



Business, Innovation and Skills Committee

House of Commons London SW1A 0AA

Tel 020 7219 5777 Email biscom@parliament.uk Website www.parliament.uk

Rt Hon Greg Clark MP
Secretary of State
Department of Business, Energy and Industrial Strategy

21st July 2016

Dear Greg,

The Pubs Code Adjudicator

Since 2004, successive incarnations of the Business, Innovation and Skills Committee have taken a close interest in the relationship between large Pub Companies (“pubcos”) and “tied” tenants.

Numerous inquiries have exposed deep-seated problems within the industry. Large numbers of hard-working tied tenants have historically been disadvantaged by an imbalance in the relationship of power between tenants and a small number of large and powerful pubcos. Many tenants faced a system that was stacked against them as they struggled to make a decent living.

After over a decade of parliamentary inquiries, the Committee welcomes the fact that a new, statutory Pub Code has now come in to force. However, it is clear that a significant number of tenants remain concerned about a key part of the new framework – namely the appointment of Mr Paul Newby as Pubs Code Adjudicator.

While we have no reason to question Mr Newby’s integrity or his qualifications for the job, it is clear that his long-standing relationship with pubcos during his career as a surveyor at Fleurets, and his continuing financial interest in Fleurets (a company that receives a significant proportion of its fee income from pubcos) have created a strong perception of a conflict of interest. Given that tied tenants had urged your department to look outside the sector in appointing a new adjudicator precisely because of concerns about perceived conflict of interests, Mr Newby was a surprising choice by your predecessor.

Tenants have fought for a long time to have their voices heard and we share their wish that the new pubs code, including the adjudicator, works well and commands the respect and trust of all stakeholders within the industry. However, we strongly fear that this will not be achieved. Tenants’ firmly-held perception that Mr Newby is conflicted – regardless of his ability to do the job – risks undermining their trust in the new regulatory framework that otherwise has the potential to significantly improve the relationship between tenants and pubcos.

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While recognising that pubcos do not share tenants' concerns about Mr Newby, any new adjudicator needs to be able to command the confidence of all parties involved, including tenants. Having heard evidence from Mr Newby, tied tenants, and pubcos, the Committee has therefore come to the conclusion that Mr Newby is not able to do this regardless of his other qualities and qualifications.

In order for the Pubs Code Adjudicator to be able to demonstrate their impartiality and be seen to act fairly both for tenants and pubcos, and given the current absence of trust, we believe that any holder of the post of Adjudicator must come from outside the sector.

Had Mr Newby's appointment been subject to pre-appointment scrutiny, we could not have in good conscience recommended his appointment to the role precisely because of this perceived conflict of interest and inability to command the trust of all stakeholders. We therefore call on you to reopen the appointments process for the Pubs Code Adjudicator and seek to appoint a candidate who can attract the confidence of tenants as well as pub companies.



Iain Wright MP

Chair

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