

Update following PCA investigation into Star Pubs & Bars

News story

Next steps following the investigation into Star Pubs & Bars use of unreasonable stocking terms in proposed Market Rent Only (MRO) tenancies



The Pubs Code Adjudicator (PCA) recently published the findings of its investigation into Star Pubs & Bars in which it found that Star had committed a total of 12 breaches with the result that it had frustrated the principles of the Pubs Code. As well as identifying how the company had offered stocking terms that had acted as a deterrent to tenants pursuing a free-of-tie tenancy, the PCA highlighted systemic corporate failures by Star in its approach to compliance.

Following the investigation into Star, the PCA has:

- Made 8 recommendations telling Star what they must do to make good the harm caused to tenants and to ensure that they comply with the Pubs Code (summarised below)
- Said that it will require Star to publish a letter on its website to all its tenants explaining the findings in the investigation report, what Star will do in response to the recommendations and how these measures will affect tenants from a practical point of view
- Imposed a £2 million financial penalty on Star

Star were required to report to the PCA directly, within 6 weeks, with their proposed measures to comply with the recommendations. The PCA has now received Star's implementation plan and is currently engaging with them, including a meeting before the Christmas break, to ensure that the plan is appropriate to enable the recommendations to be implemented effectively. This

will include an appropriate timetable for writing to tenants

The PCA will publish progress updates relating to the plan and monitoring delivery on the PCA's website.

The PCA's recommendations are summarised below.

Recommendations 1-7 focus on improvements Star must make to its current and future behaviour.

Recommendation 8 focuses on actions Star must take relating to tenancies that are already completed.

Recommendation 1:

- When making a MRO proposal Star must follow PCA advice and guidance, have evidence for the reasons why its offer is reasonable, take into account and record the factors it has relied on.

Recommendation 2:

- When serving a MRO proposal and when negotiating with tenants, Star must be transparent and provide tenants (or their representatives) with the evidence supporting its grounds for reasonableness.

Recommendation 3:

- When Star receives an arbitration award relating to compliant MRO terms or new PCA advice, guidance or investigation outcomes, Star must be proactive in considering whether MRO proposals in negotiation or arbitration contain non-compliant stocking terms. Star must be straight with tenants about that non-compliance, offer a new proposal, be as open as it can on the reasons for the change and ensure any policies and templates are updated.

Recommendation 4:

- Star's Code Compliance Officer (CCO) role must be sufficiently supported and independent to enable the CCO to challenge decisions that may be non-compliant with the Code. The CCO's job description should ensure the requirements of the CCO role are upheld and given primacy above other objectives.

Recommendation 5:

- Star must implement a monitoring system that supports the CCO's statutory duties under the Code. Any new system must provide for independent monitoring, further improvements to be made and a framework which evidences the effectiveness of Star's approach.

Recommendation 6:

- Star must ensure that its record-keeping and administrative systems can

support and evidence Star's Code compliance.

Recommendation 7:

- In the next annual training cycle Star must train all its work force on the findings from the investigation.

Recommendation 8:

- Star must carry out an audit of its completed MRO tenancies to identify any non-compliant stocking terms (because they do not fall within the definition of a stocking requirement or are unreasonable and non-compliant given the report findings). Star must offer to change those terms (or agree not to enforce them) without cost to the tenant.

End

Notes

[Investigation report](#)

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