



Pubs Code: Regulation 43 compliance report framework for pub-owning businesses

March 2020

Notes on Submission and Publication

As per Regulation 43(2) of the Pubs Code, pub-owning businesses should submit their full compliance report to the Office of the Pubs Code Adjudicator no later than 31st July 2020.

Sections 1, 3, 7 and 8 are Statutory Requirements.

In addition to the minimum statutory publication requirements in Regulations 43(8) and (9) of the Pubs Code, pub-owning businesses should publish the full compliance report on their company website no later than 30th September 2020.

POBs should confirm in relation to which undertakings the report is submitted and where necessary the steps taken to ensure compliance within those undertakings

References throughout to 'Regulations' are to the Pubs Code etc Regulations 2016

References throughout to 'SBEEA' are to the Small Business, Enterprise and Employment Act 2015

Pub-owning businesses are reminded that compliance remains the duty of the POB at all times and that they should therefore be transparent in their dealings and where inconsistencies arise explain in full. Silence on the part of the PCA in response to submission of the Compliance Report should not be understood to be an endorsement of the POB's approach to compliance.

Introduction

From the inception of the Pubs Code ('the Code') in July 2016 and indeed from the implementation of the voluntary Industry Framework Codes in 2010, Admiral Taverns has adopted a thorough approach to achieve full compliance.

This has involved working in a collaborative manner with the PCA, the BBPA, the other large Pub Owning Businesses and with those tenant groups that we were able to engage with. We believe great progress has been made by all parties in that time.

This Compliance Report has been compiled following the completion of an internal audit by qualified auditors in August 2020. This audit has confirmed the contents of this report and did not identify any compliance issues with the Pubs Code that needed to be included in this report.

As at the date of submission of this Compliance Report, Admiral Taverns has still to receive a referral to the Adjudicator which supports our belief that we have met the requirements of the Code.

Section 1: Audit Committee Statement on Compliance

A declaration that the statutory requirements in Regulations 43(5), (7), (8) & (9) have been complied with.

We confirm that

- The Chair of the Audit Committee approved the report on 26th August 2020 having been provided and reviewed the internal audit reports of August 2020 and been led through the annual Compliance Report by the Company Compliance Officer.

- A summary of the annual Compliance Report will be included in the company annual report with the full report published on the company website on or before 30th September 2020.

Section 2: Tied Estate Summary

As of 31 March 2019, total number of Pubs Code Agreements	695
Total acquisitions since 31 March 2019	264
Additional tied pubs (that were already owned) since 31 March 2019	16
Total disposals since 31 March 2019	16
<ul style="list-style-type: none"> Of which were to another Pub Owning- Business (POB) 	0
<ul style="list-style-type: none"> Of which were sold to a person who is not a landlord of 500 or more tied pubs 	13
<ul style="list-style-type: none"> Of which were permanently closed or directly disposed for other use [e.g. residential; other commercial] 	3
<ul style="list-style-type: none"> Pubs no longer tied (but still owned) since 31 March 2019 	37
<ul style="list-style-type: none"> Tied pubs taken into management within the Pub-Owning Business 	32
<p><i>Narrative report confirming that:</i></p> <ul style="list-style-type: none"> <i>(Where applicable) the POB (and relevant undertakings) has properly informed the PCA and its tenants of any change during the reporting period to its status as a landlord of 500 or more tied pubs as required by Regulation 45</i> <p>Not applicable. There has been no change to our status in the reporting period.</p> <ul style="list-style-type: none"> <i>The POB has in each case met its obligations under Regulation 49 and taken steps to inform the tenant of plans to sell the pub and extended protection provision if relevant</i> <p>We confirm that, on each applicable sale, we have notified the TPT of the intention to sell as soon as soon as reasonably possible. In addition, we have informed the tied pub tenants of the extended protection under the Pubs Code and have provided details of the PCA. We are not aware of any breach of the requirements of this regulation and have not been made aware of the same.</p> <ul style="list-style-type: none"> <i>For each transfer, informed the PCA of:</i> <ul style="list-style-type: none"> <i>The identity of the new landlord</i> <i>The end date of the tenancy under which the tied pub is currently occupied</i> <i>The date of the conclusion of the last rent assessment for the tied pub</i> <p><i>The date of the next scheduled rent review for the tied pub under the current tenancy agreement¹</i></p> <p>There has only been one relevant disposal during the reporting period and we have informed the PCA of the affected site in our quarterly reporting to the PCA.</p>	

¹ This information is required to enable the PCA to track when extended protection will end.

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As of 31 March 2020, total number of Pubs Code Agreements	890
Of total Pubs Code Agreements, how many are,	
• Agreements contracted into the Landlord and Tenant Act 1954	150
• Agreements not contracted into the Landlord and Tenant Act 1954	436
• Short Agreements under Regulation 14	248
• Tenancy at Wills (TAW's) in occupation for a period of 12 months or more	56
• Pub Franchise Agreements under Regulation 55	0
• The subject of a qualifying Investment under Regulation 56	2

Types of Agreements

Narrative report listing all the different categories of agreements (current and historic) within the POB's tied estate, a schedule of their main characteristics (e.g. lease or tenancy; duration; repairing obligations), whether these agreements sit inside or outside of the Pubs Code and how many tenants fall within each type of agreement.²

See attached schedule of standard Admiral agreements.

² This information is required to give the PCA a detailed picture of the size and shape of the regulated tied sector. It is being requested as part of the compliance reporting framework to consolidate and reduce the administrative requirements placed on POBs.

Section 3: Code Compliance

Part I: Investigations

Narrative report on how the POB has co-operated with the PCA in respect of any investigations under section 53 SBEEA into that POB or any combination of POBs during the reporting period. Where an investigation has concluded, the action taken by the POB as a result of that investigation.

If none – enter N/A.

Not applicable. Admiral has not been part of any such investigations by the PCA.

Part II: Enforcement

Narrative report on the steps the POB has taken to comply during the reporting period with any enforcement measures taken by the PCA in respect of it under sections 55-58 SBEEA.

If none – enter N/A.

Not applicable. Admiral has not been subject to any such enforcement by the PCA.

Part III: Guidance and Advice

Narrative report on the steps the POB has taken in response to any guidance issued by the PCA under section 61(3) SBEEA or advice given by the PCA under section 60 SBEEA during the reporting period.

We continue to adopt all of the recommendations and best practice requirements that have been proposed by, and agreed with, the PCA.

We openly engaged with the Sediment and Wastage Consultation and have adopted all recommendations issued in April 2019 under the 'Pubs Code Adjudicator Guidance – Beer Waste and Duty'. In addition, we have adopted the 'Regulatory Compliance Handbook Market Rent Only (MRO) Proposals' which was published in November 2019, albeit that we did not have any MRO proposals issued during the balance of the reporting period.

Part IV: Unfair Business Practices

Narrative report on the steps taken by the POB in response to any representations from the PCA during the reporting period about business practices that have been the subject of a report on avoidance to the Secretary of State under section 71A SBEEA.

If none – enter N/A.

We are not aware of any business practices that have been reported to the Secretary of State under Section 71a SBEEA. However, we repeat our commitment to work with and adopt the recommendations and best practice requirements proposed by the PCA.

It has been pleasing to receive positive comments from the PCA regarding our approach to the Pubs Code generally and more specifically regarding the way that we have communicated our rent policy during the Covid-19 crisis.

Section 4: Tied Agreements

Part I: Code Tied Agreements	
<i>During the reporting period, numbers of:</i>	
New Agreements	69
<p><i>Narrative report on how the POB has complied with Code pre-entry requirements in relation to new tenants.</i></p> <p>We recommend that all new tenants complete the industry recognised Pre-Entry Awareness Training.</p> <p>We record and can evidence the signed receipt of the Schedule 1 and Schedule 2 information by each tenant who has entered into a new long term agreement. We have received no complaints arising from any shortfall in the provision of this information.</p> <p>Once we have received the signed receipt, we ensure and can evidence that suitable professional advice, including business and legal advice as a minimum, is taken prior to the completion of the sustainable business plan and the final negotiation of the offer.</p> <p>We advise that all new tenants conduct a thorough inspection of the premises and walk around the site with the BDM.</p> <p><u>Short Agreements</u></p> <p>We record and can evidence that all required information is provided to the prospective tenant in advance of them entering into their agreement.</p>	
Assignments	4
Forfeitures	4
• Of pre-Pubs Code tenancies	2
• Of tenancies granted since the Pubs Code came into force	2
<p><i>Breakdown of how many Forfeitures were for tenancies of:</i></p> <ul style="list-style-type: none"> • <i>Less than 1 year</i> • <i>between 1-2 years</i> • <i>between 3-5 years</i> • <i>6 years and older</i> <p><i>Narrative report on reasons for forfeiture.</i></p> <p>When a tenant does not meet their contractual obligations, we will seek to engage with them to agree an amicable solution suitable for both parties. Where this is not possible, forfeiture proceedings may be issued. There have also been occasions where the tenant wishes to vacate the property voluntarily but cannot access alternative accommodation provided by a local authority until a possession order has been granted.</p> <p>All forfeitures during the reporting period were of tenancies granted for a term of 5 years. In all cases, the tenancies were forfeited due to non-payment of rent and in some cases breach of trading obligations.</p>	

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<p>Pub A TPT had been in occupation for more than 6 years. Pub B TPT had been in occupation for between 3-5 years. Pub C TPT had been in occupation for between 1-2 years. Pub D TPT had been in occupation for between 3-5 years</p>	
Section 146 notices issued	0
<p><i>Narrative report/breakdown of the process and/or procedures followed before and following issuing a Section 146 notice.</i></p> <p>All forfeiture cases involved tenancy agreements and therefore there was no requirement to serve a section 146 notice.</p>	
Legal Surrenders (<i>where the tenant has surrendered their agreement and left the pub and <u>not</u> instances of 'surrender and regrant'</i>).	5
<p><i>Narrative report on the reasons for these Legal Surrenders.</i></p> <p>A combination of business failure and indebtedness leading to an agreed debt position or write off. Alternatively, on a number of occasions, the surrender was made at the request of the tenant for reasons including ill health, relocation or a desire to be released from the obligations within the agreement.</p>	
Abandonments	5
Renewals	3
<p><i>Narrative report on how the POB has complied with the Code requirements to provide statutory information.</i></p> <p>On each L&T protected renewal, we have, as a minimum, provided the Benchmarking Information as per the requirements of the Code. In practice, we provide the bulk of the Schedule 1 and the same Schedule 2 information that would be provided with a New Agreement.</p>	
<p><i>Please explain the approach the POB has taken to agreeing terms in renewals to deal with assessments of terminal dilapidations.</i></p> <p>If terminal dilapidations have been pursued then, on each occasion, we have attended the site to carry out a Schedule of Dilapidations at least 6 months before the expiry of the agreement. In practice for leases, we write to the lessee 14 months before the expiry of their agreement to remind them of their repairing obligations and commence the dilapidations process. On a lease renewal, we will work with the lessee to agree a sensible and achievable dilapidations programme of works which, depending on the urgency and scale of the works, we will work with the lessee to agree an achievable timeline for completion.</p> <p>We do not want dilapidations to be an unwelcome surprise for the licensee at the end of their agreement. We have implemented a program of informal & supportive inspections for all leases where the licensee is responsible for all repairs to ensure that the licensee is aware of the majority of the potential issues that could be identified under a Schedule of Dilapidations.</p>	

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Investment Exceptions agreed under Regulation 56 (<i>the data requested here is for the number of investment exceptions agreed during the reporting period. The data requested in Section 2 is for the total number of current investment exceptions</i>).	0
Part II: Code Rent Proposals & Rent Assessment Proposals	
<i>During the reporting period numbers of:</i>	
Total number of Rent Proposals and Rent Assessment Proposals in connection with a contractual review	15
<p><i>Narrative report on how the POB has complied with the Code requirements to provide statutory information.</i></p> <p>On each Rent Review we have provided a compliant version of the Schedule 2 information along with any Schedule 1 information that has not previously been provided. This can be evidenced on each occasion. This information has been provided at least six months before the date of each rent review.</p>	
Total number of Rent Assessment Proposals requested by tenant	0
RAPs requested by reason of no rent review concluded in last 5 years	0
RAPs requested by reason of a significant increase in price	0
RAPs requested by reason of a trigger event	0
<p><i>Narrative report on how the POB has complied with the Code requirements to provide statutory information.</i></p> <p>Not applicable.</p>	
<p><i>Narrative report on how the POB has complied with the statutory Code deadlines.</i></p> <p>On each Rent Review, we have provided a compliant version of the Schedule 2 information along with any Schedule 1 information that has not previously been provided. This can be evidenced on each occasion. This information has been provided at least six months before the date of each rent review.</p>	
Total number of requests for Rent Assessment Proposals rejected	0
<p><i>Narrative report on the reasons for rejecting requests for Rent Assessment Proposals.</i></p> <p>Not applicable.</p>	

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Part III: Renewals under the Landlord and Tenant Act 1954 (LTA)	
<i>During the reporting period numbers of:</i>	
Section 25 Notices issued opposing a new tenancy	0
Section 25 Notices issued proposing a variation of the terms	3
Section 26 Notices opposed	0
Section 26 Notices unopposed	0
<p><i>Narrative report on:</i></p> <ul style="list-style-type: none"> <i>Which grounds were relied upon to oppose the s.25 and s.26 renewals</i> <i>How many notices were unopposed by the tenant</i> <i>How many Section 25 notices were opposed by the tenant</i> <i>What is the current status of these cases.</i> <p>Not applicable.</p>	
LTA court proceedings where the POB relied in whole or in part on an intention to take the pub back into occupation	0
<ul style="list-style-type: none"> Of which, the number of objections to a new tenancy that were upheld 	0
<ul style="list-style-type: none"> Of which, the number of objections to a new tenancy that were dismissed 	0
<p><i>Narrative report, to include:</i></p> <ul style="list-style-type: none"> <i>The timeline the POB follows.</i> <i>The preparatory work done to identify which pubs to take back into management, including who/what body is responsible for making any relevant decisions and how that decision is made.</i> <i>The documentation and process that is then completed to confirm the intention to take a particular pub back into management, prior to service of the relevant notice.</i> <p>Not applicable. We have not served a S25 notice to take a pub back into our occupation with the view to operating it as a managed house or as operator managed.</p>	

Part IV: Other contractual renewals (where applicable)	
<i>During the reporting period, numbers of:</i>	
Tenants who exercised a contractual right to renew their tenancy	0
<ul style="list-style-type: none"> Of which, the number of these to which the POB consented 	0
<ul style="list-style-type: none"> Of which, the number of these that were opposed by the POB 	0
Total number of contractual renewals	0

Section 5: MRO

Part I: MRO Notices	
<i>During the reporting period, numbers of:</i>	
Total number of MRO Notices received and acknowledged	4
<ul style="list-style-type: none"> • Following receipt by a TPT of a Rent Assessment Proposal 	3
<ul style="list-style-type: none"> • In relation to the renewal of a tenancy 	1
<ul style="list-style-type: none"> • Requested in response to a significant increase in price 	0
<ul style="list-style-type: none"> • Requested in response to a trigger event 	0
<i>Narrative report on the nature of the circumstances relied upon by tenants in support of claims of trigger events (from business cases received from tenants).</i>	
Not applicable.	
Total number of MRO Notices accepted	4
Total number of MRO Notices rejected	0
<ul style="list-style-type: none"> • Following receipt by a tenant of a Rent Assessment Proposal 	0
<ul style="list-style-type: none"> • In relation to the renewal of a tenancy 	0
<ul style="list-style-type: none"> • Requested in response to a significant increase in price 	0
<ul style="list-style-type: none"> • Requested in response to a trigger event 	0
<i>Narrative report on the reasons for rejecting MRO Notices.</i>	
Not applicable.	
Total number of MRO Notices not rejected and withdrawn by the tenant	0
<i>Narrative report on the reasons for withdrawal of MRO Notices.</i>	
Not applicable.	
Total number of MRO Proposals issued	4
<i>Narrative report on how the POB has complied with the statutory Code deadlines, including the process followed and how a decision is made regarding the length of the lease at renewal and how a decision is made regarding the length of the lease when other MRO gateways are used.</i>	
<p>To date our initial proposal at renewal has been a 20 year lease. We advise at outset that we will negotiate this term if a different period is required and we will give consideration to the length of the current agreement.</p> <p>We have to date applied the same approach following each request for MRO at rent assessment. However, we reserve our position in this respect.</p>	

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Part II: MRO Negotiations	
<i>During the reporting period numbers of</i>	
MRO Negotiations undertaken with tenants	4
<p><i>Narrative report, in order of frequency and enumerated, on which are the 10 terms most often included in a draft MRO proposed tenancy sent to a tenant who has sent an MRO Notice but not included in the executed MRO tenancy.</i></p> <p>Given the infrequency of MRO negotiations and the fact that none have been concluded during the reporting period we do not believe this is applicable. However, we can confirm that we would not to the best of our knowledge include a term that was not perceived to be common within the free of tie commercial lease market.</p>	
Times that each of the regularly challenged terms above has ultimately appeared in a completed MRO agreement (please list and enumerate)	
MRO tenancies agreed	0
<ul style="list-style-type: none"> Of which number of free of tie arrangements agreed by new agreement 	0
<ul style="list-style-type: none"> Of which number of new free of tie arrangements agreed by deed of variation 	0
Total number of tied settlements connected with MRO negotiations	0
<ul style="list-style-type: none"> Of which number of new tied arrangements agreed by new lease 	0
<ul style="list-style-type: none"> Of which number of other new tied arrangements agreed (rent or other terms) 	0
<ul style="list-style-type: none"> Of which number of tied tenant departures from the pub 	0
<ul style="list-style-type: none"> Other outcomes 	0
<ul style="list-style-type: none"> Ongoing – yet to be concluded 	4

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Part III: MRO Independent Assessment	
<i>During the reporting period, numbers of:</i>	
Total Independent Assessor appointments	0
• Of which number that were appointed jointly in agreement with the tenant	0
• Of which number that were appointed by the PCA	0
<i>Please list the Independent Assessors appointed during the reporting period, and for each Independent Assessor the number of appointments.</i>	
Not applicable	
<i>In each case where the MRO rent has been set following an Independent Assessor please set out</i>	
<ul style="list-style-type: none"> • <i>the proposed MRO rent</i> • <i>the MRO rent set by the Independent Assessor</i> 	
Not applicable	
Independent Assessments challenged	0
Any second challenges to Independent Assessments	0
<i>Narrative reporting on the reasons for the challenging by the POB of independent assessments.</i>	
Not applicable	

Section 6: Other Code Reporting

Code Part 10 Provisions	
<i>For the reporting period, reports on compliance with:</i>	
Regulation 46 – Insurance provisions	
<p><i>Please provide details of the types of policies purchased; whether by the POB or by the tenant; and any intermediaries involved</i></p> <p><i>Please provide details of any packaged insurance products offered to tenants, and a narrative on how their market value is tested.</i></p> <p><i>What commission do the POB where relevant make from insurance policies provided to tenants?</i></p> <p><i>How many tenants found a cheaper insurance policy elsewhere and had their policy price matched</i></p> <p>We purchase a block buildings insurance policy against all usual risks for the entire Admiral estate and we recharge our tenants based upon pre-agreed charges.</p> <p>We do not provide packaged insurance products but instead recommend that TPTs obtain their own insurance (other than buildings) and facilitate contact with an intermediary experienced in the pub sector.</p> <p>In line with Regulation 46, we write out to tenants in advance of the renewal and offer them the opportunity to find suitable alternative cover which, if provided to us, we will price match. We do not make commission from the insurance policies that we offer.</p> <p>We are not aware of any breach of this regulation and have not been made aware of the same.</p> <p>In the reporting period, it was not necessary to reduce any insurance recharges to a TPT.</p>	
Regulation 47 – Gaming Machines	
Number of new Pubs Code tied agreements in which:	
The tenant has accepted a machine tie within the tied agreement itself	0
The tenant has accepted a machine tie in a side agreement <i>Narrative reporting: please provide details about when tenants are asked to enter into side agreements. Is this at the same time as signing the tied agreement or later?</i> All machine income sharing agreements are entered at the same time as the tied agreement.	67
The tenant has sourced a free of tie machine agreement with a third-party supplier	5
The tenant has chosen not to have machines	0

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Regulation 48 – Requests for blank profit and loss templates
We have had no requests for this. However, a blank template is provided within our Code of Practice which is provided as part of the Schedule 1 information for each New Agreement, rent review or renewal.
Regulation 49 – Sale of freehold or long leasehold (including numbers)
<i>Narrative report</i> We have fully met the requirements of Regulation 49 in that we have notified all relevant licensees of the intention to dispose of the site, confirmed the extended protections under the Pubs Code following sale and provided contact details of the Pubs Code Adjudicator. During the reporting period, there has been only one relevant disposal.
Regulation 50 – No tenant detriment from exercising Code rights (including action in response to any finding of detriment)
<i>Narrative report</i> We have complied with the requirements of Regulation 50 during the current reporting period. We maintain the business relationship between the existing BDM and the licensee in all cases other than after the licensee has signed an MRO agreement. The annual update to all BDMs confirms that the existing business relationship should be maintained in the same manner as that which existed before the licensee exercised Code rights.
Regulation 51 – Flow Monitoring Devices
<i>Narrative report</i> We are not aware of any breach of this regulation and have not been made aware of the same. We confirm that a charge for breach of purchasing obligations has not been applied based upon flowmeter evidence alone.

Section 7: Reporting on Tenant Complaints, Code Breaches and Arbitration

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

Narrative report on Code-related complaints by tied pub tenants during the reporting period covering:

- *The total number of complaints*
- *The parts of the Code concerned*

No Pubs Code related complaints have been progressed by licensees during the reporting period. During the reporting period, we have received a small number of letters from licensees setting out concerns regarding the speed of reconciling accounts at the end of a tenancy agreement (and making any payment to the licensee) and the speed of completing property repairs. In all cases, these complaints were investigated and resolved quickly and amicably with the licensee and therefore are not considered to be a breach of the Code.

Part II: Steps taken in relation to Code breaches

Statement on internal procedures for handling complaints about breaches and alleged breaches of the Code

Any potential Pubs Code related complaints are immediately reported to our Code Compliance Officer and the Regional Director. We commit to investigate and respond to the complaint as soon as possible.

If the matter remains unresolved, then the matter is escalated to the relevant Director, under the supervision of the Code Compliance Officer.

A quarterly review of all correspondence related to potential Pubs Code related complaints is undertaken by the Code Compliance Officer and, where relevant, this is discussed with the Chief Executive.

Narrative report on actions in response to complaints detailed in Part I covering:

- *Handling (including details of formal referrals to the PCA)*
- *Outcomes (including cases unresolved at the end of reporting period)*
- *Breaches upheld:*
 - *Internally*
 - *Following referral to PCA*

Not applicable for all areas above. We have not had a formal referral to the PCA and have not been made aware formally of any breaches of the Code by tenants with such rights.

Part III: Self-notification of breaches

Narrative report on any cases during the reporting period where the POB has self-notified the PCA of breaches of the Code (including steps taken to prevent further occurrences)

Not applicable

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Part IV: Referrals for arbitration	
<i>During the reporting period, numbers of:</i>	
Total MRO cases referred to the PCA	0
Referrals of MRO terms on grounds that they are not MRO-compliant	0
Referrals of void or unenforceable terms under Regulation 57(2)	0
Referrals of all other non-MRO Code matters	0
<i>Please describe and enumerate the cases where breaches of the Code were found by the PCA.</i>	
Not applicable	
<i>Please describe and enumerate:</i>	
<ul style="list-style-type: none"> • All referrals for arbitration on the same issue or very similar issues (including multiple challenges to the same term in MRO proposals). • The number of these where arbitration proceedings continued following a determination by the arbitrator of non-compliance. 	
Not applicable	

Part V: Other complaints made by tenants
<i>Narrative report on the nature and volume of complaints about their tenancy by tied pub tenants during the reporting period not specifically reported on elsewhere, including the type/subject of complaint, outcome of the complaint and the time taken to resolve the complaint.</i>
As noted above, we have not received any formal notification of a breach of the Pubs Code. We have received a small number of letters from licensees setting out concerns as detailed in Part 1 of this section and all of these have been fully investigated and satisfactorily resolved.

Section 8: Corporate Compliance Structures

Part I: Compliance Officer

A declaration, evidenced as necessary, that the POB has met in full its duty under Regulation 42 to appoint and empower a Compliance Officer and maintained written records of training received in connection with each undertaking covered by the report.

Please provide the Training Log as an Annex to the report³, together with an organogram showing your position within the management structure.

There have been two Code Compliance Officers during the reporting period. Mark Brown was appointed our Compliance Officer by letter of 18th July 2016 but resigned in October 2019. Mark was our Head of Legal and an experienced industry solicitor with a strong knowledge of this legislation.

Following Mark leaving Admiral, Andy Clifford was appointed as Code Compliance Officer. Andy had previously been Mark's direct line manager and therefore had significant and current knowledge of the Pubs Code and the related primary legislation. Andy has attended all Code Compliance Officer meetings with the PCA since his appointment and has been involved in all Pubs Code training within Admiral. In addition, Andy has continued to attend training provided by 3rd parties on Pubs Code related matters.

Although Andy's direct reports manage free of tie agreements, none of his team have operational responsibility for any tied pubs.

Andy is a member of the Board of Directors of the Admiral Taverns group of companies and therefore has direct access on a regular basis to all members of the Board. As such, no organogram has been provided with this report. He is a qualified Chartered Accountant.

Andy confirms that written records of the annual BDM training are kept on each employee's personnel file and a summary of this related to Pubs Code training is provided on the attached training log.

Part II: Business Development Managers (BDMs) - Training

A declaration that the POB has published in relation to each undertaking covered by the report – and sent the latest version to the PCA – the document required by Regulation 41(5) 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.*

The Admiral Code of Practice version 5 sets out our commitment towards the continuous professional development and improvement of our BDMs and how we fulfil that commitment.

We confirm that all employees designated as BDMs under the Code have received annual refresher training in the Pubs Code along with appropriate periodic updates of current issues and role specific training to assist in their ongoing professional development. Records of all professional qualifications and courses undertaken are recorded on each

³ Training logs are requested as evidence in support of the compliance statement.

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employee's personnel file. The BDM teams are encouraged to discuss and share experiences of Pubs Code related matters on a regular basis.

Narrative report confirming that:

- *All BDMs in post when the Code came into force or appointed since received a copy of the Code before liaising with tied pub tenants on pub matters.*

We confirm, and can evidence, that all BDMs whether in post on 21st July 2016 or appointed subsequently have received a copy of the Pubs Code before liaising with tied pub tenants on pub matters. A further copy is provided annually as part of the refresher training.

Schedule of BDM Code training and guidance during the reporting period including:

- *Outlines of the various forms of training delivered to BDMs – including whether it is delivered internally or externally; and how it is accredited*

Annual Refresher training for BDMs is delivered internally by a member of our legal team (a direct report of the Code Compliance Officer) and our Code Compliance Officer. During these sessions, all BDMs given the opportunity to raise any queries on the Pubs Code and also shared their recent experiences. Any new BDM must receive internal training of the Pubs Code before they are allowed to deal with any pub related matters, even if they have received training from another POB.

Annual training on Schedule 2 preparation is provided by an RICS accredited chartered surveyor.

- *Confirmation that all BDMs who are responsible for conducting rent assessments have received appropriate training before doing so (including reporting on exceptions and remedial action).*

Confirmed. This is completed on an annual basis and where additional training is required, this has been discussed and completed.

- *Schedule of all Code updates and guidance issued to BDMs.*

This information is relayed to BDMs at regular regional training sessions.

- *Narrative on how BDM's have been trained in respect of newly issued and existing PCA advice, guidance and/or arbitrations.*

BDMs are trained at regional or annual meetings as to the current guidance and issues arising from the PCA. This training is carried out by the Compliance Officer and his team.

Please provide training materials as an Annex to the report.

Relevant materials are attached.

Part III: Business Development Managers - Conduct

Statement of how 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; include supporting evidence.

The Annual Refresher training places great emphasis on the importance of the 'fair and lawful dealing' principle. This is supported by our Regional Directors who also attend the training sessions and reinforce this principle through their teams. BDMs have an open access to our Code Compliance Officer to discuss code related matters but we believe this principle goes beyond the Pubs Code.

The Admiral business ethos is that we 'do the right thing' to create a sustainable business for our tenants and this very much echoes the fair and lawful principle. We believe the lack of referrals and complaints about our business supports our approach.

The Managing Director, Chief Executive and Code Compliance Officer (as well as other senior staff) spend regular days in the pub estate, with and without BDMs. This enables senior members of the Executive team to have discussions with licensees, in confidence, and allows licensees to raise any concerns about their BDM or Pubs Code dealings. No significant issues have been identified through this process.

Confirmation of the processes in place to ensure that BDMs:

- *Make appropriate notes of discussions with tied pub tenants in connection with:*
 - *Rent proposals*
 - *Rent assessments / assessments of money payable in lieu*
 - *Repairs to the pub*
 - *Matters relating to the tenants current or future business plans*
- *Provide the tenant with records of the above within 14 days of the discussion*
- *Inform the tenant that they should respond to the BDM within 7 days of receiving the record if they disagree with any aspect of it.*

We have developed a Meeting Agenda application which creates a record of both the note of the meeting and the time of the email sending it to the tenant. It also highlights the seven day response period for any challenge. Our standard process is that this is provided simultaneously if the BDM is able to synchronise their laptop at the end of the meeting. If this is not possible, these notes will normally be provided within 24 hours of the meeting.

Please include any supporting evidence in respect of the above.

In the reporting period we have issued several thousand meeting notes, of which the vast majority were delivered by email. Where the email is returned for any reason then our Administration Team will send the Meeting Note out by recorded delivery.

Reporting is produced of all sites (under the Pubs Code and outside the Pubs Code) which have not had a meeting note produced in the last 13 weeks. This report is reviewed on a regular basis.

PROFORMA FOR SUBMISSION OF 2019/2020 PUBS CODE COMPLIANCE REPORTS

<p>For the reporting period, the number of challenges by tenants about the non-provision or content of a BDM record.</p>	<p>4</p>
<p><i>Steps taken by the POB to resolve disagreements and any consequential changes to BDM reporting protocols.</i></p> <p>If a challenge to a meeting note is received within the requisite time period, the challenge is put back to the BDM, with the Regional Director and the Code Compliance Officer is also made aware.</p> <p>Commonly, the challenge is a clarification or a requirement for more detail to be provided in the notes and in these cases, the meeting note will be amended and re-sent to the tenant.</p> <p>Where there is a disagreement which we are unable to remedy as only the tenant and the BDM are aware of the actual discussion, we will seek to resolve through the Regional Director. Only in the most extreme case would we anticipate this outcome. We believe that all challenges regarding the meeting notes have been satisfactorily resolved before needing to involve the Regional Director.</p>	