



# Annual Compliance Report

On behalf of

**Punch Taverns Limited**

Trading as **Punch Pubs & Co**

**Period:**

1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021

**Compliance Officer:**

Donna Gracey

## **Preamble**

Under Regulation 43 of the Pubs Code etc. Regulations 2016 a pub-owning business must ensure that the Compliance Officer submits an annual compliance report to the Pubs Code Adjudicator relating to each financial year.

# Regulation 43 compliance report framework for pub-owning businesses

Reporting year 2020/2021

Pub Owning Business: **Punch Taverns Limited** trading as **Punch Pubs & Co**

Reporting CCO: **Donna Gracey**

Date of completion: **30<sup>th</sup> September 2021**

## Declaration of compliance

*In the absence of an Audit Committee, the Chief Executive Officer hereby declares that the enclosed report has been reviewed and approved in accordance with Regulation 43(5) and that as part of doing so any additional material required under Regulation 43(7) has also been provided and considered. Further to this, a summary of the enclosed report is produced as per Regulation 43(8) and will be made available on the corporate website within the reporting window in compliance with Regulation 43(9).*

## Section A – Data provision

### Estate data

As of 31 March 2021, total number of Pubs Code Agreements	1136
Total acquisitions since 31 March 2020	0
New tied tenancies since 31 March 2020 of premises that were already within the estate	15
Total disposals since 31 March 2020	20
Of which were to another Pub Owning- Business (POB)	0
Of which were sold to a person who is not a landlord of 500 or more tied pubs	16
Of which were permanently closed or directly disposed for other use	4
Pubs no longer tied (but still owned) since 31 March 2020	47
Of total Pubs Code Agreements, how many are:	
Agreements contracted into the Landlord and Tenant Act 1954	357
Agreements not contracted into the Landlord and Tenant Act 1954	779
Short agreements	121
Of those, short agreements entitling occupation by a tenant for a total period of 12 months or more	31
Pub Franchise agreements within the meaning of regulation 55	0
Qualifying Investments within the meaning of regulation 56	12
<b>Within the reporting period</b>	
Number of legal surrenders	28
Number of assignments	4
Number of abandonments	4
Number of forfeitures	7
Of tenancies granted since the Pubs Code came into force	6
Of tenancies that are:	
Less than 1 year	1
Between 1-2 years	3
Between 3-5 years	2
6 years or older	1

## Contractual arrangements

List all types of contractual arrangements within your Pubs' estate, for each identify if it is a Pubs Code Agreement or otherwise

Type of contractual arrangement	Pubs Code Agreement or otherwise
<p><b>Retail Contracts</b> These are forms of management agreement under which the publican operates the pub on behalf of Punch. As there is no tie and no rent is charged, pubs run under these contracts fall outside of the definition of a tied pub under the SBEE Act 2015. Notwithstanding this Punch chooses to treat these contracts as covered by the Pubs Code for the purposes of reporting/figures and adopts the Pubs Code principles and behaviours in its dealings with the publican.</p>	No
<p><b>Management Contracts</b> This is our current form of management agreement under which Punch retains the services of a company to manage the pub on its behalf in return for a share of turnover. This form of contract falls outside the SBEE Act 2015. These contracts are not included in Pubs Code agreement reporting/figures.</p>	No
<p><b>Managed House</b> <i>This is a fully managed house operating model where Punch will directly employ the team operating the pub on a day-to-day basis. These Pubs are not covered by the Code and not included in Pubs Code agreement reporting/figures.</i></p>	No
<p><b>Joint Ventures</b> <i>Pubs operated under a joint venture operating model where Punch hold a majority shareholding of the joint venture company. The pubs are operated under a fully managed house operating model where the joint venture company will directly employ the team operating the pub on a day-to-day basis. These Pubs are not covered by the Code and not included in Pubs Code agreement reporting/figures.</i></p>	No
<p><b>Short Agreement</b> <i>Tenancy at Will agreements or Agreements for less than 12 months where there is a maximum 28-day notice period for either side. These are typically fully tied tenancy agreements covered under the Code.</i></p>	Yes
<p><b>Unprotected Tied Tenancy</b> <i>These are tenancy agreements typically 3 or 5 years in length with fixed terms and contracted out of the Landlord &amp; Tenant Act 1954. Full or partial tie with internal repair obligations only. The agreements normally carry a notice clause/break option for either party which can be served at any time.</i></p>	Yes
<p><b>Protected Tied Tenancy</b> <i>These are tenancy agreements typically 3 or 5 years in length with rolling or fixed terms and contracted into the Landlord &amp; Tenant Act 1954 Full or partial tie with internal repair obligations only. The agreements are covered under the Code.</i></p>	Yes
<p><b>Turnover Tenancy</b> <i>These are tenancy agreements typically 5 years in length with fixed terms and contracted out of the Landlord &amp; Tenant Act 1954. A base</i></p>	Yes

<i>property rent is charged alongside a turnover fee based on total sales. The agreements normally carry a notice clause/break option for either party which can be served at any time.</i>	
<b>Protected Tied Lease</b> <i>These are lease agreements typically 10 – 20 years in length. Lease agreements are contracted into the Landlord &amp; Tenant Act 1954, are assignable and have rent review provisions typically every 5 years. Full or partial tie with fully repairing obligations.</i>	Yes
<b>Unprotected Tied Lease</b> <i>These are lease agreements typically 5 – 20 years in length. These Lease agreements are contracted out of the Landlord &amp; Tenant Act 1954, are assignable and have rent review provisions typically every 5 years. Full or partial tie with fully repairing obligations.</i>	Yes
<b>Turnover Lease</b> <i>These are lease agreements typically 10 – 20 years in length. Lease agreements are contracted into the Landlord &amp; Tenant Act 1954, are assignable and have rent review provisions typically every 5 years. A base property rent is charged alongside a turnover fee based on total sales. The agreements normally carry a full repair obligation.</i>	Yes
<b>FOT Agreements</b> <i>These are commercial FOT agreements usually on fully repairing leases with upwards only rent reviews and rent payment quarterly in advance.</i>	No

## Rights to Renew

Total number of regulated tenants with a contractual right to renew (as of 31 March 2021)	0
During the reporting period number of regulated tenants who exercised a contractual right to renew their tenancy	0
Of which, the number of these to which the POB consented	0
Of which, the number of these that were opposed by the POB	0
Section 25 Notices issued opposing a new tenancy LTA 1954	2
Section 25 Notices issued proposing a variation of the terms	0
Section 26 Notices opposed	2
Section 26 Notices unopposed	3
Number of instances of landlord opposing renewal in whole or in part in reliance on s.30(1)(g)	1
Number of Landlord and Tenant Act 1954 Section 25 notices served during the reporting period after MRO notice received Of which, the number served within a MRO procedure	0

Number of ongoing Landlord and Tenant Act 1954 court proceedings where the POB relied in whole or in part on an intention to take the pub back into occupation	0
- Of which, the number of objections to a new tenancy that were upheld	0
- Of which, the number of objections to a new tenancy that were dismissed	0

### New tenants/new agreements

Number of new tied tenants overall in this reporting period.	146
Number of premises previously under tied tenancies, leases and/or licences that have been brought into the managed estate during this reporting period.	12
Number of new tied tenancies/protected under the Landlord and Tenant Act 1954	4

### Rent proposals

Number of rent proposals provided within the reporting period	
under regulation 15(2)-(5)	0
under regulation 15(6)	0
under regulation 15(7)	180

### Rent assessment proposals

Number of rent assessment proposals provided under regulation 19(1)(a) within the reporting period	57
Number of rent assessment proposals under regulation 19(2)(a) within the reporting period that have been:	
Requested	1
Provided	1
Rejected	0
Number of rent assessment requests under regulation 19(2)(b) within the reporting period	
Requested	0
Provided	0
Rejected	0
Number of rent assessment requests under regulation 19(2)(c) within the reporting period	
Requested	3

Provided	0
Rejected	3

### Market Rent Only (MRO)

<b>Within the reporting period:</b>	
Total number of MRO notices received	23
Of which were accepted	17
Of which were rejected	6
Of which were withdrawn	0
Number of MRO notices under regulation 24 – a significant increase in the price of a product or service	
Received	0
Accepted	0
Rejected	0
Number of MRO notices under regulation 25 – a trigger event	
Received	3
Accepted	0
Rejected	3
Number of MRO notices under regulation 26 – the renewal of a pub arrangement	
Received	6
Accepted	6
Rejected	0
Number of MRO notices under regulation 27 – a rent assessment or an assessment of money payable in lieu of rent	
Received	14
Accepted	11
Rejected	3
Number of full responses to accepted MRO Notices issued	18
Number of full responses to rejected MRO Notices issued	6
Where MRO Notice has been received and accepted:	
Free of tie arrangements agreed by new agreement	1
New free of tie arrangements agreed by deed of variation	0

New tied arrangement agreed by new lease	0
Other new tied arrangements agreed (rent or other terms)	4
Tied tenant departures from the pub	2
Other outcomes	0
Ongoing – yet to be concluded	12
<b>Length of MRO tenancy offered</b>	
Minimum period (in months)	14
Maximum period (in months)	120
Most commonly offered length of period (in months)	60
<b>Length of MRO tenancy agreed</b>	
Minimum period (in months)	240
Maximum period (in months)	240
Most commonly agreed length of period (in months)	240
<b>Number of free of tie tenancies agreed with existing tied tenants outside of the Pubs Code procedures</b>	2

### Independent Assessors

Number of Independent Assessor appointments	
Of which, were jointly agreed with the tenant	2
Of which were appointed by the PCA	0
Number of cases where rent was determined by the IA – please list for each case:	
The proposed MRO rent	Case 1: £56,500  Case 2: £66,500
The MRO rent set by the Independent Assessor	Case 1: £44,500  Case 2: £45,000

### Buildings Insurance

Number of tenants requesting to price match their building insurance during the reporting period	3
Number of unsuccessful price match requests	3
What commission or rebate do you receive from insurers (percent)?	0



Number of occasions when you have purchased the tenant's alternative policy	0
Number of occasions when you have agreed in writing that any difference is not payable by the tenant under regulation 46(5).	0

### Gaming machines

Number of new Pubs Code tied agreements including renewals in which:	
If the tenant elects in the tenancy or licence agreement to have a gaming machine, they are required to purchase or rent it from the POB or a nominated supplier	0
The tenant has entered into a side agreement to purchase or rent a gaming machine from the POB or a nominated supplier	81
The tenant has sourced a free of tie machine agreement with a third-party supplier	0
The tenant has chosen not to have gaming machines	78

### Blank template requests

Number of requests for blank template during the reporting period.	0
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### Sale of freehold or long leasehold

Number of notifications under regulation 49(2)	1
On how many occasions has the POB relied upon the exemption in regulation 49(3)?	0

## Section B –Code compliance

For each of the following Code requirements please:

- give a detailed and accurate account of your POB's compliance;
- identify any and all steps taken to improve POB Code-related arrangements, in particular in the light of published PCA information, advice, guidance and regulatory activity;
- identify any and all steps taken to verify compliance in-year

<b>Regulation:</b>	
<b>9 Pubs entry training</b>	<p>The Punch policy is that it is a mandatory requirement for all new publicans engaging with Punch to have completed the BII PEAT certification. Further to this, Punch has a 5-day Progress course for all new publicans to undergo, exemptions to this can be granted subject to the statutory exemption criteria contained within Regulation 9(3) being met.</p> <p>Compliance with this forms part of all final checks on new tied agreements completing. Either a confirmation of both attendance to the course and</p>

	<p>exam certification or a valid exemption form needs to be evidenced as part of every tied pub letting.</p> <p>No issues of non-compliance raised during the reporting period.</p>
<b>10 A sustainable business plan</b>	<p>All new tied agreements under the Code are required to have a business plan completed; business plans will only be accepted having been completed after a publican has had the opportunity to consider all the required information detailed in Schedule 1 of the Code. The business plan is completed on a standard Punch template which ensures all requirements under Regulation 10 are complied with.</p> <p>Alongside the business plan, any new agreement requires evidence that the publican has been advised to seek independent professional advice as part of competing their business plan. This business plan is discussed in detail with the allocated Operations Manager to verify sustainability as part of the recruitment interview process.</p> <p>Compliance with this forms part of all final checks on new tied agreements completing.</p> <p>No issues of non-compliance raised during the reporting period.</p>
<b>11 The required information</b>	<p>A new tied agreement under the Code will not be allowed to complete unless the publican has been able to access all of the required information under Schedule 1 prior to completion of their business plan. This information is provided to the prospective tied pub tenant by both our Recruitment and Legal &amp; Estates teams. Compliance with this forms part of all final checks on new tied agreements completing.</p> <p>No issues of non-compliance raised during the reporting period.</p>
<b>Schedule 1</b>	<p>A new tied agreement under the Code will not be allowed to complete unless the publican has been able to access all of the required information under Schedule 1 prior to completion of their business plan. This information is provided to the prospective tied pub tenant by both our Recruitment and Legal &amp; Estates teams. Compliance with this forms part of all final checks on new tied agreements completing.</p> <p>No issues of non-compliance raised during the reporting period.</p>
<b>12 Duty of pub-owning business where tenant intends to assign the tenancy</b>	<p>Where a TPT intends to assign their agreement a 'buyer and seller pack' is issued to both the TPT and the proposed assignee which details the implications of the assignment and any associated fees.</p> <p>A schedule of dilapidations and information in relation to schedule 1 is provided to the proposed assignee.</p> <p>All proposed assignees will go through the same process as a new tied pub tenant in relation to pre-entry training and independent advice.</p> <p>No issues of non-compliance raised during the reporting period.</p>
<b>13 Premises</b>	<p>All new tenants undertake a property inspection and are advised to obtain independent professional property advice.</p> <p>All new lets and renewals will receive a property schedule detailing the condition or any applicable dilapidations due under the agreement.</p>

	<p>Where an investment is planned a schedule of works will be provided and a post-investment schedule of condition carried out once works are complete.</p> <p>All schedules of dilapidations are carried out by an independent third party firm of surveyors. For long leases, interim schedule of dilapidation are carried out in line with the rent review cycle to highlight ongoing repairs obligations throughout the term of the agreement.</p>
<b>14 Short agreements</b>	<p>All new tenants entering into a short agreement are provided with the amount of rent to be paid under the agreement and the required information from schedule 1, this is hard wired into the process for granting short agreements.</p> <p>In addition, the TPT will also be made aware of the associated exemptions as well as consequence of their tenure under a short agreement extending beyond 12 months and the wider Code rights granted at such point.</p>
<b>15 Duty to provide a rent proposal</b>	<p>The provision of a rent proposal is hard wired into our process for letting new tied agreements as well as proposing tied agreement renewals.</p> <p>For a new tied agreement, the rent proposal is provided as part of the Schedule 1 information for the proposed agreement. For protected agreement renewals, the rent proposal is provided by a RICS chartered surveyor as part of the lease renewal negotiations.</p>
<b>16 Contents of the rent proposal</b>	<p>The rent proposal template is produced in accordance with the Code requirements and allows for all information required under Regulation 15 and Schedule 2 of the Code to be provided.</p>
<b>17 When the rent proposal must be provided</b>	<p>Rent events with strict time requirements for provision of a rent proposal are managed by our workflow system, Appian, and our Commercial Estates Managers. Any requests received under Regulation 15 are provided within the associated statutory timeframes.</p>
<b>18 Further information and advice in relation to the rent proposal</b>	<p>Requests for further information are dealt with directly by the representatives acting for each party on an individual case basis. This matter is not measured with compliance being verified by an absence of complaints.</p>
<b>65 Rent proposals</b>	N/A
<b>Schedule 2</b>	
<b>19 Duty to conduct a rent assessment or an assessment of money payable in lieu of rent</b>	<p>All rent events due under the terms of the agreement are built into our workflow system for rent events, Appian, and managed by our Commercial Estates Managers. The Appian process identifies contractual/periodic rent reviews 15 months prior to the rent review date and initiates the process. The workflow then follows the process from initial contact, inspection, valuation, presentation, negotiation and through to resolution. All documents and key dates are recorded within the process.</p> <p>Any request under Regulation 19 (1)(b) are also logged into the workflow system as 'ad-hoc' rent reviews but follow the same process logging.</p> <p>No issues of non-compliance raised during the reporting period.</p>
<b>20 The rent assessment proposal</b>	<p>The rent assessment proposal template is produced in accordance with the Code requirements and allows for all information required under Regulation 20 and Schedule 2 of the Code to be provided.</p>

	<p>The Appian workflow system monitors dates in connection with service requirements. The process will automatically issue a rent assessment proposal once approved to be proposed.</p> <p>All rent assessment proposals are approved by a RICS chartered surveyor and produced in accordance with the RICS guidance for publican house rental valuation.</p> <p>No issues of non-compliance raised during the reporting period.</p>
<b>21 Conduct of the rent assessment or the assessment of money payable in lieu of rent</b>	<p>All rent assessment proposals in Punch are conducted by RICS qualified chartered surveyors and in accordance with the RICS guidance. Requests for further information are dealt with directly by the representatives acting for each party on an individual case basis.</p> <p>All rent assessment proposals are reviewed on both a regional basis and centrally to ensure that all pertinent information regarding the location and layout are considered.</p> <p>No issues of non-compliance raised during the reporting period.</p>
<b>22 Effect of the rent assessment or the assessment of money payable in lieu of rent</b>	<p>Any agreed rent will be documented by way of a completed rent review memorandum. This will detail the agreed rent and the associated rent review date.</p> <p>No issues to report during the reporting period.</p>
<b>66 Rent assessments</b>	N/A
<b>Schedule 2</b>	
<b>23 The MRO notice</b>	<p>Punch have produced a Pubs Code Guide and MRO FAQ document to assist out tied pub tenants in understanding the MRO provisions of the Code.</p> <p>In addition, we actively notify our tied pub tenants in relation to their Code rights upon receipt of a rent assessment proposal.</p> <p>Where a MRO notice is received it is firstly recorded and verified. In the event that the notice is invalid the TPT will be informed in a timely manner and in appreciation of the deadlines within the Code. Punch will take a pragmatic view in respect of technical deficient and always look to clarify intention where ambiguity exists.</p> <p>Any MRO notice receive is recorded centrally and within our workflow process to ensure the subsequent MRO deadlines are complied with. The MRO proposal/full response will then be provided, and negotiations undertaken between the TPT and Punch Commercial Estates Manager.</p> <p>Monthly reporting on MRO notices takes place to ensure deadlines are complied with.</p>
<b>24 A significant increase in the price of a product or service</b>	<p>Punch have produced a Pubs Code Guide and MRO FAQ document to assist out tied pub tenants in understanding the MRO provisions of the Code.</p> <p>No issues to report during the reporting period.</p>
<b>25 A trigger event</b>	<p>Punch have produced a Pubs Code Guide and MRO FAQ document to assist out tied pub tenants in understanding the MRO provisions of the Code.</p>

	<p>There were 3 instances within the reporting period where a MRO notice was served based on a Regulation 25, however, the 3 notices were deemed invalid due to not meeting the requirements of Regulation 7. In each instance the TPT involved was provided with a detailed explanation as to why their notice was deemed to be invalid.</p> <p>No further issues to report during the reporting period.</p>
<b>26 The renewal of a pub arrangement</b>	<p>Punch have produced a Pubs Code Guide and MRO FAQ document to assist out tied pub tenants in understanding the MRO provisions of the Code.</p> <p>Detail on the number of s.25 or s.26 notices served during the reporting period is contained with Section A of this report.</p>
<b>27 A rent assessment or an assessment of money payable in lieu of rent</b>	<p>Punch have produced a Pubs Code Guide and MRO FAQ document to assist out tied pub tenants in understanding the MRO provisions of the Code.</p> <p>Where a rent assessment proposal is provided to a TPT, the covering letter details the associated Code rights. In addition, Punch will issue a reminder in respect of the associated Code rights to highlight the 21 day window for serving a valid MRO notice in relation to receiving the rent assessment proposal.</p>
<b>67 Market rent only option: the MRO notice</b>	N/A
<b>28 Arrangements during the MRO procedure: rent etc</b>	<p>Punch's position is that we will not enforce contractual dispute resolution whilst there is an ongoing MRO case but would encourage parties to actively negotiate on both fronts during such processes.</p> <p>No issues during reporting period.</p>
<b>29 Effect of tenant's notice</b>	<p>All MRO notices received within the reporting period were acknowledged as soon as reasonably practicable. Upon receipt, the MRO notice is recorded centrally and within our workflow system. The notice will then be verified for validity. Full responses for all MRO notices were provided within the statutory time frame and in compliance with the emergency period declarations experienced within the reporting window.</p> <p>Punch have evolved our MRO cover letter that accompanies the MRO proposal to improve understanding and justification for the proposal provided. This is also accompanied by the Compliance Declaration as introduced by the PCA office and a copy of the MRO rent proposal to further assist understanding. The full response will comprise of a cover letter detailing the proposed MRO heads of terms and justification, confirmation of the existing tied proposal, the MRO rent assessment, an illustrative copy of the MRO documentation, a copy of any relevant schedule of dilapidations under the existing lease, a copy of the Punch Pubs Code Guide and MRO FAQ and a copy of the associated CCO Compliance Declaration.</p> <p>In addition, both the Punch Pubs Code Guide and the MRO cover letter provides sign posting to the PCA website and literature to assist a TPT in understanding the MRO process.</p>
<b>30 Terms and conditions required in</b>	<p>The term of a proposed MRO tenancy will always be compliant with Regulation 30 requirements in that it is for a period at least equivalent to the remaining term of the existing tenancy.</p>

<p><b>proposed MRO tenancy</b></p>	<p>Justification for the MRO term proposed is always provided as part of the full response and detailed within both the Cover letter and Compliance Declaration. The term proposed will take into consideration the individual circumstances of the TPT and their existing agreement as well as in light of the rights of a commercial landlord in dealing with their assets.</p> <p>No issues during the reporting period</p>
<p><b>31 Terms and conditions regarded as unreasonable in relation to proposed MRO tenancy etc</b></p>	<p>Full consideration is given to MRO terms and conditions regarded as unreasonable in accordance with Regulation 31.</p> <p>Both the MRO cover letter and Compliance Declaration provided as part of all full responses/MRO proposals provide the detail in regard to justification of proposed terms. These are both completed in accordance with Regulation 31 and the detail provided within the Regulatory Compliance Handbook.</p> <p>No issues during the reporting period</p>
<p><b>32 Failure to acknowledge the tenant's notice, provide a full response etc</b></p>	<p>Where a TPT feels that their full response is non-compliant, a referral for arbitration can be made. During the reporting period we received 5 referrals in relation to Regulation 32.</p> <p>Of these 5 referrals, 4 were settled between parties and subsequently closed. The remaining 1 remains in negotiation between parties.</p>
<p><b>33 MRO procedure where a matter is referred to the Adjudicator in connection with the full response</b></p>	<p>Punch understands the requirement of Regulation 33 in the relevant circumstances. However, no such issues have occurred during the reporting period</p>
<p><b>34 The negotiation period</b></p>	<p>Punch fully understands the negotiation period of the MRO process and monitor such timeframes as part of the MRO process. No issues during the reporting period.</p>
<p><b>35 Failure to agree: right to refer to the Adjudicator or independent assessor</b></p>	<p>Punch acknowledges the right to refer to the PCA or an Independent assessor under Regulation 35. However, there were no issues during the reporting period</p>
<p><b>36 Appointment of the independent assessor</b></p>	<p>Punch acknowledges the process for appointing an Independent Assessor in accordance with Regulation 36.</p> <p>Where such a request is received, the associated Commercial Estates Manager will engage with the TPT to explore the possibility of jointly appointing an IA in consideration with any perceived conflict of interests. Where an IA is jointly agreed a mutual approach will be made to make the necessary appointment. This process aligns to the communication received from the PCA in relation to appointing IA's in November 2020.</p> <p>During the reporting period, Punch have had 2 IA appointments. Both of these involved joint appointments being made, without the need to rely on the PCA to appoint an IA.</p> <p>No further issues during the reporting period</p>

<b>37 Independent assessor: procedure</b>	<p>The appointed Independent Assessor in each case will set out their directions for the matter. In both cases during the reporting period, Punch appointed third party representation on such matters and monitored the responses with the direction as set out. All information required under Schedule 3 was provided as required.</p> <p>During the reporting period Punch made 1 PCA referral in accordance with Regulation 37(10).</p> <p>No further issues during the reporting period</p>
<b>38 MRO procedure where a referral is made to the Adjudicator in connection with the independent assessor</b>	<p>Punch acknowledges the procedures as set out in Regulation 38.</p> <p>During the reporting period Punch made 1 PCA referral in accordance with Regulation 37(10). In this case, matters following the determination were conducted in accordance with Regulation 38 requirements.</p> <p>No further issues during the reporting period.</p>
<b>Schedule 3</b>	
<b>39 End of the MRO procedure</b>	<p>Punch understands the events which bring an end to the MRO procedure as per Regulation 39.</p> <p>No issues during the reporting period.</p>
<b>40 Disputes about rent etc payable during MRO procedure</b>	<p>Punch understands the nature of Regulation 40; however, no such issues have occurred during the reporting period.</p>
<b>41 Business development managers</b>	<p>All employees coming into the Punch business who meet the criteria of a Business Development Manager in accordance with the Pubs Code are provided with a full induction in relation to the Code and the governance of the relationship between Punch as a POB and TPT's. Each year an annual refresher training course is undertaken through issuing an e-learning module to all employees. The importance of fair and lawful dealing is embedded within the Punch business and aligns to the Punch culture of 'Doing Well by Doing Good'.</p> <p>The nature of the relationship between a TPT and a BDM is set out within the Punch Services Guide.</p> <p>All individuals responsible for carrying out rent assessments are RICS qualified chartered surveyors and qualified in terms of valuation. In addition, these individuals are required to record at least 20hrs of CPD every year as part of maintaining their qualified status through the RICS.</p> <p>All Punch employees who engage with our publicans are trained on the requirement for produce visit records/meetings notes. These notes are captured electronically by our workflow system, Appian, and served on the publican for their consideration/comments. As part of this process there is a window of response for the publican of 7 days in accordance with Regulation 41(4)(c). Previous visit records are regularly reviewed internally as well as part of ongoing conversations between Punch and our publicans.</p> <p>Punch publishes a CPD policy on the corporate website in compliance with Regulation 41(5).</p>

<b>42 Duty to appoint a compliance officer</b>	Punch have appointed a Code Compliance Officer in accordance with the requirement of Regulation 42. The appointed Code Compliance Officer is duly empowered to carry out the function of the Code Compliance Officer role as well as being reasonably available to TPT's.
<b>46 Insurance</b>	<p>Punch insures our estate by way of a block property insurance policy featuring self-retention levels. The insurance charge for an individual premises is calculated on a standalone basis and recharged to the publican. As part of the insurance programme Punch do not receive any commission in connection with insurance arrangements.</p> <p>Punch offers a price match policy for all of our TPT's. This enables the TPT to obtain a comparative quote on equivalent cover in order to benchmark their existing insurance charges. In the event that equivalent cover is obtained for a lower price, Punch will refund the difference. Punch will provide any TPT who wishes to explore this option with the relevant price match criteria. All of this information is communicated to our entire estate every year ahead of the insurance renewal. This guide to insurance is also available throughout the rest of the year.</p> <p>Any price match quotes received are reviewed by our appointed Brokers for verification. Where a price match quote is accepted the insurance charge will be adjusted and back dated to the start of the insurance year.</p>
<b>47 Gaming machines</b>	<p>Punch do not enter into new tied agreements or renewals of tied agreements featuring a machine tie. The decision as to whether or not to have gaming machines as part of the pub offer is at the discretion of the publican. The TPT can choose to operate without machines. Alternatively, should they wish to operate machines on the premises they can enter in a separate machine contract with Punch to permit this.</p> <p>No issues during the reporting period</p>
<b>48 Blank template for profit and loss account</b>	<p>A blank profit and loss account can be provided if requested. In addition, the financial aspect of the business plan template provides this as part of any new tied pub lettings.</p> <p>No issues during the reporting period</p>
<b>49 Sale of freehold or long leasehold</b>	<p>Punch is fully aware of, and comply with, the requirements under Regulation 49 where relevant.</p> <p>No issues during the reporting period</p>
<b>50 Tied pub tenant not to suffer detriment</b>	<p>Punch will not subject a TPT to any detriment on the grounds that they are exercising, or attempting to exercise, their Code rights.</p> <p>No issues raised during the reporting period.</p>
<b>51 Flow monitoring devices</b>	<p>Punch acknowledges the content of Regulation 51 and comply with the requirement to not subject a TPT to any detriment, or impose any liabilities on the TPT, based on flow monitoring readings without additional evidence in connection with the purchase and stock of alcohol at the tied pub.</p> <p>No issues during the reporting period</p>
<b>54 Short agreements</b>	<p>Where short agreements are granted the TPT will be informed that in the event that their tenure exceeds 12 months the exemptions fall away, and they acquire the full protection of the Code.</p>



<b>55 Pub franchise agreements</b>	N/A
<b>56 The investment exception</b>	<p>Where a qualifying investment is agreed with a TPT documentation is provided to ensure compliance with the requirements of Regulation 56. A qualifying investment agreement will be entered into.</p> <p>As of the end of the reporting period, there were 12 live qualifying investments across the tied pub estate.</p> <p>No qualifying investments came to an end during the reporting period.</p>
<b>57 Void or unenforceable terms of a tenancy or licence</b>	Punch acknowledges the content of Regulation 57, however, there were no such issues during the reporting period
<b>Identify any and all steps taken to verify Code compliance in accordance with Core Code principles in any case where Code rights interact with POB right to possession, under LTA or otherwise (eg application of s 31(1)(g) LTA; application of s 146 Law of Property Act 1925</b>	<p>During the reporting period Punch exercised rights as commercial landlord in relation to opposing a lease renewal for the purposes of taking possession for own use in 2 instances.</p> <p>1 by way of serving a s.25 notice and 1 by way of opposing a s.26 notice.</p> <p>Any decision made in relation to the intention of Punch as a commercial landlord in dealing with assets is based on a commercial and operational review of the operating models within the Punch estate. These decisions are not influenced by any TPT exercising or attempting to exercise any Code rights.</p> <p>The rights of property owners were acknowledged by the latest review of the Pubs Code in stating:</p> <p>'It is worth noting that pub-owning businesses covered by the Code have legitimate rights over their property and a responsibility to their shareholders and investors to secure returns. It is not unexpected that businesses might adapt operating models in response to regulation and, if there have been increases in pub management models that are not covered by the Code (such as conversion to managed premises), this is not unreasonable provided those models do not result in the kind of unfair treatment that led to the establishment of the Code.'</p> <p>There were no s.146 notices served during the reporting period, however, the decision to issue such notices will be considered on a case by case basis and in full appreciation of the principles of fair and lawful dealing in accordance with the Code.</p>

## Section C – Breaches and complaints

<b>9 Pubs entry training</b>	Total number of breaches or alleged breaches	0
	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 A sustainable business plan</b>	Total number of breaches or alleged breaches	1
	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 The required information</b>	Total number of breaches or alleged breaches	0
	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>12 Duty of pub-owning business where tenant intends to assign the tenancy</b>	Total number of breaches or alleged breaches	0
	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 Premises</b>	Total number of breaches or alleged breaches	0
	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>14 Short agreements</b>	Total number of breaches or alleged breaches	0
	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>15 Duty to provide a rent proposal</b>	Total number of breaches or alleged breaches	0
	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>16 Contents of the rent proposal</b>	Total number of breaches or alleged breaches	2
	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>17 When the rent proposal must be provided</b>	Total number of breaches or alleged breaches	0
	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>18 Further information and advice in relation to the rent proposal</b>	Total number of breaches or alleged breaches	0
	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>65 Rent proposals</b>	Total number of breaches or alleged breaches	0
	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
	Total number of breaches or alleged breaches	0

<b>19 Duty to conduct a rent assessment or an assessment of money payable in lieu of rent</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	N/A
<b>20 The rent assessment proposal</b>	Total number of breaches or alleged breaches	1
	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>21 Conduct of the rent assessment or the assessment of money payable in lieu of rent</b>	Total number of breaches or alleged breaches	0
	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>22 Effect of the rent assessment or the assessment of money payable in lieu of rent</b>	Total number of breaches or alleged breaches	0
	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>66 Rent assessments</b>	Total number of breaches or alleged breaches	0
	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>23 The MRO notice</b>	Total number of breaches or alleged breaches	0
	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>24 A significant increase in the price of a product or service</b>	Total number of breaches or alleged breaches	0
	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>25 A trigger event</b>	Total number of breaches or alleged breaches	0
	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>26 The renewal of a pub arrangement</b>	Total number of breaches or alleged breaches	0
	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>27 A rent assessment or an assessment of money payable in lieu of rent</b>	Total number of breaches or alleged breaches	0
	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>67 Market rent only option: the MRO notice</b>	Total number of breaches or alleged breaches	0
	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>28 Arrangements during the MRO procedure: rent etc</b>	Total number of breaches or alleged breaches	0
	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>29 Effect of tenant's notice</b>	Total number of breaches or alleged breaches	0
	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>30 Terms and conditions required in proposed MRO tenancy</b>	Total number of breaches or alleged breaches	0
	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>31 Terms and conditions regarded as unreasonable in relation to proposed MRO tenancy etc</b>	Total number of breaches or alleged breaches	0
	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>32 Failure to acknowledge the tenant's notice, provide a full response etc</b>	Total number of breaches or alleged breaches	5
	Number of breaches or alleged breaches upheld	0
	Number of these breaches or alleged breaches not upheld	0

	<p>Steps taken in relation to each breach or alleged breach and outcome:</p> <p>In each case, meaningful discussion took place between Punch and the TPT to understand the grounds for referral. Of the 5 cases, 4 were agreed between parties and closed off without the need for arbitration. The remaining case remains in negotiation.</p>	
<b>33 MRO procedure where a matter is referred to the Adjudicator in connection with the full response</b>	Total number of breaches or alleged breaches	0
	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>34 The negotiation period</b>	Total number of breaches or alleged breaches	0
	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>35 Failure to agree: right to refer to the Adjudicator or independent assessor</b>	Total number of breaches or alleged breaches	0
	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>36 Appointment of the independent assessor</b>	Total number of breaches or alleged breaches	0
	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>37 Independent assessor: procedure</b>	Total number of breaches or alleged breaches	0
	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>38 MRO procedure where a referral is made to the Adjudicator in connection with the independent assessor</b>	Total number of breaches or alleged breaches	0
	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>39 End of the MRO procedure</b>	Total number of breaches or alleged breaches	0
	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>40 Disputes about rent etc payable during MRO procedure</b>	Total number of breaches or alleged breaches	0
	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>41 Business development managers</b>	Total number of breaches or alleged breaches	1
	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>42 Duty to appoint a compliance officer</b>	Total number of breaches or alleged breaches	0
	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>46 Insurance</b>	Total number of breaches or alleged breaches	0
	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>47 Gaming machines</b>	Total number of breaches or alleged breaches	1
	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>48 Blank template for profit and loss account</b>	Total number of breaches or alleged breaches	0
	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>49 Sale of freehold or long leasehold</b>	Total number of breaches or alleged breaches	0
	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>51 Flow monitoring devices</b>	Total number of breaches or alleged breaches	0
	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>50 Tied pub tenant not to suffer detriment</b>	Total number of breaches or alleged breaches	0
	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>54 Short agreements  (in the application of exemptions or restrictions)</b>	Total number of breaches or alleged breaches	1
	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>55 Pub franchise agreements  (in the application of exemptions or restrictions)</b>	Total number of breaches or alleged breaches	0
	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>56 The investment exception  (in the application of exemptions or restrictions)</b>	Total number of breaches or alleged breaches	0
	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>57 Void or unenforceable terms of a tenancy or licence</b>	Total number of breaches or alleged breaches	0
	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>Other complaints made by tenants</b>	During the reporting period there were 12 tied pub tenants who raised Exec Complaints that did not directly relate to specific Code provisions or form part of ongoing arbitrations.	

	<p>These complaints covered allegations and complaints regarding pricing, break options and rent support during the COVID pandemic. Punch engaged in constructive dialogue with all 12 tied pub tenants regarding the issues raised. All complaints were responded to with no further action/arbitration required.</p>	
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