



## **What Tied Pub Tenants Need To Know**

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# **Duties of a Pub-owning Business in Connection to renewal of a pub agreement**



## How to use this fact sheet:

This factsheet is for tied pub tenants who want to know more about provisions in the Pubs Code about what a pub-owning business is required to do for new tied pub tenants when they are **renewing their pub agreement**.

It provides information to support tenant understanding. It is not a substitute for the Pubs Code legal framework.

Our website contains other useful information about accessing your Pubs Code rights and the PCA's role as regulator in enforcing those rights: [www.pubscodeadjudicator.org.uk](http://www.pubscodeadjudicator.org.uk)

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## At a glance... Renewal of a Pub Agreement:

You have rights under the Pubs Code if you are considering renewing a pub agreement under either the Landlord and Tenant Act 1954 (LTA) or any contractual terms in the existing agreement (i.e. not a protected LTA tenancy). The exact rights you will have will differ depending on which of these situations applies.

The duties owed by your POB include duties to provide you with certain information and advice. This factsheet sets out all of the duties that apply, as well as your rights to request a MRO option and (for LTA renewals) a rent proposal.

## Terms and abbreviations

Term/abbreviation	What it means
<b>Code</b>	The Pubs Code etc. Regulations 2016
<b>CCO</b>	Code Compliance Officer. Someone employed by the POB who is suitably qualified and whose role is to verify its compliance with the Code
<b>LTA</b>	Landlord and Tenant Act 1954
<b>MRO</b>	Market Rent Only
<b>MRO Option</b>	The option for you to occupy the tied pub under a MRO-compliant tenancy and to pay a rent you have agreed with the POB in line with the MRO procedure or, failing such agreement, the market rent.
<b>New Agreement</b>	A new tenancy of, or licence to occupy, premises which are, or are expected to be, a tied pub but does not include a short agreement or the renewal of a tenancy or licence
<b>PCA</b>	Pubs Code Adjudicator
<b>POB</b>	Pub-owning business (often referred to as pub companies)
<b>Pubs Entry Training</b>	Training which is designed to raise awareness of the matters involved in operating a pub and entering into product ties and other agreements
<b>Protected LTA Training</b>	A tenancy that has the benefit of security of tenure under the Landlord and Tenant Act 1954
<b>Rent Proposal</b>	A proposal made in accordance with Part 3 of the Code
<b>Sensitivity Analysis</b>	An analysis of the potential business performance of the tied pub in the case of an increase or decrease in business income, and the effect on the pub's costs and profitability
<b>Short agreement</b>	A tenancy at will, or any other contractual agreement entitling a tenant to occupy a tied pub for no more than 12 months
<b>TPT</b>	Tied Pub Tenant (this includes a tied pub licensee and lessee)

## When do my Code rights apply?

You have Code rights if you are considering renewing a pub agreement under either of the following:

- the Landlord and Tenant Act 1954 (LTA)
- any contractual terms in the existing agreement (not a protected LTA tenancy)

The duties of the pub-owning business (POB) and your rights to information are different depending on which of the above situations apply.

This factsheet does not cover your Code rights when you and the POB are entering into a new agreement that is not a renewal of an agreement either under the LTA or the terms of the existing tenancy. See our [factsheet](#) on what a POB must do when you are considering a new agreement.

## The Market Rent Only (MRO) option

Renewal of a pub agreement, either under the LTA or the terms of the existing tenancy, is one of four gateways allowing you to request a MRO option.

**Please be aware that there are strict deadlines for when you can request a MRO option as part of a renewal.**

You can find out more about the MRO process, including when and how to access your rights in our [factsheet](#).

## Gaming Machines

See Pubs Code – **Regulation 47**

**Your POB is not allowed to enter into, or renew, a tenancy which says you must purchase or rent gaming machines.**

## What must a POB do if I am renewing an agreement under the LTA?

POB	Tenant
Provides you with a rent proposal (if you request one) and advises you to obtain independent professional advice about that rent	Request a rent proposal from your POB
Identifies reports that analyse tied pub trading and tenancy costs and provides relevant data to allow you to compare the premises' performance	Consider the information received
Advises you to complete Pubs Entry Training	Complete your Pubs Entry Training (as needed)

## Steps before you renew an agreement under the LTA

See below for further information on the POB's duties to you set out in this table.

### Information the POB must provide to you

See Pubs Code – **Regulation 10(7)**

Before the tenancy is renewed the POB must:

- Identify publicly available reports that:
  - analyse the trading and tenancy costs of tied pubs in the UK
  - provide relevant data against which you can compare the performance of the tied pub
- Provide you with copies of these reports, or tell you where and how you can find them
- Advise you to consult the reports identified.

## Rent Proposal

See Pubs Code – **Regulation 15**

If you are renewing your tenancy under the LTA, the Code says you can ask the POB for a rent proposal, which it must then provide.

**Please note: in order to be entitled to a rent proposal at renewal of a tenancy you must request one from the POB. There are strict time limits for you to request a rent proposal.**

For information about when you can request a rent proposal and what the POB must provide as part of a rent proposal, see the PCA's [rent proposal factsheet](#).

Before you agree to pay an amount of rent, the POB must advise you to obtain independent professional advice about that rent.

## Pubs Entry Training

See Pubs Code – **Regulation 9**

Before agreeing the renewal of the tenancy, the POB must advise you to complete pubs entry training.

The POB does **not** need to advise you to complete pubs entry training if any of the following apply:

- You operate at least one other tied pub
- You can show you have at least three years' relevant business management experience
- The POB has previously granted you a tied tenancy.

## Condition of premises

See Pubs Code – **Regulation 13**

The POB should specify in the tenancy the condition of the premises. This is known as the "Schedule of Condition". This is then used or is updated in various circumstances before and during the tenancy.

Where a tenancy requires that you carry out repairs or maintenance of the tied pub, before renewing the tenancy the POB must take the Schedule of Condition into account when assessing any maintenance or repairs required at the premises, or before any obligations about the condition of the premises are agreed.

## What must a POB do if I am renewing an agreement under its contractual terms (not a protected LTA tenancy)?

### At a Glance...

#### Steps before you renew an agreement under its terms

POB	Tenant
Provides information to you, including on the tenancy, the rent, the premises and the Code	Consider professional advice on the information received
Identifies reports that analyse tied pub trading and tenancy costs and provides relevant data to allow you to compare the premises' performance for the purposes of preparing your business plan	Prepare your sustainable business plan

See below for further information on the POB's duties to you set out in this table

#### Information the POB must provide to you

See Pubs Code – **Regulation 11**

A POB must make sure you have received certain information **before you consider any independent professional advice for your sustainable business plan**. This helps to make sure you are informed before you renew the agreement.

A POB must provide **information** about the following:

- The Pubs Code and any code of practice the POB may have for dealings with tied pubs
- Information about the type of tenancy or licence
- A full and clear description of the premises, and information about fixtures and fittings
- Information about the respective maintenance and repair obligations of you and the POB
- Obligations in relation to the purchase of tied products and services
- Whether the tenancy may be assigned or sold, and relevant procedures for you and the POB

- The advice, support and assistance available to you during the tenancy or licence, circumstances when the POB may be willing to amend its standard terms, and the events which entitle you to seek the Market Rent Only option
- Responsibilities of the POB / you regarding insurance
- Arrangements for payment of rent and deposits
- Information about your obligations under [Transfer of Undertakings \(Protection of Employment\) Regulations 2006](#)
- Procedures for where you breach the tenancy or licence, or where the POB breaches the Code.

The **full detail** of information the POB must provide is in [Schedule 1 to the Code](#).

## Sustainable Business Plan

See Pubs Code – **Regulation 10**

Before agreeing the renewal of the tenancy with you, the POB **must make sure** you have prepared a sustainable business plan.

**Before you prepare the sustainable business plan, the POB must:**

- Identify publicly available reports that:
  - analyse the trading and tenancy costs of tied pubs in the UK
  - provide relevant data against which you can compare the performance of the tied pub
- Either provide you with copies of these reports, or inform you of where and how they can be found
- Advise you to consult the reports identified.

**Your sustainable business plan must:**

- Have been prepared after you have considered independent professional advice (such as business, legal, property and rental valuation advice)
- Contain financial forecasts for the tenancy or licence period, including:
  - Estimates of income and expenditure
  - A sensitivity analysis
  - The impact of any indexation of rent or other costs in the new agreement
  - A forecast of reasonable and realistic income and net profit.

**You have the right at any time to request from your POB a blank template for completing a profit and loss account for your business.**

See Pubs Code – **Regulation 48**



If you have any queries or concerns about the steps your POB is required to take or has taken when you are renewing an agreement, you may wish to contact your POB's **Code Compliance Officer (CCO)**.

To find out more about the role of the CCO and for their contact details, please see our helpful [factsheet](#)

If you have a dispute with your POB about whether it has complied with its duties under the Code, you may be able to refer the dispute for arbitration. To make an arbitration referral, please complete the [Referral Form](#).

For **more information** about:

**Making a Pubs Code arbitration referral** [visit our website](#)

**Getting help and support** with the Pubs Code and arbitration, see our helpful [factsheet](#)

## The POB must not subject you to any detriment for using the Pubs Code

See Pubs Code – **Regulation 50**

Your POB must not subject you to any detriment because you exercise, or try to exercise, any right under the Code. You can report this to the POB's CCO or make an arbitration referral if appropriate.

## Unenforceable terms

See Pubs Code – **Regulation 57**

Any term in your tied agreement that penalises you for requiring the POB to act, or not act, in accordance with your Code rights cannot be enforced.

## Questions about this factsheet

For **general queries** about the information in this factsheet, you may contact our enquiry service.

Please note, we can provide information about your rights, the Code and our processes. We cannot advise you about your case.



Complete our [online enquiry form](#) at [www.gov.uk/pca](http://www.gov.uk/pca)



Email: [office@pubscodeadjudicator.gov.uk](mailto:office@pubscodeadjudicator.gov.uk)



Call 0800 528 8080 to request a call back

This factsheet provides information to support tenant understanding. It is not a substitute for the Pubs Code framework.

**You may find it helpful to take independent professional advice before making any decisions that may affect you and your business.**

## Find out more

Follow the PCA on social media @pubscodepca



[Access all PCA factsheets here](#)

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