

Compliance Report (Summary)

On behalf of

Punch Taverns Limited

Trading as Punch

Period:

29th August 2017 – 31st March 2018

Compliance Officer:

James Richards


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 and publishes a summary in accordance with the Regulations.

1. Compliance Statement

In accordance with Regulation 43 of the Pubs Code etc. Regulations 2016 the following report summary provides a detailed and accurate account of the pub-owning business' compliance with the Regulations for the period detailed above.

I hereby declare to the best of my knowledge that this report reflects a true and accurate account of the pub-owing business' compliance with the Regulations for the period detailed above.

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|----------------------------------------|------------------------------------------------------------------------------------|
| Compliance Officer¹: | James Richards |
| Signature: |  |
| Date: | 30th July 2018 |

¹ In accordance with Regulation 42 of The Pubs Code etc. Regulations 2016

Summary Section 1: CEO Statement on 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 attached as per Regulation 43(8) and will be made available on the corporate website within the reporting window in compliance with Regulation 43(9).

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|-------------------|------------------------------------------------------------------------------------|
| Name: | Clive Chesser |
| Position | Chief Executive Officer |
| Signature: |  |
| Date: | 30th July 2018 |

Summary Section 2: Code Compliance

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| Part I: Investigations |
| N/A |
| Part ii: Enforcement |
| N/A |
| Part III: Guidance & Advice |
| <p><i>Following the publication of the Regulatory Compliance Handbook: complying with the principles of the Pubs Code in December 2017 the Pub owning Business (POB) fully reviewed its publican facing communications in regard to informing publicans about their Code rights. Information and signposting was improved on both the corporate website and internal online ordering/communication platform "The Buying Club".</i></p> <p><i>Further to the above, any communications in relation to rent events which may present an avenue for exploring MRO were reviewed to ensure such legal rights were made clear, in addition where such communications triggered statutory deadlines this was made explicit and automatic reminders of any deadline in relation to MRO requests were put in place.</i></p> <p><i>Further consideration was give to our training schedule and company policies to ensure they remained compliant with the guidance provided within the Handbook. Annual refresher training developed to provide a focus on publican engagement and the role of the BDM.</i></p> |
| Part IV: Unfair Business Practices |
| N/A |

Summary Section 3: Reporting on Tenant Complaints, Code Breaches and Arbitration

Part I: Breaches of the Code identified by tied pub tenants

During the reporting period the POB have received a total of 4 complaints by TPT's regarding alleged breaches of the Code. These have all manifested themselves through referrals placed with the PCA

- *All 4 of these relate to alleged breaches under Regulation 29 concerning the MRO full response*

In addition to the above, the POB have also received 33 executive complaints from TPT's (including former TPT's) which do not directly reference the Code but could be argued to be based around the core principle of fair and lawful dealing.

Part II: Steps taken in relation to complaints

Where such complaints are received internally they will be processed via our internal Complaints Handling Process. This process is as follows:

The full complaints process is outlined in the POB Services Guide which is available to all Publicans on the website.

For escalation of complaints or complaints in relation to an alleged breach of the Pubs Code, Publicans can refer the matter to a member of the Management Board either:

- *Via email or,*
- *In writing to our Head Office*

Complaints are acknowledged and following investigation a full response is received within 10 working days.

During the reporting period, all the complaints detailed regarding alleged breaches of the Code detailed in Part I above have manifested themselves via a referral to the PCA. These have then followed the formal process as set out by the PCA.

As of the end of the reporting period the POB have received 1 final award, resolved 1 case through further meaningful negotiations and had 3 cases were awaiting a resolution during this reporting period.

The 1 final award received from the PCA upheld the initial alleged breach, this was subsequently appealed to the high court who in turn granted the right of appeal. As a result the TPT concerned entered into further meaningful negotiations and the matter became resolved via further negotiation and agreed settlement.

Part III: Self-notification of breaches

No instances during the reporting period.

Part IV: Referrals for arbitration

During the reporting period, numbers of:

| | |
|--------------------------------------------------------------------|---|
| Total MRO cases referred to the PCA | 4 |
| Referrals of MRO terms on grounds that they are non MRO-compliant | 4 |
| • Of which number where breaches of the Code were found by the PCA | 1 |
| Referrals of void or unenforceable terms under Regulation 57(2) | 0 |
| Referrals of all other non-MRO Code matters | 0 |

During the reporting period there has been one case where the PCA deemed there to be a breach of the Code. This instance relates to the requirement under Regulation 32 and a failure to provide a full response. The POB had already lodged a court appeal on this award but had not requested a stay for the award. Once informed of this requirement the stay was applied for and granted.

There are no referrals relating to any Code issue on which the POB has previously been found to be in breach of the Code by the PCA.

Part V: Other complaints made by tenants

Of the 33 complaints received that were not directly relating to the Code. Of which:

Ex tenant x 11

Current Publican x 22

These complaints covered alleged breaches of our Services Guide which included – Surrender and settlement of account, repair obligations and financial support

Summary Section 4: Corporate Compliance Structures

Part I: Compliance Officer

The POB hereby declares that it has met in full its duty under Regulation 42 to appoint and empower a Compliance Officer and has full access to training records for all employee's. Further to this, the Compliance Officer's contact details are readily available on the corporate website should any TPT require.

Part II: Business Development Managers - Training

In accordance with Regulation 41(5) the POB hereby declares to publishing a document specifying its commitment towards the continuous professional development and improvement of its BDMs and how it proposes to fulfil that commitment, referring where appropriate to relevant qualifications and training. A copy of this document is readily available via the corporate website.

The POB can confirm that all BDM's already in post at the commencement of the Regulations or joining since received a copy of the Regulations prior to engaging with TPT's. Further to this a copy of the Regulations is readily available on the internal systems as well as via the corporate website.

During the reporting period any new BDM's joining the business would undertake Pubs Code training and be issued with internal guides on processes and policies as well as publican facing literature to assist informing publicans about their rights. All company employees are scheduled to undertake the annual Pubs Code refresher training commencing from April 2018. Schedule of BDM Code training and guidance during the reporting period including:

Any individuals within the business who are responsible for conducting or signing off rent assessments are required to be fully accredited members of the RICS.

Schedule of Code updates and Guidance issued to BDM's:

June 2016 – Initial Pubs Code training

July 2016 – Initial Publican information brochure

October 2016 – POB Internal Pubs Code Guide

June 2016-April 2017 – Ad-hoc Pubs Code updates/Experiences to date

April 2017-July2017 – Annual Pubs Code refresher training and test

August 2017 – Pubs Code 1 year on update

August 2017-March 2018 – Ad hoc Pubs Code updates/Experiences to date

February 2018 – Operations Pubs Code overview training

April 2018 – Revised Publican Information brochure

April 2018 – July 2018 – Annual Pubs Code refresher training and test

Part III: Business Development Managers - Conduct

The POB ensures that BDMs act in a manner that is consistent with the core Code principle of fair and lawful dealing in relation to tied pub tenants through ensuring that the principles of the Code are embedded in all ways of working. The commitments we make on how we will work with TPT's is outlined in our Services Guide which is available on the Corporate website.

The POB has a company policy for completing visit records whenever any employee classified as a BDM engages with a TPT concerning any of the following topics:

- o rent proposals*
- o rent assessments / assessments of money payable in lieu*
- o repairs to the pub*
- o matters relating to the tenant's current or future business plans*

The POB actively make our TPT's aware of their right to receive copies of such notes and the timescales in which to expect these. We are yet to receive a complaint regarding non-receipt. Periodic internal compliance reporting takes place in regards to time taken for competing visit records in accordance with company policy with any breaches reported to the HR function.

The current system used by the POB automatically sends a copy of the visit record to the publican either by email or hard copy post, the POB policy is for all Visit records to be completed within 24 hours of the visit taking place, ensuring both that the Pubs Code deadline is easily achieved but also the information detailed remains fresh and accurate to recall.

Alongside the copy of the visit record a cover letter is included informing the TPT of their right to respond within 7 days regarding any disagreement concerning the visit record provided.

For the reporting period, the number of challenges by tenants about the non-provision or content of a BDM record.

N/A

The above information is not collated; however, we are not aware of any instances of visit records not being received and every visit record provided to our publicans includes a cover letter informing them of their right to challenge content within 7 days of receipt. Any challenges concerning content are dealt with on a case by case basis and resolved between the publican and BDM concerned by issuing amended meeting notes.