

Pubs Code Adjudicator (PCA) Levy Methodology for 2021-22

Section 63(1) of the Small Business, Enterprise and Employment Act 2015 (the Act) authorises the PCA to impose a levy on pub-owning businesses towards PCA's expenses. Section 63(5) of the Act permits the PCA to vary the amount to be paid by pub-owning businesses, to reflect the expense and time that the PCA expects to spend in dealing with matters relating to them in the application of the Code. Before imposing the levy the PCA must obtain the consent of the Secretary of State – section 63(2) of the Act.

The PCA obtained the Secretary of State's approval for the imposition of a total levy amount at £3,268,000 for the financial year 2021-22. The levy has been raised against the six pub-owning businesses with 500 or more tied pub tenants in England and Wales.

The total comprised of £2,994,000 in connection with PCA forecasted costs for 2021-22 and £274,000 representing repayment of 19.97% of the loan provided for the 20-21 financial year. Repayment of the loan has been imposed on each pub-owning business in the same percentages used to calculate the levy apportionment for that financial year, had the levy been approved and applied in its entirety.

The calculation for the 2021-22 levy apportionment was determined by fixed and variable elements based on:

- The **fixed costs** of operating the office apportioned on a percentage basis reflecting the number of tied pubs each of the six pub-owning businesses owned at 31 December 2020. (40%)
- The **variable costs** including the following elements:
the number of arbitration cases involving each pub-owning business in the period from 1 January 2020 to 31 December 2020. (30%).

a percentage reflecting the amount of time PCA spent in connection with activity for each pub-owning business in the period 1 January 2020 – 31 December 2020. (30%)

1	Fixed costs	40%	Based on tied pub numbers for each pub-owning business as at 31 December 2020.
2	Arbitration	30%	Based on: a) the number of new arbitration cases; and b) other arbitration cases open for any time between 1 January and 31 December 2020
3	Regulatory activity	30%	Amount of regulatory time spent by PCA in connection with each pub-owning business between 1 January 2020 and 31 December 2020.

The total levy amount together with the loan repayment contributions levied on the six pub-owning businesses range from 3.9% to 38.7% of the total amount. The minimum amount levied is £126,782 and the maximum is £1,264,653.

The underspend due to each pub-owning business arising from the 2019 - 20 financial year was £767,065. This was returned in the proportion in which each pub-owning businesses contributed to the 2019-20 levy.