



Pubs Code
Adjudicator

Pubs Code: Regulation 43 Star Pubs & Bars Annual Compliance Report for pub-owning businesses

References throughout to 'Regulations' are to the Pubs Code etc. Regulations 2016

References throughout to 'SBEEA' are to the Small Business, Enterprise and Employment Act 2015

Section 1: Audit Committee Statement on Compliance

In accordance with the statutory requirements set out in Regulations 43(5), (7), (8) & (9) of The Pubs Code etc. Regulations 2016, Star Pubs & Bars confirms that prior to submission this report has been approved by Lawson Mountstevens as Managing Director, Star Pubs & Bars, Heineken UK.

This approval is supported by the provision and evaluation of reporting information to demonstrate compliance with the Code.

Star Pubs & Bars do not produce an annual report but a summary of this compliance report will be available on the Star Pubs & Bars website following submission on 31st July 2019.

Following the provision of additional information by Star Pubs & Bars the Compliance Report has been amended. The changes have been approved by Lawson Mountstevens as Managing Director, Star Pubs & Bars, Heineken UK. The amended report will be made available on the Star website with effect from 21st October 2019.

Section 2: Tied Estate Summary

<i>As of 31 March 2018, total number of Pubs Code Agreements</i>	2299
Total acquisitions since 31 March 2018	0
Total disposals since 31 March 2018	111
<ul style="list-style-type: none"> • Which were to another Pub Owning- Business (POB) (for use as a pub) 	0
<ul style="list-style-type: none"> • Where the title has been transferred to the ownership of a person who is not a landlord of 500 or more tied pubs (for use as a pub) 	93
<ul style="list-style-type: none"> • Directly disposed for other use 	18
<ul style="list-style-type: none"> • I can confirm that Star has informed the PCA and its tenants of any change during the reporting period to its status as a landlord of 500 or more tied pubs as required by Regulation 45 • Star has in each case met its obligations under Regulation 49 and taken steps to inform the tenant of plans to sell the pub 	
<i>As of 31 March 2019, total number of Pubs Code Agreements</i>	2106
Of total Pubs Code Agreements, how many are:	
<ul style="list-style-type: none"> • Agreements contracted in to the Landlord and Tenant Act 1954 	1395
<ul style="list-style-type: none"> • Agreements not contracted in to the Landlord and Tenant Act 1954 	342
<ul style="list-style-type: none"> • Short Agreements under Regulation 14 <small>*includes 74 which are over 12 months</small>	369*
<ul style="list-style-type: none"> • Pub Franchise Agreements under Regulation 55 	0
<ul style="list-style-type: none"> • N.B. Please note that as of the date of reporting Star has 145 closed houses which we would anticipate being covered by the code upon reopening. Further Star has 113 Just Add Talent Managed Operators Agreements 	
<ul style="list-style-type: none"> • Qualifying Investments under Regulation 56 	113

Types of Agreements

The table below shows a breakdown of the types of agreement within Star.

Agreement Type	Number of Tenants	Inside / Outside Code
Business Start Up	54	Inside
3/5 year agreement	140	Inside
FRI	232	Inside
TMA	369	Depends if < or > 12 months
Rolling agreements	356	Inside
Punch Agreements	937	Inside
Agreement to Lease	16	Inside/Outside depending upon lease
Agreements other acquisitions	2	Inside
Closed	145	Outside
Just Add Talent	113	Outside

The characteristics of the Star agreements can be found at the link below and this includes blank copies of the agreements currently offered.

<https://www.starpubs.co.uk/agreements>

As part of the acquisition of pubs from Punch Taverns, Star inherited over 50 different lease types. These will continue to be in place across the estate for some time and may form the basis for some future renewals. All new agreements are granted on the standard Star agreements.

Section 3: Code Compliance

Part I: Investigations

N/A

Star Pubs & Bars has not been subject to any investigations under section 53 of SBEEA during the reporting period

Part II: Enforcement

N/A

Star Pubs & Bars has not been subject to any enforcement measures taken by the PCA, in respect of it; under sections 55-58 of SBEEA.

Part III: Guidance and Advice

Star Pubs & Bars is committed to the Pubs Code, both in word and spirit. New legislation brings challenges and uncertainty but we aim to work transparently and collaboratively with lessees. We have continually listened and reflected learnings in our processes, correspondence and ways of working.

Star Pubs & Bars is committed to openly sharing information about the Pubs Code with our lessees and our commitment to this is shown by the signposting of information at all stages of the process, full details can be found in following sections.

Whilst minimum requirements are laid out within the Code Star in a number of cases go beyond the legislation through our Code of Practice 'Working with Star' commitments. We will continue to review and update our ways of working on a regular basis. I set out below the summary of our approach to recent publications:

PCA Guidance / Advice	Date Published	Summary	Star's action
Factsheet 15: Arbitration Costs	22 June 2018	Information about PCA arbitration costs	Star had had reference to the PCA's Factsheet in determining its approach to costs claimed in any arbitrations, particularly in terms of what is expected to be included in any request for costs (paras 9-12)
Pubs Code: what tied tenants should expect	22 June 2018	Designed to help TPTs understand POBs' obligations under the Pubs Code	Star reviewed the PCA's factsheet and noted that this represents its existing dealings with tenants and ways of working in Pubs Code matters.
Code Compliance Officer Information	20 September 2018	Information about the role of CCO including contact details	The information published by the PCA as to the CCO's role has been noted and reflects the actions already undertaken by

			Mr Moore. The Star website has been updated to include a more accessible Pubs Code dedicated area.
About the Code	22 November 2018	Information about the Pubs Code; links to legislation; information about IAs, factsheets	The information published has been reviewed by Star to ensure our operations in relation to Pubs Code matters are reflective of the content.

Part IV: Unfair Business Practices

Star Pubs & Bars has not been subject to any representations from the PCA about business practices that have been the subject of a report in avoidance to the Secretary of State under section 71A SBEEA.

Section 4: Tied Agreements

Part I: Code Tied Agreements

During the reporting period, numbers of:

New Agreements

342

Pubs available for let are advertised on the Star Pubs & Bars website including key information that a lessee requires to make an informed choice about taking a pub. This includes, but is not limited to, the information set out in Schedule 1 of the Code.

An applicant will complete an online application form which is reviewed by the Star Pubs & Bars recruitment team. This team will then hold a first round telephone interview. If successful a second stage interview will be held with the Business Development Manager (BDM).

The applicant must visit the pub, review all information provided and take professional advice before completing a business plan. This plan will be reviewed before any formal offer is made. The offer will be made in a Heads of Terms document, the content of which will be discussed at a meeting with a Star Pubs & Bars representative.

Star Pubs & Bars advises all lessees to complete appropriate industry training i.e. the Pre-Entry Awareness Training (PEAT) provided by the BII. Star Pubs & Bars have also developed 'Inside Knowledge', a 5 day residential course which all applicants, unless they fulfil a strict waiver criteria, must attend prior to taking on a lease.

Once an applicant has fulfilled this criteria the lease will be instructed. All applicants must use a solicitor to complete the lease and once complete the lessee will receive a copy for their records.

Assignments

27

Forfeitures

4

- Of pre-Pubs Code tenancies

3

<ul style="list-style-type: none"> Of tenancies granted since the Pubs Code came into force 	1
<p><i>Breakdown of how many Forfeitures were for tenancies of:</i></p> <ul style="list-style-type: none"> <i>Less than 1 year</i> <i>between 1-2 years</i> <i>between 3-5 years</i> <i>6 years and older</i> <p>Pub 1 – 5 year agreement with effect from May 17 Pub 2 – 10 year agreement with effect from October 12 Pub 3 – 5 year agreement with effect from June 16 Pub 4 – 5 year agreement with effect from April 14</p> <p><i>Narrative report on reasons for forfeiture.</i></p> <p>The decision to commence forfeiture proceedings will only be made in line with the Star credit policy. This will occur when other alternatives have been explored but the issues have not been resolved. Forfeiture is most often started for non-payment of rent but may also be for other significant lease breaches.</p>	
Section 146 notices issued	4
<p><i>Narrative report/breakdown of the process and/or procedures followed when issuing a Section 146 notice.</i></p> <p>All section 146 notices are issued via Star’s legal advisors.</p>	
<p>Legal Surrenders (<i>where the TPT has surrendered their agreement and left the pub and <u>not</u> instances of ‘surrender and regrant’.</i>)</p> <p>*This only includes formal legally documented surrenders and does not include informal surrenders</p>	61*
<p><i>Narrative report on the reasons for these Legal Surrenders.</i></p> <p>A legal surrender is negotiated with a tied pub tenant to bring the legal agreement to an end prior to the expiry date. This can be for a number of reasons including, but not limited to, debt, change in lessee circumstances e.g. divorce, illness etc., or the tenant simply not wishing to continue with their lease.</p>	
Abandonments	18
Renewals	69
<p><i>Narrative report on how the POB has complied with the Code requirements to provide statutory information.</i></p> <p>Star Pubs & Bars will write to the lessee 12 months before the expiry date to inform them that they have an upcoming renewal date.</p> <p>The letter sets out the rights of the lessee and directs them to the Pubs Code Adjudicator</p>	

website for further information.

When inspecting the pub for the purposes of renewal the Estates Manager will explain to the lessee their rights of both renewal and Pubs Code.

Seven months before the renewal date the Landlord's section 25 notice is served. A renewal pack is issued containing:

- Section 25 notice and covering letter – including information for the tenant on their MRO rights, process and timescales
- Shadow Profit and Loss
- MRO Notice template
- Pubs Code Adjudicator Factsheets
- Flowcharts showing MRO procedure and process
- Signpost and link to PCA website

Please explain the approach you have taken to agreeing terms in renewals to deal with assessments of terminal dilapidations

A dilapidations survey is undertaken by a suitably qualified professional at least 12 months before the contractual lease expiry.

The costed survey is given to the pub and one of our maintenance surveyors will meet on site with the lessee to discuss the schedule and agree a plan.

Upon confirmation from the lessee that the works have been undertaken, or within a suitable time period a re-inspection will occur to confirm the works have been completed.

Star Pubs & Bars has changed our dilapidations policy in response to the market and to ensure that dilapidations is not a barrier to taking an MRO agreement. Rather than having to complete the dilapidations before changing agreement the lessee now has until the first rent reviews (5 years), or end of the agreement to comply.

Investment Exceptions agreed under Regulation 56 (*the data requested here is for the number of investment exceptions agreed during the reporting period. The data requested in Section 2 is for the **total** number of current investment exceptions*).

44

Part II: Code Rent Assessments

During the reporting period, numbers of:

Total number of Rent Proposals and Rent Assessment Proposals in connection with a contractual review.	263
<p><i>Narrative report on how the POB has complied with the Code requirements to provide statutory information.</i></p> <p>Star Pubs & Bars issues the statutory information via our Pub Support team – working instructions and checklists ensure that the correct information is provided. All correspondence on these matters being sent to a tied pub tenant will be approved by the Estates Manager for the pub. If legal notices are to be served e.g. Section 25 notices, this will be done via Star’s legal advisors.</p>	
Total number of Rent Assessment Proposals requested by tenant	0
reason of no rent review concluded in last 5 years	2
reason of a significant increase in price	0
By reason of a trigger event	0
<p><i>Narrative report on how the POB has complied with the Code requirement to provide statutory information.</i></p> <p>Star Pubs & Bars issues the statutory information via our Pub Support team – working instructions and checklists ensure that the correct information is provided. All correspondence on these matters being sent to a tied pub tenant will be approved by the Estates Manager for the pub. If legal notices are to be served e.g. Section 25 notices, this will be done via Star’s legal advisors.</p>	
<p><i>Narrative report on how the POB has complied with the statutory Code deadlines</i></p> <p>Star Pubs & Bars has clear reporting in place to ensure that timescales and deadlines are met. These are produced by the Pubs Support team and form part of the day to day working of the Estates Managers. They are reviewed regularly with the Heads of Estates and Compliance Manager.</p>	
Total number of requests for Rent Assessment Proposals rejected	2*
<p>*these are in addition to the 2 valid notices received as accounted for above. The requirements set out within the Pubs Code had not been met.</p>	

Part III: Renewals under the Landlord and Tenant Act 1954 (LTA)	
<i>During the reporting period, numbers of:</i>	
Section 25 Notices issued opposing a new tenancy	1
Section 25 Notices issued proposing a variation of the terms	69
Section 26 Notices opposed	0
Section 26 Notices unopposed	0
<p><i>Narrative report on:</i></p> <ul style="list-style-type: none"> • Which grounds were relied upon to oppose the s.25 and s.26 renewals • How many notices were uncontested • What is the current status of these decisions. <p>Star has issued 1 section 25 notice opposing a new tenancy. This was for significant and reoccurring repairing breaches. Negotiations with the tenant were however successful and a renewal has subsequently taken place.</p>	
LTA court proceedings where the POB relied in whole or in part on an intention to take the pub back into occupation	0
• Of which, the number of objections to a new tenancy that were upheld	n/a
• Of which, the number of objections to a new tenancy that were dismissed	n/a
Star has not served any Section 25 notices opposing a new tenancy or opposed any Section 26 notices during the reporting period for the purposes of taking back a premises for a managed operation.	

Part IV: Other Contractual renewals (where applicable)	
<i>During the reporting period, numbers of:</i>	
Tenants who exercised a contractual right to renew their tenancy	0
• Of which, the number of these to which the POB consented	N/A
• Of which, the number of these that were opposed by the POB	N/A
• Total number of contractual renewals	0

Section 5: MRO

Part I: MRO Notices	
<i>During the reporting period, numbers of:</i>	
Total number of MRO Notices received and acknowledged	50
<ul style="list-style-type: none"> Following receipt by a TPT of a Rent Assessment Proposal 	37 valid 4 invalid
<ul style="list-style-type: none"> In relation to the renewal of a tenancy 	13 valid 1 invalid
<ul style="list-style-type: none"> Requested in response to a significant increase in price 	1 invalid
<ul style="list-style-type: none"> Requested in response to a trigger event 	0
Star Pubs & Bars have not received any notices in relation to trigger events	
Total number of MRO Notices accepted	50
Total number of MRO Notices rejected	6
<ul style="list-style-type: none"> Following receipt by a tenant of a Rent Assessment Proposal 	4
<ul style="list-style-type: none"> In relation to the renewal of a tenancy 	1
<ul style="list-style-type: none"> Requested in response to a significant increase in price 	1
<ul style="list-style-type: none"> Requested in response to a trigger event 	0
<p>Notices are rejected primarily for not being submitted within the timeframes set out in the Code. Alternatively they may be in an incorrect format – the tenant will however be notified of the error and given the opportunity to resubmit if appropriate.</p> <p>In some cases Star do not believe there to be a valid reason for the submission of the notice(s).</p>	
Total number of MRO Notices not rejected and withdrawn by the tenant	2
The tenants have not provided Star with the information as to why they did not pursue their MRO options.	
Total number of MRO Proposals issued	50
<p><i>Narrative report on how the POB has complied with the statutory Code deadlines, including the process followed and how a decision is made regarding the length of the lease at renewal and how a decision is made regarding the length of the lease when other MRO gateways are used.</i></p>	

The MRO offer is made to the lessee within 28 days of the valid request being made. The letter reminds the lessee of the negotiating period open to them and advises them to take independent professional advice.

Star Pubs & Bars track and monitor response times via our Pub Support Team to ensure Code compliance for every stage of the process. The lessee is presented with regular information including where appropriate PCA factsheets and links to the PCA website.

The length of MRO lease offered by Star is a minimum of 10 years or unexpired term if that is longer than 10 years. There may however be exceptions whereby for reasons of good estate management the unexpired term is offered where this is less than 10 years.

Part II: MRO Negotiations

During the reporting period, numbers of:

MRO Negotiations undertaken with TPTs	*
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*During the reporting period as reported 50 MRO have been received and 22 cases have been referred to the PCA. Discussions with the tied pub tenant form part of all rent and lease renewal discussions that are undertaken. The tenant is signposted to further information as part of Star's standard correspondence.

Narrative report, in order of frequency and enumerated, on which are the 10 terms most often included in a draft MRO proposed tenancy sent to a TPT who has sent an MRO Notice but not included in the executed MRO tenancy.

Three of the nine MRO leases completed during the reporting period were pubs transferring over from Punch where the form of MRO lease was already agreed prior to the operational transfer to Star in March 2018 and the initial MRO notice served prior to Star's acquisition in August 2017. Therefore Star does not possess all of the documentation necessary to undertake the comparison. The comparison below relates to the remaining six pubs reported in the comparison period.

1. In six leases, the dilapidations provisions were amended to afford the tenant a certain time period within which to carry out any dilapidations arising from the tenant's existing tied lease.
2. In six leases, the rent changed from that initially offered to the tenant.
3. In five leases, the deposit amount required from the tenant was amended to reflect the change in rent payable by the tenant.
4. In three leases, a landlord's acknowledgement was inserted to confirm that the term offered to the tenant would not be taken into account when determining the term of any renewal lease.
5. In two leases, reference to a requirement that a specific, annexed form of authorised guarantee agreement would be required from the tenant on assignment was removed, in favour of a more general provisions requiring that such agreement would be in a form reasonably acceptable to the landlord.
6. In two leases, the keg stocking obligations were amended, either in line with negotiation and / or to reflect the landlord's position that was then current at the point that the lease was agreed.
7. In two leases, the cask stocking obligations were amended, either in line with negotiation and / or to reflect the landlord's position that was then current at the point that the lease was agreed.
8. In two leases, there were minor amendments to the provisions relating to the insurance to be put in place by the landlord, in line with tenant-specific negotiation.
9. In two leases, there was an amendment to the timescales within which the tenant must pay certain costs in the lease.
10. In two leases, there was a removal of wording relating to the tenant's fittings – in one case to remove the requirement for the tenant to offer such fittings to the landlord upon expiry of the term, and in another to remove reference to an annexed inventory.

Times that each of the regularly challenged terms above has ultimately appeared in a completed MRO agreement (please list and enumerate)	n/a
MRO tenancies agreed	9
• Of which number of free of tie agreements agreed by new agreement	9
• Of which number of free of tie agreements agreed by deed of variation	0
Total number of tied settlements connected with MRO negotiations	27
• Of which number of new tied tenancies agreements agreed by new lease	5
• Of which number of other new tied arrangements agreed (rent or other terms)	20
• Of which number of tied tenant departures from the pub	2
• Other outcomes	2
• Ongoing – yet to be concluded	57
Star numbers include notices received 'inflight' as part of the transfer of pubs from Punch Taverns	

Part III: MRO Independent Assessment

During the reporting period, numbers of:

Total Independent Assessor appointments	5
• Of which number that were appointed jointly in agreement with the tenant	4
• Of which number that were appointed by the PCA	1

Below is a list of Independent Assessors appointed during the reporting period and for each the number of appointments:

Stephen Owens Christie and Co *2

Peter Taylor Christie & Co *2

A M Walton Walton Goodland *1

In each case where the MRO rent has been set following an Independent Assessment, please set out:

- *The original proposed MRO rent*
- *The MRO rent set by the Independent Assessor*

Pub	Original MRO Quoted Rent	IA Determined Rent	Please state if IA appointed in agreement with tenant or by PCA
1	£90,000	£71,500	Agreement
2	£89,250	£74,500	Agreement
3	£110,000*	£101,500	PCA
4	£160,000	£132,100	Agreement
5	£100,000*	£71,000	Agreement

**quoted rent issued by Punch*

Independent Assessments challenged	0
Any second challenges to Independent Assessments	0

Narrative reporting on the reasons for the challenging by the POB of independent assessments

N/A

Section 6: Other Code Reporting

Code Part 10 Provisions

For the reporting period, reports on compliance with:

Regulation 46 – Insurance provisions

Star purchases a block buildings insurance policy providing cover for typical property damage risks for the entire Star Pubs & Bars estate and re-charge its tenants based upon pre-agreed charges. The policy is largely self-insured and Star use Aon, Rotterdam as our insurance broker with the policy renewing annually on 1st January.

In relation to the lessee insurance obligations, contained within respective lease agreements, Star do not provide packaged insurance products for tenants and recommend that tenants obtain their own insurance with a reputable insurance company.

In accordance with Regulation 46, tenants are made aware of price matching and during the reporting period there were 2 successful applications and both had their insurance charge reduced.

Star publishes an information guide for tenants which gives further detail about the insured risks, levels of cover, excesses and the price matching scheme and can be found at the following link:

https://www.starpubs.co.uk/sites/default/files/misc_docs/Guide_to_Insurance_Responsibilities.pdf

Regulation 47 – Gaming Machines

Star does not record if machine ties are dealt with by side letter or contained within the core agreement. This will be different for the different agreement types across the estate and the properties acquired from Punch Taverns.

Regulation 48 – Requests for blank profit and loss templates

Star have two blank profit and loss templates which it makes available to tenants. A basic version (which is Microsoft Excel based) and a more involved business plan template. The basic version is available on request - we do not record instances of specific requests but requests are infrequent.

The latter business plan version is the more frequently used version and forms part of the requirements of Schedule 1 of the Pubs Code. The profit and loss section of the business plan is required to be completed by an appropriately qualified or experienced person.

Regulation 49 – Sale of freehold or long leasehold (including numbers)

Star policy is that the BDM will inform the lessee of the intention to sell. This is followed with a letter from the Estates Manager setting out the process and offering to answer any questions.

During the reporting period Star made 111 disposals.

Regulation 50 – No tenant detriment from exercising Code rights (including action in response to any finding of detriment)

Star Pubs & Bars is committed to the Pubs Code both in word and spirit. Our ambition is to Build Britain's Best Pub Company by attracting and retaining the best operators. The Code has created a more level playing field and has put rigour into processes and created a higher level of transparency. We work openly with our lessees at all stages from recruitment, rent review through to renewal to clearly inform them of their options.

Regulation 51 – Flow Monitoring Devices

Star has not imposed any liabilities on tenants using any reading taken from Flow Monitoring Devices alone, without seeking secondary evidence.

Further secondary evidence may be used based upon other information held by Star (this includes but is not limited to):-

- Failure to order for 2 consecutive weeks
- Returning more containers than were purchased from Star
- Stock & financial reports inconsistent with level of tied purchases (reports requested from the Tenant via Ops Support and reviewed by the BDM)
- Refusal to provide stock & financial reports when requested within 28 days). This will facilitate the charging process in relation to the tenant's account to proceed.

Star publishes an information guide for tenants about the use of Flow Monitoring Equipment a copy of which can be found at the following link:

https://www.starpubs.co.uk/sites/default/files/misc_docs/Guide_to_Flow_Monitoring.pdf

Section 7: Reporting on TPT Complaints, Code Breaches and Arbitration

Part I: Breaches of the Code identified by TPTs

For clarity the complaints shown below are where tied pub tenants have cited the Pubs Code during correspondence. Star does not believe all of these to be Pubs Code complaints but have included for transparency.

1. Tenant made complaint that Star were withholding trade order due to non-payment of rent and quoted Regulation 50. This complaint is ongoing.
2. Complaint around rent account issues. This complaint was resolved through Star's complaints procedure and the tied pub tenant and Star resolved the account issues.
3. Complaint re length of time to receive settlement payment on leaving the pub. Resolved through Star's complaints procedure with settlement agreed.
4. Lessee believed figures shown on rent model when pub had been advertised were unachievable and misleading. This complaint is ongoing
5. A complaint around a previous rent review when pub was under different ownership.

This was resolved through Star's complaints procedure and the tenant agreed that complaint should be made to previous owner.

6. Complaint that lessee had access to limited products on price list. This complaint was linked to a PCA referral and the overall matter has been resolved.
7. Complaint regarding assignment, the process and timescales. This complaint was resolved through Star's complaint procedure with the tenant receiving a refund on their assignment fee.
8. Complaint regarding rent review, discounts and a property issue. This complaint is ongoing.
9. Complaint regarding completion monies and timescale for payment. This complaint is ongoing.
10. Complaint regarding BDM and exit statement. This complaint is ongoing
11. Complaint that following agreement of rent review the memo was taken to the tenant. Perception that memo had to be signed immediately. This complaint was resolved through Star's complaint procedure and the tenant was given time to review the correspondence.
12. Complaint regarding status of an external advisor and their conduct. This is subject to a PCA referral and is ongoing.

Part II: Steps taken in relation to Code complaints

Statement on internal procedures for handling complaints about breaches and alleged breaches of the Code

Star Pubs & Bars take any complaints seriously, and have a structured and robust grievance procedure in place should any of our tenants feel that they have failed to meet our responsibilities under the Code. Our grievance system is set up so that all complaints are escalated internally and reviewed by our senior management team.

This complaints procedure is clearly visible on the website with response timeframes transparently indicated. Full details can be found:

https://www.starpubs.co.uk/sites/default/files/misc_docs/Working%20with%20Star%20-%20Complaints%20and%20Grievances_0.pdf

Narrative report on actions in response to complaints detailed in Part I covering:

- *Handling (including details of formal referrals to the PCA)*
- *Outcomes (including cases unresolved at the end of reporting period)*
- *Breaches upheld:*
 - *Internally*
 - *Following referral to PCA*

All complaints are handled consistently through the Star Pubs & Bars complaints procedure. All complaints are escalated internally and reviewed by our senior management team.

Formal referrals to the PCA are detailed in Part 1 but not all outcomes are concluded at the date of reporting.

No breaches were found for the completed complaints.

Part III: Self-notification of breaches

Narrative report on any cases during the reporting period where the POB has self-notified the PCA of breaches of the Code (including steps taken to prevent further occurrences)

N/A

Part IV: Referrals for arbitration

During the reporting period, numbers of:

Total MRO cases referred to the PCA	22*
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*Please note this includes three 'second' referrals

Referrals of MRO terms on grounds that they are not MRO-compliant	22
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<ul style="list-style-type: none"> Of which number where breaches of the Code were found by the PCA 	3
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Referrals of void or unenforceable terms under Regulation 57(2)	0
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Referrals of all other non-MRO Code matters	1
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Please describe and enumerate the cases where breaches of the Code were found by the PCA.

The award made in the Pub A by the Alternative Arbitrator found the stocking requirement to be non-compliant. This award is subject to appeal.

The award made the Pub B by the DPCA found the stocking requirement to be non-compliant.

The award made in the Pub C (second referral) by the DPCA found the stocking requirement to be non-complaint

Please describe and enumerate

- All referrals for arbitration on the same issue or very similar issues (including multiple challenges to the same term in the MRO proposals).

The reasonableness of the 100% stocking requirement has been challenged in the two cases.

Since October 2018, as per Star's correspondence with the PCA, a stocking requirement of 100% is no longer offered to any tenant in any proposed MRO lease.

- The number of these where arbitration proceedings continued following a determination by the arbitrator of non-compliance.

In both the cases revised MRO offers have been made.

Part V: Other complaints made by TPTs

Narrative report on the nature and volume of complaints about their tenancy by tied pub tenants during the reporting period not specifically reported on elsewhere, including the type/subject of complaint, outcome of the complaint and the time taken to resolve the complaint

The number of complaints received by Star Pubs & Bars averages between 2 and 5 per month. The reasons for these complaints are varied and includes matters such as delivery issues and escalations of day to day issues. It should be noted that these are separate to complaints that refer to the Pubs Code as set out in Part I.

The complaints are dealt with through the Star Pubs & Bars complaints procedure.

Section 8: Corporate Compliance Structures

Part I: Compliance Officer

Star Pubs & Bars confirm that Christopher John Moore was appointed and empowered as Compliance Manager and has met his full duty under Regulation 42 to maintain written records of training received.

Part II: Business Development Managers (BDMs) - Training

A declaration that the POB has published – and sent the latest version to the PCA – the document required by Regulation 41(5) specifying:

- *its commitment towards the continuous professional development and improvement of its BDMs and how it proposes to fulfil that commitment, referring where appropriate to relevant qualifications and training.*

Star Pubs & Bars is committed to the continuous professional development and improvement of BDMs. All BDMs have a comprehensive induction upon joining the company covering the scope and responsibilities of the role.

All BDMs (job role not Pubs Code definition) have or are working towards a BII (British Institute of Innkeeping) Accredited qualification – MUM / MRM or MLPM at an appropriate level. This is to level 3 or above with the majority being level 4.

Narrative report confirming that:

- *all BDMs in post when the Code came in to force or appointed since received a copy of the Code before liaising with tied pub tenants on pub matters.*

All Star Pubs & Bars BDMs receive a copy of the Code and full training on the Code as a compulsory part of their induction. This takes place before liaising with tied pub tenants on pub matters and is signed off by the line manager. This is a key part of the induction

process for new starters.

Refresher training is held annually for all staff and the completion of which is a key competency within the annual appraisal framework.

Schedule of BDM Code training and guidance during the reporting period including:

- *outlines of the various forms of training delivered to BDMs – including whether it is delivered internally or externally; and how it is accredited*
- *confirmation that all BDMs who are responsible for conducting rent assessments have received appropriate training before doing so (including reporting on exceptions and remedial action).*
- *schedule of all Code updates and guidance issued to BDMs.*
- *Narrative on how BDM's have been trained in respect of newly issued PCA advice, guidance and/or arbitrations.*

Please provide training materials as an Annex to the report.

All new starters are given a comprehensive induction including Pubs Code training. The Pubs Code training is a combination of an internal face to face session with an exam to check understanding and a Pubs code e-learning module which carries a 90% pass mark. Each BDM is also given a copy of the Code.

All BDMs (job role not Pubs Code definition) hold or are working towards a BII (British Institute of Innkeeping) Accredited qualification – MUM / MRM or MLPM at an appropriate level. This is to level 3 or above with the majority being level 4.

MLPM training forms part of induction for those not already qualified. Training includes sessions detailing the BDM responsibilities under the Code.

There is an annual Pubs Code e-learning refresher which is compulsory. This has a 90% pass mark and forms a mandatory section of the annual Star Pubs & Bars appraisal.

All BDMs receive appropriate training before being allowed to undertake any work relating to rent assessments or any other areas covered by the Code.

Along with the training detailed above any updates, guidance and learnings are reflected in the e-learning module and cascaded to BDMs at team meetings.

Further the PCA, Mr Newby has delivered a Pubs Code session to the Star Estates Managers.

Much of the training given to BDMs is a combination of legal Pubs Code training and how this interlinks with Star's commercial policy and ways of working. Star is happy to share this information with the PCA on a confidential basis but deems it not to be appropriate for publication.

Part III: Business Development Managers - Conduct

Statement of how the POB ensures that BDMs act in a manner that is consistent with the core Code principle of fair and lawful dealing in relation to TPTs; include supporting evidence.

Star BDMs are given annual refresher training and further training is given as part of the ongoing team meeting schedules. Part of the annual BDM call cycle involves discussing Pubs Code with the tied pub tenants and capturing any questions.

The Code Compliance Officer and Compliance Manager are available for questions and to discuss any issues.

Confirmation of the processes in place to ensure that BDMs:

- *make appropriate notes of discussions with tied pub tenants in connection with:*
 - *rent proposals*
 - *rent assessments / assessments of money payable in lieu*
 - *repairs to the pub*
 - *matters relating to the TPTs current or future business plans*
- *provide the tenant with records of the above within 14 days of the discussion*
- *inform the tenant that they should respond to the BDM within 7 days of receiving the record if they disagree with any aspect of it.*

Please include any supporting evidence in respect of the above.

BDMs produce business review sheets to document interactions with lessees. The BDMs have received training to ensure these records are a fair and accurate reflection of the matters discussed and the action points arising along with allocation of responsibilities.

This includes but is not limited to discussions with tied pub tenants in relation to rent proposals, rent assessments, repairs and matters relating the tenants current or future business plan.

Both the tenant and the BDM sign the Business Review Sheet to confirm that it reflects the discussion held.

A copy of the business review sheet is provided to the tenant within 14 days and in many instances is sent the same day.

The Business Review sheet states that if the tenant does not agree with any aspect of the record they should respond to the BDM within 7 days of receiving it.

For the reporting period, the number of challenges by TPTs tenants about the non-provision or content of a BDM record.

This is not separately recorded

Any disagreements are dealt with through the Star Pubs & Bars complaints procedure as outlined above. This allows any issues to be dealt with in a fair and consistent manner.