

Dear committee member

We are writing to you ahead of your meeting today to express our concerns regarding the draft tied pubs code.

The draft code as currently proposed has led to significant concerns from tied pub tenants that:

- (a) it does not achieve some of the main goals of the legislation, and
- (b) there is a high risk of unintended consequences that worsen tenant outcomes

The key priorities for tied pub tenants are:

1. That the code should achieve the stated intent of the Act and deliver outcomes that represent a "fair sharing of risk and reward" between the tenant and the landlord, which in effect will require rebalancing towards Scottish tied pub tenants
2. That the code should better reflect the original and clearly worded intent of the legislation to widely allow MRO (market rent only) provisions where an investment exemption is not in place.
3. That the code should provide adequate protections for tenants, and rebalance the commercial relationship more fairly towards tenants rather than tied pub companies
4. That the code should not penalise existing tenants who may receive lower levels of benefit versus new tenants

We do not believe that the code, as currently drafted, achieves those outcomes in the way that was intended by the legislation.

We remain concerned that the draft code, as currently proposed, contains a number of loopholes which will inevitably lead to unintended consequences that worsen tenant outcomes.

We are grateful that the Minister has agreed to an urgent review process, and look forward to participating in the upcoming further consultations.

As always we are more than happy to discuss this with you in more detail either individually or collectively.

Regards

Colin

Colin Wilkinson
Managing Director
Scottish Licensed Trade Association