

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are the first to be made under sections 45(4), 51 and 58(6) of the Small Business, Enterprise and Employment Act 2015 (“SBEEA 2015”).

Regulation 3 of these Regulations makes provision for the fees which must be paid by a tied pub tenant or by a pub-owning business, where a dispute (an “MRO dispute”) is referred to the Adjudicator in connection with the offer of a market rent only option. Regulation 3 also makes provision for the costs which the Adjudicator may order the tenant to pay in respect of the arbitration.

Where a tenant refers a dispute (which is not an MRO dispute) to the Adjudicator in connection with the Pubs Code, section 51 of SBEEA 2015 requires the tenant to pay a fee to the Adjudicator. Regulation 4 of these Regulations sets that fee. Regulation 4 also makes provision for the costs which the Adjudicator may order the tenant to pay in respect of the arbitration.

Section 55 of SBEEA 2015 provides that where the Adjudicator is satisfied, as a result of an investigation, that a pub-owning business has failed to comply with the Pubs Code, or has failed to follow the Adjudicator’s recommendations, the Adjudicator may impose financial penalties on the business. Regulations 5 and 6 of these Regulations specify the maximum penalty which may be imposed by the Adjudicator on the pub-owning business.

Regulation 7 requires the Secretary of State to carry out a review of regulations 3 and 4.

An Impact Assessment has been prepared for these Regulations and is published at www.gov.uk/bis.