

PCA Publishes Revised Regulatory Compliance Handbook

News story

The Office of the Pubs Code Adjudicator has published a revised edition of its Regulatory Compliance Handbook.



The [Regulatory Compliance Handbook](#) chapter on Market Rent Only (MRO) Proposals, published in November 2019, ensured that a Pub-owning business (POB) provides its tied tenant with full information about how it justifies its MRO proposal as compliant.

This Chapter, and the first three chapters of the Handbook dealing with POBs' communications with tenants, Business Development Managers and MRO communications and process originally published in December 2017, are now reissued with revisions and in a single document.

Pubs Code Adjudicator (PCA) Fiona Dickie said:

I know that for tenants to satisfy themselves that they are no worse off under their tied agreement than they would be if they were free of tie, they must freely be able to exercise their right to a compliant MRO option.

The law gives the POB the sole power to propose MRO terms, so holding them to account for how they do that is important.

Tied tenants know that the MRO experience has been far from perfect. Too many MRO requests end up in arbitration, even though there are now fewer new disputes and they are not taking as long as they did. Ministers have heard the MRO concerns of stakeholders, including the PCA, in responses to the statutory review.

In the meantime, I'm keeping a close eye on how the Handbook and other innovations, like the initial stay in arbitration proceedings, are influencing POB behaviour so I can consider

whether and how to exercise additional regulatory powers to further reduce disputes and improve the MRO experience for TPTs.

The Regulatory Compliance Handbook addresses the minimum standards of behaviours that the PCA expects POBs regulated by the Pubs Code to adopt. It has been updated:

- To make it clear that it applies to the preparation of all MRO proposals, including revised responses provided during the course of MRO negotiations, or as ordered by the arbitrator following a Pubs Code arbitration.
- To reference recent court judgments – confirming that the length of a proposed MRO tenancy must be reasonable. The POB cannot simply offer the remaining term of the existing tenancy without also considering whether that is reasonable in the circumstances.
- To make it explicit that when preparing a MRO offer, the POB must complete a Compliance Checklist and Declaration not only to record the decisions they have made in each case about compliance, but also to explain why they have made those decisions. This can be found towards the end of the Handbook, and the PCA encourages tied tenants to ask for a copy of the Checklist to aid them in negotiations.

End

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