

Pubs Code Review Team
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17 July 2019

Dear Sirs,

Pubs Code and Pubs Code Adjudicator Statutory Review

I am writing to you to make representations to your review of the Pubs Code and Pubs Code Adjudicator.

Term of Reference 1

I note that the statutory review will consider if there are any revisions of the Pubs Code which, in the Secretary of State's opinion, would enable the Pubs Code more fully to reflect the principles set out in section 42(3).

Part C – Pubs Code Regulations

Our company owns fewer than 500 tenanted pubs and is therefore currently exempt from this legislation and we have, since its implementation, adopted and abided by a robust system of self-regulation, with a Code of Practice for the operation of tied tenancies and leases within our business.

The self-regulation for companies with fewer than 500 pubs is working well and has involved the continued operation of PICAS to resolve complaints against member companies and PIRRS to resolve rent disputes. The reasons for a limit being set at 500 pubs were well documented at the time that the legislation was enacted and there is no new evidence, nor logic, to suggest that changes are required to the existing, successful framework.

Under the current system of self-regulation we have never had one of our pub tenants, who we partner with in more than 220 properties, complain to either PICAS or PIRRS.

In the past 3 years we have conducted 84 rent reviews. All of these were initiated within the timescales set out in our code of practice of six months, only two were not concluded within the time scale, although we were able to settle them shortly afterwards. The reason for this delay was primarily due to the tenant being initially reluctant to share trading information so we reverted to a rental quote based on FMT. In both instances when we had full disclosure we settled at less than our initial FMT bid.

A track record of no complaints or cases being referred to arbitration by our tenanted pub customers in itself provides strong evidence as to the successful operation of the system of self-regulation and compliance with the Code of Practice that we have in place.

Furthermore, the fact that we are able to negotiate and settle almost our entire rental renewals within the timeframes set out for us in our Code of six months, shows that our approach is fair, reasonable and is working.

In the past year we have subscribed to an annual survey of their tenanted pub operators by an independent research organisation, KAM Media, as part of a wider industry initiative to create the Licensee Index.

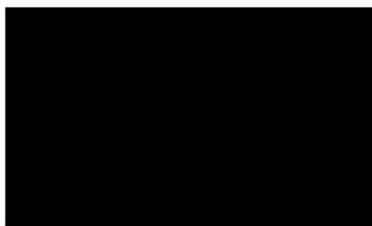
Our business performed well in this benchmarking exercise and the feedback showed that we have a good reputation for investing in our pubs, that we understand the needs of our tenants and support those running the pubs we own as their own businesses with information and advice to grow their sales and the profitability of their pubs.

The survey showed that our tenants believe that we add strong economic value to them as well as showing that our tenants report that our agreement with them has a high level of clarity and there is a strong perceived fairness of the contractual arrangements between us and them.

Given the supporting evidence that I have outlined above I conclude by requesting that pub companies such as ours, owning less than 500 tenanted pubs continue under the current successful regime which has in place a Code of Practice which is working well.

With the success of that system, there are no new reasons for further intervention to give businesses such as ours the additional cost and burden that would arise from inclusion in the scheme for larger businesses and I request that we continue to remain exempt from the Pubs Code.

Yours sincerely



Daniel Thwaites PLC