,750. Another local pub, the Elephant and Castle, also larger with accommodation and a better central location, was previously valued at the same level as the Snowdrop at £40,000 and inexplicably remained unchanged while our valuation rose by 106 per cent. The huge new Fuego Lounge bar, perfectly located on the busiest throughfare in the centre of Lewes, was valued at £80,000. Few properties in Lewes come in higher than the Snowdrop, the combined Harveys Brewery and Shop being an exception at £110,000. That means the valuation office believes that somebody could in theory rent Harveys Brewery and Shop for only 25 per cent more than they'd expect to pay for renting the Snowdrop. (I've enclosed further figures below).

FMT (Fair Maintainable Turnover) is an inappropriate means of setting business rates. It requires a high level of expertise, it's not objective and requires the consideration of too many variables to arrive at the right figure (and only the subsequent success or failure of the business will ultimately reveal if the calculation was correct). Simple question: would a Reasonably Efficient Operator (REO) be prepared to pay £82,500 in annual rent at the Snowdrop. If the answer is no (and far from 'Reasonably Efficient', only an operator with no business skills would), the assessment is clearly incorrect, but there doesn't seem to be any coherent systematic process to address this. A lack of transparency means that mistakes are easily made and corners can be cut. Without access to detailed calculations and the costly professional advice of a RICS qualified chartered surveyor specialised in the pub trade, it is impossible to challenge wrong assessments. My experience is that the VOA is not at all open to engagement. It has to be a condition of setting taxes fairly that mistakes can be easily challenged and corrected when necessary and I don't believe FMT can achieve this.

We have tried to sell the pub for over a year now but the rates dissuade potential buyers and their lenders. Pubs with rateable values over £51,000 are not given a level playing field with competitors and have become almost impossible to sell as ongoing businesses. Similarly any potential to rent it out to another operator is a non-starter.

The Snowdrop, a pub since 1840 and named to commemorate the Lewes Avalanche, an event of huge local historical importance. It was awarded 'Best Freehouse', 'Best Beer Pub' and 'Best Food Pub' in London and the South East in the Great British Pub Awards 2012. It's hard to see how it can remain open as a pub for much longer unless something drastic is done about business rate levels for pubs.

#### **Rateable Values of Pubs and Associated Businesses in Lewes**

Pub	2017	Previous	% change
The Snowdrop	£82,250	£40,000	+106
The Dorset	£36,750	£38,250	-4
The Crown (closed)	£13,000	£11,000	+18
The Kings Head	£59,000	£14,500	+307
The Swan	£59,000	£11,250	+424
The Pelham Arms	£65,500	£27,500	+138
The Lewes Arms	£37,500	£29,250	+28
The Lansdown Arms	£45,000	£15,500	+190
Elephant & Castle	£40,000	£40,000	0
John Harvey Tavern	£66,000	£54,250	+22
Rights of Man	£45,500	£30,000	+52
The Gardeners Arms	£26,000	£12,700	+115
The Brewers Arms	£49,500	£40,500	+22
Fuego Lounge	£80,000	N/A	
Harveys Brewery & Shop	£110,000	N/A	
The Lamb (closed)	£23,600		

*Submitted April 2019*