



Scottish Pubs Code Adjudicator

Scottish Pubs Code: Tenant Engagement Findings

July – August 2025



Executive Summary

The Adjudicator's **first engagement events** with tied pub tenants in Edinburgh and Glasgow provided a valuable opportunity to hear directly from tenants about their experiences under tied pub agreements and the Pubs Code.

Tenants expressed mixed views. Some saw the tied model as an accessible entry into the industry, offering training, investment, and structured support. Others highlighted challenges such as higher costs, limited product choice, and uncertainty around lease renewals. Feedback on the Pubs Code was similarly varied: provisions like Guest Beer lines were welcomed, but concerns remained about repairs, tenure security, and the Code's practical impact.

Experiences of business development support also differed. While some tenants credited structured schemes with strengthening their practices, others found them costly or less relevant once established. Questions were raised about whether investment packages delivered genuine improvements or simply addressed overdue maintenance.

Across all discussions, tenants emphasised the need for **transparency, fair treatment, and adequate support** to ensure tied pub agreements remain sustainable and beneficial for both parties.

Key Findings

- **Opportunities:** tenants valued investment, training, and Guest Beer lines as positive aspects of tied agreements.
- **Challenges:** concerns over high costs, restricted product choice, and uncertainty around lease renewals.
- **Mixed views on the Pubs Code:** welcomed provisions but doubts about effectiveness on repairs, tenure security, and rent transparency.
- **Priorities:** fairness, transparency, and adequate support seen as essential for sustainable tied pub businesses.

Engagement events

Tied Pub Tenants – Edinburgh Meeting (23 July 2025)

Held at the Royal Scots Club, this session allowed tenants to meet the Adjudicator, Sarah Havlin, ask questions about the Scottish Pubs Code, and share experiences.

Discussion points:

- Tenants expressed concerns about pursuing Market Rent Only (MRO) options, particularly where they had invested heavily and feared losing their tenancy.
- Attendees highlighted a perceived imbalance in bargaining power, with pub-owning businesses (PoBs) viewed as holding most of the leverage.
- Feedback suggested challenges with communication and support from Business Development Managers, with engagement described as below expectations.
- Several attendees reported positive experiences in adding guest beer offerings.

Tied Pub Tenants – Glasgow Meeting (24 July 2025)

Held at the Mercure Hotel, this session followed the same format as the Edinburgh event.

Discussion points:

- Tenant feedback indicated uncertainty about applying for MRO options, even with anticipation of the Code's implementation.
- Some tenants recounted being advised that they might not be offered a new lease at expiry if they applied for an MRO.
- Concerns expressed that leases could be structured as separate agreements — one covering the property and another covering alcohol supply.
- Attendees reported challenges with frequent changes in Business Development Managers, noting this affected continuity and that planned initiatives were not always delivered.

Tied Pub Tenants – Online Session (20 August 2025)

An online event provided an opportunity to meet the Adjudicator and discuss the Scottish Pubs Code. One tenant attended and shared the following views:

- Investment agreements: many pubs are now offered with investment packages, which may affect whether rights to a MRO lease accrue.
- Capital works: concerns that investment agreements include works normally regarded as routine repairs or dilapidations.
- MRO viability: belief that MRO leases may not be practical for tenants who have made substantial investments or paid significant up-front costs.
- Wet rent costs: rising barrel prices often exceed open market rates, reducing margins on high-volume products.

- Return on investment: The attendee expressed the view that achieving a sustainable return is becoming increasingly difficult for tied pub operators.

Conclusion

The Adjudicator's initial programme of engagement has highlighted both the strengths and the pressures within Scotland's tied pub sector. Tenants value the opportunities that tied agreements can offer, particularly in terms of investment, training, and access to support. At the same time, the concerns raised across all sessions—ranging from cost pressures and product restrictions to uncertainty around lease security and the practical operation of the Pubs Code—**underscore the need for continued oversight and constructive dialogue.**

These early insights will inform the Adjudicator's ongoing work to promote fairness, transparency, and balanced relationships between tenants and pub-owning businesses. As implementation of the Scottish Pubs Code progresses, the Adjudicator will continue to engage with tenants and industry stakeholders to ensure that the Code delivers meaningful protections and supports a sustainable, competitive, and thriving pub sector in Scotland.