



Notice of Investigation

The PCA's statutory responsibilities

The Pubs Code Adjudicator (**PCA**) is the independent regulator responsible for enforcing The Pubs Code etc. Regulations 2016 (the **Pubs Code**). The Pubs Code regulates the relationship between all pub companies (referred to as pub-owning businesses or POBs in the Pubs Code) owning 500 or more tied pubs in England and Wales and their tied tenants. Tied tenants are those who are obliged to purchase some or all of the alcohol to be sold at their pubs from their pub-owning business (or its group undertaking), or a person nominated by that business or group undertaking.

The pub-owning businesses currently covered by the Pubs Code are: Admiral Taverns, Greene King, Marston's, Punch Taverns, Star Pubs and Ei Group Limited (t/a Stonegate Pub Partners & Craft Union Pub Company) (**Stonegate**).

Under section 53(1)(a) of the Small Business, Enterprise and Employment Act 2015 (the **2015 Act**), the PCA may carry out an investigation if she has reasonable grounds to suspect that a pub-owning business has failed to comply with the Pubs Code.

PCA decision to launch an investigation

The PCA has considered information obtained relating to Stonegate and has assessed that information in accordance with the PCA's published Statutory Guidance on Investigations & Enforcement of November 2016.

The PCA has reasonable grounds to suspect that Stonegate has failed to comply with the Pubs Code in relation to its obligations to provide information to tied pub tenants (including prospective tenants).

Following a period of engagement with Stonegate, the PCA has applied her published prioritisation principles to the issues which have come to her attention. The PCA is satisfied that commencing an investigation at this time is a targeted and proportionate approach to understand the extent to which the Pubs Code may have been broken and, if it has, the potential impact of Stonegate's conduct on its tenants.

The PCA has not yet reached any decision as to whether Stonegate failed to comply with the Pubs Code, and if so, the extent of any non-compliance.

Investigation scope

The investigation will cover matters including whether Stonegate may have, in relation to tied pub tenants (including prospective tenants):

- failed to provide to prospective tenants a full and clear description of the premises, including an accurate Schedule of Condition and/or disclosure of other specific problems in the premises;
- provided to prospective tenants defective lists of initial works to be carried out to the premises to which the tenancy related. In particular, Stonegate may have:
 - failed to include details of all initial works, such as by:
 - representing to prospective tenants that it would carry out repair, maintenance and/or improvement works, but not capturing these representations in the list of initial works (and in any event failing to complete the works);
 - failing to include details of any initial works required to be completed before the agreement was in force;
 - where the initial works were to be completed after the agreement was entered into, failed to specify the date on which the works were to be completed;

- otherwise failed to provide a list of initial works in the required form and/or at the required time;
- provided to prospective tenants unreasonable and unrealistic projections in the context of rent proposals, which informed rent proposals given to tenants and tenants' business plans. That data may have also been insufficiently clear and detailed, and lacked justification or supporting evidence, to allow tenants to understand the basis of its calculation. It may have also meant that Stonegate failed to ensure that the prospective tenants' business plans were sustainable;
- failed to comply with reasonable requests by tenants that were relevant to the negotiation of rent or that would have helped the tenants to understand the rent, or, alternatively, failed to provide a reasonable explanation within 7 days as to why the information was not provided;
- failed to ensure that its business development managers dealt fairly and lawfully with tenants, and that notes of discussions with those tenants were recorded properly in accordance with the Pubs Code; and
- failed to provide the PCA with a detailed and accurate account of its compliance with the Pubs Code and/or instances of breaches or alleged breaches of the Pubs Code, and any steps taken to address these, as required as part of its annual compliance report.

The investigation will consider the conduct of Stonegate from 15 July 2021 to 14 July 2026.

Relevant provisions of the Pubs Code

The provisions of the Pubs Code that are potentially engaged are, in summary:

Regulation 10: Before a pub-owning business enters into a new agreement with a tied pub tenant, the pub-owning business must ensure that the tenant has a sustainable business plan ((1)(a)). A “sustainable business plan” is a business plan which (among other requirements) has been prepared following consideration of independent professional advice, such as business, legal, property and rental valuation; and contains a forecast of the income and net profit over the tenancy or licence period which, in the pub-owning business’s opinion, is reasonable for the tenant and realistic ((2)(a) and (c)).

Regulation 11: A pub-owning business must ensure that the tied pub tenant has received the information specified in **Schedule 1** before the tenant considers their independent professional advice (11(1)). The relevant Schedule 1 information includes:

- A full and clear description of the premises to which the tenancy or licence relates, including a Schedule of Condition; and details of any specific problems in the premises (paragraph 10(e) and (f)).
- Where, before entering the tenancy, the pub-owning business is aware of any maintenance, repair or improvement works (“initial works”) which must be carried out to the premises to which the tenancy or licence relates (paragraph 16):
 - a Schedule of Condition prepared before the initial works are carried out;
 - a list of the initial works which must be carried out;
 - the respective obligations of the tied pub tenant and the pub-owning business in relation to those works;
 - details of any initial works which are required to be completed before the agreement or the renewal is in force including whether the pub-owning business or the tenant will be responsible for carrying them out;
 - where any of the initial works are to be carried out after the agreement has been entered into or after the renewal has been agreed: (i) whether the pub-owning business or the tenant will be responsible for carrying out the works; (ii) the date on which the works must be completed; and (iii) any penalty in respect of a failure to complete the works, or to complete them by a certain date.

- The pub-owning business's policy for investing in the premises to which the tenancy or licence relates by way of improvements and refurbishments to those premises, including any policy on joint investment with its tied pub tenants (paragraph 18(1)).

Regulation 16: A rent proposal must contain the information in **Schedule 2** and any other information which the tenant requires to understand or negotiate the initial or revised rent in an informed manner (1). The relevant Schedule 2 information includes a forecast profit and loss statement for the tied pub for the period of 12 months beginning with the day on which the initial or revised rent or the new rent is payable and the figures and other information which have been relied on to formulate that statement (paragraph 5).

That statement, figures and other information which the pub-owning business provides to the tied pub tenant must (a) be sufficiently clear and detailed; and (b) include justification or supporting evidence for any assumptions, to allow the tenant to understand the basis on which the estimated figures in the statement have been calculated (paragraph 8). Any such information must also be (a) accurate, wherever it refers to historical data; and (b) reasonable, wherever it refers to projected data (paragraph 9).

Regulation 18: The pub-owning business must (a) comply with any reasonable request which is made by the tenant, or a person acting on behalf of the tenant, for information which is relevant to the negotiation of the initial or revised rent; or may help the tenant to understand that rent; (b) otherwise, provide to the tenant, within the period of 7 days beginning with day on which the request was received, a reasonable explanation why the information requested is not provided ((1)).

Regulation 41: The pub-owning business must ensure that each of its BDMs:

- deals with tied pub tenants in a manner that is consistent with the principle of fair and lawful dealing ((1)(c));
- makes appropriate notes of any discussions with tied pub tenants in connection with rent proposals, rent assessments, repairs and matters relating to tenants' current or future business plans, and provides records of those discussions within 14 days ((4)).

Regulation 43: The pub-owning business must ensure that the annual compliance report submitted each financial year by its compliance officer includes a detailed and accurate account of any instances where a breach or alleged breach of the Pubs Code has been identified by a tied pub tenant, along with any steps taken in relation to the breach or alleged breach ((6)(b)).

Pub-owning business to be investigated

The investigation will focus on Stonegate and will not currently extend to any other pub-owning business. If, during the course of the investigation, the PCA becomes aware that the practices under investigation may have been carried out by any other pub-owning business, the PCA will consider and assess what action would be appropriate to take.

Call for evidence

The PCA is issuing a call for evidence to support her investigation. The deadline for submission of evidence is 5pm on 12 August 2026.