



Pubs Code Compliance Report

1st April 2018 to 31st March 2019

Report Submission Date: 11th July 2019

Re-submission Date: 17th December 2019

final version

Contents

Compliance Report

Section 1: Audit Committee Statement on Compliance

Section 2: Tied Estate Summary

Section 3: Code Compliance

Part I: Investigations

Part II: Enforcement

Part III: Guidance and Advice

Part IV: Unfair Business Practices

Section 4: Tied Agreements

Part I: Code Tied Agreements

Part II: Code Rent Proposals & Rent Assessment Proposals

Part III: Renewals under the Landlord and Tenant Act 1954 (LTA)

Part IV: Other contractual renewals (where applicable)

Section 5: MRO

Part I: MRO Notices

Part II: MRO Negotiations

Part III: MRO Independent Assessment

Section 6: Other Code Reporting

Code Part 10 Provisions

Section 7: Reporting on TPT Complaints, Code Breaches and Arbitration

Part I: Breaches of the Code identified by TPTs

Part II: Steps taken in relation to Code complaints

Part III: Self-notification of breaches

Part IV: Referrals for arbitration

Part V: Other complaints made by TPTs

Section 8: Corporate Compliance Structures

Part I: Compliance Officer

Part II: Business Development Managers (BDMs) - Training

Part III: Business Development Managers - Conduct

Appendices

External Appendix 1 (BDM Training Log)

External Appendix 2 (BDM CPD declaration)



Pubs Code: Regulation 43 compliance report framework for pub-owning businesses

March 2019

Notes on Submission and Publication

As per Regulation 43(2) of the Pubs Code, pub-owning businesses should submit their full compliance report to the Office of the Pubs Code Adjudicator no later than 31st July 2019.

In addition to the minimum statutory publication requirements in Regulations 43(8) and (9) of the Pubs Code, pub-owning businesses should publish the full compliance report on their company website no later than 30th September 2019.

References throughout to 'Regulations' are to the Pubs Code etc Regulations 2016

References throughout to 'SBEEA' are to the Small Business, Enterprise and Employment Act 2015

Section 1: Audit Committee Statement on Compliance

A declaration that the statutory requirements in Regulations 43(5), (7), (8) & (9) have been complied with.

Regulation 43(5) - It is confirmed that the Chair of the Audit Committee has approved a copy of this report.

Regulation 43(7) – Reports have been made available to the Audit Committee to ensure they have an understanding of the pub-owning business's compliance with these Regulations.

Regulation 43(8) – A summary will be included in the next Annual Report.

Regulation 43(9) – Not applicable as we produce an Annual Report.

Section 2: Tied Estate Summary

As of 31 March 2018, total number of Pubs Code Agreements	3,824
Total acquisitions since 31 March 2018	0
Total disposals since 31 March 2018	42
<p>Out of the 3,824 mentioned above, 156 of these were sold in the reporting period.</p> <p>Out of the 156 disposals:</p> <p>52 were let on a free of tie lease after 31/03/18 and prior to disposal</p> <p>62 were closed after 31/03/18 and prior to disposal</p> <p>42 were sold with a pubs code agreement immediately preceding the disposal. Please note that in the majority of cases vacant possession would have been obtained at point of departure.</p>	
<ul style="list-style-type: none"> • Which were to another Pub Owning- Business (POB) (for use as a pub) 	0
<ul style="list-style-type: none"> • Where the title has been transferred to the ownership of a person who is not a landlord of 500 or more tied pubs (for use as a pub) 	42
<ul style="list-style-type: none"> • Directly disposed for other use [e.g. residential; other commercial] <p>Every disposal is made without condition or covenant as to its future use. The data submitted is based upon our understanding of the intentions of the purchaser, and cannot be relied upon as a definitive confirmation as to the future use of the premises.</p>	0
<p><i>Narrative report confirming that:</i></p> <ul style="list-style-type: none"> • <i>(Where applicable) the POB has informed the PCA and its tenants of any change during the reporting period to its status as a landlord of 500 or more tied pubs as required by Regulation 45</i> <p>Not applicable</p> <ul style="list-style-type: none"> • <i>The POB has in each case met its obligations under Regulation 49 and taken steps to inform the tenant of plans to sell the pub</i> <p>All tied tenants have been informed of our disposal activity in accordance with the requirements of Regulation 49.</p> <ul style="list-style-type: none"> • <i>For each transfer, informed the PCA of:</i> <ul style="list-style-type: none"> ○ <i>The identity of the new landlord</i> 	

<ul style="list-style-type: none"> ○ <i>The end date of the tenancy under which the tied pub is currently occupied</i> ○ <i>The date of the conclusion of the last rent assessment for the tied pub</i> ○ <i>The date of the next scheduled rent review for the tied pub under the current tenancy agreement¹</i> <p>Not applicable</p>	
<i>As of 31 March 2019, total number of Pubs Code Agreements</i>	3,494
Of total Pubs Code Agreements, how many are:	
<ul style="list-style-type: none"> • Agreements contracted in to the Landlord and Tenant Act 1954 	1,658
<ul style="list-style-type: none"> • Agreements not contracted in to the Landlord and Tenant Act 1954 	1,836
<ul style="list-style-type: none"> • Short Agreements under Regulation 14 • The 350 short agreements are also included in the 'Agreements not contracted in to the Landlord and Tenant Act 1954' figure above 	350
<ul style="list-style-type: none"> • Pub Franchise Agreements under Regulation 55 	0
<ul style="list-style-type: none"> • Qualifying Investments under Regulation 56 	9

¹This information is required to enable the PCA to track when extended protection will end

Types of Agreements

Narrative report listing all the different categories of agreements (current and historic) within the POB's tied estate, a schedule of their main characteristics (e.g. lease or tenancy; duration; repairing obligations), whether these agreements sit inside or outside of the Pubs Code and how many tenants fall within each agreement. ²

We have an array of lease and tenancy agreements, including legacy agreements and the suite of agreements we currently offer to existing and new tenants. The characteristics of our agreements can be summarised by term, extent of tie, rent review provisions, repairing and insuring obligations and landlord and tenant act protection. Below we provide a breakdown of the main characteristics of our agreements split into tied leases, tied tenancies, free of tie leases and tenancy at will agreements.

Tied leases - 1,744 agreements sit inside the Pubs Code

- **Term** the original lease term will usually be between five and 30 years
- **Extent of tie** will vary from those leases tied for beer products only through to those which have a full tie for all beer, cider, flavoured alcoholic beverages (FABs), wines spirits and minerals products. Our tied leases include a great deal of variation on extent of tie
- **Rent reviews** will usually be on a three or five year cycle. At review the rent can be reviewed both upwards and downwards. Some types of tied lease agreements will also have annual indexation included
- **Repairing and insuring obligations** are substantially fully repairing and insuring (FRI) where the tenant is responsible for all repairs and insuring
- **Landlord and Tenant Act protection** usually contracted into the Landlord and Tenant Act, giving the tenant automatic renewal rights when their lease expires

Tied tenancies - 1,400 agreements sit inside the Pubs Code

- **Term** are usually for a term of either three or five years
- **Extent of tie** will vary from agreements tied for beer products only through to those which have a full tie for all beer, cider, flavoured alcoholic beverages (FABs), wines spirits and minerals products
- **Rent reviews** cyclical rent reviews do not apply, annual indexation is normally included
- **Repairing and insuring obligations** have partial repair obligations and the tenant is responsible for insuring
- **Landlord and Tenant Act protection** the vast majority are contracted out of the Landlord and Tenant Act

Free of tie leases - 76 agreements sit outside the Pubs Code

- **Term** are usually for a term of between five and 20 years
- **Extent of tie** free from all wet product tie
- **Rent reviews** will usually be on a five year cycle. At review the rent can be reviewed upwards only. Some FOT leases will also have annual indexation included

- **Repairing and insuring obligations** are substantially FRI where the tenant is responsible for all repairs and insuring
- **Landlord and Tenant Act protection** usually contracted into the Landlord and Tenant Act, giving the tenant automatic renewal rights when their lease expires

Tenancy at Will - 363 agreements 350 sit inside the Pubs Code and 13 sit outside the Pubs Code

- **Term** are all short term agreements determinable at will
- **Extent of tie** will vary from free of tie agreements through to those which have a full tie for all beer, cider, flavoured alcoholic beverages (FABs), wines spirits and minerals products
- **Rent reviews** do not apply
- **Repairing and insuring obligations** tenant responsible to put and keep the interior of the premises in a tidy condition, tenant is responsible for all insuring
- **Landlord and Tenant Act protection** does not apply

²This information is required to give the PCA a detailed picture of the size and shape of the regulated tied sector. It is being requested as part of the compliance reporting framework to consolidate and reduce the administrative requirements placed on POBs.

Section 3: Code Compliance

Part I: Investigations

Narrative report on how the POB has co-operated with the PCA in respect of any investigations under section 53 SBEEA into that POB or any combination of POBs during the reporting period. Where an investigation has concluded, the action taken by the POB as a result of that investigation.

If none – enter N/A.

N/A

Part II: Enforcement

Narrative report on the steps the POB has taken to comply during the reporting period with any enforcement measures taken by the PCA in respect of it under sections 55-58 SBEEA.

If none – enter N/A.

N/A

Part III: Guidance and Advice

Narrative report on the steps the POB has taken in response to any guidance issued by the PCA under section 61(3) SBEEA or advice given by the PCA under section 60 SBEEA during the reporting period.

We regularly encourage BDMs to use the PCA website for updates. At new starter induction training we recommend that all BDMs sign up to the alerts from the PCA website to make them aware of new advice as soon as it is published.

In addition, company-wide communications are prepared which notify all employees of any PCA announcements via our internal intranet.

Please note that there was no Guidance or Advice issued in the reporting period.

Part IV: Unfair Business Practices

Narrative report on the steps taken by the POB in response to any representations from the PCA during the reporting period about business practices that have been the subject of a report on avoidance to the Secretary of State under section 71A SBEEA.

If none – enter N/A.

N/A

Section 4: Tied Agreements

Part I: Code Tied Agreements	
<i>During the reporting period, numbers of:</i>	
<p>New Agreements</p> <p>This number includes all new lettings, back to back tenancies and surrender re-grants of substantive agreements and all short term agreements granted in the reporting period.</p> <p>In total, there were 1,081 new agreements in 829 pubs (some will have been let on both TAW and substantive agreements to the same tenant).</p>	1,081
<p><i>Narrative report on how the POB has complied with Code pre-entry requirements.</i></p> <p>All pre entry requirements were met in the reporting period.</p>	
Assignments	61
Forfeitures	44
<ul style="list-style-type: none"> • Of pre-Pubs Code tenancies 	38
<ul style="list-style-type: none"> • Of tenancies granted since the Pubs Code came into force 	6
<p><i>Breakdown of how many Forfeitures were for tenancies of:</i></p> <ul style="list-style-type: none"> • <i>Less than 1 year</i> 0 • <i>between 1-2 years</i> 0 • <i>between 3-5 years</i> 22 • <i>6 years and older</i> 22 <p><i>Narrative report on reasons for forfeiture.</i></p> <p>Of the 44 forfeitures effected by legal proceedings during the reporting period;</p> <ul style="list-style-type: none"> • 4 related to tenants insolvency events • 38 related to tenants debt • 2 related to the tenant failure to deliver up possession after the tenants notice to quit had expired 	
Section 146 notices issued	41
<p><i>Narrative report/breakdown of the process and/or procedures followed before and following issuing a Section 146 notice.</i></p> <p>Ei Group's Legal Services Team are responsible for instructing external solicitors to prepare and serve S146 notices, save for in cases of abandonment (as above, which are prepared in house) to commence a possession action (whether for rent or other breaches) must be approved by relevant Divisional Directors and Group Legal Counsel.</p> <p>Of the 41 S146 notices served during the reporting period;</p> <ul style="list-style-type: none"> • 16 related to tenants breach of covenant to keep open 	

<ul style="list-style-type: none"> • 9 related to tenants multiple breaches including breach of the purchasing obligations and failure to pay for trade delivered • 6 related to tenants failure to pay for trade delivered • 4 related to tenants breaches of purchase obligations • 2 related to tenants multiple breaches including breach of covenant to keep open and pay for trade delivered • 4 related to tenants multiple breaches of covenant 	
<p>Legal Surrenders (<i>where the tenant has surrendered their agreement and left the pub and <u>not</u> instances of 'surrender and regrant</i>).</p>	272
<p><i>Narrative report on the reasons for these Legal Surrenders.</i></p> <p>Of the 272 surrenders completed during the reporting period 182 were on tenancies which include a notice period and 90 were on leases, of which;</p> <ul style="list-style-type: none"> • 114 related to the landlord agreeing to accept a shorter notice period than prescribed in the agreement • 20 related to tenants financial circumstances where there was debt and surrender was mutually agreed between landlord and tenant where circumstances may have otherwise required court proceedings to recover possession • 4 related to disposal of the property where commercial terms were agreed with tenant to bring the agreement to an end earlier than contractual expiry • 1 related to fire damage at the property and commercial terms were agreed with the tenant to bring the agreement to an end earlier than contractual expiry • 3 related to mutual agreement between the landlord and tenant where there were potential insolvency issues on the horizon for tenant • 2 related to mutual agreement between landlord and tenant where issues had arisen with premises license • 25 related to requests by the tenant, for various reasons relating to the tenants personal circumstances, to surrender and the landlord agreed • 22 related to commercial terms where the landlord paid a premium to the tenant for the tenant to surrender before contractual expiry of the agreement • 5 related to agreements that were approaching contractual expiry and parties agreed commercial terms to bring forward the date of expiry • 35 agreed with the tenant by way of restructuring the occupation of the tenant or a connected entity on different terms <p>41 were mutually agreed with the landlord for various other reasons.</p>	
<p>Abandonments</p> <p>Please note the above includes peaceable re-entries and tenancies where notice could have been served by Ei Group or the tenant but site was abandoned sooner by agreement rather than waiting to the end of the tenants notice period.</p>	78
<p>Renewals</p> <p>Within the reporting period we also completed 29 deeds of variation to extend the term by 5 years.</p>	4

Narrative report on how the POB has complied with the Code requirements to provide statutory information.

2 Renewals commenced prior to the implementation of the Pubs Code and therefore did not receive the code statutory information.

All code statutory information was provided for the other 2 renewals completed in the reporting period.

Please explain the approach the POB has taken to agreeing terms in renewals to deal with assessments of terminal dilapidations.

A schedule of dilapidations is prepared for all renewals 18-24 months before the contractual end date of the lease. Surveys are prepared by suitably qualified external surveyors who identify the work that needs to be completed by the tenant to comply with the terms of their lease. All such surveys are carried out having regard to the Pre-Action Protocol for Claims for Damages in Relation to the Physical State of Commercial Property at Termination of a Tenancy (the 'Dilapidations Protocol').

A copy of the schedule of dilapidations is issued to the tenant, giving them adequate time to complete the necessary works before the end of the term. Any points disputed by the tenant or their surveyor will be negotiated by both parties with a view to reaching agreement on what needs to be done.

Since the start of 2018 and in line with guidance provided by the DPCA in a specific arbitration case, we have begun to take a more structured approach to assessing the timing of works.

Investment Exceptions agreed under Regulation 56 *(the data requested here is for the number of investment exceptions agreed during the reporting period. The data requested in Section 2 is for the **total** number of current investment exceptions).*

6

Part II: Code Rent Proposals & Rent Assessment Proposals	
<i>During the reporting period, numbers of:</i>	
Total number of Rent Proposals and Rent Assessment Proposals in connection with a contractual review.	357
<p><i>Narrative report on how the POB has complied with the Code requirements to provide statutory information.</i></p> <p>2 Rent Proposals were not issued due to the renewal commencing prior to the implementation of the Pubs Code as referred to earlier in the section.</p> <p>3 Rent Assessment Proposals were issued late due to historical administration errors on our internal systems.</p> <p>8 Rent Assessment Proposals in relation to end of lease rent reviews were not issued due to:</p> <p>6 Received an opposed renewal notice</p> <p>1 Lease was contracted out of the L&T act and had been drafted incorrectly to include an end of lease rent review provision</p> <p>1 Ei Group head lease was expiring</p> <p>All other code statutory information was provided in the reporting period</p>	
Total number of Rent Assessment Proposals requested by tenant	16
reason of no rent review concluded in last 5 years	16
reason of a significant increase in price	0
reason of a trigger event	0
<p><i>Narrative report on how the POB has complied with the Code requirements to provide statutory information.</i></p> <p>All approved tenant requests were provided with a code compliant rent assessment proposal.</p>	
<p><i>Narrative report on how the POB has complied with the statutory Code deadlines.</i></p> <p>All approved tenant requests were provided with a rent assessment proposal within the code timescales.</p>	
Total number of requests for Rent Assessment Proposals rejected	5
<p><i>Narrative report on the reasons for rejecting requests for Rent Assessment Proposals.</i></p> <p>4 Rejections were due to there being a rent assessment concluded within 5 years of the request.</p> <p>1 Was rejected as the type of lease did not include a provision for open market rent reviews, the rejection was retracted and the tenant was provided with a rent assessment proposal.</p>	

Part III: Renewals under the Landlord and Tenant Act 1954 (LTA)	
<i>During the reporting period, numbers of:</i>	
Section 25 Notices issued opposing a new tenancy	26
Section 25 Notices issued proposing a variation of the terms	0
Section 26 Notices opposed	6
Section 26 Notices unopposed	4
<p><i>Narrative report on:</i></p> <ul style="list-style-type: none"> • Which grounds were relied upon to oppose the s.25 and s.26 renewals • How many notices were uncontested • What is the current status of these decisions. <p>Of the 32 opposed notices (s25 & s26) this was the combination of grounds;</p> <p>Grounds A, C and G cited in 21 notices Grounds A, B, C and G cited in 3 notices Ground G only cited in 3 notices Grounds A, B and C cited in 2 notices Grounds A, C, F and G was cited in 1 notice Grounds A and C was cited in 1 notice and Grounds C and G was cited in 1 notice</p> <p>Of the 32 opposed notices 30 were uncontested during the reporting period, of these 20 are still live and 12 tenants have vacated in the period</p>	
<p>LTA court proceedings where the POB relied in whole or in part on an intention to take the pub back into occupation</p> <p>Please note that there were 6 live cases during the reporting period (where a court application had been made), however only 2 of these relate to notices served and applications made during the period.</p>	2
<ul style="list-style-type: none"> • Of which, the number of objections to a new tenancy that were upheld 	0
<ul style="list-style-type: none"> • Of which, the number of objections to a new tenancy that were dismissed 	0

<p><i>Narrative report, to include:</i></p> <ul style="list-style-type: none"> • <i>The timeline the POB follows.</i> • <i>The preparatory work done to identify which pubs to take back into management, including who/what body is responsible for making any relevant decisions and how that decision is made.</i> • <i>The documentation and process that is then completed to confirm the intention to take a particular pub back into management, prior to service of the relevant notice.</i> <p><u>Preparatory Work</u></p> <p>18 Months Prior To The End Date Of The Lease:</p> <ul style="list-style-type: none"> • We commission an external terminal schedule of condition. <p>12 Months Prior To The End Date Of The Lease:</p> <ul style="list-style-type: none"> • Our in-house surveyor re-inspects the property to assess whether the work has been done or is in progress. • Our Regional Manager prepares a tied rent assessment for approval by the Divisional Director and the RICS-qualified Licensed Trade Valuer. • We ask our Managed house and Joint Venture teams to assess the potential of the pub to be run by us at a higher total income than we would expect upon a lease renewal. • We ask our Estates team to review the potential to maximise capital value by redevelopment. <p>9 Months Prior To The End Date Of The Lease:</p> <ul style="list-style-type: none"> • We collate the assessments at our Asset Optimisation Panel and decide whether to serve a S25 notice at all; and if we do, whether it should be an opposed notice. <p><u>Documentation & Process</u></p> <ul style="list-style-type: none"> • The authority to serve S25 notice (or reply to a S26 notice) is recorded by our Asset Optimisation Panel (AOP) minutes. • The AOP minutes are given board approval by the CEO and CFO. • The relevant notices are then prepared by our Legal team and duly served on the tenant. • The process is the same whether or not our plan is to take the pub into our own management. 	
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Part IV: Other contractual renewals (where applicable)	
<i>During the reporting period, numbers of:</i>	
Tenants who exercised a contractual right to renew their tenancy	0
• Of which, the number of these to which the POB consented	0
• Of which, the number of these that were opposed by the POB	0
Total number of contractual renewals	1

1 Lease completed a contractual renewal based on neither party serving notice within the reporting period.	
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Section 5: MRO

Part I: MRO Notices	
<i>During the reporting period, numbers of:</i>	
Total number of MRO Notices received and acknowledged	109
<ul style="list-style-type: none"> • Following receipt by a TPT of a Rent Assessment Proposal 	101
<ul style="list-style-type: none"> • In relation to the renewal of a tenancy 	6
<ul style="list-style-type: none"> • Requested in response to a significant increase in price 	0
<ul style="list-style-type: none"> • Requested in response to a trigger event 	0
<p><i>Narrative report on the nature of the circumstances relied upon by tenants in support of claims of trigger events (from business cases received from tenants).</i></p> <p>There have been no requests in response to a trigger event in the reporting period.</p>	
Total number of MRO Notices accepted	90
Total number of MRO Notices rejected	17
<ul style="list-style-type: none"> • Following receipt by a tenant of a Rent Assessment Proposal 	15
<ul style="list-style-type: none"> • In relation to the renewal of a tenancy 	0
<ul style="list-style-type: none"> • Requested in response to a significant increase in price 	0
<ul style="list-style-type: none"> • Requested in response to a trigger event 	0
<p><i>Narrative report on the reasons for rejecting MRO Notices.</i></p> <p>Out of the 17 rejected notices 2 were rejected on the basis that no event had occurred and therefore are not included in the breakdown above.</p> <p>2 Rejected on the basis that they were served out of time</p> <p>1 Rejected on the basis that it was not served by the correct legal tenant</p> <p>12 Rejected on the basis that the MRO notice did not contain all required information, these were subsequently followed by a valid notice and therefore also included in the accepted notices figure.</p>	
Total number of MRO Notices not rejected and withdrawn by the tenant	2
<p><i>Narrative report on the reasons for withdrawal of MRO Notices.</i></p> <p>The above question has been answered based on MRO notices withdrawn by the tenant prior to receiving an MRO Proposal. Both were withdrawn due to agreeing a new tied arrangement.</p> <p>Any other MRO notices withdrawn following an MRO proposal are included in Part II.</p>	

<p>Total number of MRO Proposals issued</p> <p>Based on the MRO proposals issued in the reporting period so does not directly relate to the number of MRO notices accepted listed above.</p>	<p>91</p>
<p><i>Narrative report on how the POB has complied with the statutory Code deadlines, including the process followed and how a decision is made regarding the length of the lease at renewal and how a decision is made regarding the length of the lease when other MRO gateways are used.</i></p> <p>All statutory code deadlines have been met within the reporting period.</p> <p>The administration process is managed by the rent review team who work with the BDMs to ensure that all deadlines are met.</p> <p>The term length in the proposed MRO tenancy is for the remainder of the existing tied tenancy. No MRO proposals have been made within the reporting period for an MRO notice based on a renewal notice due to these renewals being opposed by Ei Group.</p>	

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Part II: MRO Negotiations		
<i>During the reporting period, numbers of:</i>		
MRO Negotiations undertaken with tenants This includes all MRO proposals issued in the reporting period and any ongoing from MRO proposals issued in the previous reporting period where the MRO procedure had not ended.		152
<p><i>Narrative report, in order of frequency and enumerated, on which are the 10 terms most often included in a draft MRO proposed tenancy sent to a tenant who has sent an MRO Notice but not included in the executed MRO tenancy.</i></p> <p>Answered below based on the 21 MRO tenancies executed in the reporting period.</p> <p>Please note that all of the terms mentioned below are no longer included in our draft MRO proposed tenancy.</p>		
Times that each of the regularly challenged terms above has ultimately appeared in a completed MRO agreement (please list and enumerate)		
Lease Term included in draft proposed MRO tenancy	Number of times removed	Number of times included
Health & Safety Compliance charge	21	0
Repairs & Maintenance Fund	15	6
Keep Open clause	9	12
Pre-emption right	9	12
Pay as you go utilities	8	13
Internet & email obligation	8	13
Non-assignment provision	0	21
MRO tenancies agreed		21
• Of which number of free of tie arrangements agreed by new agreement		21
• Of which number of new free of tie arrangements agreed by deed of variation		0
Total number of tied settlements connected with MRO negotiations		39
• Of which number of new tied arrangements agreed by new lease		0
• Of which number of other new tied arrangements agreed (rent or other terms)		30
• Of which number of tied tenant departures from the pub		9
Other outcomes This includes claims that timed out or were withdrawn by the tenant following the MRO proposal		22
Ongoing – yet to be concluded		70

Part III: MRO Independent Assessment

During the reporting period, numbers of:

Total Independent Assessor appointments	31
• Of which number that were appointed jointly in agreement with the tenant	20
• Of which number that were appointed by the PCA	11

Please list the Independent Assessors appointed during the reporting period, and for each Independent Assessor the number of appointments.

Andrew Crease & Co - 3
 Barry Crux Company - 2
 Christie & Co - 5
 Cobbs Consultancy - 2
 Davis Coffey Lyons - 2
 Eddisons Taylors - 5
 Neil Richmond & Co - 1
 Savills - 9
 Tim Munden & Co - 2

In each case where the MRO rent has been set following an Independent Assessment, please set out:

- The original proposed MRO rent
- The MRO rent set by the Independent Assessor.

There were 26 IA Awards determined in the reporting period the anonymised list is:

	MRO Proposal	IA Award	Tenant IA Submission
Award 1	85,000	65,500	£48,000.00
Award 2	115,000	85,500	£38,000.00
Award 3	120,000	96,000	£50,335.00
Award 4	90,000	59,000	£38,000.00
Award 5	100,000	62,500	£48,000.00
Award 6	165,000	115,500	£72,300.00
Award 7	150,000	91,000	£70,045.00
Award 8	75,000	58,000	TPT did not include rent figure in submission
Award 9	85,000	65,000	£44,160.00
Award 10	65,000	40,000	TPT did not make submission
Award 11	95,000	62,500	£36,000.00

Award 12	72,000	55,000		£62,000.00
Award 13	68,000	53,900		£36,000.00
Award 14	115,000	65,000		£47,000.00
Award 15	110,000	87,000		£38,000.00
Award 16	82,000	45,250		£30,000.00
Award 17	90,000	67,000		£39,000.00
Award 18	120,000	72,600		£41,000.00
Award 19	95,000	66,000		£56,000.00
Award 20	75,000	60,000	TPT did not include rent figure in submission	
Award 21	155,000	85,000		£54,625.00
Award 22	135,000	66,200		£55,000.00
Award 23	93,000	63,000		£50,547.00
Award 24	70,000	44,750		£34,000.00
Award 25	90,000	69,000		£54,000.00
Award 26	65,000	47,000		£32,125.00
Independent Assessments challenged Please note these were made by the tenant, no challenges were made by Ei Group				3
Any second challenges to Independent Assessments				0
<i>Narrative reporting on the reasons for the challenging by the POB of independent assessments.</i> None				

Section 6: Other Code Reporting

Code Part 10 Provisions	
<i>For the reporting period, reports on compliance with:</i>	
Regulation 46 – Insurance provisions	
<p><i>Please provide details of the types of policies purchased; whether by the POB or by the tenant; and any intermediaries involved.</i></p> <p><i>Please provide details of any packaged insurance products offered to tenants, and a narrative on how their market value is tested.</i></p> <p><i>What commission do the POB make from insurance policies provided to tenants?</i></p> <p><i>How many tenants found a cheaper insurance policy elsewhere and had their policy price matched?</i></p> <p>Ei Group purchase a number of different corporate insurance policies. The main insurance cover is for property which is arranged for all tied pubs in accordance with their agreement obligations.</p> <p>The policy is placed on a block basis with a third party, unconnected reputable insurer and insurers agree the premium allocation methodology to property level. The block arrangements are reviewed on an annual basis to ensure the policy structure continues to provide significant advantages to our tenants in terms of policy coverage (including very minimal exclusions) and claims service in a cost effective manner.</p> <p>AJ Gallagher administrate the tenants policies for business insurance and issue documentation however the contract is between the insurer and the tenant and the policy holder is the tenant.</p> <p>Ei Group receive commission on policies issued by the insurer which covers the cost of Ei Group administering the scheme, raising invoices and collecting the payments for the policies. The commission received per policy on business insurance is an average of 17% and on buildings insurance is a flat rate of 17%.</p> <p>We do not price match on the business insurance, however at the most recent renewal in October 2018, 29 tenants chose to make their own arrangements for business insurance. With building insurance, 14 tenants had successful recharge challenges resulting in them having their building insurance recharge reduced during the period of 1st April 2018 up to 31 March 2019.</p>	
Regulation 47 – Gaming Machines	
Number of new Pubs Code tied agreements in which:	
The tenant has accepted a machine tie within the tied agreement itself	0
The tenant has accepted a machine tie in a side agreement	1,062
<p>The tenant has sourced a free of tie machine agreement with a third party supplier</p> <p>This is based on the number of tenants that have not signed a side agreement and therefore are free of tie on gaming machines.</p> <p>We are not able to confirm if the tenant has a machine arrangement with a third party.</p>	18

<p>The tenant has chosen not to have machines</p> <p>We are not able to confirm in every instance if the tenant has decided not to have gaming machines.</p> <p>We have received confirmation from 1 tenant that they have no gaming machines.</p>	<p>1</p>
<p>Regulation 48 – Requests for blank profit and loss templates</p>	
<p><i>Narrative report</i></p> <p>A link to a copy of the Business Plan template is supplied to all tenants on the letter they receive from the business at the start of the process. There is also a copy available for download from the Publican Partnerships website should it be required.</p> <p>www.eipublicanpartnerships.com/Documents/business-plan.pdf</p>	
<p>Regulation 49 – Sale of freehold or long leasehold (including numbers)</p>	
<p><i>Narrative report</i></p> <p>Please refer to Section 2</p>	
<p>Regulation 50 – No tenant detriment from exercising Code rights (including action in response to any finding of detriment)</p>	
<p><i>Narrative report</i></p> <p>We do not subject tied pub tenants to any detriment on the ground that a tenant exercises, or attempts to exercise, any right under the regulations. BDM training supports this stance, with references being included in our new starter induction training and our annual training.</p>	
<p>Regulation 51 – Flow Monitoring Devices</p>	
<p><i>Narrative report</i></p> <p>Ei Group operates flow monitoring devices in the majority of our tied outlets and employs a field based Loss Prevention team to visit pubs to investigate potential breaches of the purchasing obligations by performing cellar checks and bottle/container audits. While the output of the flow monitoring devices is used in this process, we do not raise any charges to tenants without additional, corroboratory evidence relating to the alleged breach. There are a number of different types of additional evidence of purchases outside of the tie requirement, such as photographic or documentary proof of such purchases, financial accounting information and ordering patterns inconsistent with the observed sale of products. In addition all proposed charges are discussed, with tenants before any charges are confirmed.</p>	

Section 7: Reporting on Tenant Complaints, Code Breaches and Arbitration

Part I: Breaches of the Code identified by tied pub tenants

Narrative report on Code-related complaints by tied pub tenants during the reporting period covering:

- *The total number of complaints*
- *The parts of the Code concerned*

9 Code related complaints were made within the period which were referred to the PCA

7 Were in relation to 'Duties of the POB in relation to Rent Assessments & Proposals'

1 In relation to 'Duty of the POB not to subject TPT to any detriment on grounds that the TPT has exercised or attempted to exercise rights under the Regulations'

1 In relation to 'Duties of the POB in relation to Rent Assessments & Proposals' and 'Duty of the POB not to subject TPT to any detriment on grounds that the TPT has exercised or attempted to exercise rights under the Regulations'

Part II: Steps taken in relation to Code complaints

Statement on internal procedures for handling complaints about breaches and alleged breaches of the Code

Code related matters are managed by the BDMs, (Operations, Property and Business Development teams). If issues are not resolved this way, there is an official complaints process which is administered by a dedicated team. Complaints may be received through external email, post, telephone or from company personnel. If the complaint is taken by phone, a written summary is requested to ensure all details are correct.

There is an email address on the EIPP website under 'contact us', opsadmincentral@eigroupplc.com, which can be used to submit complaints. The Pubs Code email address pubscore@eigroupplc.com is also effective in receiving complaints relating to the Code. Details are distributed to the Compliance Officer, Compliance Director and the subject matter experts for investigation and response. Progress is monitored and managed by the Operations Administration team, with oversight by senior management and the CEO.

Narrative report on actions in response to complaints detailed in Part I covering:

- *Handling (including details of formal referrals to the PCA)*
- *Outcomes (including cases unresolved at the end of reporting period)*
- *Breaches upheld:*
 - *Internally*
 - *Following referral to PCA*

The complaints detailed in Part I of this section all had referrals to the PCA.

5 Of these also went through our internal complaints process with the remaining 4 referring to the PCA in the first instance.

Where there is a referral to the PCA, the investigation also includes the services of Gosschalks, Ei Group solicitors.

1 Referral for 'Duties of the POB in relation to Rent Assessments & Proposals' was upheld by the PCA and Ei Group subsequently issued the tenant with a Rent Assessment Proposal.

1 Referral for 'Duties of the POB in relation to Rent Assessments & Proposals' was subsequently withdrawn by the tenant as Ei Group withdrew rejection of the request and provided a Rent Assessment Proposal.

7 Referrals remain live arbitrations cases with the PCA at the date of this report.

Part III: Self-notification of breaches

Narrative report on any cases during the reporting period where the POB has self-notified the PCA of breaches of the Code (including steps taken to prevent further occurrences)

None

Part IV: Referrals for arbitration

During the reporting period, numbers of:

Total MRO cases referred to the PCA 1 Referral was for an MRO notice which had been rejected by Ei Group based on it being served out of time.	37
Referrals of MRO terms on grounds that they are not MRO-compliant	36
Referrals of void or unenforceable terms under Regulation 57(2)	0
Referrals of all other non-MRO Code matters	9

Please describe and enumerate the cases where breaches of the Code were found by the PCA.

There were 10 cases within the reporting period where breaches of the Code were found by the PCA by way of a PCA award. Please note that only 1 of these is included in the number of referrals above as they were referred in the previous reporting period.

MRO

Proposed tenancy not MRO-compliant – 7

Non MRO

POB rejection of tenant request for a rent assessment proposal – 2

BDM conduct not consistent with the principle of fair and lawful dealing – 1

Please describe and enumerate:

- *All referrals for arbitration on the same issue or very similar issues (including multiple challenges to the same term in MRO proposals).*

Our draft proposed MRO tenancy continues to evolve following awards from the PCA and the obtaining of expert reports. We have changed most of the criticised terms in our draft MRO tenancy, but there are areas where the awards/expert reports have not been consistent. We invite further guidance from the PCA in this area.

Please refer to Section 5 Part II: MRO Negotiations; which provides detail in relation to regularly challenged terms.

- *The number of these where arbitration proceedings continued following a determination by the arbitrator of non-compliance.*

Out of the 7 PCA awards based on 'Proposed tenancy not MRO-compliant' there were 2 awards made by the PCA where a decision could not be made and the order was for more expert evidence to be provided before a revised Full Response was required.

The remaining 5 were provided with a revised Full Response based on the PCA award.

Part V: Other complaints made by tenants

Narrative report on the nature and volume of complaints about their tenancy by tied pub tenants during the reporting period not specifically reported on elsewhere, including the type/subject of complaint, outcome of the complaint and the time taken to resolve the complaint.

117 Complaints were made directly to Ei Group by a current tied pub tenant, previous tied pub tenant or tenant representative within the reporting period.

All complaints were dealt with in line with our internal complaints process.

Complaint Category	Category Definition	Number of Complaints
Property	Building repairs & maintenance	32
Financial	Departure statements, debt issues, financial support	29
Legal/ Agreement	Issues relating to agreement terms	13
Delivery	Issues with delivery schedules, failed deliveries & dray crews	9
Supply	Stock shortages / out of stock items	9
Technical Services	Flowmonitoring, dispense equipment & product installations	1
Ei Group Treatment	Treatment by Ei Group representatives	20
Pub Operations	Behaviour of staff, trading style & cleanliness	1
Proposal for Pub	Clarification on Ei Group future plans for property	3
Total		117

Out of the 117 total complaints, 77 required an explanation/ clarification only from Ei Group.

Ei Group took further action on the remaining 40 complaints. 29 Of these were considered as a goodwill gesture and the remaining 11 were considered that Ei Group were at fault.

All complaints were resolved by the date of this report.

Of the 40 complaints where action was taken, the average length from receipt to resolution was 30 days.

Section 8: Corporate Compliance Structures

Part I: Compliance Officer

A declaration, evidenced as necessary, that the POB has met in full its duty under Regulation 42 to appoint and empower a Compliance Officer and maintained written records of training received. Please provide the Training Log as an Annex to the report.³

We confirm that we have met in full our duty under Regulation 42 to appoint a Compliance Officer whose role is to verify the pub-owning business's (POB's), compliance with the Pubs Code.

- Resources are made available to carry out the role.
- BDM access is permitted.
- Tenant access is available through the Pubs Code email address on the website. This includes the ability to coordinate the discussions of decisions made by the POB through subject matter experts.
- The reporting line is not through a BDM function.
- Contact with PCA is encouraged.
- Written records of BDM training are maintained.

Please find attached External Appendix 1 (BDM training log)

Part II: Business Development Managers (BDMs) - Training

A declaration that the POB has published – and sent the latest version to the PCA – the document required by Regulation 41(5) specifying:

- *Its commitment towards the continuous professional development and improvement of its BDMs and how it proposes to fulfil that commitment, referring where appropriate to relevant qualifications and training.*

We have published the document required by Regulation 41(5) which is available on our website:

<https://www.eipublicanpartnerships.com/Documents/business-development-manager-roles.pdf>

Please also find attached External Appendix 2 (CPD declaration)

Narrative report confirming that:

- *All BDMs in post when the Code came in to force or appointed since received a copy of the Code before liaising with tied pub tenants on pub matters.*

We can confirm that all BDMs in post when the Pubs Code came into force and BDMs that have since been appointed, have received a copy of the regulations before liaising with tied pub tenants on pub matters.

Existing BDMs received a copy of the Code as soon as it became available following introduction. All new starters receive a copy during our Company induction. New starters are also required to sign to confirm that they have received a copy and this is scanned and stored in their training record.

Schedule of BDM Code training and guidance during the reporting period including:

- *Outlines of the various forms of training delivered to BDMs – including whether it is delivered internally or externally; and how it is accredited*
 - *Confirmation that all BDMs who are responsible for conducting rent assessments have received appropriate training before doing so (including reporting on exceptions and remedial action).*
- *Schedule of all Code updates and guidance issued to BDMs.*
- *Narrative on how BDM's have been trained in respect of newly issued and existing PCA advice, guidance and/or arbitrations.*

Please provide training materials as an Annex to the report.

The following Pubs Code training has been delivered to all BDMs:

- New starters receive internally delivered Pubs Code training as part of their induction, including training on conducting rent assessments.
- We issue Business Bulletins providing informal updates to BDMs about Code publications.

Refresher training was delivered to all BDMs using internal subject matter experts in May 2018. A presentation was also delivered to BDMs by the Pubs Code Adjudicator in May 2018.

³Training logs are requested as evidence in support of the compliance statement.

Part III: Business Development Managers - Conduct

Statement of how the POB ensures that BDMs act in a manner that is consistent with the core Code principle of fair and lawful dealing in relation to tied pub tenants; include supporting evidence.

All BDMs have been trained in the requirements of the Pubs Code. The need for compliance is reviewed regularly at team meetings. Refresher training is also provided to relevant personnel on an annual basis. The last sessions were held in May 2018 and the 2019 training is imminent. Pubs Code compliance requirements are covered in the induction of all new BDMs before they are allowed to interface with tenants. In addition, line managers will observe the manner in which BDMs deal with tenants during accompanied visits to ensure that they act appropriately.

For supporting evidence please refer to training material provided in Part II.

Confirmation of the processes in place to ensure that BDMs:

- *Make appropriate notes of discussions with tied pub tenants in connection with:*
 - *Rent proposals*
 - *Rent assessments / assessments of money payable in lieu*
 - *Repairs to the pub*
 - *Matters relating to the tenants current or future business plans*
- *Provide the tenant with records of the above within 14 days of the discussion*
- *Inform the tenant that they should respond to the BDM within 7 days of receiving the record if they disagree with any aspect of it.*

Please include any supporting evidence in respect of the above.

All BDMs have been trained in the requirement to issue appropriate notes of discussions with tied pub tenants within 14 days of the meeting and request that the tenant responds within 7 days if they do not agree with any aspect of the record.

To support this requirement:

- A Minutes App has been developed which is used by BDMs to capture the meeting content and agreed actions with timings. Copies are emailed to the tenant after the meeting. The template includes a reminder to the tenant that they have 7 days to respond.
- There has been training and there is an e-learning module.
- This is also included in induction training
- The quality of minutes is regularly reviewed and verified by line management on a sample basis and refresher training is provided, if required.
- The BDM objectives include a requirement for quality, timely minutes.
- BDMs are provided with weekly/fortnightly reminders to ensure all meeting minutes are issued. Regular reports are issued to track the number of meetings prepared and issued by BDMs and any apparent discrepancies are reviewed by the line manager.
- There is a disagreements process.

For the reporting period, the number of challenges by tenants about the non-provision or content of a BDM record.

Out of a total of **22,983** meeting minute records produced during the reporting period, we are aware of the following challenges:

- Non-Provision of Meeting Minutes: **0**
- Content of meeting minutes: **26**

Steps taken by the POB to resolve disagreements and any consequential changes to BDM reporting protocols.

Wherever possible BDMs request a signature to confirm the accuracy and relevance of the contents of the minutes before leaving the pub as this minimises the risk of later disagreements. This is not, however always possible.

When disagreements with the minutes are raised by the tenant, the BDM typically discusses the nature of the disagreement or misunderstanding with the tenant and either reissues an updated version of the minutes to reflect the agreed position or emails a response.

There have not been any changes to reporting protocols as this process has been in place since the launch of the Code and has been shown to be effective.

final version