



Scottish Pubs Code Adjudicator

Scottish Pubs Code: Tenant Engagement Findings

November 2025



Executive Summary

As part of ongoing engagement with tied pub tenants across Scotland, the Adjudicator undertook regional visits across the Highlands on 27, 28 and 29 November. Site visits to individual pubs were facilitated by Admiral, Greene King, Punch Pubs, and Rosemount Taverns.

The visits provided an opportunity to hear directly from tenants across the Highlands – Granton-on-Spey, Inverness, Portree, and Ullapool – and also sites in Greenock. This was an opportunity to speak with tied pub tenants at 10 sites across the region, and with representatives from 4 pub-owning businesses. The Adjudicator is grateful to all involved in these site visits, for their time, interest and candour. Many provided very detailed feedback about their business, their experience, and the impact of the Code. Key issues from this are included below on an anonymised basis, though all feedback provided will help to inform the ways in which the Code and the Scottish Pubs Code Adjudicator operate in practice.

One of the key findings from the visits was the ways in which businesses across the Highlands faced different issues to those elsewhere in Scotland. The right to a guest beer agreement may be less financially attractive once delivery to a more rural location was factored into calculations. There was also feedback that the Scottish Pubs Code itself had a **differential impact across the tied pub sector**, being less advantageous to community pubs, and to tenants towards the start of their careers in the sector, where the risk of moving free-of-tie was considered greater.

A deterrent to exercising rights under the Code, whether guest beer, MRO or other rights, was **security of tenure**. This view has been expressed consistently across engagement with tied pub tenants. Leases are being offered on shorter terms than previously, limiting benefits from moving to MRO, and the concern regularly expressed that a new tenancy may not be offered. The move to shorter tenancies was reported to be **detering investment into tied pubs**, either by the landlord or in some cases by the tenant.

Views diverged on the benefits of Code rights to information and pre-entry training for new tied pub tenancies: some tenants considered it an important step to ensure that tenants were prepared and informed about the sector and about the prospects for their pub; others that experienced operators, particularly taking on short leases to turn around a struggling pub, should not be subject to the same requirements.

A number of suggestions were made about potential **reform of the Scottish Pubs Code**. Though some would require changes to legislation, reform of the MRO process,

removing the production cap for guest beer agreements and moving to a model like the Advice and Conciliation Service (ACAS) were suggested.

Key Findings

- **Security of tenure** is a key concern for tied pub tenants – as leases become shorter across the sector, this concern grows and deters exercise of Code rights and investment in pubs.
- Concern was expressed that some tied leases are being offered – and accepted - in locations that are no longer viable to support trading as a pub.
- The benefits of the Code vary widely – community pubs, tenants with shorter leases, or operators early in their careers may not benefit to the same degree as others.
- **Reform of the Scottish Pubs Code** could ease the MRO process, make guest beer agreements more attractive, allow for a differential approach for experienced operators leasing a new location, allow for trial periods through a foundation agreement, or move to a new more unified good practice and relations model similar to ACAS for resolving disputes, improving standards and behaviours whilst also championing good practice and advocating for the tenanted pub sector as a whole.

Annex – Scottish Pubs Code Adjudicator- Feedback from Tenants

This annex presents anonymised feedback from tenants shared during visits in November 2025. The examples below highlight the varied experiences of tied agreements across the region.

Discussion points

Many tenants reported positive relationships with their pub-owning businesses and with their business development managers. Examples included support through the pandemic, and flexibility around rent through difficult or unexpected trading conditions. One tenant suggested a less positive experience, with their relationship being managed like employment, though with none of the benefits of an employment contract, rather than as a business partner.

One pub-owning business was an outlier in terms of the level of positivity from the feedback from their tenants. Their tenants described a high degree of trust in this pub-owning business, its culture and the personal relationships between landlord and tenant. Tenants suggested that they did not think they would be better off on a free-of-tie basis because of the quality of the business model operated by this pub-owning business model and the quality of its tenant support.

Having strong business experience as a primary skill, with experience in the pub trade a secondary skill, was suggested by one tenant, who had worked to turn around the trading position of their pub since taking on their lease. PEAT training was also considered helpful for some new entrants.

Other tenants suggested that the learning curve in starting out as a tenant had been steep. Learning points included ringfencing monies due for VAT, finding a good accountant with licensed trade experience, prioritising hygiene in beer dispensing, monitoring stock control or using a stocktaker to detect and tackle staff theft.

One pub-owning business discussed the work that they are undertaking to ensure that prospective tenants receive effective and helpful information at the outset, and that guidance from the SPCA on the Code requirements for this would assist.

One tied pub tenant suggested that the costs of new regulation, from Martyn's Law to the Scottish Pubs Code itself, were adding an additional overhead to tenants at a difficult stage. Much of the burden of this regulation is being passed from pub-owning businesses to tenants themselves. Consideration could be given to a differential approach, similar to England and Wales, where experienced operators are taking on pubs on a rescue plan basis. The compliance requirements for new entrants do not assist in these situations, and if the pub cannot be rescued, there is a cost in terms of jobs and for the community.

Flexibility around dry rent was raised by tenants. Some highlighted examples where their pub-owning business had shown flexibility in response to unforeseen events and costs. There had not been flexibility in other cases, leading to pubs in distress.

The move to alternative business models was noted by some, with one tenant believing that the flexibility of a turnover-based agreement at the start of their lease provided initial flexibility.

Some observed that there are locations which are being leased that are no longer viable as pubs. Some have changed into other businesses, though there was a concern that failing pubs were being leased to inexperienced operators in locations where pubs could no longer succeed.

Guest beer agreements may be successful in particular markets, though for many pub operators, it has limited benefit. It was also suggested that the production volume could be removed. A guest beer might readily be sourced for pubs in the central belt, but in more rural locations, cost and availability may be prohibitive.

It was suggested that the advent of the Code had led to uncertainty in the market, with investment delayed and shorter leases offered. In turn, shorter leases drive away potential tenants. One suggestion was that the Code include a foundation agreement, to allow a trial period for tenants.

The lack of security of tenure for tenants, and the shorter leases being offered has had a significant impact for a number of operators. It deters any consideration of MRO options, and it also deters investment in the pub as a business, by the pub-owning business or by the tenant. Successful businesses are prevented from growing as a result.

Because of security of tenure issues, one tenant suggested that the criteria for MRO eligibility should be reviewed, for instance, to allow for earlier requests to be made, and to reduce the impact of the investment agreement exception.

It was suggested that the Code has inadvertently created a two-tier impact, providing more benefit to pubs in more affluent areas, in more central areas geographically, and for experienced operators who would be more likely to have longer leases. It was expressed that younger tenants, and new operators do not have the level of confidence to take the risk on MRO and frustration was expressed that this did not create conditions to build a secure career in the trade and grow a business in the longer term.

One pub-owning business thought that a model for regulation in the sector could be more like the Advice and Conciliation Service for employment issues. This could allow for both tied pub tenants and pub-owning businesses, both small and large, to protect from exploitation, set standards and maintain good practice.

One tenant expressed concerns about dilapidations at the point of entry, and that the schedule of condition on entry should be used as the comparator at the point of assessing dilapidations.

Conclusion

There are a range of areas that merit further consideration:

- As one pub-owning business suggested additional support from SPCA would be beneficial to ensure that the information and training offering to new tenants is Code-compliant and as effective as possible, this work will be taken forward specifically alongside wider awareness raising of rights for new tenants.
- Reform of the Scottish Pubs Code itself would require changes to regulations, activity which sits outside the scope of the Adjudicator's role, though potential changes will be highlighted to Scottish Government.
- Issues around security of tenure are being raised consistently, and will be considered further, though these are a feature of commercial leases in Scotland rather than solely the tied pub sector.
- Feedback from these visits will be incorporated into refreshed guidance documents on the SPCA website, to provide where possible more information on common issues.