

Section B – Code compliance

This section is about your processes in respect of compliance with the Code.

Compliance Area	Details	POB Response	Additional Response Space
Entering into an Agreement:			
Pub Entry Training Regulation: 9	1. Provide a detailed report on your POB's compliance with the pub entry training requirements; identifying steps taken to verify and improve compliance.	We ensure that all new and renewing tenants are advised to undertake pre-entry training and asked to complete BII Pre-Entry Awareness Training (PEAT) course unless exempt under regulation 9(3).	
Sustainable Business Plan Regulation: 10	2. Provide a detailed report on the process your POB follows when considering whether a tenant's business plan is sustainable. Include how you arrive at your opinion that the forecast of income and net profit is reasonable and realistic.	We require all new tenants and those tenants contractually renewing to provide sustainable business plans, prepared by a qualified accountant, and signed off by the Regional Manager. We provide access to a panel of accountants to all prospective publicans providing a sustainable business plan. All business plans are reviewed and signed off by the Operations team in knowledge of the subject property and trading potential.	
Schedule 1 Regulation: 11	3. Provide a detailed report on your POB's compliance with the information provision requirements specified in Schedule 1, identifying steps taken to verify and improve compliance.	Schedule 1 information is prepared with input from the Regional Manager, Property Manager and support teams and provided through the applicant channel to prospective tenants and those renewing. Compliance is managed through our CRM case management system and verified through individual file sign off carried out by line management before the draft tenancy is issued. Any evidence of non-compliance found is addressed and rectified prior to the draft tenancy being issued.	
Assignments Regulation: 12	4. Provide a detailed report on your POB's compliance with the POBs duty when a tenant intends to assign tenancy, identifying steps taken to improve and verify compliance. Specifically identify how - when the tenant requests an assignment - your POB satisfies itself that:	There is information about the assignment process provided to tenants on our website. Detailed assignor and assignee packs are provided to tenants and their assignees when the request for licence to assign is made. Compliance is managed through our CRM case management system and verified through individual file sign off carried out by line management before the assignment completes. Any evidence of non-compliance found is addressed and rectified prior to completion.	
	4.1 It complies with the provisions in regulation 12(4)(a)	Schedule 1 information is prepared with input from the Regional Manager, Property Manager and support teams and provided through the applicant channel to prospective	
	4.2 It complies with the provisions in regulation 12(4)(b)	We ensure that all assignees complete BII Pre-Entry Awareness Training (PEAT) unless exempt under regulation 9(3).	
	4.3 It complies with the provisions in regulations 12(4)(c)	We ensure that the assignee has taken independent advice before completion of the assignment by capturing the details of who their advisor/s were on the pre contract form.	
Premises Regulation: 13	5. Provide a detailed report on your POB's compliance with tied pub tenants general regulations; Identifying steps taken to verify and improve compliance.	Requirements are met through completion of a Schedule of Condition prepared by the Property Manager and any agreed works documented in the tenancy agreement. Compliance is managed through our CRM case management system and verified through individual file sign off carried out by line management before the draft tenancy is issued.	
Dilapidations Regulations: 12, 13 and Schedule 1 (para. 15, 22)	6. Provide a detailed report of your POB's approach to assessing dilapidations and resolving disputes.	Ongoing and end of tenancy is managed in line with our dilapidations policy. Dilapidations reports will be carried out by qualified independent third-party surveying companies - if ever a dispute arises we will advise the TPT to produce their own report and for the respective surveyors to discuss any differentials in order to achieve an agreed resolution.	
Short agreements Regulation: 14	7. Provide a detailed report on your POB's compliance with tied pub tenants general regulations; Identifying steps taken to verify and improve compliance.	Requirements met through the same methods as detailed for regulations 9 and 11. Compliance is managed through our CRM case management system and verified through individual file sign off carried out by line management before the draft tenancy is issued. Any evidence of non-compliance found is addressed and rectified prior to the draft tenancy being issued.	
Ending a Tenancy:			

Forfeitures	8. Provide a detailed report explaining your POB's processes and procedures before, and after, issuing a Section 146 notice.	<p>Prior to issuing Section 146 notice the following steps are taken:</p> <ul style="list-style-type: none"> •Discussion between tied pub tenant and Regional Manager •Escalated to Legal Services - account review and advice note issued detailing legal options •Relevant approvals sought including from the Divisional Director for service of notice •Written correspondence prior to formal notice if appropriate •Opportunity for the Tied Pub Tenant to remedy the breach. •If the breach is not remedied and/or should a rent breach arise (whichever is the sooner) possession proceedings will be commenced via the courts. <p>Following service of S146 notice:</p> <ul style="list-style-type: none"> •Regional Manager remains engaged throughout notice period •Legal Services follow up on or near to expiry to manage next steps (Regional Manager to arrange peaceable re-entry / instruct solicitors to issue forfeiture proceedings) •If forfeiture proceedings are issued the tied pub tenants account is suspended and all further correspondence are dealt with via solicitors. 	
Rent Proposals: Regulations: 15-18	9. Provide a detailed report on your POB's compliance with rent proposals, identifying steps taken to improve and verify compliance.	<p>The rent proposal administration process is managed by the Lettings and Rent Review teams.</p> <p>Rent proposals are sent out to new tenants as part of the pre-entry process and to other tenants on request. The contents of the rent proposal form are regularly reviewed to ensure compliance with the requirement of the Code.</p> <p>All rent proposals are signed off by the Valuation Manager, both current Valuation Managers are a Fellow of the Royal Institution of Chartered Surveyors (RICS).</p> <p>We send out rent proposals without request, for instance, on DOVs to extend the term, this goes over and above the requirements of the Code.</p> <p>Any requests for further information or advice are directed through the Regional Manager.</p> <p>As part of our joining forces programme we are continually reviewing our processes to ensure that they align with Code Requirements. This has included the provision of rent proposals for new lets and when these are provided in conjunction with the TPT preparing the sustainable Business Plan.</p>	The remainder of Schedule 2 information is provided in our 'A guide to a Rent Proposal/ Rent Assessment' document. Compliance is managed through our CRM case management system and verified through individual file sign off carried out by line management before the draft tenancy is issued. Any evidence of non-compliance found is addressed and rectified prior to the draft tenancy being issued.
Transitional provisions Regulation: 65	9.1 Provide a detailed report on your POB's compliance with the transitional provisions in respect of rent proposals, identifying steps taken to improve and verify compliance.	This is dealt with under the rent proposal administration process and is managed by the Lettings and Rent Review team.	
Rent Assessment Proposals: Regulations: 19-22	10. Provide a detailed report on your POB's compliance with rent assessment proposals, identifying steps taken to improve and verify compliance.	<p>We have a diary system to prompt us to prepare and send out the rent assessment proposal more than 6 months prior to the rent review date.</p> <p>The contents of the rent proposal form are regularly reviewed to ensure compliance with the requirement of the Code and are in line with any points raised through arbitration awards.</p> <p>The Regional Manager visits the pub to gather relevant information to assist with the preparation of the rent assessment proposal. The Rent Review Team verify the date of this visit to ensure it is within 3 months before the rent assessment proposal is issued.</p> <p>All rent assessment proposals are signed off by the Valuation Manager, both current Valuation Managers are a Fellow of the Royal Institution of Chartered Surveyors (RICS).</p> <p>Any requests for further information or advice are directed through the BDM who deals with the rent assessment.</p> <p>Once a rent assessment is opened, we will actively negotiate the tied rent with the tenant and progress the assessment to PIRRS or arbitration (unless MRO is proceeding).</p> <p>Once rents are agreed they are recorded on rent review memoranda or Deeds of Variation, dated, and signed by the tenant and us and stored electronically and in paper form.</p> <p>Compliance is managed through our CRM case management system and verified through individual file sign</p>	
Transitional provisions Regulation: 66	10.1 Provide a detailed report on your POB's compliance with the transitional provisions in respect of rent assessment proposals, identifying steps taken to improve and verify compliance.	This is dealt with under the rent assessment proposal administration process and is managed by the Rent Review team.	
MROs:			

<p>MRO - Notice Regulations: 23-27</p>	<p>11. Provide a detailed report on your POB's compliance with MRO regulations, identifying steps taken to improve and verify compliance, including statutory code deadline(s) and the processes followed.</p>	<p>The MRO administration process is managed by the Rent Review team who ensure that the deadlines and timescales are met as prescribed in the Code. Any areas of non-compliance are referred to the Pubs Code Manager and Code Compliance Officer who would assess the impact on the tenant and address as appropriate.</p> <p>Any query over the MRO event type/ validity would be escalated to the Pubs Code Manager and Code Compliance Officer.</p> <p>If we think that an MRO notice is unclear, we will revert to the tenant to ask them to clarify.</p> <p>We do not reject MRO notices where the tenant has made an obvious typographical error.</p>	
	<p>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.</p>	<p>We have not had an MRO notice based on this ground.</p>	
	<p>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.</p>	<p>An MRO served based on this event is escalated to the Code Compliance Officer to verify. If we consider the MRO notice and relevant analysis are not valid, we will inform the tenant of the factors that we believe make it so. If we consider it valid, then the notice will be processed by the</p>	
	<p>11.3 Provide a detailed report of your 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.</p>	<p>The MRO administration process is managed by the Rent Review team who ensure that the deadlines and timescales are met as prescribed in the Code. Any areas of non-compliance are referred to the Pubs Code Manager and Code Compliance Officer who would assess the impact on</p>	
	<p>11.4 Provide a detailed report of your POBs handling of tenants' who request a MRO following a rent assessment proposal (Reg 27).</p>	<p>The MRO administration process is managed by the Rent Review team who ensure that the deadlines and timescales are met as prescribed in the Code. Any areas of non-compliance are referred to the Pubs Code Manager and Code Compliance Officer who would assess the impact on the tenant and address as appropriate.</p> <p>Any query over the MRO event type/ validity would be escalated to the Pubs Code Manager and Code Compliance Officer.</p>	
<p>MRO - Procedure Regulations 28-35</p>	<p>12. Provide a detailed report on your POB's compliance with MRO regulations, identifying steps taken to improve and verify compliance, including statutory code deadline(s) and the processes followed.</p>	<p>Any upcoming rent increase is frozen on the tenant account until completion of the MRO procedure. If the tenant elects to accept the MRO terms, then no rent increase is applied. The MRO administration process is managed by the Rent Review team who ensure that the deadlines and timescales are met as prescribed in the Code. Any areas of non-compliance are referred to the Pubs Code Manager and Code Compliance Officer who would assess the impact on the tenant and address as appropriate. The MRO proposal is prepared in line with our 'MRO Proposal Policy'.</p> <p>The MRO terms and our policy are regularly reviewed including in response to the PCA's advice and the awards which we become aware of. We include a rent offer in the proposed MRO terms as a matter of course.</p>	
	<p>12.1 Provide a detailed report on how your POB handles terms and conditions regarded as unreasonable - in regards to MRO tenancy (Reg 31).</p>	<p>The MRO proposal is prepared in line with our 'MRO Proposal Policy'. The MRO terms and our policy are regularly reviewed including in response to the PCA's advice and the awards which we become aware of.</p>	
	<p>12.2 Provide a detailed report on how your POB handles failure to acknowledge the tenant's notice, or to provide a full response (Reg 32)</p>	<p>The MRO administration process is managed by the Rent Review team who ensure that the deadlines and timescales are met as prescribed in the Code. Any areas of non-compliance are referred to the Pubs Code Manager and Code Compliance Officer who would assess the impact on the tenant and address as appropriate.</p>	
	<p>12.3 Provide a detailed report of how your POB reaches decisions regarding the length of the lease at renewal.</p>	<p>The length of term offered will depend on when the MRO option has been exercised. If MRO has been exercised mid-term, then the proposal will usually be based on the remainder of the existing tied tenancy in order to reserve our rights as landlord in relation to lease expiry, however several other factors will be taken into consideration. If exercised at renewal or within the last 12 months of the term (and we aren't opposing renewal on this occasion) then the proposal will be based on what we would be prepared to offer for a tied renewal. This is usually 5 years, based on a potential desire to review our options on a regular basis regarding future intention given our evolving managed estate. These decisions are made by our Asset Optimisation Panel, who carry out a full asset review to determine what the most appropriate operating model for the pub is. Where the tied tenancy contains a contractual right to renewal this will also be taken into account.</p>	

MRO - Independent Assessor Regulations: 36-38	13. Provide a detailed report on your POB's compliance with MRO regulations, identifying steps taken to improve and verify compliance, including statutory code deadline(s) and the processes followed.	The appointed BDM works with the tenant to appoint an IA and at this point the aligned Valuation Manager will be instructed. The Valuation Manager works with the appointed IA and their directions to ensure the procedure is followed as prescribed in the Code. All submissions are prepared in accordance with the RICS Professional Statement "Surveyors Acting as Advocates" If the Valuation Manager feels that the IA determination is not the market rent and needs to be referred to the PCA then this would have to be approved by the Code Compliance Officer. Schedule 3 information is prepared by the Valuation Manager, both current Valuation Managers are a Fellow of the Royal Institution of Chartered Surveyors (RICS). This has on occasion been outsourced to an independent expert.	
MRO - End of Procedure Regulations: 39 and 40	14. Provide a detailed report on your POB's compliance with MRO regulations, identifying steps taken to improve and verify compliance, including statutory code deadline(s) and the processes followed.	The MRO administration process is managed by the Rent Review team and the tenant is notified in writing when the MRO procedure has come to an end and feedback is requested. Any disputes would be directed through the appointed BDM and referred to the Code Compliance Officer.	
MRO - Transitional Provisions Regulation: 67	15. Provide a detailed report on your POB's compliance with MRO regulations, identifying steps taken to improve and verify compliance, including statutory code deadline(s) and the processes followed.	This provision is now no longer relevant due to the passage of time.	
Business Development Managers: Regulation: 41	16. Provide a detailed report on your POB's compliance with BDM regulations, identifying steps taken to improve and verify compliance, including statutory code deadline(s) and the processes followed.	All BDMs have been trained on the requirements of the Pubs Code. The BDM CPD declaration is published on our website.	
Insurance: Regulation: 46	17. Provide a detailed report on your POB's compliance with insurance provision regulations, identifying steps taken to improve and verify compliance.	Ei Group Limited purchase several different corporate insurance policies. The main insurance cover is for property which is arranged for all tied pubs in accordance with their agreement obligations. The policy is placed on a block basis with a third party, unconnected reputable insurer and insurers agree the premium allocation methodology to property level. The block arrangements are reviewed on an annual basis to ensure the policy structure continues to provide significant advantages to our tenants in terms of policy coverage (including very minimal exclusions) and claims service in a cost-effective manner. Ei Group Limited administrate the tenant's policies acting on behalf of an agent of AJ Gallagher in line with the FCA regulations for business insurance and issue documentation however the contract is between the insurer and the tenant, and the policy holder is the tenant.	
	17.1. With specific regard to regulation 46(2)(a); please 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.	Our insurance costs do not exceed any income received from tenants.	
	17.2 With specific regard to regulation 46(2)(b); please 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.	Annually a letter goes to our tenants advising of the annual insurance recharge for the forthcoming year and confirms that we earn commission for the placement of the insurance. Commission earnings are used to fund our insurance administration costs including claims handling and management, insurance broker fees, documentation and general administration.	
	17.3 Provide a detailed report on your POB's compliance with regulation 46(3), identifying steps taken to improve and verify compliance. 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.	All insurance policies for Ei Group Limited are sourced through our broking services with AJ Gallagher and this ensures we comply with our insuring obligations contained within the leases. Any insurance policies arranged for tenants is arranged via our brokers and the contract for the insurance policy and its suitability is between the insurers and the tenants. Tenants are provided with the key facts for the policies to ensure this is suitable for their business needs and can cancel or choose not to renew if this is not satisfactory. The majority of our tenants make their own arrangements for business insurance as per the terms of their agreements and have contracts in place with their own brokers and insurers.	
Miscellaneous			
Gaming Machines Regulation: 47	18. Provide confirmation that no new - or renewed - tenancies or licences require a tied pub tenant to rent or purchase a gaming machine.	Our live agreements prohibit gaming machines and publicans are able to take on an agreement without the operation of machines. We therefore do not require tenants to have gaming machines. If a tenant chooses to have gaming machines as they see a potential profitable income stream, we offer them a machine consent letter which allows the option of whether to rent gaming machines or not.	
Sale of Freehold / Long Leasehold Regulation: 49	19. Provide a detailed report on your POB's compliance with sale of freehold / long leasehold regulations, identifying steps taken to improve and verify compliance.	The Estates and Commercial property team manage the disposal process and issue notification to the tenant in writing once a pub is approved for disposal.	

	19.1 Provide detailed report on the steps your POB takes - including timings - to inform the tenant of plans to sell the premises.	Following approval for disposal of a property, a letter advising of our intention to sell the property is issued to the current tied pub tenant, as soon as reasonably practicable.	
Detriment Regulation: 50	20. Provide a detailed report on your POB's processes to ensure your tenants do not suffer detriment when exercising their rights under the Code regulations.	Our Pubs Code training supports this regulation. Any disputes would be referred to the Code Compliance Officer.	
Flow Monitoring Devices Regulation: 51	21. Provide a detailed report on your POB's compliance with Flow Monitoring provision regulations, identifying steps taken to improve and verify compliance.	Ei Group Limited operates flow monitoring devices in most of our tied pubs to monitor for potential breaches of the purchasing obligations. Whilst the output of the flow monitoring devices is used in this process, we do not raise any charges to tenants without additional, corroboratory evidence relating to the alleged breach including but not limited to, photographic or documentary evidence of proof of purchases outside of the tie, financial accounting information and ordering patterns inconsistent with the observed sale of products. All proposed charges are discussed, with tenants before any charges are confirmed.	
Extended Protections Regulations: 52 and 53	22. Provide a detailed report on your POB's compliance with extended protection regulations, identifying steps taken to improve and verify compliance.	Where we sell a pub with a TPT in occupation on a Pubs Code agreement we will look to provide a copy of the Extended Protections information notice as provided by the PCA	
	22.1 Provide a detailed report on the steps your POB takes - including timings - to inform the tenant of plans to sell the pub and extended protection provision.	We will look to inform any impacted publicans in line with the requirements under the Code.	
Exemptions Regulations: 54-56	23. Provide a detailed report on your POB's compliance with part 12 of the Code, identifying steps taken to improve and verify compliance. Specifically identify how you comply with:	See below	
	23.1 The provisions in regulation 54 - short agreements	The pre-entry requirements in relation to short agreements are managed by the Lettings and Rent Review teams. Pubs on a short agreement are notified in writing that Pubs Code rights apply if and when their agreement goes over 12 months in duration.	
	23.2 The provisions in regulation 55 - pub franchise agreements	Ei Group Limited do not have any pub franchise agreements.	
	23.3 The provisions in regulation 56 - Investment exception	All conditions of regulation 56 are met and documented in the investment agreement or deed. We have diarised the expiry of the investment period in each case and will inform the tenant of that expiry at the time.	
Void or unenforceable terms of a tenancy or licence Regulation: 57	24. Provide a detailed report on your compliance with regulation relating to void or unenforceable terms, identifying steps taken to improve and verify compliance.	Our new agreements do not contain void or unenforceable terms. In relation to existing agreements, the terms specified are not enforced.	