

[Pubs Code changes – Important information for the tied pub industry](#)

The Government is making changes to the Pubs Code from 1 April 2022. The Pubs Code Adjudicator (PCA) will be publishing more information over the coming weeks to help the industry understand the changes. In the meantime, you can find a summary of the changes below.

Market Rent Only (MRO) Procedure

The Pubs Code allows the tied tenant to request the option of a MRO tenancy for their pub at certain points in a tenancy, including at renewal or at a rent review. If the event which allows them to request a MRO option takes place on or after 1 April 2022, there will be an updated MRO procedure.

This involves a longer period to negotiate before the deadline to make a referral for arbitration in relation to any dispute about the compliance of the MRO terms.

The tied tenant can end negotiation earlier if preferred, for example, the terms are agreed but the tenant wants to refer the rent to an independent assessor.

From 1 April 2022:

1. The 21-day period in which the tied tenant must send their MRO notice to the pub company will start the day after the MRO event, instead of on the day the event happened.
2. The pub company must send an offer for the amount of rent payable as part of the MRO proposal. If it does not, the tied tenant has 14 days starting the day after they receive the MRO proposal to make an arbitration referral to the PCA.
3. If the pub company disagrees there has been a MRO event, the tied tenant has 14 days from receiving that response to make an arbitration referral to the PCA.
4. If the pub company fails to send any response, the tied tenant has 14 days from the end of the 28-day period of response to make an arbitration referral to the PCA.
5. A tied tenant who receives a MRO proposal will have a 3-month resolution period to consider the proposal and negotiate with the pub company about the terms and rent.

6. Within 7 days of the resolution period ending, the pub company can send an updated MRO proposal to reflect the negotiations. This 7-day period is known as the updated period of response.
7. The tied tenant can end the resolution period earlier than 3 months after receiving the MRO proposal by giving the pub company 7 days' notice. But the resolution period must last for at least 21 days.
8. The tied tenant has 21 days after the end of the updated period of response to:
 - refer the pub company's proposal to the PCA for arbitration if they do not consider the terms are MRO-compliant
 - refer any dispute about the MRO rent to an Independent Assessor

Please note, the above highlights some important changes to the time limits but it does not represent the full scope of the amendments. The PCA will shortly be publishing a factsheet setting out further details of the new MRO procedure to apply to MRO events after 1 April 2022.

Annual price increases triggering right to request MRO and rent assessment

A tied tenant may request MRO and/or a rent assessment if there is a significant increase in the price of tied products or services. The Code sets out how to calculate whether there has been a significant increase in price.

For invoices received 1 April 2022 onwards, the 'comparison period' in the calculation changes so that the periods being compared when determining whether there has been a significant increase in price will be 12 months apart instead of 13 months.

Extended protection

When a pub company sells a tied pub, the tied tenant will keep their rights under the Pubs Code for a period of time (except the right to the MRO option). From 1 April 2022, the pub company must give details to the PCA of who they have sold the tied pub to.

This will allow the PCA to contact the new landlord and ensure that the continuing rights of those tied tenants are protected.

Changes to when a pub company starts being regulated under the Code

The Pubs Code regulates companies owning 500 or more tied pubs in England and Wales. The period for which a pub company must own 500 or more tied pubs in

the previous financial year (in order to become regulated and have to comply with the Pubs Code) is being reduced from 6 months to 3 months.

This means that tied tenants will be protected by the Code sooner.