



**Pubs Code  
Adjudicator**

**What Tied Pub Tenants Need To Know**

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# **Pub Franchise Agreements**



## How to use this factsheet:

This factsheet is for tied pub tenants who want to know about pub franchise agreements and their rights under the Code if they have such an agreement.

It provides information to support tenant understanding. It is not a substitute for the Pubs Code legal framework.

Our website contains other useful information about accessing your Pubs Code rights and the PCA's role as regulator in enforcing those rights:  
[www.pubscodeadjudicator.org.uk](http://www.pubscodeadjudicator.org.uk)

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## At a glance... pub franchise agreements:

If you are a tied pub tenant with a pub franchise agreement you have many Code rights, but you do not have the right to use the Market Rent Only (MRO) process.

A tied pub agreement is a pub franchise agreement if it meets all the requirements in regulation 55 of the Code. This includes (but is not limited to) that you take a percentage of the pub's turnover, you do not pay rent and you have the right to use the pub-owning business' relevant business model.

This factsheet explains what a pub franchise agreement is under the Pubs Code and the rights you have if you have a pub franchise agreement.

## Terms and abbreviations

| Term/abbreviation        | What it means   |
|--------------------------|---|
| BDM                      | Business Development Manager  |
| Code                     | The Pubs Code etc. Regulations 2016   |
| CCO                      | Code Compliance Officer. Someone employed by the POB who is suitably qualified and whose role is to verify its compliance with the Code   |
| Flow Monitoring Device   | A device which is at the tied pub at the direction of the POB to measure the amount of alcohol being sold by the TPT and for the purpose of verifying that the TPT does not sell alcohol in contravention of the tenancy or licence |
| MRO                      | Market Rent Only  |
| MRO option               | The option for you to occupy the tied pub under a MRO-compliant tenancy and to pay a rent you have agreed with the POB in line with the MRO procedure or, failing such agreement, the market rent                                   |
| PCA                      | Pubs Code Adjudicator   |
| POB                      | Pub-owning business (often referred to as pub companies)  |
| Pubs Entry Training      | Training which is designed to raise awareness of the matters involved in operating a pub and entering into product ties and other agreements  |
| Rent Assessment Proposal | A proposal made in accordance with Part 4 of the Code   |
| Rent Proposal            | A proposal made in accordance with Part 3 of the Code   |
| TPT                      | Tied Pub Tenant (including a prospective tenant)  |



## How are pub franchise agreements covered by the Code?

### See Pubs Code – Regulation 55

If you have a pub franchise agreement you have most rights under the Code that apply to a tied pub tenant (TPT). Certain rights do not apply or apply differently. This factsheet explains these differences.

Your pub-owning business (POB) should tell you if your pub franchise agreement is covered by the Code. If you are unsure about this you can speak with your POB's [Code Compliance Officer](#).

## What Code rights do not apply to me if I have a pub franchise agreement?

- The right to serve a Market Rent Only (MRO) notice, requesting a MRO option.
- The restriction on a POB requiring a TPT to purchase or rent gaming machines.
- The right to a Rent Proposal (usually before the start of the tenancy or renewal under the Landlord and Tenant Act 1954). Under a pub franchise agreement, you do not pay rent.
- The right to a Rent Assessment Proposal (at rent review or when the TPT has the right to request one).

## What are my Code rights if I have a pub franchise agreement?

Apart from the above rights that do not apply, you have most of the same Code rights as a TPT who does not have a pub franchise agreement. See the [PCA's other factsheets for information](#) about them.

These rights include the following:

## Information rights, and rights as a new franchisee before entering into an agreement

The POB must provide certain information to you if you are considering entering into a new pub franchise agreement.



It must also ensure that you complete a sustainable business plan and advise you to seek your own professional advice and complete pubs entry training. This is so you can make an informed decision about the business and whether it is right for you.

More detailed information about the information a POB must provide all new tenants, including franchisees, in respect of new agreements can be found in the PCA's factsheet [What Tied Pub Tenants Need to Know about the Duties of a Pub-Ownning Business in Connection to New Tied Agreements.](#)

The POB's duties are the same for all tenants, including franchisees, subject to certain differences for franchisees. Before entering into a franchise agreement, you must **also** receive information including:

- Information about any fees you have to pay to the POB
- Details of the share of turnover you are entitled to receive
- Evidence that the agreement is a pub franchise agreement
- A forecast profit and loss statement for the first 12 months of the pub franchise agreement

The POB is **not** required to give you the current price list for products or services supplied under the agreement or information on any discounts that may be available in connection with the purchase of these.

## Conduct of Business Development Managers

### See Pubs Code – Regulation 41

A Business Development Manager (BDM) is someone who a POB employs as such, as well as anyone else who represents the POB in negotiations with you in connection with:

- repairs to the tied pub premises; or
- matters relating to your current or future business plans

The POB must:

- provide you with information about the BDM's role and the support and guidance they will give you

and ensure the BDM:

- deals with you in a fair and lawful manner; and
- takes appropriate notes of discussions with you in connection with repairs to the premises or matters relating to your current or future business plans.



The BDM must provide you with a **record of the discussion** within **14 days** (from the day of the discussion).

They must ask you to respond to them if you disagree with any aspect of the record within **7 days** (from the day you receive the record).

More detailed information about the duties of POBs in relation to BDMs can be found in the PCA's factsheet [What Tied Pub Tenants Need to Know about Business Development Managers](#).

## Condition of the premises

### See Pubs Code – Regulation 13

Before entering into a pub franchise agreement, the POB must advise you to:

- conduct a thorough inspection of the premises; and
- get the advice of a qualified surveyor with professional experience relating to tied pubs.

A Schedule of Condition specifies the condition of the premises. This may then be used or updated in various circumstances before and during the agreement.

If, before entering into a new agreement, you or the POB agree to carry out any maintenance, repair or improvements works to the pub, the POB must make sure the Schedule of Condition is updated to reflect that the works have been done.

## Rights not to suffer detriment

### See Pubs Code – Regulations 50 and 51

The POB must not subject you to any detriment because you attempt to exercise any right under the Code.

The POB must not subject you to any detriment, or impose any liability on you, as a result of any reading taken from a flow monitoring device without additional evidence.



## What is a pub franchise agreement under the Code?

For your arrangement with the POB to be a pub franchise agreement under the Code, it must fulfil **all** the following criteria:

- You take a percentage of turnover

The percentage of turnover must either be:

- a percentage of the pub turnover specified in the agreement; or
- where the tied pub's turnover increases beyond a threshold in the agreement, the percentage increased by a specified amount.

- The POB is required to offer you marketing, training and other business support
- You have the right to use the POB's relevant business model

The relevant business model must:

- be a model for doing business at a pub which the POB has used for at least two pubs for 12 months or more; and
- include the use of the POB's intellectual property rights and methods, procedures and other technical and industrial know-how required for its use.

The POB must be able to demonstrate that the model has the potential to succeed when applied to the tied pub.

- You are not required to pay the POB any amount for occupying the tied pub (except for the remaining percentage of turnover)
- You are not required to make payments to the POB for the supply of products or services for the tied pub

You may agree to pay the POB for additional tied products/services after the franchise agreement has been entered into as long as:

- they are at cost price,
- these are not products/services that the POB has agreed to supply under the franchise agreement; and
- the franchise agreement does not require you to purchase them.

- You have the right to sell the business to another person at market value.

If a tied pub agreement does not meet **all** these criteria, it will not be a pub franchise agreement.



If you have any queries or concerns about the status of your pub agreement or your Code rights, you may contact your POB's **Code Compliance Officer (CCO)**.

To find out more about the role of the CCO and for their contact details, please see our helpful [factsheet](#)

If you have a dispute with your POB about whether it has complied with its duties under the Code, you may be able to refer the dispute to the PCA for arbitration. To make an arbitration referral, please complete the [Referral Form](#).

For **more information** about:

- **Making a Pubs Code arbitration referral** [visit our website](#)
- **Getting help and support** with the Pubs Code and arbitration, see our helpful [factsheet](#)





## Questions about this factsheet

For **general queries** about the information in this factsheet, you may contact our enquiry service.

Please note, we can provide information about your rights, the Code and our processes. We cannot advise you about your case.



Complete our [online enquiry form](#)



Email: [office@pubscodeadjudicator.gov.uk](mailto:office@pubscodeadjudicator.gov.uk)



Call 0800 528 8080 to request a call back

This factsheet provides information to support tenant understanding. It is not a substitute for the Pubs Code framework.

**You may find it helpful to take independent professional advice before making any decisions that may affect you and your business.**

## Find out more

Follow the PCA on social media [@pubscodepca](#)



[Access all PCA factsheets here](#)

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