



The Pubs Code Adjudicator

Annual Report and Accounts 2023–2024

For the period 01 April 2023 to 31 March 2024





Pubs Code
Adjudicator

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Presented to Parliament pursuant to Section 62 of the
Small Business, Enterprise and Employment Act 2015.

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Machinery of government changes announced on 7 February 2023 mean sponsorship of the PCA transferred from the Department for Business, Energy and Industrial Strategy (BEIS) to the newly created Department for Business and Trade (DBT). References to BEIS in this document may include where legacy policies, structures or responsibilities remained relevant during the reporting year.

Performance Report



Performance Overview

This performance overview sets out how the PCA has worked to deliver its strategic objectives while highlighting key achievements during the reporting year. This section of the report explains the purpose and role of the PCA and the Office of the PCA.

The performance analysis sets out how the PCA has performed during the year against its statutory reporting requirements and the main risks to the achievement of the PCA's objectives. The adoption of the going concern are set out in the Governance Statement.

Foreword by Fiona Dickie, Pubs Code Adjudicator



This annual report covers the work of the Pubs Code Adjudicator over a year in which the pubs industry has continued to face serious trading challenges. The cost-of-living crisis, including high inflation and soaring energy prices, as well as recruitment and retention issues and changes in consumer behaviour were among factors which placed significant pressures on operators. The beginning of 2024, however, saw some tentative signs of a more positive operating landscape ahead. The contribution pub operators make to the economy and to the vibrancy of our communities and culture is inspiring; when engaging with pub tenants my team and I are struck by the enthusiasm and commitment they show to their businesses.

I am delighted to have been reappointed as the Pubs Code Adjudicator for a further three-year term from 3 May 2024, affording me the unique opportunity to continue to work for positive impact of the Code. Where the tied pub relationship works smoothly and fairly, it can best support tenants to focus their energy and talent on harnessing trading opportunities, innovating and driving business success. The rights the Pubs Code provides to tied tenants serve to promote transparency and a balance of power in that relationship to make it work better for operators.

This report marks the halfway point of my first three-year strategy, published in August 2022. The strategy sets out the PCA's priorities and a programme for delivering them in the short, medium and long-term, to make sure that the Code works to rebalance the relationship between large pub companies and their tied tenants. We are monitoring our progress on the strategy to ensure that we deliver meaningful outcomes. This annual report reflects further on our achievements to date and where we are focusing current efforts, and comes ahead of the third Statutory Review of the Pubs Code and the Pubs Code Adjudicator, which will cover the three-year period to 31 March 2025.

This year the PCA Annual Tied Tenant Survey again provided valuable and influential insights into the satisfaction of tied tenants in their relationship with their pub company, with over 1,200 opinions canvassed from tenants. Independently run by Ipsos on the PCA's behalf, this survey provides robust data enabling comparisons between the approaches of the six regulated businesses.

There is consistency with last year's survey overall, with 62% of tenants reporting they are happy with the current relationship they have with their pub company. Although this is encouraging with the backdrop of demanding market conditions for the industry, there is some way to go in improving consistency in satisfaction ratings between the regulated pub companies. The areas where tenants feel pub companies are performing best include fair and transparent treatment of tenants (with four in five tenants saying their Business Development Manager is fair with them in discussions). I am reassured by the impact of the Pubs Code as a clear majority of new tenants feel they are being set up for success by their pub companies.

The PCA uses the results of the annual survey to influence our regulatory priorities. This has evidenced that the experience of tenants in relation to their pub company's handling of repairs at their pub is a key area of concern and focus for improvement. The Pubs Code places important duties on regulated pub companies in relation to the pub premises, based on transparency, fairness and the importance of tenants taking independent professional advice. This year the PCA published a report into our findings of a thematic review into pub company management of repairs and dilapidations under the Pubs Code, informing further engagement with stakeholders, including with the pub companies, on their plans to drive improvements in their processes in this area for the benefit of tenants.

While it is certainly positive that 84% of tenants are aware of the Pubs Code, currently only 54% are aware of the PCA and the support we can provide. Therefore, industry communications are still an area of focus. Our articles in industry and professional publications including the Morning Advertiser help to raise the PCA profile. Our work also involves taking time routinely to visit tied tenants in their pubs to see in person how they are supported by their Business Development Managers, and publishing blogs to help to spread understanding of that engagement. Interaction with tenants and pub companies will continue to ensure the regulated businesses discover what is driving levels of dissatisfaction and implement strategies for improvement. I expect those pub companies to look at innovative ways to improve their service to tenants year on year, and swiftly and effectively manage any issues and disputes that arise.

An efficient dispute resolution service is essential to benefit tied tenants in the exercise of their Pubs Code rights and encourages a culture of compliance by pub companies. I am pleased at the continuation of the low level of arbitration disputes referred to the PCA. There were seven open arbitration cases as the end of this reporting year, compared to nine at the end of the previous year. The PCA demonstrated improved efficiency by shortening the published performance measure for management of the arbitrator appointment process. Following a successful two-year partnership, I am pleased to say that in December 2023 the PCA awarded the Chartered Institute of Arbitrators (CIArb) a 12-month extension to its contract as provider of the PCA's arbitration case management service. Contracting out of the arbitration management function supports the PCA in focussing resource on our strategic regulatory objectives.

This year the PCA completed our monitoring of Star Pubs & Bar's compliance with the eight binding recommendations made in October 2020 at the conclusion of the PCA's investigation into the company's use of unreasonable stocking terms in proposed Market Rent Only (MRO) tenancies. I am pleased to say that Star fully cooperated with the PCA in the implementation of those recommendations, and all actions are now reported as closed. Star has worked constructively to take significant steps to reform its processes and governance in order to achieve compliance with the Pubs Code, which will benefit both their current and future tied tenants. The conclusion of this work demonstrates the positive impact that the Pubs Code has on regulated pub companies.

The PCA works collaboratively with pub companies and others to address compliance issues and promote best practice. We use a range of legal powers and tools to make sure regulated pub companies comply with the Pubs Code, taking a proportionate approach to enforcement. The past year has seen the completion of the PCA's first two supervised inquiries. This is structured intervention where the PCA oversees the pub company's inquiry into an admitted or suspected breach. Where the PCA offers this approach, it is voluntary for the pub company.

The first supervised inquiry related to Stonegate, which had reported to the PCA historic breaches of the Pubs Code in relation to legacy processes regarding the provision of Rent Proposals for new tied agreements. The pub company took appropriate steps to inform tenants about the Code breach which affected them and to provide them with an opportunity to raise concerns about their individual circumstances. The second supervised inquiry related to Star Pubs & Bars, which had reported identified breaches of the Pubs Code in relation to the provision of information given to tied tenants about premises insurance. After reporting this breach, Star worked with the PCA to ensure transparency to tenants as required by the Pubs Code.

The PCA's published arrangements for the self-reporting breaches is a mechanism by which the pub company can seek to demonstrate that it can be trusted to monitor effectively its Code compliance and take appropriate and timely action in response to breaches. The self-report ensures the PCA is made aware of the pub company's understanding of the breach, how it happened and the impact on tenants. The PCA may consider this when deciding what, if any, regulatory response is needed. A register of self-reported breaches is maintained on our website to share information with the industry about how the Code is working and how breaches have been addressed. The PCA published information about three self-reports of Pubs Code breaches considered and responded to during this year.

The PCA provides a series of factsheets to summarise the main parts of the Pubs Code and related processes, to help tenants understand their rights. These factsheets are the most accessed parts of our website, and we have continued to make updates and improvements to them to make them even more readable and useful. Notably, this year we published a new factsheet 'What Tied Pub Tenants Need to Know about Assignments'. Pub companies also now provide a letter of introduction from the PCA to potential assignees to inform them of their Pubs Code rights, as they do to negotiating and new tied tenants. The PCA has also published a Tenant Timeline to support tenant understanding. This provides a chronological sequence of events which represent the tied pub tenant's relationship with the pub company in relation to the Pubs Code, starting with preparing solid foundations before contracts are signed.

Open engagement with regulated pub companies and wider stakeholders continues to be at the heart of our approach, ensuring we really understand the industry and current challenges faced by both tenants and pub companies. Promoting best practice and solving problems collaboratively with stakeholders remains a strategic priority. We look forward to continuing to work closely with the six largest pub companies, as well as their tenants, to help develop and enhance fair relationships, ensuring that all parties have the right support and the requisite information to perform at the peak of their abilities.



Fiona Dickie,
Pubs Code Adjudicator
27th January 2025

Purpose and activities of the PCA

1. Background – The Pubs Code

The Pubs Code regulates the contractual relationships between all pub-owning businesses with 500 or more tied pubs in England and Wales and their tied pub tenants. As at 31 December 2023 there were 8046 regulated tied pubs across England and Wales.

Pub companies/pub-owning business

A pub company or pub-owning business, as defined in section 69 of the 2015 Small Business, Enterprise and Employment Act (SBE Act 2015), is a person or company who is the landlord of 500 or more tied pubs. .

The six pub companies governed by the Pubs Code on 31 March 2024 were:

- Admiral Taverns
- Stonegate (trading name of Ei Group)
- Greene King
- Marston's Plc
- Punch Pubs & Co
- Star Pubs (formerly Star Pubs & Bars until January 2024)

Tied pub tenants

Tied tenants covered by the Pubs Code are those who are obliged to purchase some or all of their alcohol from their pub company landlord. The Pubs Code has two over-arching principles – to ensure:

- (1) fair and lawful dealing by pub companies in relation to their tied tenants;
- (2) that individual tied tenants should not be worse off than they would be if they were free of the tie (the 'no worse off' principle).

An important element of the 'no worse off' principle is the right for a tied tenant to request a Market Rent Only (MRO) option at certain points in their tenancy. Under a MRO tenancy a tenant pays only a commercial rent for the pub premises and is free to buy beer and other products and services on the open market.



The Pubs Code gives the tenant the right to choose which of the options – tied or free of tie – is the right one for their business.

In addition to the MRO option, the Pubs Code provides for transparency in respect of the financial and other information about the tenancy that pub-owning businesses must provide to prospective and existing tenants so that they can negotiate meaningfully.

Specifically, the Pubs Code prescribes the form and content of the tied rent proposals that must be provided to prospective tenants. It also prescribes the form and content of the rent assessment proposals that must be provided to existing tenants as part of their regular rent reviews under the tenancy. In all cases, these must include a profit and loss statement forecast for the pub in question.

The Pubs Code further specifies that a tenant can request a rent assessment in connection with their rent review where no assessment has been concluded within a five-year period, ensuring an assessment of rent can take place every five years.

The Pubs Code framework includes further provisions governing the compliance obligations of the pub-owning business. These include appointing a Code Compliance Officer, the submission to the PCA of an annual Compliance Report; the training of their staff who have business dealings with tenants; and the duties and responsibilities of their Business Development Managers. Among the other obligations on pub-owning businesses are the duty not to require a tied pub tenant to purchase or rent gaming machines in its new tenancies or renewals; requirements in relation to premises insurance; the use to which pub-owning businesses may put evidence gained from flow monitoring equipment; and circumstances in which terms in a tenancy will be deemed void or unenforceable.

The Pubs Code also sets out the nature and duration of the Pubs Code protections that a tied tenant will continue to enjoy if their tenancy ceases to be held by a pub-owning business with more than 500 tied pubs; and the circumstances in which certain types of agreement by which the tenant occupies and operates the pub will be exempt from the Pubs Code.

More detailed information on Pubs Code provisions can be found at:

<https://www.gov.uk/government/collections/pubs-code-factsheets>

2. The PCA

Fiona Dickie was appointed as the independent, statutory PCA in England and Wales on 03 May 2020 for four years. Fiona was reappointed to the role for a further three-year term from 03 May 2024.

The Adjudicator is a Ministerial appointment and a corporation sole. The statutory office of the Adjudicator was created by section 41 of the Small Business, Enterprise and Employment Act 2015 (SBEE Act 2015), which places statutory, financial and reporting obligations on the holder of the office. Fiona Dickie was the Deputy Pubs Code Adjudicator in England and Wales prior to her appointment as the PCA.

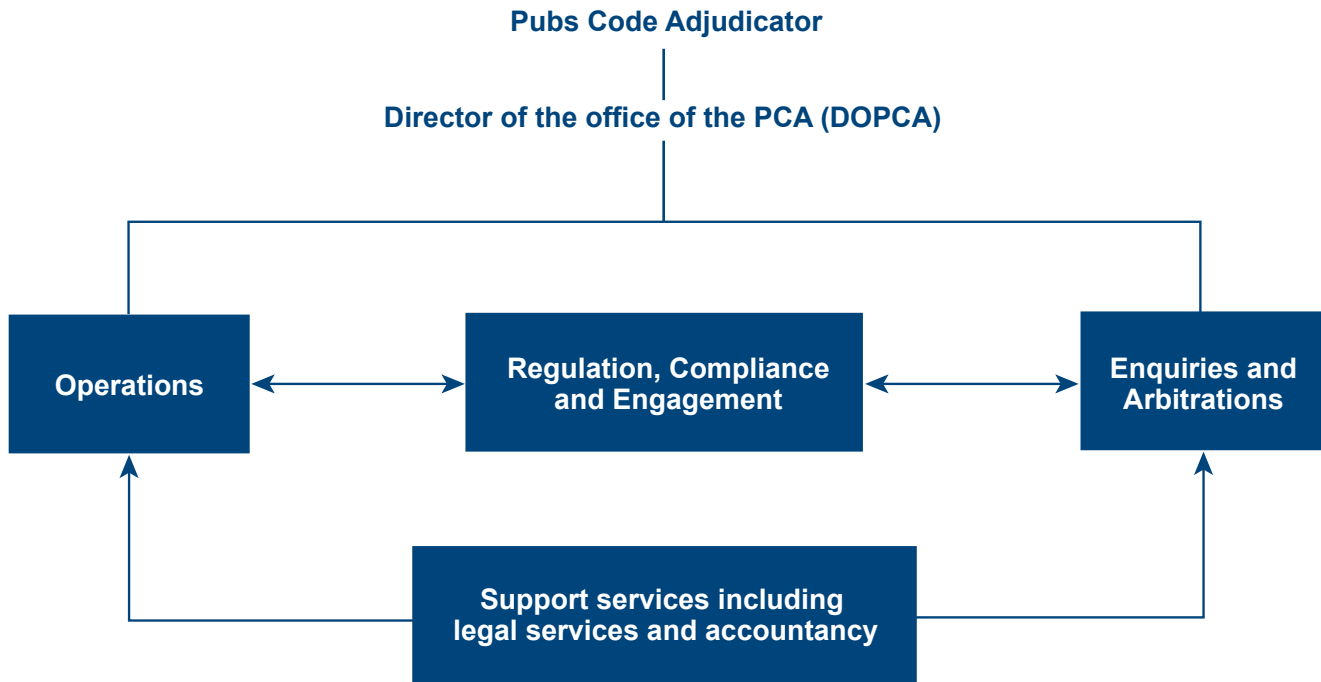
The registered office for the PCA is:

4th Floor,
23, Stephenson Street,
Birmingham
B2 4BJ.

The PCA is responsible for ensuring compliance with the Pubs Code. To do this, the Adjudicator has broad statutory powers to issue advice and guidance on aspects of the Pubs Code and the regulatory framework; to require pub-owning businesses to provide information on their compliance with the Pubs Code and on the management of their tied pub estates covered by the Pubs Code; and to monitor the day-to-day operation of the Pubs Code.

3. The office of the PCA (OPCA)

Between April and December 2023, the office of the PCA had the following operational structure, reflecting the delivery of its key statutory functions.



Between April and December 2023, the senior management comprised of the PCA, the SCS 1 Grade 5 (DOPCA) and the G6 Head of Regulation, Compliance and Engagement. The Grade 5 and Grade 6 postholders left the PCA mid-January 2024 and mid-December 2023 respectively. The Grade 5 role was not replaced and in December 2023 two Grade 6s were appointed.

4. PCA Risks and Issues

As in previous years, an important challenge for the office of the PCA has remained the reputational risk associated with managing stakeholder expectations about the impact of the Pubs Code in general and the focus of the PCA's finite resources. The publication of the PCA's 3-year Strategy in August 2022 was the culmination of an industry wide listening exercise. It set out a clear explanation of the approach and objectives the PCA seeks to achieve in the short, medium and long term. Those areas focus on building relationships to provide enhanced support to the industry, greater clarity to the PCA's approach to regulating under the Code and clearer access and messaging about the Code's application, alongside strengthened systems to support staff and industry access to Code information. In January 2024 a contractor conducted an exercise to review the PCA's progress against the 3-year Strategy. The findings from that mid-point review can be found on pages 12 to 25.

The key strategic risks which impacted on the reputation of the PCA during this reporting period were:

Machinery of Government (MOG) changes impact on the PCA's new IT case management system.

Compatibility and functionality of the PCA's new case management system with the DBT platform following the announcement of the Machinery of Government changes is paramount. As a tiny organisation the PCA is at risk of being deprioritised or overlooked when changes are made to IT systems.

Migration of data to new case management system

The security of all PCA data is paramount. The secure migration of confidential information and documents from the current case management system to the newly built and tested environment before required before the contract expiry in February 2024.

Protracted procurement timelines

Delays with external procurement processes impacted on the PCA's ability to award a contract and start work when originally forecasted. As a consequence of these delays the PCA is not able to spend as much of the allocated budget as anticipated, leading to a larger underspend at the end of the financial year that has to be returned to the POBs.

Issue

The key strategic issue for the PCA during this and previous reporting periods was:

Staffing and Operational resilience

Continuity of resourcing continues to be the top strategic issue for the PCA. Attracting and maintaining a core seconded staff at the PCA with the skills and experience required for a small regulator remains an ongoing risk. Recruitment has remained a challenge, with key specialist skills continuing to be procured where required.

5. Going concern

The PCA is a statutory body with ongoing duties and powers and with facilities for funding. The PCA is funded by a levy on the businesses it regulates. The levy can be imposed with Secretary of State consent. The PCA received consent and raised a total levy of £2,969,507 on the six pub-owning businesses for the 2023-2024 financial year. The PCA has received consent and raised a levy for the 2024- 2025 financial year. The Government published its second statutory review of the operation of the Pubs Code and the performance of the PCA on 30 October 2023. It concluded that the Government considers the Code to be operating consistently with the two overarching principles and will not amend the Code. It also concludes the PCA has been effective in enforcing the Code and looks ahead to gathering data for the third statutory review (commencing Spring 2025). As such the accounts have been prepared on a going concern basis.

The Pubs Code Adjudicator: Performance Report

Strategic Objectives and Performance Analysis

6. PCA's progress against Strategic Priorities 1 – 8

In August 2022, the PCA launched its first three-year strategy, '[Rebalancing the Tied Pubs Trade](#)'. The strategy was informed by a review and listening process with key sector stakeholders, as well as PCA staff. The strategy recognises, and is situated within, the context of the increasingly complex and changing landscape in which tenants and the pub companies operate. The eight priorities within the strategy are set out below:



1. Solid Foundations: Building relationships with key cross-sector stakeholders to discuss strategic priorities.
2. Active Listening: Develop a two-way communication flow around what tied pub tenants and pub companies need and how we can support them.
3. Effective Signposting: How we signpost and support tied pub tenants if they have issues during their journey.
4. Clear Parameters: Clarifying the role and scope of the PCA and Pubs Code in serving tied pub tenants across their journey.
5. Great Expectations: Plotting clearer regulatory approaches.
6. Arbitration Excellence and Beyond: Developing continuous learning and development provision for arbitrators and other sector specialists.
7. Joining the Dots: Developing more sophisticated processes for how we manage intelligence.
8. Internal Development: Investment in People and processes to ensure high quality service provision for tied pub tenants and pub companies.



PCA Strategy

Strategic Priorities for the next 1 to 3 years

Key: TPT = tied pub tenant POB = pub-owning business	Short-term (3 - 6 months)	Medium-term (6 - 18 months)	Long-term (18 - 36 months)
<h4>1. SOLID FOUNDATIONS</h4> <p>Building relationships with key cross-sector stakeholders to discuss strategic priorities.</p>	<h4>Regular meetings</h4> <p>Regular meetings with senior stakeholders, to discuss key issues and challenges, build trust and promote a compliance culture.</p>	<h4>Round table discussions</h4> <p>Engagement cross-sector through round table exercises to discuss strategic priorities, deepen Code and wider legislative understanding, to build working relationships cross sector.</p>	<h4>Strategic partnering</h4> <p>Partner cross-sector to develop new ways to solve strategic issues affecting the tied tenant relationship including by developing the effectiveness of the Code.</p>
<h4>2. ACTIVE LISTENING</h4> <p>Develop a two-way communication flow around what TPTs and POBs need and how we can support them.</p>	<h4>Clear priorities</h4> <p>Use survey, consultation and other sector information to clearly identify priority areas to better support user needs.</p>	<h4>Annual survey</h4> <p>Conduct Tenant survey to gather feedback on what is working well and where we and others can do better to support them.</p>	<h4>Partnering</h4> <p>Identify areas where working in partnership can deliver cross industry development of Code based strategies to support resolution of key cross-sector issues affecting TPTs.</p>
<h4>3. EFFECTIVE SIGNPOSTING</h4> <p>How we signpost and support TPTs if they have issues during their journey.</p>	<h4>First contact response</h4> <p>To best support TPTs, more clearly outline in common communications the role of the PCA and identify where the CCOs or other organisations can help.</p>	<h4>Clear code steps</h4> <p>Develop the Code story so that TPTs understand the key points in the business relationship where Pubs Code rights arise, and how and where to get support.</p>	<h4>Quality care</h4> <p>Work hand-in-hand with key stakeholders to develop key processes, standards and understanding so TPTs can access high quality information and support.</p>
<h4>4. CLEAR PARAMETERS</h4> <p>Clarifying the role and scope of the PCA and Pubs Code in serving TPTs across their journey.</p>	<h4>Clarify PCA role & scope of the Code</h4> <p>Communicate information in easily digestible ways, for example, through bitesize information, videos, journey maps, tenant stories.</p>	<h4>Communicate clear parameters</h4> <p>Via website, tenant info packs and other government or trade body materials & communications – review and reclarify if necessary. Be open and clear about PCA activities and progress.</p>	<h4>Developing online presence</h4> <p>Identify and develop, within resource parameters, how we can best present TPT rights and the work we do.</p>

	Short-term (3 - 6 months)	Medium-term (6 - 18 months)	Long-term (18 - 36 months)
<p>5. GREAT EXPECTATIONS</p> <p>Plotting clearer regulatory approaches.</p>	<p>Day-to-day</p> <p>Manage expectations of TPTs and POBs through setting clearer understanding on PCA’s approach to regulatory issues.</p>	<p>Continual development</p> <p>Monitor and show where POBs are demonstrating proactive compliance and enable continual Code development.</p>	<p>Collaboration on best practice</p> <p>Consider strategic collaboration processes to identify and share best practice, using the Code to support improvements and raise standards.</p>
<p>6. ARBITRATION EXCELLENCE & BEYOND</p> <p>Developing continuous learning & development provision for arbitrators and other sector specialists.</p>	<p>Arbitrator skills building</p> <p>Partner with CIArb and arbitrators to develop & implement more targeted training and assessment for arbitrators to deliver a group of knowledgeable and competent specialist arbitrators on statutory arbitration.</p>	<p>Review & refresh</p> <p>Review the training and ensure the provision of specialist quality arbitrators to enable continuous improvement and up-to-date knowledge of specialist arbitrators; support Government in any changes to arbitration rules to provide swift, consistent statutory arbitration.</p>	<p>Wider specialist support</p> <p>Consider and adopt development opportunities, including training for other industry specialists to support industry knowledge.</p>
<p>7. JOINING THE DOTS</p> <p>Developing more sophisticated processes for how we manage intelligence.</p>	<p>Day-to-day</p> <p>When listening to stakeholders raising issues, offer information and guidance as appropriate; seek to understand industry context and be clear on prioritisation.</p>	<p>Developing processes</p> <p>Develop more strategic intelligence gathering and processing, in line with resources, to improve analysis and understanding.</p>	<p>Preventative measures</p> <p>Clarify information POBs can pro-actively share with the PCA & tenants to pre-empt matters before they escalate and how the PCA will view that so that lines of communication are clear and constructive.</p>
<p>8. INTERNAL DEVELOPMENT</p> <p>Investment in People and Processes to ensure high quality service provision for TPTs and POBs.</p>	<p>Investment in people</p> <p>Develop our people to provide the best possible service to TPTs and POBs through learning and development and targeted training.</p>	<p>Investment in processes</p> <p>Review operations to identify what we should stop, start, and continue. Structure team accordingly to ensure everyone has clear roles, responsibilities to enable them to operate as a team.</p>	<p>IT and web presence</p> <p>Continue to develop cost-effective systems and web presence to support delivery of a high-quality service.</p>

The PCA's progress against each of the eight priorities during this reporting period (April 2023 – March 2024) is set out below.

Priority 1 Solid Foundations

Key: TPT = tied pub tenant POB = pub-owning business	Short-term (3 - 6 months)	Medium-term (6 - 18 months)	Long-term (18 - 36 months)
<p>1. SOLID FOUNDATIONS</p> <p>Building relationships with key cross-sector stakeholders to discuss strategic priorities.</p>	<p>Regular meetings</p> <p>Regular meetings with senior stakeholders, to discuss key issues and challenges, build trust and promote a compliance culture.</p>	<p>Round table discussions</p> <p>Engagement cross-sector through round table exercises to discuss strategic priorities, deepen Code and wider legislative understanding, to build working relationships cross sector.</p>	<p>Strategic partnering</p> <p>Partner cross-sector to develop new ways to solve strategic issues affecting the tied tenant relationship including by developing the effectiveness of the Code.</p>

This period has seen the PCA both broaden and deepen our engagement with key stakeholders. During the year, we reached out to tenant representative groups and wider stakeholders across the pubs industry to hear about issues faced by tenants and across the pubs industry as a whole and develop planning for opportunities for further engagement and consultation,

The PCA's engagements with stakeholders during this year covered a wide range of topics and informed the PCA's priorities. Issues commonly discussed included how the PCA engages with tenants; challenges relating to repairs and dilapidations and conversations about wider industry trends, such as closures in the hospitality sector. Some stakeholders we engaged with encouraged us to review and improve our approach to engaging tenants directly and we have been developing our methods for doing this for the following year.

Published notes from a number of meetings with key stakeholders during the year can be found here on our website.

The PCA was also able to continue to improve our ways of working and engaging with pub-owning businesses post-pandemic, with regular 6-monthly meetings with the Chief Executives and Code Compliance Officers of pub companies including meetings at pub company headquarters across the country. As well as providing the opportunity to hear from pub companies about key issues and trends in the industry, these meetings enable regular, high-level engagement with on matters relating to Code compliance, such as the effective provision of information to tenants by pub companies. This focus on Code compliance was reinforced by external communications throughout the year highlighting the importance of a compliance culture within pub companies, and pub company engagement including with the Pubs Code Champions staff network at Star Pubs & Bars.

The PCA's 2024 tied tenant survey results were released at an event in central London on 17 July 2024 at two well attended sessions; the first was for the six regulated pub companies and the second open session for stakeholders and the press. The results were delivered by Ipsos, followed by a Q & A session

Priority 2 Active Listening

Key:
 TPT = tied pub tenant
 POB = pub-owning business

Short-term
 (3 - 6 months)

Medium-term
 (6 - 18 months)

Long-term
 (18 - 36 months)

2. ACTIVE LISTENING

Develop a two-way communication flow around what TPTs and POBs need and how we can support them.

Clear priorities

Use survey, consultation and other sector information to clearly identify priority areas to better support user needs.

Annual survey

Conduct Tenant survey to gather feedback on what is working well and where we and others can do better to support them.

Partnering

Identify areas where working in partnership can deliver cross industry development of Code based strategies to support resolution of key cross-sector issues affecting TPTs.

During early 2024, the PCA carried out the fieldwork for our annual tied tenant survey. Ipsos, on behalf of the PCA, surveyed over 1,200 tied tenants, representing 15% of the regulated industry. This sample size provides data that is sufficiently statistically significant to enable comparisons of results over time and between different pub companies. The tied tenant survey remains one of the PCA's most valuable sources of information about tenant sentiment towards, as well as their relationship with, their pub company. Results from the 2023 tied tenant survey informed the PCA's 2023-24 workplan, for example, in relation to our thematic review of repairs and dilapidations described below. Results from the 2024 survey will inform our workplan for 2024-25.

The results of the PCA's findings on its thematic review into how pub companies manage repairs and dilapidations were [published](#) in October 2023.



Thematic review of repairs and dilapidations

Results from the 2022 and 2023 PCA tied tenant survey demonstrated ongoing dissatisfaction from tied tenants about the way in which pub companies handle repairs and dilapidations. The PCA completed a thematic review by which we gathered insights on these issues for industry consideration. The PCA's work referenced in the report included:

- Having reviewed Pubs Code requirements related to repairs and dilapidations and published a factsheet for tied tenants
- Analysing relevant tenant survey results data.
- Reviewing annual compliance reports from the six pub companies for the year ending March 2023.
- Considering guidance already in the market, including the Best Practice Guide to the Management of Pub Repairs and Dilapidations published by the British Beer and Pub Association (BBPA) in association with the British Institute of Innkeeping (BII) and UK Hospitality.
- Discussions with the six regulated pub companies and the BII, exploring the various processes and procedures relating to repairs and dilapidations, as well as common issues for tenants.

The review found that data indicated that the longer the tied tenant's agreement, the less likely they were to be satisfied with how their pub company managed repairs and dilapidations. This was particularly the case for tenants with leases which began before the Pubs Code was introduced on 1 July 2016, which gave important information rights to tenants in relation to the pub premises.

The review found that the key challenges for the industry to overcome in the short term were to ensure tenant awareness of:

Support and guidance available to them throughout the lifecycle of an agreement.

Details of professional advisers who can provide independent advice at key points.

Their obligations relating to repairs at the outset and on an ongoing basis to avoid significant dilapidations liabilities at the end of an agreement.

This thematic review assisted the PCA in encouraging pub companies to identify what has been driving levels of dissatisfaction and to manage this swiftly and effectively.

Events and engagements

The PCA team again took part in events and exhibitions in an effort to meet tied tenants and promote awareness of the Code. This included exhibiting at a trade event the Northern Restaurant & Bar event in Manchester and, for the first time, the Pub Watch conference in Sheffield and Admiral's West Midlands trade event for its tenants. These events provide a valuable opportunity to hear from tenants directly about issues affecting their business and the pubs industry more widely. For example, discussions with tenants highlighted concerns relating to delays in repairs being completed and the complexity of new information provided to new tenants by the pub companies.

During the year, PCA team members spent time visiting tied pubs with BDMs and other key staff within each of the six pub companies. By experiencing these face-to-face visits, team members are able to speak with tied tenants about their businesses and their understanding of the Code, see interactions with the BDM first hand, and see better how the tied relationship is working. During the year we published a number of blogs, 'A Day in the Life' reflecting on these visits and highlighting important aspects of the Pubs Code, and the Morning Advertiser published a number of articles by the PCA about Code issues of interest to the industry

Priority 3 Effective Signposting

Key: TPT = tied pub tenant POB = pub-owning business	Short-term (3 - 6 months)	Medium-term (6 - 18 months)	Long-term (18 - 36 months)
<p>3. EFFECTIVE SIGNPOSTING</p> <p>How we signpost and support TPTs if they have issues during their journey.</p>	<p>First contact response</p> <p>To best support TPTs, more clearly outline in common communications the role of the PCA and identify where the CCOs or other organisations can help.</p>	<p>Clear code steps</p> <p>Develop the Code story so that TPTs understand the key points in the business relationship where Pubs Code rights arise, and how and where to get support.</p>	<p>Quality care</p> <p>Work hand-in-hand with key stakeholders to develop key processes, standards and understanding so TPTs can access high quality information and support.</p>

The PCA has a specific statutory role, and regularly receives enquiries from pub tenants about issues outside our remit, which we can refer to other bodies who can help. During the year we have expanded and deepened our links with such bodies, including forging new links with the Licensed Trade Charity (LTC). We have developed our staff team’s understanding of external stakeholder bodies, which in turn increases our ability to effectively refer tenants and other stakeholders who make enquiries of us.

The PCA will often signpost tenants to the Code Compliance Officer in the relevant pub company, as they have a statutory role to verify their pub company’s compliance with the Pubs Code. In the 2023 tied tenant survey report we highlighted that more needed to be done to raise the profile of Code Compliance Officers. We are pleased that the 2024 survey shows a 14% increase (from 25% in 2023 to 39% in 2024) in tenant awareness of the role of Code Compliance Officers. During 2024, we worked with pubs companies to improve transparency by publishing the names and contact details of Code Compliance Officers for each of the six pub companies on the PCA’s website. In addition, Code Compliance Officers initiated activities to raise their profiles among tenants, including producing video and other online content.

With the support and engagement of the PCA, the participation of all regulated pub companies in the Bii’s Accredited Advisers scheme, providing Bii membership for all tied tenants with Pubs Code rights, has been an important means of supporting the quality and independence of professional advice available to tied tenants.

Priority 4 Clear Parameters

Key:
 TPT = tied pub tenant
 POB = pub-owning business

Short-term
 (3 - 6 months)

Medium-term
 (6 - 18 months)

Long-term
 (18 - 36 months)

4. CLEAR PARAMETERS
 Clarifying the role and scope of the PCA and Pubs Code in serving TPTs across their journey.

Clarify PCA role & scope of the Code
 Communicate information in easily digestible ways, for example, through bitesize information, videos, journey maps, tenant stories.

Communicate clear parameters
 Via website, tenant info packs and other government or trade body materials & communications – review and reclarify if necessary. Be open and clear about PCA activities and progress.

Developing online presence
 Identify and develop, within resource parameters, how we can best present TPT rights and the work we do.

The PCA has continued to update and improve our factsheets and other documents to provide clear and jargon-free information that helps tenants navigate the Pubs Code more easily.

In April 2023 we published our Tenant Timeline, a single infographic (see page 19) that helps tenants more easily identify and understand the Code-related processes that may occur during a tenancy term. It also includes a QR code giving users a quick response barcode to the PCA's factsheets.

In June, we updated our advice note on the timing of non-Market Rent Only (non-MRO) referrals for arbitration to provide greater clarity for tenants on time limits.

In November 2023 we published a new factsheet, '[What Tied Pub Tenants Need to Know about Assignments](#)'. During the year we also updated a number of our factsheets to make them easier to navigate. For example, in December 2023, we improved our '[Business Development Manager / Code Compliance Officer](#)' factsheet by adding contents, links to the relevant legislative provision and an 'at a glance' section.

During the year we worked with pub companies to improve the accessibility of the information they provide to tenants who are considering entering into a new tied agreement ('Schedule 1 information'). The PCA is encouraged that a number of pub companies have made, or are planning to make, significant improvements in how Schedule 1 information is provided, including the development of digital solutions.

TENANT TIMELINE

1

PREPARING SOLID FOUNDATIONS

Before contracts are signed, your pub company must make sure you:

- have taken independent professional advice
- have a sustainable business plan
- have completed pre-entry training
- receive enough information to understand how the proposed rent has been calculated
- have a shared understanding of the Tenancy Agreement- this means each other's obligations and what to expect, such as in relation to repairs and dilapidations.

2

MANAGING THE BUSINESS WELL

The Code has many rights to make sure your pub company is fair and transparent with you, such as:

- option to price match your premises insurance
- receive and challenge notes of your Business Development Manager meetings
- receive a blank profit and loss template on request
- no upward only rent reviews
- no obligation to have a gaming machine
- flow monitoring devices cannot be used in isolation to monitor sales and stock
- pub company cannot subject you to detriment for exercising a Code right

3

DEALING WITH CHANGES IN RENT

If the pub company changes the rent - for example, if it fits a new boiler and adjusts the rent to cover repayment – you can ask for a Rent Proposal to understand how the rent has been worked out.

4

MID TERM RENT REVIEWS

- You will receive a Rent Assessment Proposal at any contractual rent review, with information to show how the proposed rent has been worked out and help you negotiate. You can also ask for one if the rent has not been reviewed in the last five years.
- You can request the Market Rent Only option to compare a free of tie deal and negotiate, even if you want to stay tied.

5

DEALING WITH THE UNEXPECTED

When something happens which has a significant impact on trade, or there is a significant increase in the price of a tied product or service, in certain circumstances you can:

- request the Market Rent Only option
- ask for a rent assessment

6

ASSIGNMENT OR END OF TERM

- The pub company must conduct a dilapidations survey at least 6 months before the end of the agreement
- The pub company must give you certain information if you want to assign your lease

Find out more about your Pubs Code rights by reading our factsheets at
www.gov.uk/pca



As a result of engagement with pub-owning businesses, in addition to a letter from the PCA being provided both to negotiating and new tied tenants, an appropriate letter is now also sent to all assignees of a tied lease. These letters explain the PCA's role to those with Pubs Code rights and how they can find out about, and exercise, those rights. We have also improved our social media presence, supported by a strategic communications partner, to provide bite-sized and accessible information to tenants about their rights. We published articles and infographics to build tenant understanding of the Code on key channels such as 'X' (formerly Twitter), LinkedIn, Facebook and YouTube. This included tenant stories, recognising the power of the tenant voice in talking about the Code and how it can be used to ensure transparency and fairness.

Tenant voices

During the year we interviewed tied tenants from Admiral, Marston's and Stonegate about their experiences of the Code. We produced these as YouTube [videos](#) and released two of them in the reporting year, and one after the year end, to help explain to tenants how they can use the rights provided by the Pubs Code, such as receiving information to inform business planning and rent negotiations, or notes of meetings with Business Development Managers, to ensure fairness and transparency in the relationship with their pub company.

PCA team at the Strategy Review Workshop.



Priority 5 Great Expectations

Key: TPT = tied pub tenant POB = pub-owning business	Short-term (3 - 6 months)	Medium-term (6 - 18 months)	Long-term (18 - 36 months)
<p>5. GREAT EXPECTATIONS</p> <p>Plotting clearer regulatory approaches.</p>	<p>Day-to-day</p> <p>Manage expectations of TPTs and POBs through setting clearer understanding on PCA's approach to regulatory issues.</p>	<p>Continual development</p> <p>Monitor and show where POBs are demonstrating proactive compliance and enable continual Code development.</p>	<p>Collaboration on best practice</p> <p>Consider strategic collaboration processes to identify and share best practice, using the Code to support improvements and raise standards.</p>

During the reporting period, the PCA made improvements to the guidelines that we make available to pub companies to support them to comply with the Pubs Code, particularly in relation to handling breaches of the Code.

Between April 2023 and March 2024, the PCA published on a dedicated page of our website information about three self-reports of Pubs Code breaches by pub-owning businesses which it had reviewed and responded to. We discussed with pub-owning businesses how Code Compliance Officers monitor their company's code compliance. Review of these self-reported breaches and engagement with the pub companies has informed work to make improvements in the process of self-reporting breaches. More information about Pubs Code breaches during the reporting period can be found on page 31 of this report.

The statutory guidance on Clarity in the MRO Procedure, issued to pub companies in 2023 following consultation, came into effect on 1 May 2023. This guidance represented a further step to improve access to MRO, and transparency around the approach each pub company takes, offering consistency wherever possible. The guidance means that in most cases a pub company will offer a tenant taking the MRO option a gradual build up to any upfront costs, such as deposits and rent in advance. Tenants should also receive information to help them (and on referral, the independent assessor) understand how the pub company has calculated the proposed MRO rent. The PCA must take this guidance into account in carrying out regulatory functions, and the PCA (and any appointed arbitrator) must also take it into account when arbitrating Code disputes. Owing to the issue of this guidance we worked with pub companies to review the information they provided to tenants in response to 'frequently asked questions' (FAQs) about the Market Rent Only (MRO) option. We identified areas where pub companies could make improvements to the quality or accuracy of this information. All pub companies subsequently updated their FAQ responses to reflect the new statutory guidance to provide clearer and more accurate information to tenants about the MRO option.

The completion of supervised inquiries in relation to breaches of the Code acknowledged by Star and by Stonegate were the first use of this voluntary and discretionary regulatory process. Engaging where appropriate in this collaborative process enables the pub company to demonstrate a proactive approach to addressing identified compliance issues.

A key area of focus following the 2023 tied tenant survey has been on the Business Development Manager’s handling of repairs and dilapidations. Only 37% of tied tenants reported being happy with how their Business Development Manager manages repairs and dilapidations at their pub.

Some pub companies showed a significant improvement in their tied tenants’ satisfaction with how their Business Development Manager manages repairs in the 2024 survey. As set out above, in October 2023 the PCA published a review into how pub companies manage repairs and dilapidations.

The report identified three key challenges for the industry to overcome, namely, that tenants needed to be aware of:

- the support and guidance available to them,
- the details of professional advisers who can provide independent advice at key points, and
- their obligations relating to repairs at the outset and on an ongoing basis.

These remain key priorities for the PCA on which we will continue to engage with the pub owning businesses, tied tenants and professional bodies.

Priority 6 Arbitration excellence and beyond

Key: TPT = tied pub tenant POB = pub-owning business	Short-term (3 - 6 months)	Medium-term (6 - 18 months)	Long-term (18 - 36 months)
<p>6. ARBITRATION EXCELLENCE & BEYOND</p> <p>Developing continuous learning & development provision for arbitrators and other sector specialists.</p>	<p>Arbitrator skills building</p> <p>Partner with CIArb and arbitrators to develop & implement more targeted training and assessment for arbitrators to deliver a group of knowledgeable and competent specialist arbitrators on statutory arbitration.</p>	<p>Review & refresh</p> <p>Review the training and ensure the provision of specialist quality arbitrators to enable continuous improvement and up-to-date knowledge of specialist arbitrators; support Government in any changes to arbitration rules to provide swift, consistent statutory arbitration.</p>	<p>Wider specialist support</p> <p>Consider and adopt development opportunities, including training for other industry specialists to support industry knowledge.</p>

During 2023-24 the number of cases referred to the PCA for arbitration was 17, the same as the total for 2022–23. This compares to the 50 closed in the previous year, which saw the resolution of a number of historic cases more than a year old. Further information about arbitration cases and performance can be found on pages 26 to 30.

CIArb continued to manage the PCA’s arbitration service from referral to case closure, with the Pubs Code Adjudicator continuing to exercise her statutory power to appoint an alternative arbitrator in all cases pursuant to Section 48(5)(b) of the Small Business, Enterprise and Employment Act 2015.

In December 2023 the PCA agreed a 12-month extension to the contract with the CIArb to continue to manage arbitration service until 1 December 2024.

During the previous reporting year, 14 arbitrators were appointed to the panel of arbitrators, following a rigorous training and assessment process. During the 2023-24 reporting year, the pool of arbitrators remained largely stable. In December 2023, the PCA recommended one arbitrator to be added to the panel after successful completion of training and assessment.

More information about the PCA's arbitration standards and performance measures can be found at: <https://www.gov.uk/government/news/introducing-pubs-code-arbitrator-standards-and-pca-performance-measures>. [Data trends in arbitration cases](#) are published on the PCA's website.

Priority 7 Joining the Dots

Key: TPT = tied pub tenant POB = pub-owning business	Short-term (3 - 6 months)	Medium-term (6 - 18 months)	Long-term (18 - 36 months)
7. JOINING THE DOTS Developing more sophisticated processes for how we manage intelligence.	Day-to-day When listening to stakeholders raising issues, offer information and guidance as appropriate; seek to understand industry context and be clear on prioritisation.	Developing processes Develop more strategic intelligence gathering and processing, in line with resources, to improve analysis and understanding.	Preventative measures Clarify information POBs can pro-actively share with the PCA & tenants to pre-empt matters before they escalate and how the PCA will view that so that lines of communication are clear and constructive.

The PCA's priorities and activities are guided by information and insights gathered from different sources. These include the tied tenant survey, enquiries, arbitrations, engagement with stakeholders, self-reported Code breaches and compliance reports. This information is reviewed and analysed to inform the PCA's regulatory activities, such as those described in the sections above. The PCA's bi-annual meetings with pub company CEOs and regular engagement with Code Compliance Officers are informed by the PCA's information analysis.

During 2023-24, the PCA began work to implement its new case management system, supported by an external software supplier. This system aims to provide greater consistency and efficiency in the PCA's regulatory work and administration, assure the PCA's monitoring and reporting capabilities and be sufficiently flexible to enable future regulatory development.



From the outset of the reporting year, PCA staff worked with the external supplier to develop and map out priority functionality to inform the Phase 1 build. These priorities included enquiry and freedom of information request handling, independent assessor appointment and arbitration case types. Build commenced during summer 2023, with gateway reviews held regularly to ensure product development was in line with the PCA’s requirements and value for money was maintained.

Intensive testing was carried out for each element prior to sign off in October 2023. From the start of 2024, PCA staff again worked with the supplier to map and plan Phase 2 functionality, including in relation to regulation and intelligence management.

Machinery of Government changes announced in February 2023 required additional developmental work as the PCA needed IT compatibility with the Department for Business Energy and Industrial Strategy (BEIS), while plans and migration to DBT’s new IT platform were developed in parallel. By the end of February 2024 all the PCA’s information and documents held on the previous case management system were securely migrated to the new iCasework system prior to the contract expiring with the previous provider. Go-live for phase 1 of the new case management system was scheduled for early June 2024.

Priority 8 Internal development

Key: TPT = tied pub tenant POB = pub-owning business	Short-term (3 - 6 months)	Medium-term (6 - 18 months)	Long-term (18 - 36 months)
<p>8. INTERNAL DEVELOPMENT</p> <p>Investment in People and Processes to ensure high quality service provision for TPTs and POBs.</p>	<p>Investment in people</p> <p>Develop our people to provide the best possible service to TPTs and POBs through learning and development and targeted training.</p>	<p>Investment in processes</p> <p>Review operations to identify what we should stop, start, and continue. Structure team accordingly to ensure everyone has clear roles, responsibilities to enable them to operate as a team.</p>	<p>IT and web presence</p> <p>Continue to develop cost-effective systems and web presence to support delivery of a high-quality service.</p>

The skills and knowledge of staff are vital to ensuring effective discharge of the PCA’s statutory functions. During the year we held high-quality monthly training sessions for all staff, sharing expertise on the Code. Staff engaged in industry-based training to broaden their understanding of the tied tenant’s business environment, undertaking cellar management training delivered by ‘Cask Mark’. Our induction programme was reviewed and improved over the summer of 2023, to make information and learning more accessible for new staff and support a more efficient onboarding process.

During the year, the PCA and members of PCA staff spent time visiting tied pubs with a Business Development Manager or Property Manager across each of the different pub companies, gaining valuable insights into day-to-day work within the pub industry. In September 2023, staff also visited Purity Brewery in Alcester, West Midlands, to see the end to end brewing process, and for training to develop their knowledge of the history of pub and brewery ownership. Our all-staff away day in March 2024 included training on regulatory tools and approaches such as risk-based regulation.

The PCA's website is a key tool in providing accessible information to pub companies and informing tenants about their rights under the Pubs Code.

In order to develop a new independently hosted website, the PCA applied to the Cabinet Office for an exemption from being required to publish our website on gov.uk.

This exemption was granted in the 2022/23 reporting year on the basis that the PCA exercises quasi-judicial functions for the binding determination of disputes between contracting parties to a tied tenancy and needs to sufficiently demonstrate the separation of these powers from government. Following a competitive tendering process that took place during this reporting year, the PCA let a contract with an external supplier to develop a new externally hosted website. Delivery began in early 2024 based on the PCA's specifications. A key early focus was to work with users of the PCA's existing pages on the Gov.uk website to understand current pain points, user needs and priorities. Delivering our new website to provide independent, tenant-friendly access to Pubs Code information will remain a key focus for the PCA over the coming year.

Strategic planning review

During February to March 2024, the PCA carried out a strategy review and planning exercise. This involved taking stock of progress to date under the current strategy and planning shorter and longer-term work to complete the delivery of the strategy by August 2025. As part of this process, we engaged an external consultancy to carry out interviews with staff and hold an all-staff strategy workshop. This work produced a delivery plan from April 2024 - August 2025 which set out key milestones for delivery of identified workstreams spanning our eight strategic objectives. This plan will be used to support the PCA to monitor progress against quarterly targets to deliver our strategy through 2024 and into 2025.



Performance Analysis

7. Statutory reporting requirements for the period 01 April 2023 to 31 March 2024

Section 62 (Annual Report) of the SBEE Act 2015 sets out the statutory reporting requirements for the PCA.

The Adjudicator has a statutory duty either to arbitrate disputes between tied tenants and their pub-owning businesses under the Pubs Code framework that are referred to the PCA or to appoint an alternative arbitrator.

The PCA has statutory powers to investigate, where the Adjudicator has reasonable grounds to suspect that there have been breaches of the Pubs Code; and subsequently to take enforcement action in the event that a breach is found.

The PCA has a statutory duty to report to the Secretary of State any practices of pub-owning businesses that the Adjudicator believes meet the test for an unfair business practice set out in section 71A of the SBEE Act 2015.

62 annual report

- (1) *After the end of each reporting period, the Adjudicator must prepare and publish a report describing what the Adjudicator has done during the period.*
- (2) *The report must include a summary of –*
 - (a) *arbitrations conducted by the Adjudicator,*
 - (b) *investigations carried out by the Adjudicator,*
 - (c) *cases in which the Adjudicator has taken the enforcement measures mentioned in section 55, and*
 - (d) *cases in which the Adjudicator has exercised functions in relation to the offer of a market rent only option or the provision of parallel rent assessments.*
 - (e) *if the Adjudicator has made recommendations under section 56, the report must include an assessment of whether they have been followed.*
- (3) *As well as publishing the report, the Adjudicator must send a copy to the Secretary of State.*
- (4) *The Secretary of State must lay a copy of the report before Parliament.*
- (5) *In this section “reporting period” means –*
 - (a) *the period beginning with the day on which section 41 comes into force [i.e. the date on which the PCA was created] and ending with the following 31 March, and each successive period of 12 months.*

The reporting in this annual report covers the period 01 April 2023 to 31 March 2024.

For the year 2023–24 the PCA is reporting on both:

- the arbitration activity specified in section 62(2)(a);

- investigations carried out by the PCA and section 55 enforcement measures (section 62(2)(b) and (c); and
- the cases in which the specific arbitration functions under section 45(1) in relation to the MRO option have been exercised (as required in section 62(2)(d)).

Open arbitration cases by dispute type

Open arbitration cases by dispute type as of 31 March 2024 compared to the same date last year.

Dispute type	This Year 31.03.2024	Last Year 31.03.2023
MRO		
Full Response Proposal	6	6
Independent Assessor	0	1
Other		
Business Development Managers	1	2
Rent Assessment	0	1
Detriment due to Using Code Rights	0	1
Flow Monitoring Devices	0	1
Gaming Machines	0	1
Insurance	1	1
Premises	1	1
Sustainable Business Plan	1	0
TOTAL Dispute types	10	15
TOTAL Cases	7	9
<i>Cases may include more than one dispute type</i>		

The PCA is pleased at the continuation of the low level of arbitration disputes referred to the PCA. Open cases having fallen from 9 to 7, showing a continuation in the low level of open arbitration disputes seen in the previous reporting year. MRO full response cases remain the most common dispute type but remain the same level.



Accepted arbitration referrals

Accepted arbitration referrals in the 12-month period between 1 April 2023 and 31 March 2024 to the previous 12-month period.

Dispute type	This Year 01.04.2023 – 31.03.2024	Last Year 01.04.2022 – 31.03.2023
MRO		
Full Response Proposal	14	11
Independent Assessor	1	2
TOTAL MRO	15	13
Other		
Business Development Managers	2	3
Detriment Due To Using Code Rights	0	1
Flow Monitoring Devices	0	1
Gaming Machines	1	1
Rent Assessments	0	1
Rent Proposals	0	*1
Short Agreements	1	0
Sustainable Business Plan	1	0
Schedule 1 information	1	0
Insurance	0	1
Premises	1	1
TOTAL OTHER	7	10
TOTAL ALL DISPUTE TYPES	22	23
TOTAL CASES	17	17

Cases may include more than one dispute type

There has been no change in the number of cases accepted for arbitration with 17 cases accepted this year. There was a slight increase in referrals about the MRO Full Response Proposal with 14 cases.



Closed arbitration cases

Closed arbitration cases in the 12-month period between 1 April 2023 and 31 March 2024 by dispute type and outcome compared to the previous 12-month period.

Dispute type	Outcome	This Year (01.04.2023 – 31.03.2024)	Last Year (01.04.2022 – 31.03.2023)
MRO			
Full Response Proposal	Claim Withdrawn	0	5
	Final Award on Substantive Issues	3	3
	Lease Assigned / Forfeited / Surrendered / Expired	0	3
	Parties Agreed – MRO Tenancy	8	20
	Parties Agreed – New Tied Tenancy	0	2
	Parties Agreed – No Information Provided	1	6
	Parties Agreed – Varied Tied Tenancy	0	2
Independent Assessor	Parties agreed – Other	2	0
	Claim Withdrawn	0	2
	Final Award on Substantive Issues	2	2
Other			
Business	Parties Agreed – Non-MRO Dispute	0	1
Development Managers	Final Award on Substantive Issues	2	0
	No Jurisdiction	1	0
Rent Assessments	Claim Withdrawn	0	1
	Final Award on Substantive Issues	1	1
Rent Proposals	Parties Agreed – Non-MRO Dispute	0	1
Short Agreements	No Jurisdiction	1	0
Subsequent Proposed Tenancy	Parties Agreed – No Information Provided	0	1
Insurance	Final Award on Substantive Issues	1	0
Premises	Final Award on Substantive Issues	1	0
Schedule 1 Information	No Jurisdiction	1	0
Detriment Due To Using Code Rights	Final Award on Substantive Issues	1	0
Gaming Machines	Final Award on Substantive Issues	1	0
Flow Monitoring Devices	Final Award on Substantive Issues	1	0
TOTAL DISPUTE TYPES		28	51
TOTAL CASES		19	50
<i>Cases may include more than one dispute type</i>			



The most common outcome of arbitration is for the parties to reach an agreement, which is the same as last year. For MRO referrals, in most cases the parties agree an MRO tenancy although in some cases the tenant will remain tied. The number of cases closed this year has reduced to less than half of last year's figure, which reflects the declining number of open arbitrations.

Duration of closed arbitration cases

Duration of closed arbitration cases (minus stay periods agreed by the parties) in the 12-month period between 1 April 2023 and 31 March 2024.

Duration (minus stay periods agreed by parties)	This Year (01.04.2023 – 31.03.2024)
Less than 3 months	11
3–6 months	4
6–12 months	2
1 year +	2

Duration of closed arbitration cases (including stay periods agreed by the parties) in the 12-month period between 1 April 2023 and 31 March 2024

Duration (including stay periods agreed by parties)	This Year (01.04.2023 – 31.03.2024)
Less than 3 months	6
3–6 months	7
6–12 months	4
1 year +	2

Stay periods have a demonstrable impact on the duration of the arbitration with most cases closing within six months when excluding stay periods. A stay period is where the parties have agreed to put the proceedings on hold, for example, while negotiations take place.

The PCA is pleased that a significant majority of cases received for arbitration were closed within a 6-month period.

Investigations carried out by the PCA and section 55 enforcement measures (section 62(2)(b) and (c))

The PCA did not conduct any investigations during the 2023-24 reporting period.

In July 2019 the PCA launched an investigation into Stars Pubs & Bars under section 53 SBEE Act 2015 and a report was published in October 2020. The PCA exercised her powers of enforcement (see sections 56–58 SBEE Act 2015) requiring recommendations to be followed, and issued a Penalty Notice imposing a financial penalty. Ongoing monitoring of recommendations was completed in June 2024. An appeal against the Penalty Notice brought by Star following the conclusion of the investigation was ongoing throughout the financial year 2022–2023 and was settled by agreement between the PCA and Star in February 2023, with an order confirming the settlement being made by the High Court just after the beginning of the reporting year, on 5 April 2023.

Regulatory compliance

The Pubs Code places legal duties on pub-owning businesses to verify and demonstrate their compliance through appointing a compliance officer and annual reporting to the PCA. The PCA's policy for the handling and publication of pub companies' self-report breaches forms part of our business-as-usual activity with a Register of Self-Reported Breaches on the PCA website. This provides transparency for the industry on reported breaches. Five self-report breaches forms were submitted during the reporting year.

Extended Protection

Extended protections occur when a tied pub belonging to a regulated POB is sold to a non-regulated POB. Under those circumstances the tied tenant retains their Code rights, other than the right to request a free of tie "Market Rent Only" tenancy.

The extended protections end once the next rent assessment for the tied pub concludes (by agreeing the new rent in writing), or sooner if the tied tenancy ends (including where it is renewed under the Landlord and Tenant Act 1954).



Supervised Inquiries

The PCA concluded its first two supervised inquiries, working with Star Pubs & Bars and Stonegate to address reported breaches. A supervised inquiry is a collaborative and voluntary regulatory approach, short of statutory investigation, which the PCA may take where appropriate.

The Star Pubs & Bars supervised inquiry followed self-reported breaches relating to its insurance arrangements and Code duties under Regulation 46(2). As part of the supervised inquiry, Star worked with the PCA to ensure it provided transparency to tenants as required by regulation 46. Star revised its correspondence to tenants to ensure they receive clear information on Star's insurance arrangements, which include an element of self-insurance, and the method used to calculate the premium for each pub premises.

The Stonegate supervised inquiry concerned historic breaches of regulations 15(7) and 17(f) relating to the provision of rent proposals for new tenants. Stonegate has revised its new tenant processes to ensure rent proposals are provided at the correct time. As part of the supervised inquiry, Stonegate contacted tenants impacted by these breaches to inform them of the details of the breach and provide them with an opportunity to raise any concerns.

The PCA will apply the lessons learned from these first two supervised inquiries. The PCA aims to refine the existing process to ensure that supervised inquiries provide a proportionate and effective regulatory compliance tool where their use is appropriate.

8. PCA's Financial Performance

The PCA's 2023-24 levy submission to the Secretary of State was based on a budget forecast for the year of £2,969,507. Fixed costs for accommodation and IT maintenance and support were broadly in line with the budget forecast. Budget forecasts must include costs for an investigation because should the Adjudicator have reasonable grounds to suspect breaches of the Pubs Code; and subsequently need to take enforcement action in the event that a breach is found the PCA must have funds available. No investigation occurred in the reporting year, which significantly contributed to the £1,097,353 contract liability. Referrals for arbitration and Independent Assessor fees are unpredictable and prove difficult to forecast for the forthcoming year. For 2023-24 the numbers remained low further contributing to the predicted contract liability.

In the 2022-23 reporting year contract liability was £2,467,571. This reduced to £735,675 in 2023-24 and relates to unspent levy, which should have been returned to a pub company in March 2024, however due to a technical issue could not be returned until April 2024. (See note 9 Trade payables and other liabilities page 87)

The PCA monitors spend against the forecasted budget and a monthly report is provided to Management Board meetings. A detailed quarterly finance report, highlighting PCA spend and tracking underspend against the individual budget lines is provided to the PCA's Risk and Audit Committee. Staff costs were lower than the PCA forecasted reflecting the fact that throughout the reporting year expected Civil Service reduction in numbers inhibited the PCA's ability to recruit staff when vacancies arose in year. Furthermore the unpredicted departure of two senior members of the Management Board in December 23 and January 24 respectively impacted on staff costs.

The PCA continues to use XERO as its software accounting package. It is used to reconcile the PCA's financial transactions to its government bank account, create Purchase Orders, generate invoices and provide financial reports.

Throughout the reporting year the PCA strove to reduce the historic accrued expenditure relating to individuals who had been on secondment to the PCA during 2017 and 2018, but whose home organisations had not submitted invoices for their staff member's time, despite numerous requests to do so by the PCA.

Home organisations were again contacted, resulting in two invoices being submitted and paid and confirmation that two others would not submit invoices was received. The remaining £50,274 has been re-accrued as at 31 March 2024. Further correspondence has been issued to the two home organisations who had not submitted invoices confirming that given 7 years had elapsed, the PCA will now close the file and the outstanding monies will be returned to the levy payers once the 2024-25 annual report is published.

9. PCA's progress against published performance measures

The PCA's performance measures are published on our website and can be found [here](https://www.gov.uk/government/organisations/pubs-code-adjudicator/about-our-services) <https://www.gov.uk/government/organisations/pubs-code-adjudicator/about-our-services>.

These are monitored by the Operations team and reported on at the PCA's monthly Management Board meetings.

The performance measures for the reporting year were:

PCA Published Performance Measures	1 April 23 – 31 March 24	1 April 22 – 31 March 23
Correspondence and Enquiries 1. 95% of correspondence and enquiries (excluding regulatory interactions with pub companies and arbitration case correspondence) responded to within 15 working days.	99.95%	100%
Arbitration 1. In 90% of cases the PCA will appoint a person to arbitrate a dispute within 20 working days of acceptance of a referral and receipt of all relevant information from the parties.	100%	100%
Publication of Awards 1. For 80% of awards for publication, in accordance with the PCA publication policy, consent is sought to publish no later than 6 weeks from the date the award is issued. 2. 80% of awards and summaries will be published according to the PCA publication policy within 6 weeks of receipt of all appropriate consents (or of expiration of timescale for consent).	100% 83.3%	100% 100%

PCA Published Performance Measure	1 April 23 – 31 March 24	PCA Published Performance Measure	1 April 22 – 31 March 23
In 90% of cases the PCA will appoint a person to arbitrate a dispute within 25 working days of acceptance of a referral and receipt of all relevant information from the parties.	100%	In 90% of cases the PCA will appoint a person to arbitrate a dispute within 25 working days of acceptance of a referral and receipt of all relevant information from the parties.	100%

The PCA has no financial performance measures.

10. PCA’s Performance Against The Public Contracts Regulations 2015

Public Contracts Regulations 2015 (Regulation 113) requires contracting authorities to pay undisputed invoices within a 30-day period. For the reporting year, due to administrative errors the value of undisputed invoices not paid within the time period was £1956 [2022-23: £7.52].

Our commitment to the principles of the Modern Slavery Act 2015.

The PCA is committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. As an Equal Opportunities Employer, we are committed to creating and ensuring a non-discriminatory and respectful working environment for our staff.

Through robust policies and procedures, we continue to take steps to ensure that neither slavery nor human trafficking (together, referred to as ‘modern slavery’) take place in our organisation or supply chains. This includes the recruitment of colleagues and in our contracts with suppliers.

The Greening Government Commitments 2016-2020

Sustainability

The Greening Government Commitments set out high level targets for central government and its agencies to make reductions in operational consumption and waste as well as standards for transparent reporting on sustainable procurement and key sustainability areas including biodiversity; climate change adaptation, sustainable food and catering and sustainable construction. The commitments apply to the office and non-office estate of central government departments and their Executive Agencies (EAs), Non-Ministerial Departments (NMDs) and executive Non-Departmental Public Bodies (NDPBs), unless specifically exempted.

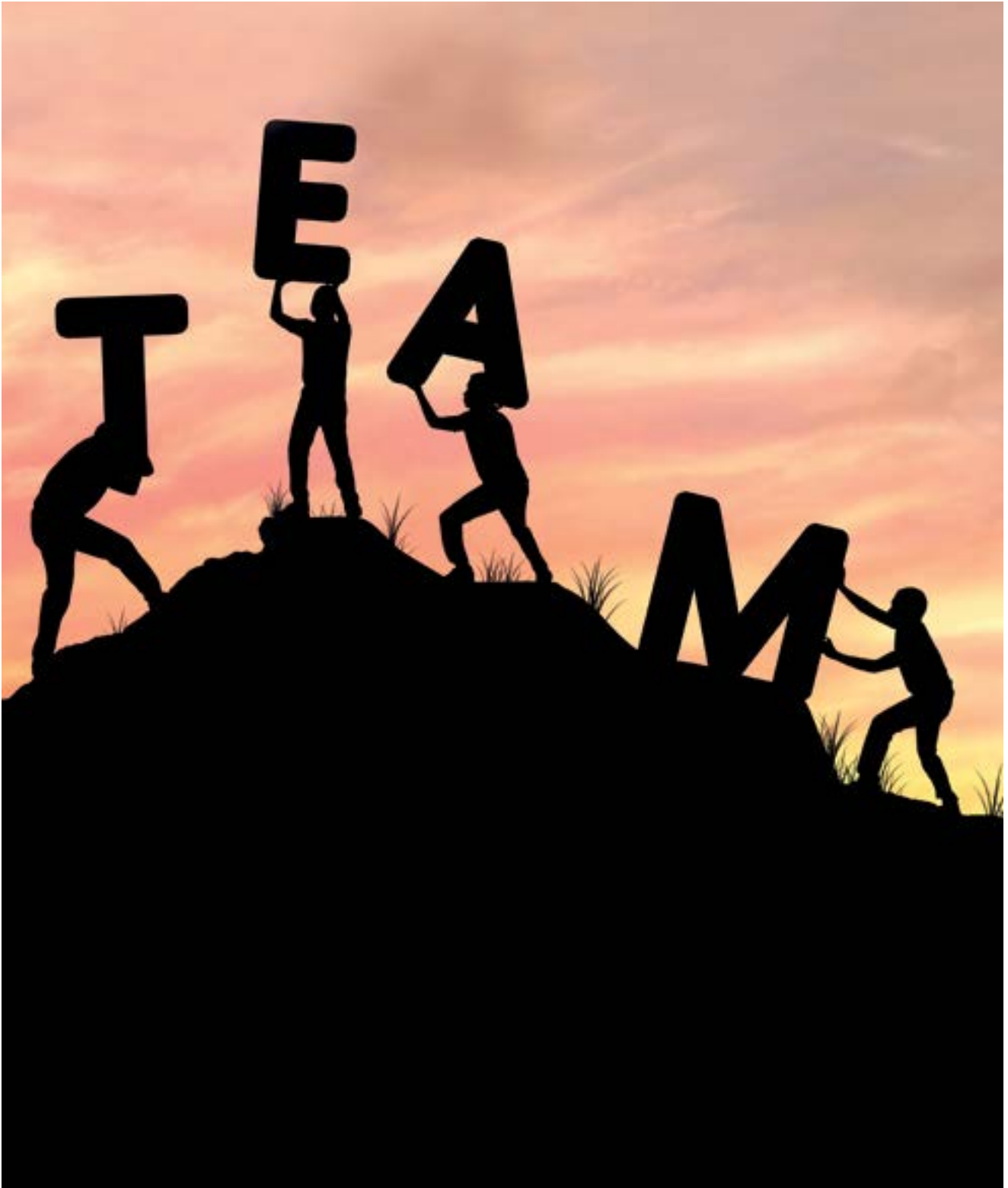
The PCA is committed to sustainability in the way we make policy, procure goods and services. We use the Crown Commercial Service framework to procure goods and services where applicable. The procurement service keeps its policies under regular review and works with its partners individually to ensure sustainability goals are achieved.

The office of the PCA’s accommodation is contractually managed by the Government Property Agency and as a result we are committed to environmental sustainability of our office space.

The PCA is seeking an exemption under section 1.42 of the 2022-23 Sustainability Reporting Guidance from Defra's Greening Government Commitments 2012-25 team.

Diversity

The PCA follows the recruitment processes of our sponsor department DBT, seconding staff through DBT where appropriate. As DBT is a Disability Confident Employer, we offer a guaranteed interview to any candidate meeting the minimum criteria.



11. PCA's 2023–24 Tied Tenant Survey and Findings at a Glance

The independent research company Ipsos was commissioned by the Pubs Code Adjudicator (PCA) to conduct three annual waves of the PCA tied tenant survey from 2022 to 2024. The PCA uses the tied tenant survey to provide positive incentives within the pubs industry, and it was highlighted as good practice in published, independent research carried out into UK regulators' approach to data, '[Data in Regulation](#)'. The Pubs Code Adjudicator was invited to present on the PCA's tenant survey to other UK regulators as part of the report's [launch](#) in March 2024.

The tied tenant survey follows on from similar work undertaken by Ipsos under a previous procured contract in 2017 and 2019, measuring familiarity with the Pubs Code, awareness of tenants' rights and examining the relationship between tied tenants and their pub companies.

Following a similar approach to the previous year, for the 2023-24 survey Ipsos interviewed 1,203 tenants across the six pub companies regulated under the Pubs Code. Interviews took place by telephone between January and March 2024. Ipsos ensured a representative sample by randomly approaching tenants within quotas to reflect the make-up of the tied tenant population. Topics covered by the research included awareness of and familiarity with the Pubs Code, tenant satisfaction with the pub company relationship, the experiences of new tenants and perceptions of the PCA and how it communicates.

A representative mix of tenants were surveyed by region and the estate size of the various pub companies. In terms of demographics, the tenant profile was similar to 2023. The majority were men (58%), however there were more women tenants in 2024 compared to when the survey began in 2022 (39% in 2024 compared to 32% in 2022). Tenants tended to be older – 65% were aged 45 and over, although just over one in ten were aged 16-34 (13%). The majority of tenants were white (89%). One in ten said their day-to-day activities were limited 'a little' or 'a lot' because of a health problem or disability lasting at least 12 months (9%). Most tenants surveyed were single operators (85%), with just over half (52%) having held tenancies, either at their pub or another, for ten years or more. Almost two thirds of tenants (62%) started their tenancy following the introduction of the Pubs Code in 2016 – the same number as in the previous year's survey.

2024 Survey findings explained and comparisons with previous years' results

Awareness of the Pubs Code remained high overall. Four in five (80%) tenants recalled hearing, seeing or reading about the Code compared to 84% in 2023. When asked about their *depth of knowledge*, 78% said they were either 'very' or 'quite' aware of the Pubs Code before the survey took place, as opposed to being 'not very aware' or 'not aware at all'. This is in line with last year (78%) and the year before (79%) which marked a significant increase from 2019 (+11 percentage points).

When prompted, a majority of tenants with relevant agreements¹ are familiar with the Code rights applicable to them. More than six in ten tenants are familiar with their right to request a Market Rent Only option (MRO) in certain circumstances (63%, as in 2023), rights when receiving a Rent Assessment Proposal regarding an existing tenancy (64% vs 63% in 2023) and rights when receiving a rent proposal regarding a new or renewed tenancy (67%, as in 2023). These levels of awareness have remained consistent over the past three years, suggesting that around one in three tenants are still *unfamiliar* with their rights in each of these areas. Moreover, when it comes to

¹ Relevant agreements here meaning those with tied tenancies or leases or another form of agreement not including retail, franchise or short agreement / tenancy-at-will.

understanding the right to price match premises insurance on the open market, tenants are slightly more split. 56% of tenants overall are familiar with their rights in this area and 41% are unfamiliar. These patterns are consistent with findings in the previous year.

Overall, tenants of Marston's were the most satisfied at 79%, closely followed by Admiral at 78% and Greene King at 77%. Tenants of Stonegate were the least satisfied, down 3% from 50% to 47% on the 2023 results, whilst satisfaction levels from tenants of Punch and Star were 61% and 64% respectively. However, it should be noted that Star had a 9% increase in levels of satisfaction from the 2023 results. Tenants were asked in their own words why they were satisfied or dissatisfied with the relationship with their pub company. The reasons have stayed the same since last year. Aside from factors relating to the commercial relationship and success of the business, communication is key. Satisfied tenants cite prompt and open communication from the pub company and fair treatment, and dissatisfied tenants say the opposite. The level of business support provided by the pub company is also mentioned, as is the speed at which repairs are dealt with. Where things are working, many tenants report that they are content to be left to run their pub.

To understand the relationship between tenants and their pub company in greater depth, detailed survey questions were developed to monitor the relationship between tenants and their pub company's Business Development Manager (BDM) and Code Compliance Officer (CCO). As in 2023, BDMs are well known, with 98% of tenants surveyed aware of who their BDM was. Tenant awareness of their CCO grew significantly in 2024's survey. 39% of tenants knew who their CCO was, compared to only one in four (25%) in 2023. Awareness remains highest for Greene King tenants (48%). With the exception of Punch, tenant awareness of their CCO across the other pub companies has also significantly increased this year. However, while tenant awareness of their CCO has increased, perceptions of how CCOs are performing worsened since 2023, although in most cases had only fallen to 2022 levels. It would be reasonable to expect this rating to improve over time, as the strength of relationship deepens with a wider group of tenants.

The relationship with their BDM was generally viewed positively by tenants, reflecting the fact that six in ten tenants were satisfied with the relationship overall. Most tenants agreed their BDM was doing well across the various performance measures, with the exception of the management of repairs. While scores remained relatively high, tenants in 2024 were less likely to agree that their BDM was fair with them in discussions, falling 4 percentage points from 81% in 2023 to 77% in 2024. This fall was driven by a 10-point decrease in agreement among Stonegate tenants. As in 2023, tenants from Marston's, Admiral and Greene King tended to give BDMs the highest scores across a range of measures, reflecting strong overall satisfaction scores for those pub companies.

The management of repairs remained a key issue for tenants overall, with only 40% agreeing they were satisfied with how their BDM handled repairs and 41% disagreeing. While satisfaction with BDM repair management remained low overall, 2024's survey did see positive shifts among particular pub companies. Admiral and Star tenants were happier with how their BDM managed repairs at their pub compared to 2023².

2 However wording change to this question should be noted as "repairs and dilapidations" were included in 2023 and only "repairs" in 2024.

Marston's tenants remained the most satisfied with how repairs were managed by their BDM (66% vs 67% in 2023) and Stonegate tenants were the least satisfied (22% vs 26% in 2023). Due to the large size of the Stonegate estate, if responses from this pub company were removed, 49% of tenants would have been happy with how repairs are managed, a statistically significant increase of 7 points year-on-year.

As seen in 2024, it is possible that tenancy type may be driving some of the satisfaction levels among tenants in pub companies with higher scores. Tenants with certain types of agreements (e.g. franchise / some other agreement) were more satisfied with how repairs are managed (57%) compared to those with a tied lease agreement (31%) or a tied tenancy (39%). This may suggest satisfaction levels may be related to the differences in repairing obligations borne by the landlord and tenant under different tenancy arrangements.

To explore this issue further, the 2024 survey asked tenants to explain in their own words the reasons why they were happy or unhappy with how their BDM managed repairs. As seen from comments about overall tenant satisfaction, the speed with which repairs are undertaken was key. Availability and action from the BDM were also important, with more satisfied tenants referencing how their BDM was easy to contact, listened to them and helped manage requests for repairs through the system. Tenants were also more satisfied when their BDM was knowledgeable about their lease and gave them clear and honest information about who was responsible for a repair. Dissatisfied tenants reported the opposite. However, it was also often reported among dissatisfied tenants that it was not their BDM that was the main issue. For example, tenants mentioned that the BDM might not be directly responsible for delays or issues, or that they did not have enough time to spend with tenants due to their workload.

Appropriate tenants were also asked about their experiences as new tenants. These questions were only asked of tenants that became tied with their current pub company since the Pubs Code came into force in 2016. As in 2023, recall of information received as new tenants was generally high. Four in five tenants recalled receiving details of tied obligations (85%), rent and deposit information (84%), and information about maintenance and repairs obligations (82%). Tenants were much more likely to have recalled an introduction to their CCO in 2024's survey, with scores increasing from 44% in 2023 to 52% in 2024 (reflecting the aforementioned increase in awareness of their CCO). As in 2023, the majority (79%) of tenants found information received was useful, with just 16% reporting it was not. However, fewer (62%) said their Sustainable Business Plan was useful in managing their tenancy.

It is notable that satisfied tenants tended to find this information more useful than dissatisfied tenants, suggesting that good communication between pub companies and tenants at an early stage can lead to more positive working relationships in the longer term. Tenants who had started their tenancy in the last two years were more likely to find pre-tenancy information and their Sustainable Business Plan useful than those starting less recently. 85% of these tenants found the information they received useful while 13% did not. 73% found their Sustainable Business Plan useful while 19% did not. New tenants with Marston's and Greene King were most likely to find pre-tenancy information and their Sustainable Business Plan useful, whereas new tenants with Stonegate were least likely to find them useful. Similar patterns are observed in how tenants rated BDM support with business planning. Seven in ten or more tenants of three pub companies agreed BDMs provided support when needed - Marston's (84%), Admiral (76%) and Greene King (72%). However, just one in three tenants agreed for Stonegate (33%).

Conclusions

Overall, there are a number of positive conclusions that can be drawn from these results. Awareness of the Pubs Code remained high at around 4 in 5 tenants and most were familiar with their rights in four key areas of the Code. Six in ten tenants were satisfied with their relationship with their pub company overall – a consistent picture across the three years of this survey. Tenants of Marston's, Admiral and Greene King were the most satisfied and satisfaction among Star showed notable improvement this year. Positive relationships were typified by transparent, open business relationships and strong business support. Tenants typically afforded good scores to BDMs. Star and Admiral showed improvement in how their BDMs managed repairs since last year. There are also encouraging signs related to tenant awareness of who their CCO is – which has sharply increased year on year. It is also encouraging that satisfaction with tenancy type improved significantly in 2024.

Meanwhile, the overwhelming majority considered information received as new tenants to have been useful and six in ten thought their Sustainable Business Plan was useful in managing their tenancy. Newer tenants also found pre-tenancy information and their Sustainable Business Plan more useful, suggesting recent efforts here may have been impactful.

Key areas for improvement or consideration include the following:

- As in 2023, tenant familiarity with Code rights can be strengthened further. At least one in three were unfamiliar with their rights in specific areas. Rights pertaining to premises insurance remain the least understood amongst tenants overall.



- Whilst tenant satisfaction with the relationship with their pub company was healthy overall, this was not the case for one in five tenants, and the picture was variable by pub company. While Star showed improvement this year, tenants of Stonegate, Star and Punch were less satisfied than those of Marston's, Greene King or Admiral.

Scores from Stonegate tenants were consistently the weakest across multiple metrics. Overall tenant satisfaction and BDM scores all improve where feedback from Stonegate tenants is removed. Feedback from tenants in their own words shows the importance of communication in the relationship. Clear, prompt, open communication and fair treatment are valued by satisfied tenants and deemed lacking by dissatisfied ones. While BDMs typically scored well, the handling of repairs remained an issue for many tenants.

Tenancy type appeared to have an impact which may warrant further exploration, alongside identification of good practices that could be shared across the industry. It is clear from responses that ensuring BDMs communicate repairing responsibilities clearly and transparently to tenants and have the necessary powers to get involved in resolving repairs issues makes a difference to tenant satisfaction levels.

- Tenant agreement that pub companies provided the right level of business planning support also varied by pub company. Pub companies scoring less well in this area may consider what could be done to improve, as tenants that consider their BDMs to be supportive tend to give better scores overall.
- While tenant awareness of their CCO increased, perceptions about their role worsened. This may be because a larger group of tenants have a weaker relationship with their CCO which will deepen over time but, nonetheless, it will be important to continue to monitor this area.

While information provided to new tenants was seen as useful by most, it may be worth exploring what makes such information useful so that best practice can be shared. Similarly, with the Sustainable Business Plan, (which pub companies must ensure the tenant has in place when they either enter into a new agreement or agree the renewal of a tenancy which is not a protected 1954 Act tenancy) it is worth exploring how these can best be embedded in the tenant's way of working to support better tenant / pub company relationships.

The link to the PCA's Annual Tied Tenant 2024 full survey results can be found [here](#).





Pubs Code Adjudicator

PCA Tied Tenants Survey 2024

Relationship with Pub Company

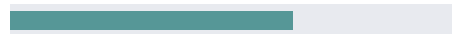
Ipsos interviewed a representative sample of 1203 tied tenants by telephone between 9th January and 13th March, 2024.

One topic of discussion was their relationship with their Pub Company.

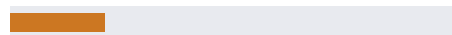
Overall satisfaction has remained at 6 in 10 tenants between 2022 and 2024



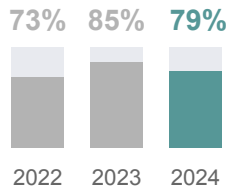
63% are satisfied



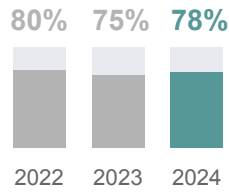
21% are dissatisfied



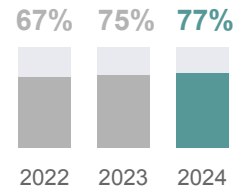
The top three Pub Companies for tenant satisfaction have stayed the same since 2022. Star has shown improvement this year.



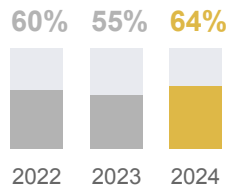
Marston's (Satisfied)



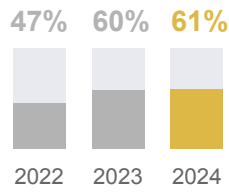
Admiral (Satisfied)



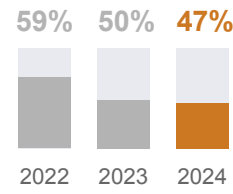
Greene King (Satisfied)



Star (Satisfied)



Punch (Satisfied)



Stonegate (Satisfied)

These show sub group is statistically significantly higher, lower or shows no difference vs the total sample



For more information, read the full report and get the data at the PCA website. <https://www.gov.uk/government/organisations/pubs-code-adjudicator>





PCA Tied Tenants Survey 2024

Business Development Manager and Code Compliance Officer

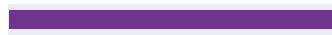
Ipsos interviewed a representative sample of 1203 tied tenants by telephone between 9th January and 13th March, 2024.

One topic of discussion was the tenants' relationship with their Business Development Manager and Code Compliance Officer.

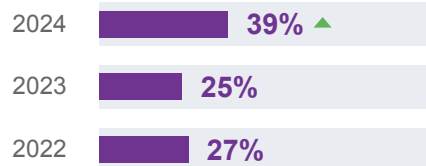
Tenant awareness of their Business Development Manager has stayed the same between 2022 and 2024



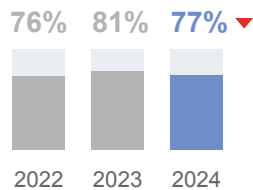
98% of tenants are aware of their BDM



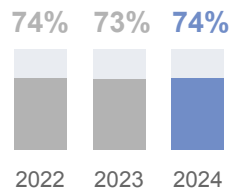
More than a third of tenants now know their Code Compliance Officer



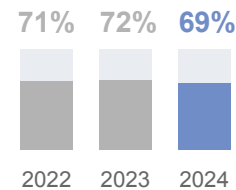
Tenant perceptions of their BDM are consistent with 2023. 3 in 4 tenants still agree their BDM is fair in discussions.



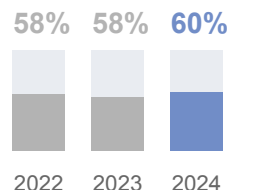
agree BDM is fair in our discussions



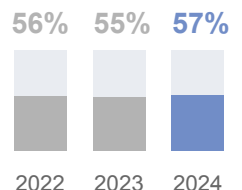
I have all the information I need about their role



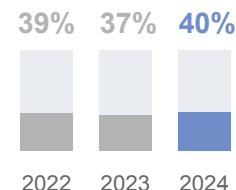
They provide accurate notes



They provide me with the information and advice I need about The Pubs Code



They supply the business planning support I need on an ongoing basis



I am happy with the way they manage repairs at my pub*

*in previous years this was "repairs/ dilapidations"

▲ ▼ These show statistically significant differences between 2023 and 2024



For more information, read the full report and get the data at the PCA website. <https://www.gov.uk/government/organisations/pubs-code-adjudicator>





Pubs Code Adjudicator

PCA Tied Tenants Survey 2024

Satisfaction with agreement type

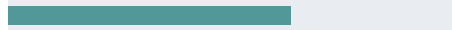
Ipsos interviewed a representative sample of 1203 tied tenants by telephone between 9th January and 13th March, 2024.

One topic of discussion was satisfaction with their type of agreement.

Satisfaction with agreement type has increased significantly since 2023



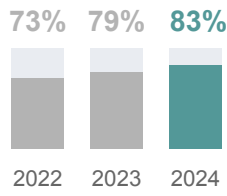
68% are satisfied +6 increase from 2023



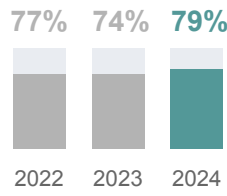
17% are dissatisfied



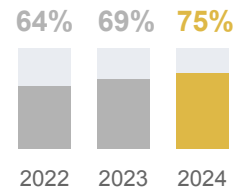
Satisfaction with type of agreement has improved this year. Star has shown a significant improvement since 2023.



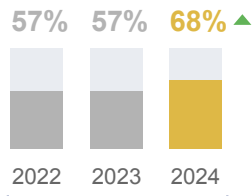
Marston's
(Satisfied)



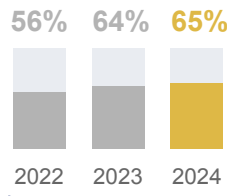
Admiral
(Satisfied)



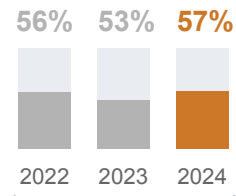
Greene King
(Satisfied)



Star
(Satisfied)



Punch
(Satisfied)



Stonegate
(Satisfied)

■ ■ ■ These show sub group is statistically significantly higher, lower or shows no difference vs the total sample
 ▲ ▼ These show statistically significant differences between 2023 and 2024



For more information, read the full report and get the data at the PCA website.
<https://www.gov.uk/government/organisations/pubs-code-adjudicator>





**Pubs Code
Adjudicator**

PCA Tied Tenants Survey 2024

Business Development Manager

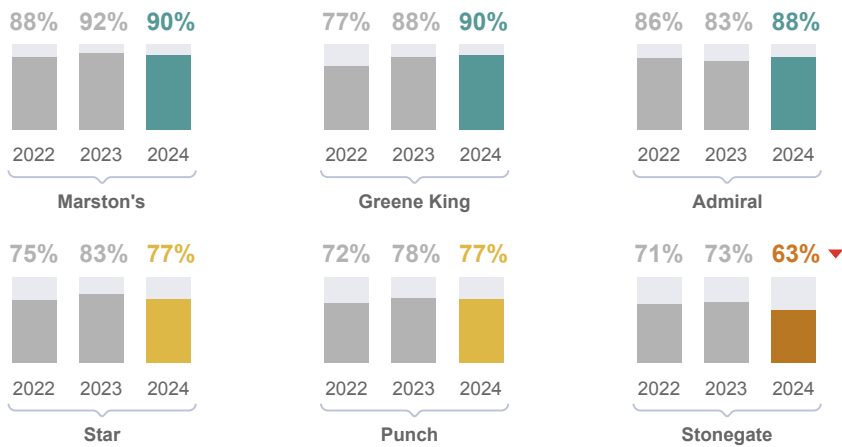
Ipsos interviewed a representative sample of 1203 tied tenants by telephone between 9th January and 13th March, 2024.

In this survey, we are able to compare tenant views of BDM fairness in discussions and the business support they provide by pub company.

3 in 4 tenants agree their BDM is fair with them in their discussions

This is a significant 4 point drop from 2023, driven by a 10 point drop in agreement among Stonegate tenants.

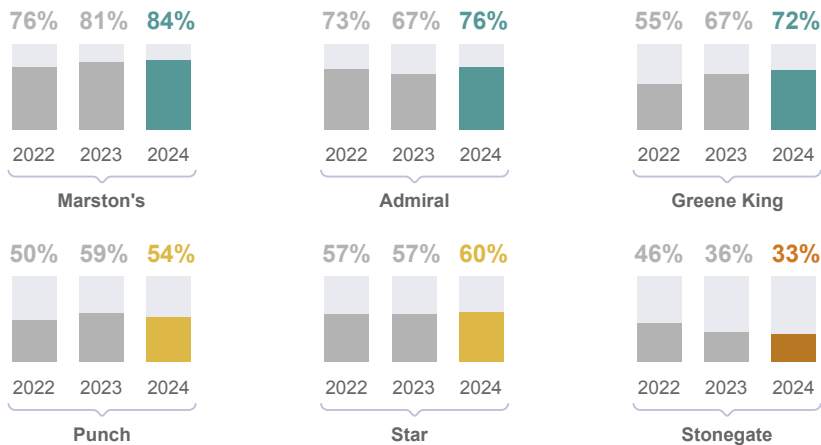
■ ■ ■ These show sub group is statistically significantly higher, lower or shows no difference vs the total sample



▲ ▼ These show statistically significant differences between 2023 and 2024

57% of tenants agree their BDM supplies the business planning support they need on an ongoing basis

Marston's, Admiral and Greene King are most likely to agree.



■ ■ ■ These show sub group is statistically significantly higher, lower or shows no difference vs the total sample



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<https://www.gov.uk/government/organisations/pubs-code-adjudicator>





Pubs Code Adjudicator

PCA Tied Tenants Survey 2024

Business Development Manager

Ipsos interviewed a representative sample of 1203 tied tenants by telephone between 9th January and 13th March, 2024.

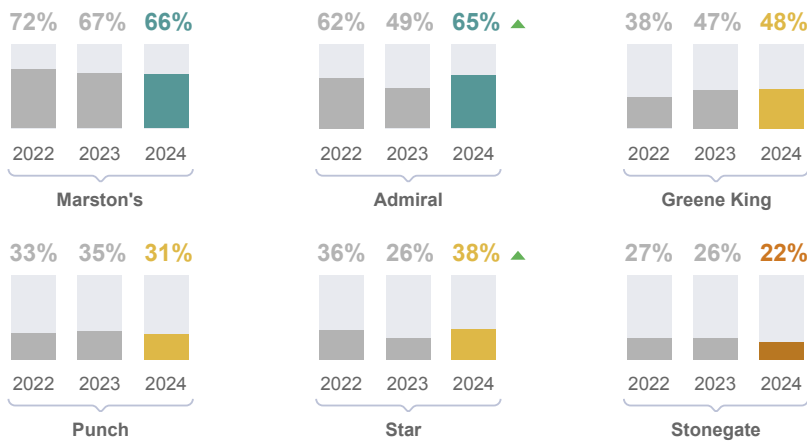
In this survey, we are able to compare tenant views about BDM management of repairs and provision of information about dilapidations by pub company

40% of tenants agree they are happy with the way their BDM manages repairs at their pub

Marston's and Admiral are above average for BDMs managing repairs. Star and Admiral have seen statistically significant improvements to scores this year.

Please note - 2022 and 2023 asked about repairs and dilapidations, 2024 only repairs.

■ ■ ■ These show sub group is statistically significantly higher, lower or shows no difference vs the total sample

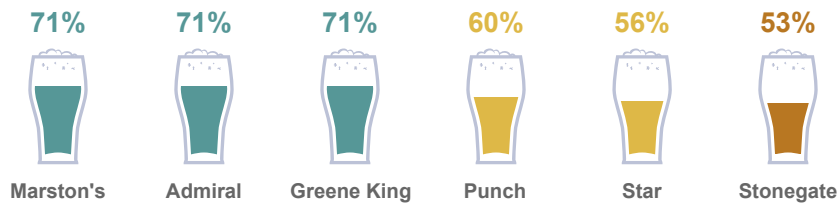


▲ ▼ These show statistically significant differences between 2023 and 2024

61% of tenants agree their Business Development Manager supplies information they need about dilapidations at their pub

7 in 10 tenants from Marston's, Admiral and Greene King agree. Stonegate below average.

■ ■ ■ These show sub group is statistically significantly higher, lower or shows no difference vs the total sample



For more information, read the full report and get the data at the PCA website. <https://www.gov.uk/government/organisations/pubs-code-adjudicator>



Fiona Dickie,
Pubs Code Adjudicator
27th January 2025



Accountability Report

Overview

The Accountability Report contains the following three sections:

- **Corporate governance report** which explains the composition and organisation of the PCA's governance structures and how they support the achievement of its objectives.
- **Remuneration and staff report** which provides information on staff numbers and costs, and the remuneration of senior members of the Management Board; and
- **Parliamentary accountability and audit report** that presents the PCA's expenditure against the budgets set by Parliament and the audit opinion on the financial statements prepared by the National Audit Office.



Corporate Governance Report

Overview

This corporate governance report includes a statement of corporate governance procedures and compliance, information on board composition, statements on the company's performance, and information about compliance and conformance with best practices for good corporate governance. The corporate governance report is built upon the four key principles of accountability, transparency, fairness and responsibility.

Format of the accounts

The accounts have been prepared in accordance with the direction from the Secretary of State for DBT and HM Treasury's Financial Reporting Manual (FReM).

12. Accounting Officer Report

The PCA is a statutory office holder appointed by the Secretary of State. The PCA is a corporation sole and an independent regulator sponsored by the Department for Business and Trade. I was reappointed for a further three years in May 2024 and I was also simultaneously reappointed as the Accounting Officer.

As Accounting Officer, I am responsible for ensuring that there are an appropriate governance structure and systems in place for the year under review and up to the date of approval of the annual report and accounts to ensure I meet my statutory obligations. I am personally responsible for safeguarding the public funds for which I have charge; for ensuring the propriety and regularity in the managing of public funds; and for the day-to-day operations and management of the office of the PCA in line with the requirements set out in Managing Public Money. The PCA governance structure combines efficient decision making with accountability and transparency.

As Accounting Officer, I convene the PCA Management Board; co-chair a Governance Board with the DBT sponsorship team and attend the Risk and Audit Committee. These are the main means for ensuring that my statutory obligations are met, that decision-making and financial management are carried out appropriately and that the PCA office is managed effectively.

13. Risk and Audit Committee

The Risk and Audit Committee supports the Management Board and the Accounting Officer in my responsibility for control and governance, risk management and associated assurance.

Rob Powell, the Executive Director for Resources at Warwickshire County Council was the independent Chair of the PCA's Risk and Audit Committee throughout the reporting year. The National Audit Office attended the meetings in the role of observers

The Risk and Audit Committee met three times during the reporting period. Each meeting held was quorate.

The main areas for the Committee's focus were:

1. Risk management including a regular thematic review of the PCA's risk register;
2. Recruitment and retention of staff;
3. The arbitration management service outsourced to the CI Arb in December 2021 and the one-year extension to the contract in December 2023;
4. Finance management based on the quarterly finance reports
5. Implementation and testing the new system and migration of existing data from the old system to the new and "go live";
6. Procurement and development of a new independent website;
7. Internal (when appropriate) and external audit processes
8. Endorsement of the End of Year report and Accounts.

Agreed minutes of Risk and Audit Committee are reviewed at appropriate Management Board meetings. In addition, Management Board undertook 6-monthly horizon scans of strategic risks for the PCA.

The PCA has been offered an internal audit in 2024-25 with the Government Internal Audit Agency (GIAA).

The GIAA is due to provide an objective insight into the effectiveness of the PCA's risk management and internal controls. The findings and any recommendations from the review will be reported at the next available Risk and Audit Committee. An action plan will then be developed and progress against the recommendations monitored through the Risk and Audit Committee meetings.

I am personally responsible for promoting and safeguarding regularity, propriety, affordability, sustainability, risk and value for money; and accounting accurately and transparently for the office of the PCA's financial position and transactions.

14. Register of interests

The PCA maintains a conflict of interest policy and publishes a register of interests which can be viewed via the PCA website at: <https://www.gov.uk/government/publications/pubs-code-adjudicator-conflicts-of-interest-policy-and-register>.

This was updated in September 2023 after the appointment of a member of staff. All relevant Senior Civil Service level members of the Management Board were subject to disclosure rules throughout the period.

15. Personal data

Any security breaches and near misses are reported to the Management Board with individual breaches considered and escalated as appropriate dependent on their seriousness. All staff are aware of the General Data Protection Regulation (GDPR) and undergo mandatory training on an annual basis.

In the period covered by this report the office of the PCA had no data handling breaches or near misses that resulted in a notification to the Information Commissioners Office (ICO).

16. Audit

The auditor of the PCA is the Comptroller and Auditor General. The audit fee for the period ended 31 March 2024 is £35,500 (2022-2023: £28,500).

The PCA's 2022-2023 audit was carried out by the National Audit Office in Autumn 2023.

The 2022-2023 annual report and financial statements were certified and laid in the House on 13 December 2023 and that report can be found [here](#).

17. Whistleblowing

In line with the HM Treasury Dear Accounting Officer letter dated December 2015 the PCA adopted the BEIS Whistleblowing and Raising a Concern Policy in July 2024. The PCA does not directly employ any member of the Office of the PCA but adhered to the policy. After the end of the reporting period and following the MOG changes announced in February 2023 the PCA adopted DBT's Raising a Concern and Whistleblowing Policy.

18. Analytical models

The PCA does not use any analytical models and therefore does not have, and is not required to have, an appropriate quality assurance framework in place as required by [The McPherson Review of quality assurance of government analytical models March 2013](#).

19. Functional Standards

Functional standards are a suite of management standards alongside supporting information to guide those working in and with the UK Government. The standards were mandated in September 2021 and set out organisations expectations in each function, which can be tailored in practice to business need. Functional Standards designed to drive efficiency and effectiveness and professionalism across Government in key areas – including across boundaries.

In December, the then BEIS informed the PCA that as an unclassified Non-Departmental Public Body (NDPB) with independent functions, it was neither carrying out discrete functions on behalf of BEIS nor was it said the PCA was controlled by BEIS. On that basis the PCA did not need to implement Functional Standards.



20. Statement of the PCA's Accounting Officer Responsibilities

Schedule 1, paragraph 15(1) of the SBEE Act 2015 requires the PCA to keep proper accounts and records in relation to those accounts. For each financial year, the PCA must prepare a statement of accounts in respect of that financial year. That statement must be in whatever form is directed by the Secretary of State and must be sent by the PCA within the period specified by the Secretary of State to both the Secretary of State and the Comptroller and Auditor General.

The statement of accounts, when certified by the Comptroller and Auditor General, must be laid before Parliament by the Secretary of State.

The Accounts Direction from HMT sets out the requirement for Agencies (Insolvency Service and Companies House) to produce accounts under the Government Resources and Accounts Act 2000 (Annex B). The statement follows the form and basis set out in the account's direction. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the PCA and of net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM), in particular by:

- a) observing the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, applying suitable accounting policies on a consistent basis;
- b) making judgements and estimates on a reasonable and prudent basis;
- c) stating where the applicable accounting standards set out in the FReM have been followed; and disclosing and explaining any material departures from these;
- d) preparing the statement on a going concern basis.

The Principal Accounting Officer for DBT has designated the PCA as the Accounting Officer for the office of the PCA. The responsibilities of an Accounting Officer – including for the propriety and regularity of the statutory levy funding; for keeping proper records; and for safeguarding the PCA's assets – are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in Managing Public Money.

As Accounting Officer, I confirm that as far as I am aware, there is no relevant audit information of which the Comptroller and Auditor General and the NAO are unaware, and that I have taken all the steps that I ought to have taken to establish that the NAO are aware of any such information.

I also certify that this annual report and accounts as a whole are fair, balanced and understandable; and that I take personal responsibility for the annual report and accounts and the judgements required to determine that it is fair, balanced and understandable.

Governance Statement

PCA Governance Framework Approach 2023–24

21. PCA Governance Framework Approach 2023–24

Fiona Dickie was the Pubs Code Adjudicator (PCA) throughout the reporting period.

The PCA is Accounting Officer for the office of the PCA and is responsible for safeguarding the public funds for which the office has charge and for the day-to-day operations and management of the organisation.

The PCA is responsible for ensuring and promoting propriety, regularity, affordability, sustainability, risk, value for money and feasibility in the handling of those public funds and for accounting accurately and transparently for the office of the PCA's financial position and transactions.

The PCA is also responsible for ensuring the office of the PCA as a whole is run in accordance with the standards of governance, decision-making and financial management set out in Box 3.1 of Managing Public Money. The PCA does not use [modelling](#).



22. Management Board

The PCA Management Board follows the Corporate governance in central government departments: code of good practice, applying it in a way proportionate to the nature and size of the PCA.

The office of the PCA is overseen by a Management Board (the Board).

Between April and December 2023, the Board comprised the PCA, the SCS 1 (Grade 5) Director of the Office of the PCA (DOPCA) and the G6 Head of Regulation, Compliance and Stakeholder Engagement. During this time the PCA and the DOPCA were having authority or responsibility for directing or controlling the major activities during the year. After 15 January 2024, when the DOPCA left the PCA, this responsibility was solely with the PCA.

The Grade 5 and Grade 6 postholders left the PCA mid-January 2024 and mid-December 2023 respectively. The Grade 5 role was not replaced. In December 2023 two Grade 6s were recruited via open competition. One was an internal promotion to the role of Director of Business Management and Development and the other from another government organisation to the role of Director of Regulatory Policy and Engagement. For the remaining three months of the reporting year the Board comprised the PCA, the Director of Regulatory Policy and Engagement and the Director of Business Management and Development.

The Board is responsible for supporting the PCA in identifying, monitoring and mitigating issues and risks associated with the operation and administration of the office of the PCA and the exercise of the statutory functions of the PCA during the reporting period.

The Board assesses its effectiveness each meeting to encourage improved approaches.

The Management Board is supported by two other bodies:

23. Risk and Audit Committee

The Risk and Audit Committee (RAC) comprises staff from the office of the PCA, officials from the Consumer and Competition Policy Directorate in DBT and an independent Chair. The RAC has a pivotal role in ensuring the PCA applies appropriate accounting and auditing standards and adopts an appropriate risk management strategy. The role of the RAC is to provide critical challenge and support to the PCA on the effectiveness of the risk and financial management arrangements. The RAC meets three times a year and its outputs are fed back to the PCA Board and Governance Board. The RAC assists the PCA in identifying, assessing, and managing risk through the strategic risk register and plays an important role in ensuring the PCA's financial and risk management are appropriate. The National Audit Office (NAO) attend RAC meetings as observers. The RAC annually assesses its effectiveness using the NAO's Risk and Audit Committee Effectiveness Checklist tool, which can be found [here](#). The outcome of the September 2023 review identified additional accountancy support was needed and this was put in place.

24. Governance Board

This Board facilitates the relationship between the PCA and its sponsor body within Government including supporting advice to the Principal Accounting Officer and responsible Minister within DBT on the operation of the PCA and the HM Treasury's Code of Good Practice for Corporate Governance.

The Board comprises staff from the office of the PCA and officials from the Consumer and Competition Policy Directorate in DBT and is chaired by the PCA and DBT on a rotational basis. The Governance Board meets three times a year.

25. Internal Audit

The PCA aims to undertake an internal audit on a biennial basis. The Government Internal Audit Agency (GIAA) conducted an internal audit in 2022-2023 and all recommendations were monitored via the Risk and Audit Committee and were implemented within applicable timescales. No internal audit was commissioned in 2023-24.

26. PCA's Sources of Funding Income

Section 63 of the Small Business Enterprise and Employment Act 2015 (the SBEE Act 2015) requires the PCA to seek the consent of the Secretary of State to the raising of the levy for each financial year. Section 63 also requires the PCA to publish its levy methodology. In 2023-24 the Secretary of State approved the imposition of a levy and the methodology is published [here](#)

Income

The PCA let the Arbitration Service Management contract to Ciarb in December 2021 and from that point forward the handling of the £200 referral fees changed. Instead of the referral fee being sent by the referrer directly to the PCA's bank account, the £200 fee was collected by Ciarb and sent to the PCA on a monthly basis. Ciarb then invoiced the PCA on a monthly basis for the total cost of the referral fee plus VAT, so £240.00 in total. This arrangement continued throughout 2023-24.

The PCA received a total of £1,600 in referral fees during 2023–24.

Once the PCA let an Arbitration Service Management contract to Ciarb in December 2021, all arbitrator fees payable by the parties were directed to Ciarb for direct payment to the alternative arbitrators.

Arbitration fees in 2023-24 Nil (2022-23:£171).

27. Statement of Internal Financial Controls

The financial statements in this annual report relate to both the activities of the statutory PCA and the administrative support provided to the Adjudicator by the office of the PCA.

The PCA deploys a combination of finance and accounting systems and processes to ensure that standards set out in Managing Public Money are met. The PCA's financial management criteria are set out below:

- Uses its resources efficiently, economically and effectively, avoiding waste and extravagance;
- Plan to use its resources on an affordable and sustainable path, within agreed limits;
- Carry out procurement and project appraisal objectively and fairly, using cost benefit analysis and generally seeking good value for the Exchequer as a whole;
- Use management information systems to gain assurance about value for money and the quality of delivery and so make timely adjustments;
- Avoid over-defining detail and imposing undue compliance costs, either internally or on its customers and stakeholders;

- Have practical documented arrangements for controlling or working in partnership with other organisations as appropriate;
- Use internal and external audit to improve its internal controls and performance.

The PCA has a Government Banking Services administered bank account. Expenses are payable electronically, using BACS in accordance with Managing Public Money. The PCA has adopted the expenses policy of DBT, its sponsor department.

28. Accountant and auditor

The PCA contracts with accountants to prepare independent annual accounts and financial statements. The Comptroller and Auditor General examines, certify and report on the financial statements in accordance with the SBEE Act 2015.

29. Data management

The PCA has processes in place consistent with the requirements of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. A Memorandum of Understanding (MoU) with BEIS was signed in April 2022 in respect of the data controller and data processor relationship. In line with the MoU regular monthly PCA and BEIS IT review meetings have been held, which have been particularly informative as the PCA has been working towards implementing its new case management system. After the PCA's has full migration to the DBT IT platform in Autumn 2024, the MoU will be updated to reflect the departmental changes to the IT provider, maintenance and support.


30. Management of interests and business appointments

The PCA has a policy for the declaration and management of interests in place for all staff.

31. Statement by the PCA

I have considered the evidence that supports this governance statement and I am assured that the office of the PCA has effective systems of control in place to support the appropriate delivery of my statutory functions.

Therefore, I have no disclosures of control or funding weaknesses to make for the 2023-24 financial year.



Fiona Dickie,
Pubs Code Adjudicator
27th January 2025

Remuneration and Staff Report

Overview

This remuneration and staff report provides details of the remuneration policy and amounts awarded to the PCA and the Director of the Office of the PCA and is a key part of demonstrating accountability to Parliament.

32. Remuneration policy

The PCA does not have any direct remuneration responsibilities.

As the PCA, Fiona Dickie's remuneration is determined by the Secretary of State for DBT under Schedule 1 to the SBEE Act 2015 and as such she receives a Civil Service pension.

The PCA is a Ministerial appointment, designated as a Statutory Office Holder and is a corporation sole.

Katharine Diamond (SCS1) continued as Director of the Office of the PCA until mid-January 2024 when she left the organisation.

Throughout 2023–24 the majority of the PCA office team were seconded from public sector organisations. One long serving lawyer was seconded from a private law firm until August 2023 and for the duration of the reporting year two 0.2 FTE equivalent people were seconded from the same private law firm under the same framework agreement.



Between April and October 2023, the PCA covered an Executive Officer (EO) post using a contingent worker, recruited via the Public Sector Resources (PSR) framework, following an unsuccessful recruitment campaign. Following an open and transparent recruitment exercise in the summer of 2023 the contingent worker was recruited to DBT and seconded to the EO at the PCA in October 2023. PCA office staff retain the terms and conditions of their home departments.

The PCA is a pensionable position. Pension commitments for secondees to the office of the PCA are met by their home departments. Remuneration decisions are taken by the relevant home department of the secondees.

Remuneration (salary*, other pension costs, pensions) (subject to audit)

Senior staff	Year	Salary £'000	Bonus payments £'000	Pension benefits (to the nearest £1,000)	Total £'000
** Fiona Dickie	2023–24	145–150	0	57	200–205
	2022–23	135–140	<u>0</u>	54	190–195
*** Katharine Diamond (SCS 1)	2023–24	70–75	0–5	24	100–105
	2022–23	80–85	<u>0</u>	<u>4</u>	85–90

* “Salary” includes gross salary; overtime, reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that is subject to UK taxation

** The PCA is a ministerial appointment, she is paid through the DBT payroll and VAT is charged on her salary invoices.

*** Katharine Diamond left the PCA on 15 January 2024. Had she remained with the PCA until 31 March 2024 her estimated FTE remuneration would have been £110-115k.

Bonus payments to SCS staff are discretionary and are used by Directors of Government Departments to recognise specific, significant contributions to the organisation throughout the year.

This report is based on accrued payments made by the PCA and is thus recorded in these accounts. No allowances, bonuses or benefits in kind other than pension benefits set out below have been made to the Adjudicator. Gifts and hospitality are recorded in the PCA’s Gifts and Hospitality register

33. Cash Equivalent Transfer Values (CETV)

CETV is the actuarially assessed capitalised value for the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement when the member transfers to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their

own cost. CETVS are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take into account any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023–24 CETV figures.

Real increase in CETV (subject to audit)

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Senior staff	Accrued pension at age 65 as at 31 March 2024 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2024 £'000	Restated CETV at 31 March 2023 £'000	Real increase in CETV £'000
Fiona Dickie	15–20	2.5–5.0	289	212	40
Katharine Diamond	35–40 plus a lump sum of 5–10	0–2.5 plus a lump sum of 0–2.5	687	617	24

34. Civil Service Pension Scheme

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of five defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos or alpha).

From 01 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCA is in the alpha scheme.

The accrued pension quoted is the pension the member is entitled to receive when they reach the higher of 65 or State Pension Age for members of alpha.

Further details about the Civil Service pension arrangements can be found at the website: www.civilservicepensionscheme.org.uk

New Career Average pension arrangements were introduced from 01 April 2015 and the PCA is in the new scheme. Further details of this new scheme are available at:

<http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

35. Staff Report

Staff Costs (subject to audit)

The cost of staff remuneration was:

Staff costs inclusive of VAT	Year ended 31-Mar-24 £	Year ended 31-Mar-23 £
Wages and salaries	650,836	682,702
Social security costs	79,766	85,590
Other pension	166,111	178,951
Total	896,713	947,243

No member of staff has a permanent contract of employment with the office of the PCA. The PCA is a ministerial appointment under paragraph 3 of Schedule 1 to the SBEE Act 2015. The PCA is paid through the DBT payroll, which is recharged to the PCA, including VAT. All PCA staff are seconded from their home organisation. Home organisations should invoice the PCA on a quarterly basis for their employees' salary, ERNIC and pension contributions, and include VAT.

The PCA is not registered for VAT.

There have been no severance payments in the year.

Average number of staff employed (subject to audit)

The average annual number of full-time-equivalent staff (FTE), including secondees from other government departments and other organisations was:

	2023/24	2022/23
Ministerial and public appointments	1.0	1.0
Other Staff*	7.25	8.79

(*) All other staff are secondees.



Staff composition including Diversity and Inclusion

The SBEE Act 2015 allows the PCA to recruit staff on secondment from public or private sector organisations.

The composition of Ministerial and public appointments between 01 April 2023 and 31 March 2024 is:

	Male	Female
Pubs Code Adjudicator	0	1
Other staff	4	8

The PCA was supported by specialist advice. This included advice from legal services and accountancy support.

Staff are recruited on secondment from the public and private sector. The PCA ensures it meets its commitments on equality and diversity, health and safety and wellbeing for staff working in the office. The PCA gives full and fair consideration to applications from disabled persons and will implement relevant policies for training and career development where necessary. However, Diversity and Inclusion data is held by the individual's home organisation and is not shared with the PCA.

Staff turnover

Staff turnover, as defined in the Government Reporting Framework, requires disclosure for all changes to staff and fixed-term contractors, which equated to 8 changes in staff in 2023-24 (2022-23:3). In the reporting year four members of staff left the PCA and four joined from other government organisations and the private sector. Disclosing the percentage change to staff turnover is not considered of benefit given the small numbers of staff involved.

Consultancy expenditure

There was no consultancy expenditure during 2023-24 (2022-23: Nil).

Fair pay disclosure (subject to audit)

The range for staff remuneration for 2023-24 and the previous year 2022-23 is recorded below:

	2023–24 £'000	2022–23 £'000
The range for staff remuneration is:	Min 0–5* Max 145–150	Min 5–10 Max 135–140

* Minimum remuneration reflects a staff member left early in the reporting year .

The following table shows the percentage change from the previous financial year for salaries and allowances and for performance pay and bonuses payable in respect of the highest paid director, based on the mid-point of the salary band

	2023–24 (£)	2022–23 (£)	Change %
Salary and allowances	147,500	137,500	7.3
Performance pay and Bonuses	0	0	0

The following table shows the average percentage change from the previous financial year for salaries and allowances and for performance pay and bonuses in respect of all employees taken as a whole, excluding the highest paid director.

	2023–24 (£)	2022–23 (£)	Change %
Salary and allowances	51,600	51,985	-1.0
Performance pay and Bonuses	1,716	364	371

Reporting bodies are also required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's staff.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	25 th percentile pay ratio 2022–23	Median pay ratio 2022–23	75 th percentile ratio 2022–23
Pay and Benefits 2022–23			
Total pay and benefits (ratio)	3.4	3.2	2.1
Total pay and benefits (£)	40,681	42,992	64,285
Salary ratio	3.4	3.3	2.2
Salary (£)	40,026	41,692	61,485

	25 th percentile pay ratio 2023–24	Median pay ratio 2023–24	75 th percentile ratio 2023–24
Pay and Benefits 2023–24			
Total pay and benefits (ratio)	3.7	2.5	2.1
Total pay and benefits (£)	40,234	59,216	69,268
Salary ratio	3.8	2.6	2.3
Salary (£)	38,886	55,933	64,019

The Pay and Benefits ratios have increased from 2022-23 to 2023-24 due to staff turnover and an internal restructure. This resulted in the median pay increasing in 2023-24.

Exit packages (subject to audit)

No exit packages were paid during the reporting period. (Nil in 2022–2023).

General Data Protection Regulation (GDPR)

The PCA has reviewed all contracts procured with third party organisations to ensure compliance with the General Data Protection Regulation 2018. No instances of non-compliance were identified.

Alexander Report (IR35) tax arrangements of public sector appointees

All government departments and their arm’s length bodies that employ individuals ‘off payroll’ for more than six months must report to HM Treasury about the financial arrangement, to make sure it is transparent and that the individual in question is paying the right amount of tax and National Insurance (NI). The office of the PCA reviews the way we make these appointments at the point of recruitment to ensure our processes are robust. We have the right to request assurances, and do so, from the individual in relation to monies received by HMRC. We can terminate any contract if these assurances are not provided.

Legislation came into effect from April 2017, which shifted the responsibility for deciding whether tax and NI are due from the individual contractor to the organisation for whom the contractor will work. The PCA ensured that arrangements were in place to determine if contractors are in or out of scope and that where relevant, arrangements are in place for the deduction of tax and NI, and that requisite assurances were obtained.

During the reporting period the PCA had no off-payroll individuals. This is reflected in tables 1, 2 and 3 using the standard reporting format in the remuneration and staff report (pages 56 and 59). All PCA staff are secondees who pay tax and national insurance through their home Department’s payroll.

Table 1: For all off-payroll engagements as of 31 March 2024, for more than £245 per day and that last for longer than six months.

Number of existing engagements as of 31 March 2024.	Pubs Code Adjudicator
Number of existing engagements as of 31 March 2024	0
Of which:	
Number that have existed for less than one year at the time of reporting	N/A
Number that have existed for between one and two years at the time of reporting	N/A
Number that have existed for between two and three years at the time of reporting	N/A
Number that have existed for between three and four years at the time of reporting	N/A
Number that have existed for between four and more years at the time of reporting	N/A

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 01 April 2023 and 31 March 2024, for more than £245 per day and that last for longer than six months.

Number of new engagements, or those that reached six months in duration, between 01 April 2023 and 31 March 2024.	Pubs Code Adjudicator
Number of existing engagements as of 31 March 2024	0
Of which:	
Number that have existed for less than one year at the time of reporting	N/A
Number that have existed for between one and two years at the time of reporting	N/A
Number that have existed for between two and three years at the time of reporting	N/A
Number that have existed for between three and four years at the time of reporting	N/A
Number that have existed for between four or more years at the time of reporting	N/A

Staff absence reporting

During the year the average number of working days lost to sickness across the PCA team for the 12 months to 31 March 2024 was 1.5 days. The PCA is committed to supporting the physical and mental health of the team and fostering wellbeing is a key element of our focus. A member of the PCA team continued as the PCA’s mental health and wellbeing champion for the reporting year.

Staff policies and other employee matters

The PCA is committed to being a place of opportunities. We value and welcome diversity. We aim to develop all our staff to enable them to make a full contribution to meeting the PCA’s strategic objectives, and to fulfil their own potential on merit. We will not tolerate harassment or other unfair discrimination on the grounds of sex, pregnancy or maternity, marital status, race, disability, age, religion or belief, gender reassignment or sexual orientation. All staff are encouraged to take additional training on disability awareness and are expected to undertake unconscious bias training to increase overall awareness. We support the use of a range of flexible working patterns to enable staff to balance home and work responsibilities; and we will treat people fairly, irrespective of their working arrangement .



Parliamentary Accountability Report

36. Parliamentary Accountability Disclosures (subject to audit)

The Adjudicator, as Accounting Officer, is responsible for the propriety and regularity of the public finances for which she is answerable and for keeping proper records.

The PCA has nothing to report in respect of losses and special payments (Nil 2022–23), remote contingent liabilities (Nil 2022–23), fees and charges (Nil 2022–23), income or gifts (Nil 2022–23). For contingent liabilities see page 89, Note 12 Contingent Liabilities. The levy income is recognised to recover full costs of the PCA as shown in the Statement of Comprehensive Net Expenditure.

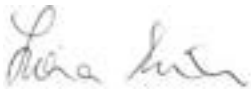
Details of the PCA's statutory reporting requirements are set out in the Performance Report (see page 26).

Wider government and Parliamentary input

The PCA is committed to meeting its wider duties as a public body and engaging with Parliament.

Parliamentary and Ministerial engagement

The Adjudicator met Kevin Hollinrake MP, Minister for Enterprise, Markets and Small Business at the Department for Business and Trade on 20 September 2023 and 12 March 2024.



Fiona Dickie,
Pubs Code Adjudicator
27th January 2025



The Certificate of The Comptroller and Auditor General to The House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Pubs Code Adjudicator for the year ended 31 March 2024 under the Small Business, Enterprise and Employment Act 2015.

The financial statements comprise the Pubs Code Adjudicator's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Pubs Code Adjudicator's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Small Business, Enterprise and Employment Act 2015 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Pubs Code Adjudicator in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Pubs Code Adjudicator's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pubs Code Adjudicator's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Pubs Code Adjudicator is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Small Business, Enterprise and Employment Act 2015.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Small Business, Enterprise and Employment Act 2015;
- the information given in the Performance Report and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Pubs Code Adjudicator and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Pubs Code Adjudicator or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the PCA Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Pubs Code Adjudicator from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Small Business, Enterprise and Employment Act 2015;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Small Business, Enterprise and Employment Act 2015 and
- assessing the Pubs Code Adjudicator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Pubs Code Adjudicator will not continue to be provided in the future.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Small Business, Enterprise and Employment Act 2015.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Pubs Code Adjudicator’s accounting policies.
- inquired of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Pubs Code Adjudicator’s policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Pubs Code Adjudicator’s controls relating to the Pubs Code Adjudicator’s compliance with the Small Business, Enterprise and Employment Act 2015 and Managing Public Money.
- inquired of management, and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Pubs Code Adjudicator for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimate. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override

I obtained an understanding of the Pubs Code Adjudicator's framework of authority and other legal and regulatory frameworks in which the Pubs Code Adjudicator operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Pubs Code Adjudicator. The key laws and regulations I considered in this context included the Small Business, Enterprise and Employment Act 2015, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Risk and Audit Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board, and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.


Gareth Davies

Gareth Davies
Comptroller and Auditor General

Date: 29 January 2025

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP





Pubs Code Adjudicator Accounts and Financial Statements for the year ended 31 March 2024

Format of the accounts

These accounts have been prepared in accordance with the direction from the Secretary of State for the Department, for Business and Trade (DBT).

On 7 February 2023, relevant Business Energy and Industrial Strategy (BEIS) functions moved to the department of Business and Trade and references to BEIS and its functions should be read accordingly.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

	Note	2023–24 £	2022–23 £
Expenditure			
Staff Costs	2	896,713	947,243
Other Expenditure	3	950,830	1,099,954
Depreciation	5	10,765	10,736
Interest expense		1,351	1,443
		<u>1,859,659</u>	<u>2,059,376</u>
Income			
Other income	4	<u>(1,859,659)</u>	<u>(2,059,376)</u>
Net Expenditure		<u>–</u>	<u>–</u>
Net Expenditure after interest		<u>–</u>	<u>–</u>
Net Expenditure after interest and tax		<u>–</u>	<u>–</u>
Total Comprehensive Net Expenditure for the year		<u>–</u>	<u>–</u>

The notes on pages 76 to 90 form part of these financial statements.

There was no other Comprehensive Expenditure.

Statement of Financial Position as at 31 March 2024

	Note	As at 31-Mar-24 £	As at 31-Mar-23 £
Non-current assets			
Property, plant and equipment	5	133,011	143,776
Accrued income	6	–	550,000
Total non-current assets		133,011	693,776
Current assets			
Receivables and other assets due within one year	7	33,534	81,617
Cash and cash equivalents	8	2,194,787	3,600,407
Total current assets		2,228,321	3,682,024
Total assets		2,361,332	4,375,800
Current liabilities			
Contract liability	9	(1,847,123)	(3,551,750)
Trade and other payables	9	(382,596)	(682,267)
Lease liabilities		(10,170)	(10,170)
Total current liabilities		(2,239,889)	(4,244,187)
Total assets less current liabilities		121,443	131,613
Non-current liabilities			
Lease liabilities		(121,443)	(131,613)
Assets less liabilities		–	–
Taxpayers' equity			
Income and expenditure reserve		–	–

The notes on pages 76 to 90 form part of these financial statements.



Fiona Dickie,
Pubs Code Adjudicator
27th January 2025

Statement of Cash Flows for the year ended 31 March 2024

	Note	2023–24 £	2022–23 £
Cash flows from operating activities			
Net operating expense		–	–
Decrease/(increase) in receivables	7	48,083	(65,670)
(Decrease)/increase in payables	9	(2,004,298)	2,446,698
Non-cash transactions		10,765	10,736
Lease interest		1,351	1,443
Decrease in accrued income	6	550,000	201,406
Net cash (outflow)/inflow from operating activities		(1,394,099)	2,594,613
Cash flows from financing activities			
Repayments of DBT loan	9	–	(1,098,000)
Payment of lease principal		(11,521)	(11,521)
Net cash outflow from financing activities		(11,521)	(1,109,521)
Net (decrease)/increase in cash and cash equivalents in the year	8	(1,405,620)	1,485,092
Cash and cash equivalents at the beginning of the year		3,600,407	2,115,315
Cash and cash equivalents at the end of the year		2,194,787	3,600,407

The notes on pages 76 to 90 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

	I & E Reserve £	Total Reserves £
Balance as at 31 March 2022	–	–
Changes in Taxpayers' Equity		
Comprehensive net expenditure for the year	–	–
Balance as at 31 March 2023	–	–
Changes in Taxpayers' Equity		
Comprehensive net expenditure for the year	–	–
Balance as at 31 March 2024	–	–

Funding arrangements for 2023–24.

The Secretary of State approved the imposition of a levy in 2023–24.

Notes to the Financial Statements for the year ended 31 March 2024

1. Accounting Policies

These financial statements have been prepared in accordance with the direction from the Secretary of State for the Department for Business and Trade (DBT) and the 2023-24 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the PCA for the purposes of giving a true and fair view have been selected.

The particular policies adopted by the PCA for the purpose of financial reporting are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The annual Accounts have been prepared as directed by the Secretary of State for (DBT) and certified by the Comptroller and Auditor General in accordance with paragraph 15 of Schedule 1 of the SBEE Act 2015; and have been laid before Parliament by the Secretary of State. The Small Business, Enterprise and Employment Act 2015 (SBEE Act 2015) is the legislation under which the PCA is established and the Act from which her powers derive.

There were no new standards issued up to 31 March 2024 and not applied that would materially affect the accounts. The PCA has also not adopted any standards early but has considered future changes in standards.

Accounting convention

These accounts have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the PCA. Monetary amounts in these financial statements are rounded to the nearest £.

Standards not yet effective

IFRS 17 Insurance Contracts

IFRS 17 became mandatory from 1 January 2023, with early adoption permitted. Application of IFRS 17 for Government departments was expected to apply from the 2023-24 financial year.

This has now been deferred for Government departments until the 2025-26 financial year.

IFRS 17 is not expected to have a material impact on the financial statements.

IFRS 18 Presentation and Disclosure of Financial Statements

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 19 – Subsidiary without Public Accountability

The objective of IFRS 19 is to specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

IFRS 18 and IFRS 19 become effective from 1 January 2027, however, have not yet been endorsed by the UK Endorsement Board (UKEB) and have not yet been considered by the Financial Reporting Board (FRAB). PCA will consider impacts of implementing these standards once endorsed by UKEB and FRAB.

IFRS 16 leases

The International Accounting Standards Board (IASB) issued IFRS 16 (which replaced IAS 17 and IFRIC 4 determining whether an arrangement contains a lease) for annual periods beginning on or after 1 January 2019. The FReM deferred implementation of IFRS 16 until 1 April 2022, and therefore this standard has affected the PCA's financial statements from 2022-23 onwards.

IFRS 16 Leases provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases. From 1 April 2022, the PCA's policy is to recognise right-of-use assets and corresponding lease liabilities by applying the provisions of IFRS 16 as interpreted for public sector in the FReM.

PCA's policy is to:

- apply IFRS 16 to tangible assets only. These are assets with a physical substance such as buildings or part thereof
- apply IFRS 16 practical expedients on short term and low value leases as mandated by the FReM
- separate lease and non-lease components and apply IFRS 16 to lease components only unless it is not practical or cost effective to make the distinction.

Practical expedients for short term and low value leases

- a lease term of up to 12 months is considered short term;
- an underlying asset value of up to £2,000 is considered low value. This is consistent with PCA capitalisation threshold on purchased assets.

In line with IFRS 16 and FReM, the value of short term and low value leases shall be disclosed in the notes to the financial statements.

In scope leases

Leases of tangible assets that do not qualify as short term or low value are recognised in the financial statements by recording a right-of-use asset and corresponding lease liability in the statement of financial position.

Lease liability

The lease liability is calculated as the total value of lease payments not yet made, discounted to present value using an appropriate discount rate.

The appropriate discount rate is the rate implicit in the lease. Where the rate implicit in the lease cannot be readily determined, the incremental borrowing rate will be used.

The incremental borrowing rate for government departments is set by HM Treasury and communicated in HM Treasury PES paper releases. On transition to IFRS 16, this rate was 0.95%.

The total value of lease payments excludes irrecoverable VAT. Irrecoverable VAT is expensed as it falls due. The current lease on 23 Stephenson Street is not subject to VAT.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss.



Remeasurement of Lease Liabilities

The lease liability is remeasured using a revised discount rate where there is a change in the scope of the agreement.

Where there is an adjustment to lease payments resultant from rent review dates contained within the agreement, the remeasurement will use the original discount rate.

Right-of-use asset

The right-of-use asset uses cost as a proxy value and includes:

- the initial measurement of the lease liability,
- initial direct costs,
- payments made on or before the commencement date of the lease,
- estimated restoration (dilapidations) costs,
- cash lease incentives as a reduction to the total value of the right-of-use asset.

The PCA occupies a small footplate of the DBT estate in 23 Stephenson Street, Birmingham and dilapidation costs will be attributed to DBT and therefore not form part of PCA financial statements for any new leases from 1 April 2022.

Depreciation

Right-of-use assets will be depreciated in line with the lease term and under the provisions of IAS 16.

Income

The different income streams are laid out below.

General Levy

Per IFRS 15 we have assessed the contract to be the SBEE Act 2015. The purpose of the levy is to fund PCA's main activities, therefore, the performance obligation is all the obligations on the PCA under the Act. The levy is only recognised as income to the extent that it is spent on discharging the PCA's functions. The transaction price is therefore represented by all PCA's costs of performing the obligations. The levy is approved for a particular financial year and received in cash from the pub-owning businesses. Any excess cash received over expenditure is returned to the pub-owning businesses in the following year and is therefore recognised as a contract liability at the reporting date. The revenue is recognised over the year, as the performance obligations are satisfied. Levy received is disclosed as income in Note 4, Income. Any remaining balance is presented as contract liability in Note 9, Trade payables and other liabilities.

The Secretary of State approved the imposition of a levy for the period of the 2023-24 financial year. The levy is recoverable as a debt by the pub-owning businesses.

Arbitrations

Per IFRS 15 we have assessed the contract to be the SBEE Act 2015, and the performance obligation stated under s.48. The transaction price is the fees and expenses incurred by the PCA, which are allocated in full to the performance obligation. The income from arbitration cost recovery is recognised over the course of the arbitration based on time incurred and agreed recharge rates.

Should PCA decide to appoint an arbitrator, we will receive the income based on costs incurred and PCA is no longer a relevant party. Amounts received for arbitrations are disclosed as income in Note 4, Income. Amounts receivable in respect of incomplete arbitrations is shown as a contract asset in Note 7, Receivables and other assets.

Over the year the PCA has exercised her statutory power to appoint an alternative arbitrator in all cases and enabling the office to focus on the PCA's regulatory priorities. The costs of arbitration are recognised in full over the course of the arbitration based on the enforceable right of the arbitrator to receive payment for performance completed to date. Costs are paid direct to the appointed arbitrator by the paying party.

The income from arbitration cost recovery where the PCA acted as the arbitrator is recognised over the course of the arbitration based on time incurred and agreed recharge rates. There were four completed arbitrations during the previous year where the PCA has for a period of time acted as arbitrator, accounting for a net cost of £Nil in total. There are no incomplete arbitrations where the PCA has acted as arbitrator.

Investigations

Costs incurred during investigations are recognised in full during the course of the investigation as expenditure.

The PCA has the discretion to charge the applicable pub-owning businesses the full costs of an investigation which results in a finding that the Code has been broken. Any income associated with the recoverable costs of an investigation is a variable consideration. Until the investigation has been completed and findings published, there is uncertainty in respect of income from costs recovery. Income from the recovery of investigation costs is recognised at the point the PCA becomes entitled to recover them. Any income received from the recovery of investigation costs is taken into account in determining the general levy rebate (i.e. contractual liability) at the end of the financial year.

As above, the SBEE Act 2015 is the relevant contract, and the performance obligations are stated under s. 59(1). The transaction price is the costs of the litigation to the PCA, recognised as costs are incurred. The amount to be recovered is presented in the financial statement as accrued income in Note 6.

Going concern

The PCA is a statutory body with ongoing duties and powers and with facilities for funding. Fiona Dickie has extended her appointment as PCA for a further 3 years until 2027.

The PCA is funded by a levy on the businesses it regulates. The levy can be imposed with Secretary of State consent. The PCA received consent and raised a levy on the six pub-owning businesses for the 2023-2024 financial year. The PCA has received consent and raised a levy for the 2023-2024 financial year. The Government published its second statutory review of the operation of the Pubs Code and the performance of the PCA on 30 October 2023. It concludes that the Government considers the Code to be operating consistently with the two overarching principles and will not amend the Code. It also concludes the PCA has been effective in enforcing the Code and looks ahead to gathering data for the third statutory review (commencing Spring 2025). As such the accounts have been prepared on a going concern basis.

Financial instruments

Financial instruments are initially measured at fair value plus transaction cost.

The categorisation of financial assets and liabilities depends on the purpose for which the asset or liability was held or acquired. Management determines the categorisation of assets and liabilities at initial recognition and re-evaluate this designation at each reporting date.

The categorisation of financial assets is determined based on both the business model and nature of the contractual cash flows.

Financial assets

The PCA holds financial assets, which comprise of cash at bank and other receivables which are held at amortised cost. The contract asset relates to expenses incurred which will be collected from levy due in future periods.

These are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Since these balances are normally expected to be realised within 12 months of the reporting date, there was no material difference between fair value, amortised cost and historical cost.

The PCA applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables are grouped based on days overdue.

Financial liabilities

The PCA holds financial liabilities, which comprise of payables and a contract liability. The contract liability relates to unspent levy funds brought forward, that are netted off against the levy amounts due in future periods.

Reserves

Income and expenditure reserve

The Adjudicator accounts for the PCA's accumulated surplus or deficit in the income and expenditure reserve. In the current and previous year, the PCA's expenditure has equalled its income, so the income and expenditure reserve is nil.

Expenditure

All expenditure is recognised on an accruals basis. Purchases of capital items over £2,000 will be recognised in the accounts as an asset and appropriately depreciated or amortised. Property, plant and equipment in these financial statements relates solely to leased assets.

VAT

As the PCA is not registered for VAT, all input VAT is irrecoverable and therefore charged via invoices to expenditure. The costs stated in note 3 "Other Expenditure" on page 83 are inclusive of VAT.

2. Staff costs (inclusive of VAT)

The cost of staff remuneration was:

Staff costs inclusive of VAT	2023–24 Total £	2022–23 Total £
Wages and salaries	650,836	682,702
Social security costs	79,766	85,590
Other pension	166,111	178,951
Total	896,713	947,243

No member of staff has a permanent contract of employment with the office of the PCA. The PCA is a ministerial appointment under paragraph 3 of Schedule 1 to the SBEE Act 2015. The PCA is paid through the DBT payroll which is recharged to the PCA, including VAT. All PCA staff are seconded from their home organisation. Home organisations invoice the PCA for their employees' salary, ERNIC and pension contributions, and include VAT.

The PCA is not registered for VAT.

There have been no severance payments in the year. For more information and for staff numbers refer to the Remuneration and Staff Report.



3. Other expenditure

	2023–24 £	2022–23 £
Accountancy fees	18,423	9,120
Arbitration case management & Alternative arbitrators *	32,640	56,771
Annual licence fees	1,189	1,155
Audit fees	35,500	35,500
Bank charges	1,163	1,341
Independent assessor fees	600	900
IT software & consumables	295,379	163,887
Legal fees **	31,771	133,895
Raising tenant awareness including the tied tenant survey & outreach events	172,082	90,422
Printing, postage & stationery	10,420	7,713
Procured legal resource ***	321,609	342,084
Recruitment	2,160	–
Regulatory activity	335	10,564
Reduction in amount received from investigations	–	201,406
Rental costs	19,751	27,935
Staff training	4,863	10,575
Subscriptions	669	832
Travel & subsistence	2,276	5,854
Total other operating invoiced charges including VAT @ 20% where applicable	950,830	1,099,954

* The PCA let a contract in December 2021 to The Chartered Institute of Arbitrators (CI Arb) and these costs are included here. More information can be found on page 22.

** Invoiced legal costs received in year for external legal work. Invoiced GLD and Counsel costs up to 31 March 2024 have been paid and are included here.

*** Includes procured legal staff under the Crown Commercial Service Legal Services Panel.

4. Income

	2023–24 £	2022–23 £
Levy raised	2,969,507	4,523,118
Contract liability	(1,111,448)	(2,467,571)
	1,858,059	2,055,547
Arbitration fees	–	(171)
Referral fee income	1,600	4,000
Total income	1,859,659	2,059,376

5. Property, Plant and Equipment

	Right of Use Buildings £
Cost	
Balance at 1 April 2023 and 31 March 2024	154,512
Depreciation	
Balance at 1 April 2023	10,736
Charged in year	10,765
Balance at 31 March 2024	21,501
Net book value at 31 March 2024	133,011
Net book value at 31 March 2023	143,776
Asset Financing	
Owned	–
Leased	133,011
Net book value at 31 March 2024	133,011
Cost	
Balance at 31 March 2022	
IFRS 16 adjustment on adoption (refer note 11)	154,512
Balance at 1 April 2022	154,512
Balance at 31 March 2023	154,512
Depreciation	
At 31 March 2022	–
IFRS 16 - adjustment on adoption	–
Balance at 1 April 2022	–
Charged in year	10,736
Balance at 31 March 2023	10,736
Net book value at 31 March 2023	143,776
Net book value at 31 March 2022	–
Asset Financing	
Owned	–
Leased	143,776
Net book value at 31 March 2023	143,776

6. Accrued income

Amounts falling due within one year

	2023–24	2022–23
	£	£
Accrued income	–	550,000
Total	–	550,000

PCA estimated to recover this amount in accordance with the SBEE Act 2015.

Accrued income in 2022-23 relates to a legal case relating to Star Pubs & Bars use of stocking requirements which was not resolved as at 31 March 2023 and the time of resolution was not known. Accrued income is not past due nor impaired as at 31 March 2023 and was received in the year to 31 March 2024.

7. Receivables and other assets

Amounts falling due within one year

	2023–24	2022–23
	£	£
Trade and other receivables	371	424
Other debtors	239	–
Prepayments	32,924	81,193
Total	33,534	81,617

Trade and other receivables are not past due nor impaired. The expected credit losses on trade and other receivables are not considered to be material.

8. Cash and cash equivalents

	2023–24	2022–23
	£	£
Balance at 1 April 2023	3,600,407	2,115,315
Net change in cash and cash equivalent balances	(1,405,620)	1,485,092
Balance at 31 March 2024	2,194,787	3,600,407

The following balances at 31 March 2024 were held at:

Government Banking Service	2,194,787	3,600,407
Balance at 31 March 2024	2,194,787	3,600,407

9. Trade payables and other liabilities

Amounts falling due within one year

	2023–24 £	2022–23 £
Contract liability – 2021/2022	–	1,084,179
Contract liability – 2022/2023	735,675	2,467,571
Contract liability – 2023/2024	1,111,448	–
Trade and other payables	20,307	9,581
Accruals	362,289	672,686
Total	2,229,719	4,234,017

The contract liability solely relates to the unspent levy due to be returned to the pub-owning businesses. The accruals mainly relate to invoices for the secondment of staff and a more detailed explanation can be found in the Remuneration Policy on page 56.

10. Financial commitments

The PCA had no capital commitments (2023: £Nil). The PCA has a software license. The total future cost under the contract is £111,084 (2023: £193,253), with £32,262 (2023: £84,431) chargeable no later than one year and £78,822 (2023: £108,822) chargeable between one and five years.

11. Lease liabilities

IFRS 16 determines that a lease liability is recognised in the statement of financial position at the present value of the future minimum lease payments, discounted at the interest rate implicit in the lease, or incremental borrowing rate, along with a corresponding right-of-use asset.

The FReM mandates PCA utilise the modified retrospective approach without restatement of comparatives and with certain simplifications available upon adoption.

IFRS 16 defines the lease term as the non-cancellable period of a lease together with:

- (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

PCA utilised the practical expedient that permitted the application of IFRS 16 to existing operating leases only, and 1 lease that fell within the scope of IFRS 16:

- 23 Stephenson Street, Birmingham

PCA entered into a service Memorandum of Terms of Occupancy agreement for rent and services for accommodation at 23 Stephenson Street, Birmingham on 18 August 2021 for a period of 15 years. The agreement contains a running break clause which can be triggered at any time with a 6 month notice period.

The agreement is subject to rent reviews in December 2025 and December 2030 and in line with the FrEM, the cost model in IFRS 16 has been used as the appropriate proxy for initial measurement of the right of use asset.

PCA has recognised a right-of-use asset (ROUA) on transition (1 April 2022) at an amount equal to the remaining lease liability for the full term of the lease. This is because it has been concluded that PCA is reasonably certain that it will not exercise the break clause before the end of the lease term.

PCA has adjusted the value of the ROUA by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2022. In line with IFRS 16, non-recoverable VAT is excluded from the calculation of the lease liability and expensed as it falls due.

The right-of-use asset will be depreciated on a straight-line basis over the term of the lease with depreciation being charged to the statement of comprehensive net expenditure.

IFRS 16 requires that PCA also recognise interest payable on the lease payments, based on an interest rate applied to the lease liability outstanding balance. Under IFRS 16, cash repayments of the lease liability are split into a principal portion (which reduces the amount of the lease liability) and a notional interest payable portion which is chargeable to the statement of comprehensive net expenditure over the term of the lease.

Where it is not possible to determine the interest rate implicit in a lease agreement, the rate used is based on guidance from HM Treasury. On transition at 1 April 2022, the HM Treasury interest rate was 0.95%. In line with the modified retrospective approach PCA calculated the lease liability on transition as the present value of lease payments not yet paid at 1 April 2022 using the interest rate of 0.95%. This resulted in an additional asset of £154,512 recognised under Buildings in Note 5, and an additional liability of £151,861.



IFRS 16 requires lessees to separate out rent charges from service charges, where this can be done without unnecessary expense. PCA has separated out the rent element from the service charge element and has capitalised only the rent element. Service charges are expensed separately and treated as running costs.

For new leases after 1 April 2022, where the lease is less than 12 months or within the low-value threshold of £2,000, the lease payments are charged to the statement of comprehensive net expenditure. At the commencement date of any new lease, PCA will measure the lease liability at the present value of the lease payments. Right-of-use assets added after 1 April 2022 will be measured initially at cost, which will usually be equal to the initial measurement of the lease liability.

	2023–24	2022–23
	£	£
Office space		
No later than one year	11,520	11,520
Later than one year and not later than five years	46,082	46,082
Later than five years	82,379	93,899
	<u>139,981</u>	<u>151,501</u>
Less: interest element	(8,368)	(9,718)
	<u>131,613</u>	<u>141,783</u>
Current lease liability	10,270	10,170
Non-current lease liability	121,343	131,613
Reconciliation of lease liabilities		
Opening Lease Liability as at 1 April 2023	–	141,783
Interest charged in statement of comprehensive net expenditure	–	1,351
Lease payments made	–	(11,521)
Closing Lease Liability as at 31 March 2024	–	131,613

12. Contingent liabilities

As at 31 March 2024, there were no contingent liabilities (2023: £Nil).

13. Related party transactions

The PCA has had various material transactions with DBT, through the provision of payroll for the Adjudicator and ICT services.

Key management personnel are the members of the management board which include permanent staff. None of the PCA members of key management staff undertook any material transactions with DBT during the year, except for remuneration paid for their services – see the Remuneration and Staff report on page 56.

14. Events after the reporting period and Accounting Officer declaration

The Accounting Officer authorised these financial statements for issue on the date they were certified by the Comptroller and Auditor General.

In accordance with the requirements of IAS 10 'Events After the Reporting Period', post-Statement of Financial Position events are considered up to the date on which Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate Report of the Comptroller and Auditor General. There are no post-Statement of Financial Position events between the balance sheet date and this date.



