

# Regulation 43 compliance report framework for pub-owning businesses

Reporting year 2022/23



Pub Owning Business: Marston's PLC

Reporting CCO: Claire Coley

Date of completion: 07/07/2023

## Declaration of compliance

### Audit Committee Statement of compliance

In accordance with regulation 43(5), this report has been approved by the Chairman of the Marston's PLC Audit Committee. Marston's Code Compliance Officer has provided such other reports as are necessary to ensure that we have an understanding of Marston's compliance with these regulations, as required by regulation 43(7). A summary of this report will be included the 2023 Marston's Annual Report, as required by regulation 43(8)

POBs should identify how you upload the Core Code principles, as identified in Section 42(3) of the SBEEA 2015.

Marston's adhere to the Core Code principles when applying the Pubs Code Regulations in its internal practices. Marston's treat all tied pub tenants with fairness and ensure they are no worse off than if they didn't have a tie.

## Section A – Estate Data

### Estate data

<b>Total number of Pubs Code Agreements at the beginning of this reporting period (1<sup>st</sup> April 2022)</b>	<b>930</b>
<ul style="list-style-type: none"> <li>• Of which, those that are tenanted or leased.</li> </ul>	<b>264</b>
Total number of acquisitions – during this reporting period – that fall under the Pubs Code	<b>0</b>
Total number of premises- previously under tied tenancies, leases and/or licences – that are no longer tied but still owned by your POB	<b>8</b>
<ul style="list-style-type: none"> <li>• Of which, are now part of your POB's managed estate</li> </ul>	<b>0</b>
Total disposals during this reporting period of those premises that fell under the Pubs Code	<b>20</b>
<ul style="list-style-type: none"> <li>• Of which, were to another POB</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>• Of which, were sold to a person who is <b>not</b> a landlord of 500 or more tied pubs</li> </ul>	<b>20</b>
<ul style="list-style-type: none"> <li>• Of which, were permanently closed or disposed for other use</li> </ul>	<b>0</b>
<b>Total number of Pubs Code Agreements at the end of the reporting period (31<sup>st</sup> March 2023)</b>	<b>941</b>
<ul style="list-style-type: none"> <li>• Of which, how many are:</li> </ul>	
<ul style="list-style-type: none"> <li>○ Agreements contracted into the Landlord and Tenant Act 1954</li> </ul>	<b>140</b>
<ul style="list-style-type: none"> <li>○ Agreements <b>not</b> contracted into the Landlord and Tenant Act 1954</li> </ul>	<b>543</b>
<ul style="list-style-type: none"> <li>○ Short agreements under Regulation 14</li> </ul>	<b>258</b>
<ul style="list-style-type: none"> <li>▪ Of those, short agreements entitling occupation by a tenant for a total period of 12 months or more</li> </ul>	<b>29</b>
Number of qualifying Investments under regulation 56	<b>0</b>
Total number of agreements at the end of the reporting period with provisions for sharing turnover	<b>465</b>
<ul style="list-style-type: none"> <li>• Of which, those that fall under Regulation 55</li> </ul>	<b>366</b>
<ul style="list-style-type: none"> <li>• Of which, those that fall outside the Pubs Code Agreement</li> </ul>	<b>0</b>
Number of legal surrenders	<b>78</b>
<ul style="list-style-type: none"> <li>• Of which, the tenant was in place for:</li> </ul>	
<ul style="list-style-type: none"> <li>○ Less than 1 year</li> </ul>	<b>15</b>
<ul style="list-style-type: none"> <li>○ Between 1-2 years</li> </ul>	<b>35</b>
<ul style="list-style-type: none"> <li>○ Between 3-5 years</li> </ul>	<b>16</b>
<ul style="list-style-type: none"> <li>○ 6 years or more</li> </ul>	<b>12</b>
Number of forfeitures	<b>1</b>
<ul style="list-style-type: none"> <li>• Of which, the tenant was in place for:</li> </ul>	
<ul style="list-style-type: none"> <li>○ Less than 1 year</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>○ Between 1-2 years</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>○ Between 3-5 years</li> </ul>	<b>1</b>

○ 6 years or more	2
Number of assignments	2
• Of which, the tenant has been in place for:	
○ Less than 1 year	0
○ Between 1-2 years	0
○ Between 3-5 years	0
○ 6 years or more	2
Number of abandonments	9
• Of which, the tenant has been in place for:	
○ Less than 1 year	6
○ Between 1-2 years	3
○ Between 3-5 years	0
○ 6 years or more	0
Please list your contractual arrangements	<p><b>Open House/Base Leases:</b> contracted in to the Landlord and Tenant Act 1954 (the Act). Varying lengths. Five yearly rent reviews. Fully tied. Rent and service charge payable. Fully repairing and insuring. Sit inside of the Pubs Code.</p> <p><b>Legacy Leases:</b> All contracted into the Act. Varying lengths. Five yearly rent reviews. Partially tied. Rent Payable. Fully repairing and insuring. Sit inside of the Pubs Code.</p> <p><b>Brains Leases/Tenancy Agreements:</b> All contracted into the Act. Various lengths. Mixture of fully and partial repairing liability. Mostly fully tied. Sit inside of the Pubs Code.</p> <p><b>Pathway Tenancy Agreements:</b> Some contracted into the Act, some contracted out. 3 or 5 year length. Fully tied. Rent and service charge payable. Internal repairing. Sit inside of the Pubs Code.</p> <p><b>Foundation Tenancy Agreement:</b> All contracted out of the Act. 5 year length. Fully tied. Fixed turnover share agreement. Service charge payable. Internal repairing. Sit inside of the Pubs Code.</p> <p><b>Pillar Agreements:</b> All contracted out of the Act. 5 year length. Fully tied. Fixed turnover share agreement. Sit inside of the Pubs Code.</p> <p><b>Retail/Pub Franchise Agreements:</b> All contracted out of the Act. 5 year length. Fully tied. Fixed turnover share agreement. Right to assign/sell business to a third party. Sits inside</p>

	<p>Pub Codes however granted exemptions under Regulation 55(1).</p> <p><b>Tenancy at Wills:</b> Mixture of franchise style and tenancy models. Sits inside Pubs Code however granted exemptions under Regulation 54 if in occupation for less than 12 months.</p> <p><b>Free of Tie/MRO Leases:</b> All contracted in to the Act. Varying lengths. Five yearly rent reviews. Free of Tie. Rent payable. Fully repairing and insuring. Sits outside of the Pubs Code.</p>
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<b>Renewals, including Landlord and Tenant ACT (LTA) 1954</b>	
Total number of regulated tenants as of 31 March 2023 whose contracts contain terms entitling them to renew at the end of the term	<b>140</b>
Number of regulated tenants who exercises their contractual right to renew during this reporting period	<b>1</b>
<ul style="list-style-type: none"> <li>• Of which, the POB consented</li> </ul>	<b>1</b>
<ul style="list-style-type: none"> <li>• Of which, the POB opposed</li> </ul>	<b>0</b>
Number of renewals under the LTA 1954 during this reporting period	<b>8</b>
Number of LTA 1954 S.25 notices issued	<b>9</b>
<ul style="list-style-type: none"> <li>• Of which, those served at any time after receipt of an MRO notice.</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>• Of which, those served within an MRO procedure</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>• Of which, those opposing a new tenancy</li> </ul>	<b>3</b>
<ul style="list-style-type: none"> <li>• Of which, those proposing a variation of the terms</li> </ul>	<b>6</b>
Number of LTA 1954 S.26 Notices opposed	<b>0</b>
Number of LTA 1954 S.26 Notices unopposed	<b>0</b>
Number of instances of landlord opposing renewal in whole or in part in reliance on LTA 1954 S.30(1)(g)	<b>1</b>
Number of LTA 1954 <b>court proceedings</b> where the POB relied in whole or in part on an intention to take the pub back into occupation.	<b>0</b>
<ul style="list-style-type: none"> <li>Of which, the number of objections to a new tenancy that were upheld</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Of which, the number of objections to a new tenancy that were dismissed</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Of which, are still ongoing.</li> </ul>	<b>0</b>

<b>New tenants and agreements</b>	
Number of actual new <b>tenants</b> / legal entities that fall under the Code. i.e. <b>not</b> tenants / legal entities that have had – or currently have – other agreements with your POB.	<b>301</b>
Number of new tied-tenancy agreements	<b>139</b>
<ul style="list-style-type: none"> <li>• Of which, those that are protected tenancies with renewal under the LTA 1954</li> </ul>	<b>0</b>
Number of tied-tenancies that were previously under the LTA 1954, but no longer fall within this Act	<b>20</b>

<b>Rent proposals</b>	
Total number of rent proposals provided in this reporting period	<b>0</b>
<ul style="list-style-type: none"> <li>Of which, those under Regulation 15(2-5)</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Of which, those under Regulation 15(6)</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Of which, those under Regulation 15(7) – where the POB notifies the tenant of a proposal to negotiate a new agreement</li> </ul>	<b>0</b>

<b>Rent assessment proposals</b>	
Number of rent assessment proposals provided under regulation 19 (1)(a) – a rent review required under the terms of a tenancy or licence of a tied pub	<b>25</b>
Number of rent assessment proposals requested under regulation 19(2)(a) – 5 years, of which those:	<b>0</b>
<ul style="list-style-type: none"> <li>Provided</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Rejected</li> </ul>	<b>0</b>
Number of rent assessment requests under regulation 19(2)(b) – significant increase in price, of which those:	<b>0</b>
<ul style="list-style-type: none"> <li>Provided</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Rejected</li> </ul>	<b>0</b>
Number of rent assessment requests under regulation 19(2)(c) – trigger event, of which those:	<b>0</b>
<ul style="list-style-type: none"> <li>Provided</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Rejected</li> </ul>	<b>0</b>

<b>Market Rent Only (MRO)</b>	
Number of MRO Notices received, of which those:	<b>7</b>
<ul style="list-style-type: none"> <li>Accepted</li> </ul>	<b>7</b>
<ul style="list-style-type: none"> <li>Rejected</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Withdrawn</li> </ul>	<b>0</b>
Number of MRO Notices received under regulation 24 – significant increase in price, of which those:	<b>0</b>
<ul style="list-style-type: none"> <li>Accepted</li> </ul>	<b>0</b>
<ul style="list-style-type: none"> <li>Rejected</li> </ul>	<b>0</b>
Number of MRO Notices received under regulation 25 – Trigger event, of which those:	<b>0</b>
<ul style="list-style-type: none"> <li>Accepted</li> </ul>	<b>0</b>

• Rejected	0
Number of MRO Notices received under regulation 26 – renewal of a pub arrangement, of which those:	2
• Accepted	2
• Rejected	0
Number of MRO Notices received under regulation 27 – rent assessment or an assessment of money payable in lieu of rent, of which those:	5
• Accepted	5
• Rejected	0
Number of full responses to <b>rejected</b> MRO Notices issued	0
Number of full responses to <b>accepted</b> MRO Notices issued	7
Where the MRO Notice has been accepted; those that resulted in:	<b>Numbers include those which were ongoing in the last reporting period</b>
• Free-of-tie arrangements that are:	
○ New agreements – including short term agreements	3
○ Deed of variation	0
• New tied arrangements that are:	
○ Agreed by new agreement	1
○ Other new tied arrangements (rent or other terms)	6
• Tied tenant departure from the pub	1
• Other outcomes	0
• Ongoing – yet to be concluded	4
<b>Length of MRO tenancies initially offered by POB</b>	
Minimum period (in months)	36
Maximum period (in months)	180
Average length (in months)	74
<b>Length of MRO tenancies requested by tenants</b>	
Minimum period (in months)	Not held
Maximum period (in months)	Not held
Average length (in months)	Not held
<b>Length of MRO tenancies agreed</b>	
Minimum period (in months)	60
Maximum period (in months)	60

Average length (in months)	60
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<b>Independent Assessors (IAs)</b>		
Number of IA appointments		1
<ul style="list-style-type: none"> <li>Of which, those jointly agreed with the tenant</li> </ul>		1
<ul style="list-style-type: none"> <li>Of which, those appointed by the PCA</li> </ul>		0
Number of cases where the rent was determined by the IA		1
<ul style="list-style-type: none"> <li>Please list for each case – the proposed MRO rent and the MRO rent set by the IA.</li> </ul>	<b>Proposed Rent - £90,000</b> <b>Rent set by IA - £71,200</b>	
Number of IA determinations challenged under:		
<ul style="list-style-type: none"> <li>Regulation 37(10)</li> </ul>		0
<ul style="list-style-type: none"> <li>Regulation 37(11)</li> </ul>		0

<b>Buildings Insurance</b>		
Number of tenants requesting to price match their buildings insurance during this reporting period		0
<ul style="list-style-type: none"> <li>Number of unsuccessful price match requests</li> </ul>		
<ul style="list-style-type: none"> <li>Number of occasions when you have agreed in writing any difference is not payable by the tenant under regulation 46(5)</li> </ul>		0
<ul style="list-style-type: none"> <li>Number of occasions when you have purchased the tenant's alternative policy</li> </ul>		0
Whether you receive commission or rebate from insurers and, if so, what percentage.		N/A

<b>Gaming machines</b>		
Number of new Pubs Code tied agreements, including renewal, in which:		
<ul style="list-style-type: none"> <li>The tenant elects in the tenancy or licence agreement to have a gaming machine, and are required to purchase or rent this from your POB or a nominated supplier</li> </ul>	362	
<ul style="list-style-type: none"> <li>The tenant has entered into a side agreement to purchase or rent a gaming machine from your POB or a nominated supplier</li> </ul>	0	
<ul style="list-style-type: none"> <li>The tenant has sourced a free-of-tie machine agreement with a third-party supplier</li> </ul>	<b>Marston's do not hold a record of this</b>	
<ul style="list-style-type: none"> <li>The tenant has chosen not to have a gaming machine</li> </ul>	<b>Marston's do not hold a record of this</b>	

<b>P&amp;L</b>	
Number of requests received for blank template during the reporting period (regulation 48)	0

<b>Sale of freehold or long leasehold</b>	
Number of notifications under regulation 49(2)	<b>5</b>
On how many occasions has your POB relied upon the exemption in regulation 49(3)	<b>0</b>



## Section B –Code compliance

<b>Entering into an agreement</b>		
<p><b>Pub Entry Training</b> Regulation 9</p>	<p>1. Provide a detailed report on your POBs compliance with the pub entry training requirements; identifying any and all steps taken to verify compliance and improve Code-related arrangements.</p>	<p>Before entering into a new agreement with a tied pub tenant or agreeing with a tied pub tenant a renewal of a protected 1954 Act tenancy, Marston's advises the tied pub tenant to complete the appropriate pubs entry training before the agreement is entered into.</p> <p>Marston's provide in-house training through a dedicated Training Team. The training covers everything a tenant needs to know to run a successful pub business. This training is regularly reviewed by the training team and feedback gathered from tied pub tenants is used to assess the effectiveness of the training provided.</p> <p>Marston's also provides other essential training to our tenants which includes Cellar Management, Award for Personal Licence Holders and specific training on our systems, ie tills.</p> <p>Where a prospective tenant meets one of the pre-entry training conditions, the Business Development Manager (BDM) seeks approval from the Code Compliance Officer (CCO) to waive the need to attend the training. Where a training waiver is approved, Marston's requires the tied pub tenant to sign a training exemption letter.</p> <p>Compliance with the Regulation forms part of the final checks undertaken on a new tied agreement. Confirmation of training by the training team or a signed training exemption letter is required before completion of the new tied agreement.</p> <p>Marston's has been engaging with the Office of the PCA and CCO's to review and update the Bii PEAT training to improve its content. This project is now complete, and a new version of the PEAT training has gone live.</p>
<p><b>Sustainable Business Plan</b> Regulation 10</p>	<p>2. Provide a detailed report on the process your POB follows when considering whether a tenant's business plan is sustainable.</p> <p>Include how you arrive at your opinion that the forecast of income and net profit is reasonable and realistic.</p>	<p>Before entering into a new agreement with a tied pub tenant or before the renewal of a tenancy which is not a protected 1954 Act tenancy, Marston's ensures a sustainable business plan is in place. Checks are in place to ensure that the business plan is prepared after the tied pub tenant has obtained independent professional advice.</p> <p>The business plan can be completed on a standard Marston's template to ensure the requirements of Regulation 10 are met. The business plan template is provided with the Schedule 1 information to ensure the tied pub tenant has had the opportunity to review the required information. Once complete, the business plan is reviewed by the BDM, Operations Manager and Estates Manager, where needed, to verify the business plan as sustainable. The review will include a detailed financial review and other factors including potential performance of the pub. Once the business plan has been reviewed and any differences discussed it is signed off. The Operational Estates Administration Team will check that all parts of the business plan are in place.</p>
<p><b>Schedule 1</b> Regulation 11</p>	<p>3. Provide a detailed report on your POBs compliance with the information provision requirements specified in Schedule 1, identifying any and all</p>	<p>Marston's ensure that Schedule 1 information is provided to tied pub tenants before they enter into an agreement. This is collated in a 'property pack' by our Operational Estates Administration Team and is sent to the tied pub tenant by their BDM via email.</p>

	<p>steps taken to verify and improve Code-related arrangements</p>	<p>We evidence signed receipt of the required information by each tenant on the Information &amp; Supply sheet. This enables the tied pub tenant to obtain the necessary independent professional advice before entering into an agreement.</p> <p>This property pack includes a 'taking a new agreement' guide which details the process Marston's will follow along with what documentation is needed.</p>
<p><b>Assignments</b> Regulation 12</p>	<p>4. Provide a detailed report on your POB's compliance when a tenant intends to assign a tenancy; identifying any and all steps taken to verify compliance and improve Code-related arrangements</p> <p>Specifically identify how – when the tenant requests an assignment – your POB satisfies itself that:</p>	<p>Where the tenant notifies Marston's of their intention to assign their lease, Marston's provided the tenant with a 'guide to selling your lease' document which sets out what is required for an assignment. The tenant is required to notify Marston's in writing once an assignee has been found, as Marston's will need to provide consent to approve the assignee. Once an assignee has been approved, a property pack is produced which contains all the required information under Schedule 1, any fees payable and information relating to dilapidations. The assignee will then follow the full new tenant process.</p>
	<p>4.1 It complies with the provisions in regulation 12(4)(a)</p>	<p>Before agreeing to the assignment Marston's requests that the Schedule 1 information and any other relevant information is sent to the assignee. The assignment process is the same as when a tenant is entering into a new agreement</p>
	<p>4.2 It complies with the provisions in regulation 12(4)(b)</p>	<p>The proposed assignee is required to attend Marston's 5 day induction training unless they qualify for a waiver under Regulation 12(5). If the proposed assignee does meet one of the conditions in Regulation 12(6), a waiver can be approved by the Code Compliance Officer. The training waiver will be documented in a letter which the proposed assignee will be required to sign.</p>
	<p>4.3 It complies with the provisions in regulation 12(4)(c)</p>	<p>The proposed assignee is advised to seek their own independent professional advice before taking the assignment. Evidence of professional advice will be requested from the proposed assignee before the assignment takes place.</p>
<p><b>Premises</b> Regulation 13</p>	<p>5. Provide a detailed report on your POBs compliance with tied pub tenants general regulations; identifying any and all steps taken to verify compliance and improve Code-related arrangements.</p>	<p>All tied pub tenants are advised to conduct a thorough inspection of the premises and to obtain the advice of a qualified surveyor before they enter into the agreement. This advice is included in the 'Taking a new agreement with Marston's' guide, which is a document that forms part of the property pack. This advice is also reinforced in the formal offer letter.</p> <p>An example copy of the agreement is provided to the tied pub tenant as part of the Schedule 1 information, this contains repair obligations.</p> <p>A schedule of condition is prepared by a surveyor. This is included in the property pack as part of the Schedule 1 information. Where works are carried out an updated schedule of condition will be carried out post-completion and sent to the tied pub tenant.</p> <p>If dilapidations have been served, Marston's will have instructed our property surveyors to attend the site to carry out a terminal Schedule of Dilapidations at least 6 months before the expiry of the agreement. For long leases we will carry out interim dilapidation inspections every 5 years.</p> <p>Marston's ensure appropriate and reasonable notice is given to the tied pub tenant before entering the pub in line</p>

		with the obligations under the agreement except in the event of an emergency.
<b>Dilapidations</b> Regulation 12, 13 and Schedule 1 (para 15, 22)	6. Provide a detailed report of your POBs approach to assessing dilapidations and resolving disputes	<p>A schedule of dilapidations will be carried out on all substantive tenancy and lease agreements prior to termination, which will set out all of the tenant's breaches of repairing liability, together with the remedy for that breach, and will be issued to the tenant by electronic delivery or recorded delivery.</p> <p>The schedule of dilapidations will be carried out at least 6 months before the end of the agreement. The schedule will be carried out by a property surveyor who will act in accordance with the RICS professional guidance notice Dilapidations in England and Wales 7th Edition and Marston's dilapidations protocol. In carrying out the schedule of dilapidations, the surveyor will review the repairing obligations under the terms of the current agreement together with any schedule of condition attached to the agreement.</p> <p>Where a dispute occurs, the tenant should confirm the details within the schedule of dilapidations and return to the surveyor, where the matter will be reviewed. If agreement cannot be reached between the Landlord and Tenant, Marston's will follow the process set out within the RICS dilapidations protocol.</p> <p>Outstanding dilapidations are agreed prior to the commencement of the new agreement and a final inspection is carried out three to six months later to sign off dilapidations. Decorating works are rolled over and undertaken during the term of renewal.</p> <p>Where an agreement is longer than 5 years Marston's will carry out interim dilapidation's inspection every 5 years, the Tenant will be asked to carry out any dilapidations within 12 months, except where the works present a danger to the building and its occupants, these works will be required to be undertaken in a timely manner.</p> <p>Where a tenant serves a valid MRO notice, upon service of the schedule of dilapidations the tenant will be given 12 months to undertake any works identified except where the work presents a danger to the building and its occupants, these works will be required to be undertaken in a timely manner, whether they remained tied or enter into a new MRO agreement.</p>
<b>Short agreements</b> Regulation 14	7. Provide a detailed report on your POBs compliance with tied pub tenants general regulations; identifying any and all steps taken to verify and improve Code-related arrangements.	<p>A short agreement property pack is provided to the tied pub tenant before entering into a short agreement via email. This is provided to the tied pub tenant and includes the information specified in the relevant paragraphs of Schedule 1. Marston's evidence signed receipt of the required information by each tenant on the 'Information and Supply Sheet'.</p> <p>Marston's advise all tied pub tenants to complete Pre-entry Awareness training before they enter into a tied tenancy.</p>
<b>Ending a Tenancy:</b>		
<b>Forfeitures</b>	8. Provide a detailed report explaining your POBs processes and procedures before, and after, issuing a Section 146 notice	<p>Once a breach of covenant has been identified by Marston's, a copy of a tenant's current tenancy agreement and details of the breach are passed to external solicitors. Our solicitors will then review and confirm if there has been a breach and will advise on the appropriate action to be taken. If it is deemed the best course of action is a Section 146 notice, our solicitors will then serve this notice on behalf of Marston's. If the breach is remedied, the Section 146 notice will be withdrawn.</p>

<p><b>Rent proposals</b> Regulations 15-18</p>	<p>9. Provide a detailed report on your POBs compliance with rent proposals, including the production of a rent proposal, its content, when the proposal is provided and how any further information and advice is given.</p> <p>Identify any and all steps taken to verify compliance and improve Code-related arrangements.</p>	<p>Marston's action the requests for a rent proposal in accordance with Regulation 15.</p> <p>Where Marston's is proposing a new agreement to an existing tied pub tenant or a prospective tied pub tenant, a Rent proposal is provided as part of the Schedule 1 information.</p> <p>Rent proposals are prepared by Estates Managers who may be RICS qualified and if not qualified the rent proposal will be checked and signed off by a RICS qualified Chartered Surveyor. Rent proposals adhere to the requirements set out in Schedule 2. It is prepared in accordance with RICS guidance and is accompanied by written confirmation from a member of the RICS. Following a rent proposal, a meeting will be arranged between the tied pub tenant and the Estates Manager to discuss.</p> <p>Timescales are monitored to ensure the timescales are adhered to in accordance with Regulation 17.</p> <p>Any reasonable request from the tied pub tenant for additional information is provided where possible. Marston's would provide a reasonable explanation as to why any information requested could not be supplied.</p> <p>The tied pub tenant is advised to obtain independent professional advice when the rent proposal is provided before agreeing to the proposed rent.</p>
<p><b>Rent Assessment Proposals</b> Regulations 19-22</p>	<p>10. Provide a detailed report on your POB's compliance with rent assessments proposals, including the duty to conduct, how it is conducted and the effect of a rent assessment, identifying any and all steps taken to verify compliance and improve Code-related arrangements</p>	<p>Marston's conducts a rent assessment in connection with a rent review which is required under the terms of the tenancy or where the tied pub tenant requests one under Regulation 19(2). If a notice is received from a tied pub tenant in this respect, the validity of the notice is checked and acknowledged as soon as possible. Marston's Estates Managers are responsible for managing rent review timescales and process.</p> <p>Where a rent assessment is required, following an inspection of the premises Marston's will send the tied pub tenant a proposal for rent together with the information specified in Schedule 2. If the rent assessment is in relation to a rent review this information is provided at least 6 months before the rent review date. If a tied pub tenant has made a valid request for a rent assessment, then this will be provided within 21 days beginning with the day on which the request was made. The rent assessment proposal is prepared in accordance with RICS guidance and is accompanied by a written statement of confirmation from Marston's Estates Managers. Marston's provides its rent assessment proposals in accordance with Regulation 20 and in consideration of Chapter 3 of the Regulatory Compliance Handbook.</p> <p>Any reasonable requests for further information are complied with by the Estates Managers and provided to the tenant as soon as reasonably practicable. If the information requested is not able to be provided, then an explanation will be given to the reasons why this is the case.</p> <p>The Estates Manager who prepares the rent assessment will visit the pub within 3 months of the day on which the rent assessment is to be provided to the tied pub tenant. During this visit the Estates Manager will gather information about the layout and location of the pub.</p> <p>The tied pub tenant is advised to obtain independent professional advice before they agree the new rent. If a rent review date has passed, or more than 6 months have</p>

		<p>elapsed since the day on which the rent assessment was provided, it is agreed in writing how any recoverable rent is to be dealt with and how payments relating to any recoverable rent is to be made.</p> <p>Marston's comply with the requirements of Regulation 22. Any new agreed rent is payable with effect from the day after the end of the rent assessment. A new rent is documented on a rent memorandum which is signed by the tied pub tenant.</p>
<b>MRO's</b>		
<b>MRO – Notice</b> Regulations 23-27	11. Provide a detailed report on your POBs compliance with MRO regulations, identifying any and all steps taken to verify compliance and improve Code-related arrangements, including statutory code deadline(s) and the processes followed	When a tied pub tenant serves an MRO notice, checks are made to ensure the notice is valid and the notice is acknowledged as soon as possible. Where a notice has been served by the tied pub tenant that does not meet the requirements of regulation 23(3) we will engage with the tied pub tenant to give them the opportunity to serve a valid MRO notice.
	11.1 Provide a detailed report of your POBs handling of tenants' who claim a significant price increase event (Reg 24), including the nature of the circumstances relied upon by the tenant	Marston's can confirm it is aware of this MRO event and no MRO notices were received under this Regulation during the reporting period.
	11.2 Provide a detailed report of your POBs handling of tenants' who claim a trigger event (Reg 25), including the nature of the circumstances relied upon by the tenant	Marston's can confirm it is aware of this MRO event and no MRO notices were received under this Regulation during the reporting period. If a tied pub tenant sends Marston's a relevant analysis which demonstrates a trigger event has occurred, this will be dealt with by the relevant Estates Manager.
	11.3 Provide a detailed report of our POBs handling of tenants' who request a MRO option in a renewal of a pub arrangement (Reg 26), including the nature of the circumstances relied upon by the tenant	Renewals of protected agreements under the Landlord and Tenant Act 1954 are dealt with by the relevant Estates Manager.
	11.4 Provide a detailed report of your POBs handling of tenants' who request a MRO following a rent assessment proposal (Reg 27)	Rent Assessments are carried out by the Estates Manager.
<b>MRO – Procedure</b> Regulations 28-35	12. Provide a detailed report on your POBs compliance with MRO regulations, identifying any and all steps taken to verify compliance and improve Code-related arrangements, including statutory code deadline(s) and the processes followed.	<p>When Marston's receives an MRO notice an acknowledgement is sent as soon as reasonably practicable, usually within 2 working days. If the MRO notice is valid then Marston's sends out a full response which includes a proposed MRO tenancy and associated documents. The full response includes a statement of the proposed rent.</p> <p>For each MRO notice, Marston's will complete a Compliance Record and Declaration which is available should the tied pub tenant request a copy. A full response is sent within 28 days in accordance with Regulation 29(6) &amp; (7). If a tied pub tenant's application for a new tenancy is opposed by Marston's, but the court awards the granting of a new tenancy then Marston's will send a full response</p>

	<p>Please include a report on handling procedural and event disputes and the issue of a revised response.</p>	<p>within 28 days of the date the court makes an order to grant a new tenancy. Where Marston's deems the MRO notice to be invalid, this will be communicated to the tenant along with the reasons why it is invalid.</p> <p>When providing a full response, Marston's proposes an MRO tenancy which is for a period that is at least as long as the remaining term of the existing tenancy and if there is less than 5 years remaining on the existing tenancy the proposed MRO tenancy will be for no less than 5 years.</p> <p>During the reporting period Marston's has not notified a tied pub tenant of its intention to refer to the PCA and has not made any referrals to the PCA. Marston's are aware of the deadlines in Regulation 32. During the reporting period no tied pub tenants have notified Marston's of their intent to refer a procedural or event dispute under Regulation 32.</p> <p>Marston's are aware of the provisions in Regulation 32A and welcomed the resolution period as an opportunity to have meaningful negotiations with our tied pub tenants.</p> <p>Under Regulation 32B, Marston's will send an updated full response if there have been significant changes to the original MRO offer or if the tied pub tenant requests an updated full response.</p> <p>Marston's acknowledges the detail and timelines in Regulation 33 and 33A.</p>
	<p>12.1 Provide a detailed report on how your POB handles arrangements during the MRO process (Reg 28).</p>	<p>If a tied pub tenant has served a valid MRO notice, then Marston's ensures the rent cannot increase during the MRO procedure, this includes changes by annual indexation charges. Marston's does not exercise any right to make subject to a product or service tie anything which was not previously subject to a tie or disapply a product or service tie from an item that was subject to a tie when the notice was given. Each month the CCO informs the Credit Control team which pubs are going through the MRO procedure. This remains in place until the end of the MRO procedure.</p>
	<p>12.2 Provide a detailed report on how your POB handles required terms and conditions, including terms regarding as unreasonable – in regard to MRO tenancy (Reg 30 &amp; 31)</p>	<p>During the reporting period Marston's can confirm we have not included a landlord-only break clause, service ties other than buildings insurance or excluded the proposed MRO tenancy from the security of tenure provisions of the Landlord and Tenant Act 1954. Marston's do not include terms which are not common terms in agreements between landlords and pub tenants who are not subject to a product or service tie. The Compliance Record provides the detail regarding the justification of proposed terms. Marston's Estates Managers keep up to date with the terms granted within the market.</p>
<p><b>MRO – Independent Assessor</b> Regulations 36-38</p>	<p>13. Provide a detailed report on your POBs compliance with Independent Assessors regulation 36-38; identifying any and all steps taken to verify compliance and improve Code-related arrangements, including statutory code deadline(s) and the processes followed.</p>	<p>On all independent assessor appointments in the period, these have been appointed jointly between the tied pub tenant and Marston's.</p> <p>When an independent assessor is appointed, Marston's complies with Regulation 37 regarding the provision of information it holds and with any subsequent requests for information from the independent assessor. This includes providing the information detailed in Schedule 3 of the Code.</p> <p>Marston's acknowledges the procedure set out in Regulation 38. Marston's has not made a referral to the Adjudicator in connection with an independent assessor during the reporting period.</p>
<p><b>MRO – End of Procedure</b> Regulation 39-40</p>	<p>14. Provide a detailed report on your POBs compliance with MRO</p>	<p>It is confirmed that Marston's understands the key events which end the MRO procedure as set out in Regulation 39.</p>

	regulations, identifying any and all steps taken to verify compliance and improve Code-related arrangements, including statutory code deadline(s) and the processes followed	It is confirmed that Marston's understands the key events which end the MRO procedure as set out in Regulation 39. There have been no referrals to the Adjudicator during the reporting period in relation to Regulation 40. Once an MRO procedure has ended Marston's will request feedback from the Tenant using the PCA's questionnaire.
<b>Business Development Managers</b> Regulation 41	15. Provide a detailed report on your POBs compliance with BDM regulations, identifying any and all steps taken to verify compliance and improve Code-related arrangements, including statutory code deadline(s) and the processes followed	<p>Marston's ensures that any Business Development Managers (BDMs) that have joined the business have one on one induction training sessions with the CCO. The training covers key Regulations within the Code and Marston's internal procedures. The BDM will receive a copy of the Pubs Code Regulations during the meeting before they liaise with tied pub tenants. BDMs are also required to complete an e-learning Pubs Code module.</p> <p>Annual training is provided to all employees defined as BDMs under the Pubs Code through an online platform where completion of the training can be monitored by the CCO. The Annual training is updated to reflect any changes to the Pubs Code or guidance which has been issued by the PCA.</p> <p>Additional training is provided at Team Meetings by both the CCO and Estates Managers throughout the year where updates can be issued.</p> <p>To comply with Regulation 41(4) discussion notes are recorded through Marston's Business Development Review (BDR) tool. This creates a record of the discussion notes and when the meeting was held. The tool generates the record into an email for the BDM to send to the tied pub tenant. The CCO conducts regular audits to ensure the stipulated timescales are met. The discussion notes and covering email include a standard message about tied pub tenants responding within 7 days if they do not agree with the record of discussion.</p> <p>As part of the property pack provided to the tied pub tenant who are taking on a new agreement, Marston's includes a declaration of our commitment towards continuous professional development and improvement of our BDMs.</p>
<b>Code Compliance Officer</b> Regulation 42	16. Provide a detailed report on your POB's compliance with the duty to appoint a Code Compliance Officer; identifying any and all steps taken to verify compliance and improve Code-related arrangements, including statutory code deadline(s) and the processes followed.	<p>Marston's appoints a dedicated Code Compliance Officer to verify compliance with the Pubs Code Regulations. As part of the role the CCO is able to contact BDMs directly to discuss Code matters and is independent of the BDM reporting structure.</p> <p>The CCO has a dedicated email address which is advertised on Marston's website and in Marston's complaints procedure to allow tied pub tenants to directly contact the CCO.</p> <p>The CCO maintains training records for Pubs Code Training for Marston's employees, the CCO is also responsible for updating any training given and providing Pubs Code updates periodically.</p>
<b>Insurance</b> Regulation 46	17. Provide a detailed report on your POBs compliance with insurance provision regulations, identifying any and all steps taken to verify compliance and	<p>Marston's purchases a block building insurance policy against all usual risks for our estate, we recharge tied pub tenants based on a pre-agreed charge. Marston's have received no requests to purchase an alternative policy by tied pub tenants during the reporting period.</p> <p>Tenants are advised to obtain their own business insurance and can purchase this from wherever they choose.</p>

	improve Code-related arrangements	
	17.1 With specific regard to regulation 46(2)(a); confirm if any levied insurance charge exceeds what your POB pays in insurance premiums and, if so, that this information has been communicated to your tenants	No levied insurance charge exceeds what Marston's pays as a premium.
	17.2 With specific regard to regulation 46(2)(b); confirm if your POB – or any other group – receives, or expects to receive any commission or rebate and, if so, that this information has been communicated to your tenants	Marston's does not receive commission in connection with its insurance policies which are recharged to tied pub tenants.
	17.3 Provide a detailed report on your POBs compliance with regulation 46(3), identifying any and all steps taken to verify compliance and improve Code-related arrangements.  Include here, details on how your POB – or any third party selected by the POB – assesses if the tenant's suggested insurance policy is suitable and comparable	Marston's renews its block policy annually and details are communicated to the tied pub tenant. Marston's provide tenants with details of our policy and any contributions towards a claim the tenant is required to make. If additional information is requested by the tied pub tenant then Marston's will provide this information if it is able to do so.
<b>Miscellaneous</b>		
<b>Extended Protections</b> Regulation 45A	18. Provide a detailed report on your POB's compliance with the requirement to notify the Adjudicator of circumstances giving rise to extended protection.	Where Marston's sells a pub that gives rise to extended protection, Marston's will inform the PCA of the details specified in Regulation 45A as soon as it is legally is able to do so. Marston's will also inform the tenant that they will have extended protection once the pub is sold, the tenant will also receive a copy of the extended protection factsheet produced by the PCA.
<b>Gaming Machines</b> Regulation 47	19. Provide Confirmation that no new – or renewed – tenancies or licences require a tied pub tenant to rent or purchase a gaming machine	Marston's does not require a tied pub tenant to purchase or rent gaming machines when it grants a new tenancy or renews an existing tenancy. Marston's provides tied pub tenants with a choice to have gaming machines supplied by a Marston's nominated supplier. Where machines are supplied by Marston's nominated supplier the net income is shared as per the terms of the agreement.
<b>Sale of Freehold / Long Leasehold</b> Regulation 49	20. Provide a detailed report on your POBs compliance with sale of freehold/long leasehold regulations, identifying any and all steps taken to verify compliance and improve Code-related arrangements.	Marston's Property team are fully aware of the requirements under Regulation 49. Where a pub is sold with extended protection, Marston's informs the PCA.
	20.1 Provide detailed report on the steps your POB takes – including timings – to inform the	If Marston's sells a tied pub, it will inform the tied pub tenant and provide the details of the sale and the name and address of the buyers as soon as it is able to do so under the terms of the legal agreement surrounding the sale.



	tenants of plans to sell the premises	
<b>Detriment</b> Regulation 50	21. Provide a detailed report on your POBs processes to ensure your tenants do not suffer detriment when exercising their rights under the Code regulations	Marston's ensures that a tied pub tenant is not subject to any detriment on the ground that they exercise or attempts to exercise their rights under these Regulations.
<b>Flow Monitoring Devices</b> Regulation 51	22. Provide a detailed report on your POBs compliance with Flow Monitoring provision regulations, identifying any and all steps taken to verify compliance and improve Code-related arrangements.	Marston's do not include flow monitoring devices in its tied pub estate.
<b>Exemptions</b> Regulation 54-56	23. Provide a detailed report on your POBs compliance with Part 12 of the Code, identifying any and all steps taken to verify compliance and improve Code-related arrangements.  Specifically identify how you comply with:	Marston's complies with Part 12 of the Pubs Code as detailed below.
	23.1 The provisions in regulation 54 – short agreements	In relation to short agreements for less than 12 months, Marston's ensures that communication is sent to the tenants shortly before and shortly after the twelve-month point, outlining the additional provisions of the Pubs Code that will apply shortly after that period. When a tied pub tenant is entering into a short agreement a property pack is provided beforehand with the information specified in Regulation 14.
	23.2 The provisions in regulation 55 – pub franchise agreements	Marston's ensures tied pub tenants who occupy under a Pub Franchise Agreement are advised where to find more information about the Pubs Code within their Schedule 1 information pack. Marston's classify their Retail Agreement as a Pub Franchise Agreement for the purposes of the Code. Marston's approach for dealing with these types of agreements is the same as tenancy agreements.
	23.3 The provisions in regulation 56 – Investment exception	Marston's has not had any investment exceptions within the reporting period.
<b>Void or unenforceable terms of a tenancy or licence</b> Regulation 57	24. Provide a detailed report on your compliance with regulation relating to void or unenforceable terms, identifying any and all steps taken to verify compliance and improve Code-related arrangements	Marston's can confirm that our standard tied agreements do not contain any void or unenforceable terms. Historic unenforceable terms are not enforced, such as upward only rent increases.

## Section C – Breaches and complaints

<b>9</b> Pubs entry training	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	N/A
<b>10</b> A sustainable business plan	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	N/A
<b>11</b> The required information	Number of breaches or alleged breaches upheld	1
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome The breach was identified by the CCO whilst undertaking a review of Marston's internal processes. One tied pub tenant received independent professional advice and prepared their business plan before they were provided with the Schedule 1 information. After conducting an audit, it was determined that this was a one-off mistake and not a one in a series of breaches. An investigation took place to find out more about the tied pub tenant and the relationship to the pub. It was determined that due to the tied pub tenant's knowledge of the pub and other circumstances there was no detriment suffered by the tied pub tenant. Further training was provided to the employees involved and to all BDMs. A letter confirming the error was also sent to the tied pub tenant.	
<b>12</b> Assignments	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	N/A
<b>13</b> Premises	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	N/A
	Number of breaches or alleged breaches upheld	0

<b>14</b> Short agreements	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>15</b> Rent Proposal – Duty to provide	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>16</b> Rent proposal - Contents	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>17</b> Rent proposal – When must it be provided	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>18</b> Rent Proposal - Further information and advice	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>19</b> Duty to conduct a rent assessment proposal	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>20 A</b> rent assessment proposal and required information	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>21</b> Conduct a rent assessment	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0

	Steps taken in relation to each breach or alleged breach and outcome	0
<b>23 - 27 MRO - notice</b>	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>28-35 MRO – Procedure</b>	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>36-38 MRO - Independent Assessor</b>	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>39-40 MRO – End of Procedure</b>	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>41 Business Development Managers</b>	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>46 Insurance</b>	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>47 Gaming Machines</b>	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0

	Steps taken in relation to each breach or alleged breach and outcome	0
<b>49</b> Sale of Freehold or Long Leasehold	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>51</b> Flow Monitoring Devices	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	
<b>52-53</b> Extended Protection	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>54-56</b> Exemptions	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>57</b> Void or unenforceable terms of a tenancy or licence	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0
	Steps taken in relation to each breach or alleged breach and outcome	0
<b>Other complaints made by tenants</b>	During the reporting period Marston's have received complaints that did not relate directly to specific Code provisions. These complaints covered allegations and complaints regarding outgoing settlements, VAT and termination of agreements. Marston's engaged with all issues raised and have responded to all complaints with no further action required	

