

Update on Star Pubs & Bars' compliance with PCA investigation recommendations

The Pubs Code allows a brewing pub company to protect its route to market when a tenant chooses to go free of tie by including a stocking requirement in its Market Rent Only (MRO) tenancies. This means a tenant who takes the MRO option may still be required to stock some of the pub company's products. But the stocking requirement must be reasonable, and the tenant must be able to buy those products from any supplier.

In June 2019, the PCA launched an investigation into the use of the stocking requirement by Star Pubs & Bars (Star), which is part of the Heineken group. The PCA found that Star had failed to comply with the Pubs Code by using unreasonable stocking terms in certain proposed MRO tenancies. The findings were published in October 2020 and can be read in full [here](#).

In addition to a financial penalty, the PCA made eight recommendations to Star outlined on page 31 to 33 of the report. These were designed to ensure Star's proposed stocking requirements comply with the Pubs Code and address harm to tenants from any non-compliant stocking terms proposed since the Code came into force in 2016.

Star's Action Plan for complying with the PCA's recommendations was updated in August 2022 and can be read [here](#). Most actions are now reported as closed. The Action Plan shows the steps Star has taken to ensure it can demonstrate evidence-based compliance with the Code. Such compliance is to be supported by effective operational systems and independent assurance within Star, such as through introducing monthly 'Compliance Cabinets' in Star's management system.

In summary, recommendation 3 required Star to review its MRO offers that were subject to negotiation or arbitration to identify any non-compliant stocking requirements and make new compliant offers to tenants. 76 tenants were affected and 32 have now concluded their MRO tenancy or are in the process of doing so. Other tenants have chosen to stay tied.

Recommendation 8 required a similar review of MRO tenancies already in the market, and for Star to offer to amend any non-compliant stocking requirements at no cost to the tenant. 17 tenants were affected and 14 have now concluded changes to their MRO tenancy or are in the process of doing so.

In all affected MRO cases, Star reduced the amount of Heineken UK product the pub must stock. The keg stocking requirement was either equivalent to or a reduction for the tenant on the previous requirement based on a percentage of taps that must stock Heineken UK products. In most cases, the cask and packaged brand stocking requirements were removed. It was also clarified in tenant agreements that stocking obligations fall away if Star sells the pub

Further information about Star's compliance with recommendations 3 and 8, and

examples of the improved terms, can be read [here](#).

The PCA continues to monitor Star's compliance with recommendations 3 and 8 while agreements are concluded. Star has informed the PCA that where the tenant has not responded to contact, it is taking steps to treat the matter as closed. In the small number of cases where this applies, the PCA is monitoring Star's handling to ensure it is fair and open with tenants.

Star tenants who have any questions about the investigation recommendations can contact Star's Code Compliance Officer, Lynne Winter at pubscode@starpubs.co.uk or the PCA team at office@pubscodeadjudicator.gov.uk.

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