
STATUTORY INSTRUMENTS

2016 No. 790

The Pubs Code etc. Regulations 2016

PART 6

Market rent only option: procedure to be followed in connection with an offer

Terms and conditions regarded as unreasonable in relation to proposed MRO tenancy etc

31.—(1) Paragraph (2) applies where—

- (a) a tied pub tenant is subject to a tenancy (“the existing tenancy”) granted by the pub-owning business;
- (b) the tied pub tenant gives an MRO notice to the pub-owning business; and
- (c) the pub-owning business sends a proposed tenancy (“the proposed MRO tenancy”) to the tied pub tenant as part of a full response under regulation 29(3) or a revised response under regulation 33(2) or otherwise during the negotiation period.

(2) The terms and conditions of the proposed MRO tenancy, taken together with any other contractual agreement entered into by the tied pub tenant with the pub-owning business in connection with the tenancy, are to be regarded as unreasonable for the purposes of section 43(4) of SBEEA 2015 if they—

- (a) include a break clause in relation to the MRO tenancy which is exercisable only by the pub-owning business;
- (b) impose a service tie in respect of insurance other than buildings insurance in connection with the premises to which the proposed MRO tenancy relates; or
- (c) are terms which are not common terms in agreements between landlords and pub tenants who are not subject to product or service ties.

(3) Paragraph (4) applies where—

- (a) the conditions in paragraph (1)(a) to (c) are met, and
- (b) the existing tenancy is a protected 1954 Act tenancy.

(4) The terms and conditions of the proposed MRO tenancy, taken together with any other contractual agreement entered into by the tied pub tenant with the pub-owning business in connection with the tenancy, are to be regarded as unreasonable for the purposes of section 43(4) of SBEEA 2015 if they exclude the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 in relation to the proposed MRO tenancy.

(5) Paragraph (6) applies where—

- (a) a tied pub tenant is subject to a licence granted by the pub-owning business;
- (b) the tied pub tenant gives an MRO notice to the pub-owning business; and
- (c) the pub-owning business sends a proposed licence (“the proposed MRO licence”) to the tied pub tenant as part of a full response under regulation 29(3) or a revised response under regulation 33(2) or otherwise during the negotiation period.

(6) The terms and conditions of the proposed MRO licence, taken together with any other contractual agreement entered into by the tied pub tenant with the pub-owning business in connection with the licence, are to be regarded as unreasonable for the purposes of section 43(4) of SBEEA 2015 if they impose a service tie in respect of insurance other than buildings insurance in connection with the premises to which the licence relates.