

# PGB NEWS RELEASE

Thursday, 5th November 2020

## PUB GOVERNING BODY LTD

### 4th ANNUAL AUDIT REPORT

**Pub Sector – England & Wales TENANTED Code of Practice (1-499 Tied Pubs)**

**Pub Sector – England & Wales LEASED Code of Practice (1-499 Tied Pubs)**

#### **INTRODUCTION**

The annual audit of companies operating tied public houses covered by either of the above codes of practice was carried out between August and September 2020 and covered the period 1<sup>st</sup> August 2019 – 31<sup>st</sup> July 2020.

Conducted in what has been an unprecedented year due to the Covid 19 pandemic, this is the fourth audit to take place since the new codes of practice came into effect for those companies operating 1-499 tied leased or tenanted pubs, and/or tied pubs in Scotland. A full list of those companies covered by each code can be found in Annex A.

Those companies not covered by the government's Pubs Code (those operating fewer than 500 tied pubs) and the Pub Governing Body agreed that the good practice enshrined in the Industry Framework Code that preceded statutory regulation of the larger chains should continue. They therefore developed the three new Codes based on the Industry Framework Code, with additional improvements and updates. In Scotland, which is not covered by the Statutory Code, the majority of companies operating tied pubs have signed up to the bespoke Scottish Code which was created specifically for the Scottish tied pub sector.

Now Scotland has its own Pub Governing Body, Scottish Pubs Independent Conciliation and Arbitration Service (PICA Service) as well as its own panel and surveyors for the Pub Independent Rent Review Scheme (PIRRS), our report this year has been split into two parts, one for England & Wales and one for Scotland.

#### **COMMENTS FROM THE ENGLAND AND WALES BOARD**

**The Board is pleased to see that the data in the fourth annual report once again shows there is a high level of compliance with both codes in England & Wales.**

**The Board welcomes the full compliance regarding both business plans and the number of rent reviews settled within the audit period, apart from those which had to be delayed as a result of Covid 19. The Board is also pleased that pubs within its jurisdiction, that are protected by the landlord and tenant act remain steady at circa 80 %.**

**On training, although most BDMs or similar have undergone training, now that most staff have returned from furlough, the Board urges that training re-commences for those newer to the industry.**

**Sir Peter Luff, Chairman of the Pub Governing Body, England and Wales commented,**

**“This, the latest report of the annual survey on the compliance of companies governed by our Codes, is again very encouraging.**

**“The disruption caused by the Covid-19 pandemic has caused immense commercial challenges for all pubs, leading the Board to agree a temporary suspension of rent reviews. Apart from the resulting rise in the number of rent review still in negotiation and the short-term impact of the epidemic on training of new BDMs, all the other results in this survey show high levels of compliance for the fourth successive year.**

**“We do not take these excellent results for granted, though, and the training of BDMs is an area we will be watching carefully this year.**

**“The Pub Governing Body and its associated Codes are together proving that self-regulation is both effective and unbureaucratic, but we will, of course, continue to monitor and review our Codes to ensure they remain relevant to both companies and tenants.”**

## **HEADLINE STATISTICS – ENGLAND & WALES**

The full list of companies covered by the respective codes can be found in Annex A.

(Figures in brackets are 2018-19)

### *Pubs surveyed*

- 2,716 (2,805) tied pubs are covered by the codes of practice for under 500 companies (England & Wales)
- Of these, 2,344 (2,411) are classified as tenancies and 372 (394) as leases.
- The fall in the total number of pubs from last year is 89 with 46 of these due to a drop in the number of pubs belonging to the under 500 companies. The balance of 43 is due to a higher number of Tenancy at Will's (TAW's) and closed pubs that, at the time of reporting, were not subject to the under 500 code.

### *Code compliance (Please note drop in total numbers in the main due to Covid 19 lockdown)*

- 303 (417) final interviews took place for leases and tenancies in the survey period.
- 303 (417) business plans were completed being 100% with none outstanding.
- Pre-Entry Awareness Training (PEAT) was completed in 190 (292) cases 62.70% (70.02%). The remaining 37.30% (29.98%) were waived as applicants were multiple retailers with a number of other pubs, had three years previous tenanted/leased

experience or already had an existing successful tied pub with the company concerned.

#### *Rent reviews*

- In the survey period, there were 340 (251) rent reviews triggered.
- Of these 259 (249) or 76% (99%) were negotiated and settled within the same period.
- 81 (2) or 24% (1%) were still under negotiation.

The PGB wrote to all companies and issued a statement that due to the Covid 19 Lockdown, and with many staff on furlough, rents negotiations were placed on hold from 16<sup>th</sup> March to the 30<sup>th</sup> June. Of the 81 rent reviews outstanding 76 are reported to have been delayed due to Covid leaving 5 (1.47%) outstanding. This number is in line with previous years.

#### *Business Development Managers*

- 93 (96) BDMs were employed by companies over the survey period.
- 76 (93) of these 81% (97%) were BIIAB Level 4 trained.
- The remaining 17 (3) have only just joined the company (the Code allows for training within 24 months of being appointed) or are waiting for courses to become available.

#### *PIRRS and PICA-Service*

- There were no referrals to PICA-Service in the survey period.
- There was one referral to PIRRS in the survey period.

#### *'Protected' agreements*

- The total number of pubs with substantial agreements was 2716 of which 2184, 80% (82%) are Landlord & Tenant Act 'protected'. The remaining 532 or 20% (18%) are 'unprotected' agreements.

# PUB GOVERNING BODY LTD

## 1st ANNUAL AUDIT REPORT

### **Pub Sector – Scotland Code of Practice**

#### **INTRODUCTION**

This is the first annual audit of companies operating tied public houses covered by the above Scottish Code of Practice which was carried out between August and September 2020 in what has been an unprecedented year due to the Covid 19 virus. The audit covers the period 1<sup>st</sup> August 2019 – 31<sup>st</sup> July 2020. A full list of those companies covered by the code can be found in Annex A.

The Pubs Code does not cover Scotland and pub companies with pubs in Scotland listed in Annex A agreed that the good practice enshrined in the Industry Framework Code that preceded the Pubs Code introduction in England and Wales should continue in Scotland.

During the reporting year the Scottish Pub Governing Body was formed. The Board agreed that the position of Chair would be on a one year rotational basis, chosen from the Board Members. The Board are delighted to announce that in the first year the Chair will be Jo Graham.

The members are as follows:

Jo Graham – Chair PGB Scotland - Chair British Institute of Innkeeping Scotland

Willi McLeod – UK Hospitality Scotland

Paul Waterson – Scottish Licensed Trade Association

Paul Wishart – Greene King

Brian Davidson – Star Pubs and Bars

Paul Togneri – Scottish Beer & Pub Association

#### **COMMENTS FROM THE SCOTTISH BOARD**

**The Board is pleased to see that following the formation of the Scottish PGB figures are mainly in line with the three reports that proceeded under the auspice of the England and**

Wales Board and shows there remains a high level of compliance in Scotland, as evidenced by the data below.

Of note once again was the full compliance regarding business plans, and the number of rent reviews settled within the audit period outside of those delayed by Covid 19. On training, it was noted that Scotland again was compliant with all but two BDM's who have recently been appointed having undergone Level 4 training.

## HEADLINE STATISTICS – SCOTLAND

The full list of companies covered by the respective codes can be found in Annex A.

### *Pubs surveyed*

- 383 (430) tied pubs are covered by the codes of practice in Scotland
- Of these, 240 (270) are classified as tenancies and 143 (160) as leases.
- The fall in the total number of pubs from last year is 47, 17 of these are due a drop in numbers of pubs belonging to the under 500 companies. The remaining drop of 30 is due to a higher number of Tenancy at Will's (TAW's) and closed pubs that at the time of reporting are not subject to the code.

### *Code compliance*

- 67 (66) final interviews took place for leases and tenancies in the survey period.
- 67 (66) business plans were completed (100%).
- Pre-Entry Awareness Training (PEAT) was completed in 34 (49) cases 69% (74%) of the total. The remaining 31% (26%) were waived, as applicants were multiple retailers with a number of other pubs, had three years previous tenanted/leased experience or already had an existing successful tied pub with the company concerned.

### *Rent reviews*

- In the survey period, there were 34 (26) rent reviews triggered.
- Of these, 23 (19) or 67% (73%) were negotiated and settled in the same period.
- 11 (7) or 33% (27%) were still under negotiation.

The PGB wrote to all companies and issued a statement that due to the Covid 19 Lockdown rents negotiations were placed on hold from 16<sup>th</sup> March to the 30<sup>th</sup> June as many staff were on furlough. Of the 11 rent reviews outstanding all 11 are reported to have been delayed due to Covid.

### *Business Development Managers*

- 18 (17) BDMs were employed by companies over the survey period.
- 16 (17) of these were BIIAB Level 4 trained the remaining two are within the 24-month training period for new BDM's.

### *PIRRS and PICA-Service*

- There were no referrals to PICA-Service in the survey period.
- There were no referrals to PIRRS in the survey period.

*Protected' agreements*

- Not applicable, there is no Landlord & Tenant Act in Scotland.

**ANNEX A – SIGNATORIES TO THE CODES**

England & Wales

Adnams plc

Arkell's Brewery Limited

Camerons Brewery Limited

Charles Wells Limited

Daniel Batham & Son Limited

Daniel Thwaites plc

Everards Brewery Limited

Frederic Robinson Limited

Fuller Smith & Turner plc

George Bateman & Son Limited

Gray & Sons Limited

Hall & Woodhouse Limited

Harvey & Son (Lewes) Limited

Hawthorn Leisure Limited

Heavitree Brewery plc

Holdens Brewery Limited

Hook Norton Brewery Company, Limited

Hyde's Brewery Limited

J.C. & R.H. Palmer Limited

J.W. Lees & Co. (Brewers) Limited

Joseph Holt Limited

Liberation Group Ltd/Butcombe Brewery

McMullen & Sons Limited

Mitchells & Butlers plc  
NewRiver Retail Limited  
St Austell Brewery Company Limited  
S.A. Brain & Company, Limited  
Shepherd Neame Limited  
Timothy Taylor & Co. Limited  
Trust Inns Limited  
WH Brakspear & Sons Limited  
Wadworth and Company Limited  
Young and Co's Brewery plc

### Scotland

Admiral Taverns Limited  
Belhaven/Greene King plc  
Hawthorn Leisure Limited  
Punch plc  
Star Pubs & Bars/HEINEKEN UK Limited  
Trust Inns Limited

**ENDS**

### **Notes to editors:**

The Pub Governing Body members are six of the industry's leading associations representing both tenants and landlords: The UK Hospitality, The Licensee Association, The British Beer & Pub Association (BBPA), The British Institute of Innkeeping (BII), the Federation of Licensed Victuallers Associations (FLVA), and the Guild of Master Victuallers (GMV).

If you have any questions please contact:

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