



**WELLS & CO**

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## **WELLS & CO PUB PARTNERS POLICY DOCUMENT**

Wells & Co

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## Introduction

### Wells & Co

We've been running pubs for 140 years so have built up a wealth of knowledge on how to deliver a great pub experience. But success doesn't come as an automatic right just because you've been around for a long time – you have to constantly review how you operate, what your target market wants and how best to work with your business partners.

At Wells & Co, we've developed a clear trading plan by listening to our licensee customers and incorporating their feedback into our evolving business model. In recent years, we've received industry commendation for the support we provide for licensees and the relationships we develop with them. And we'll carry on doing this by listening to them and reacting to the constantly changing trading environment.

Wells & Co abides by the Code of Practice supervised by the Pub Governing Body ([www.thepubgoverningbody.co.uk](http://www.thepubgoverningbody.co.uk)) which sets out standards for Landlord Companies with less than 500 tied premises regarding the interaction with tied tenants and tied lessees throughout the life of their relationship with the Landlord Company.

This Policy Document explains Wells & Co's policies and procedures in accordance with the Code of Practice but is provided to you for guidance purposes only and is not intended to be legally binding either on you or on us. We reserve the right to update and amend our policies from time to time.

## 1. Getting Started

### Making The Choice Between Managed, Tenancy, Lease Or Freehold

There are four main routes into running a pub which, in simple terms, can be summed up as follows:

- Freehold - Buying a freehold business takes a large amount of capital but is then yours to run independently, taking all the risks and rewards
- Managed - As a manager you receive a salary while the pub owner retains all the income and profit of the business
- Lease or Tenancy Agreement - Usually less initial outlay and you retain the profits from drink and food sales etc. but are normally tied to purchasing drinks from the pub company

Wells & Co offer managed, leased or tenancy business opportunities in the UK. If you are interested in joining our managed house team please contact our Human Resource department.

If you are interested in taking a lease or tenancy you should complete an online enquiry form at [www.charleswellspubs.co.uk](http://www.charleswellspubs.co.uk), following which an application pack and relevant information will be sent to you. If your application is successful you will be invited to attend an initial interview. If your application then progresses you will be required to provide the items set out below, to ensure that you have relevant knowledge and pre-entry requirements to assist you in your decision making.

### Obtaining A Personal Licence

You will need a Personal Licence to allow you to become the Designated Premises Supervisor with responsibility to sell or authorise the sale of alcohol in your business, in accordance with the Premises Licence. If you do not already have one, you should obtain one before applying for a pub, as this process can take up to 2 months.

Details of how to obtain a Personal Licence can be found on our website; [www.charleswellspubs.co.uk](http://www.charleswellspubs.co.uk).

### Pre-Entry Assessment Training

**PEAT** is an e-learning package provided by the BIIAB to help you to evaluate and understand the agreement you may progress to enter into. PEAT must be completed at least 5 working days prior to entering into the Heads Of Terms which form the basis for the tenancy or lease agreement. You will be required to provide Wells & Co with a copy of the BIIAB certificate to confirm your successful completion of the assessment.

You can find out more from the BII Website [www.bii.org](http://www.bii.org).

### Proof Of Identification

You will be required to provide a copy of your passport or a UK driving license containing your photograph.

## **Proof Of Funding & Credit Check Status**

We will carry out a credit history check, and we will ask to see proof that you have the appropriate funding to support your application for any future pub business, before progressing your application.

Typically start-up costs would include:-

- Security Deposit:
  - Sole trader - will be the greater of 3 months' rent or £6,000.
  - Limited company – will be the greater of 3 months' rent or £10,000.You will also be required to provide a Personal Guarantee for each Director of your business.

Deposits will be refunded when you leave, less any sums outstanding for payment to Wells & Co. The deposit and dilapidation fund attracts interest at 1% below the Bank of England base rate but no less than 2% and is repayable when you leave your Wells & Co pub, subject to all invoices and payments being cleared in full. A statement of interest is sent each year showing how much interest has been added to your security bond.

- Purchase of the trade fixtures and fittings
- Fees paid directly to Wells & Co - costs associated with producing legal documents, Premises Licence & Gaming Licence transfer. Additionally, you will be responsible for paying any fees associated with professional advice that you might take and valuers fees in respect of the trade inventory, you must make these payments direct to the provider.
- Stock & glassware
- Advanced rent and service charge
- Training – Wells & Co Pub Partner Induction Support Programme
- Working Capital

## **Business, Finance & Marketing Plan**

Before taking a lease or tenancy agreement, you'll be required to complete a business, finance and marketing plan for your chosen pub. This sets out your ideas for developing the business, how it will perform against competitors and your cash flow forecast, income and related costs for the first year. You should also prepare an analysis, with your professional advisor, of the impact of any increases or decreases in trade and the effects of indexation. You will be provided with a business plan template for your independent completion.

Before we can process your application, you must be able to provide proof that you have taken independent professional advice in the preparation of your cashflow forecast and business, finance and marketing plan.

We would also recommend you refer to the Federation of Licensed Victuallers Association (who are able to provide general pre-entry advice), Association of Licensed Multiple Retailers (ALMR) and British Beer & Pub benchmarking report and the Royal Institution of Chartered Surveyors (RICS) guidance.

We make available the information set out below to assist in the preparation of your business plan.

- Business, finance and marketing plan template
- Shadow Profit and Loss Account (see appendix 1). This will include details of all known existing income streams and estimated costs (based upon Wells & Co and industry benchmarking reports). Calculations will be made using the prices you will be charged for drinks products at the existing published rates
- Details of drinks purchases made by the business from Wells & Co in the last three years
- Current net price list in operation for drinks products after any applicable discounts are applied
- Full details of our business support services and any associated costs
- Details of any forthcoming material changes of which Wells & Co is aware at the time
- Estimated start-up costs for your business, including (but not restricted to) fixtures and fittings, security deposit, training, stock and glassware, independent advice charges and working capital.

We will also endeavour to provide any further information that you or your advisors may require.

Shadow profit and loss accounts are produced by Wells & Co but are not projections of profit and there is no guarantee or warranty that the profit levels will be achieved. These are produced by Wells & Co in good faith (based on reasonable assumptions which will be disclosed to you) but it is a matter for you, based upon independent professional advice, to exercise your own business judgment in respect of this information. The RDM who is tasked with obtaining and evaluating the materials supporting a shadow profit and loss account or a rent assessment will have visited the pub within the 3 months prior to the assessment being undertaken.

You will be required to attend a Business Plan Meeting, when you will discuss your business plan with your future Retail Development Manager. Your business plan will also be reviewed by the Marketing Team.

### **Independent Professional Advice**

As set out above, before we can process your application, you must be able to provide proof that you have taken independent professional advice in the preparation of your cash flow forecast and business, finance and marketing plan. However a waiver to taking independent advice may be applied where:

- Applicants are multiple retailers with a number of other tenanted/leased premises; details will be required
- Applicants can demonstrate at least three years recent experience of running a successful tenanted or leased pub business
- Applicants have an existing successful lease or tenancy with the company



If you qualify for an exemption from taking independent professional advice, with regard to your business plan, you will be required to sign a waiver, prior to entering into Heads of Terms.

When signing a lease agreement with us or assigning your lease, you should appoint a solicitor to advise you on the content of the agreement. Agreement for Lease and/or Lease Agreements will not be progressed until a solicitor has been appointed to process the transaction through to completion on your behalf, register the lease agreement at Land Registry (if applicable) and to prepare and submit a Stamp Duty Land Tax (SDLT) Return on your behalf.

You should also consider taking professional advice at any time there are proposed changes to your commercial terms, including rent appraisals, or variations to your tenancy or lease agreement.

Consideration should be given to guidance provided by the Royal Institution of Chartered Surveyors when evaluating the rent.

### **Property Related Matters**

**Lease Agreements** - If you are successful in applying for a lease agreement you will be required to provide a full structural and condition survey for the premises which must be undertaken by a RICS qualified Building Surveyor. The cost of this survey is to be met by you. The outcome of the survey will be discussed with the Wells & Co Property Team at a joint property inspection.

**Renewable and Fixed Term Tenancy Agreements** - If you are taking a fixed term or renewable tenancy agreement you must ensure that you are aware of the general condition of the building; you will be required to attend a property inspection with the Wells & Co Property Team. Any repairing actions will be discuss and agreed between us at the joint inspection and will be documented.

Throughout the term that the premises is let to you, you are responsible for ensuring that no actions on your part or that you knowingly consent to the actions of any third party that will affect the value of the premises. For example, although not limited to, any encroachment of boundaries, illegal use of the premises to include car parking, use of the site for access to other's premises or land, planning consents obtained by neighbours for which you have not made Wells & Co aware upon your receipt of such notice.

### **Employees Living On Site**

The premises will be let to you on the basis that only you and any immediate family will reside at the premises. No other persons are permitted to reside at the premises.

### **Wells & Co Pub Partner Induction Program**

The induction programme is designed to give you the best possible start in your pub business as well as introducing you to the key functions and contacts within

Wells & Co and how they support your business. Further details are set out in the "Retailers Academy Training" section of this Code.

The induction Program is a compulsory 5 day induction programme run by Wells & Co, which you will be required to complete prior to taking over your pub.

See Section 10 "Check Before You Sign"

## **2. Tenancy & Lease Agreements To Suit Your Business**

It is very important that the agreement is suited to your experience, financial circumstances and the style of the pub business (see "Professional Advice, Repairing Liabilities and Trading Tie sections").

### **Fixed Term Agreement**

A Fixed Term Agreement provides an opportunity to get first hand experience of running a pub without committing to a longer term agreement. In some cases, it may allow new entrants with limited funds to agree lower ingoing costs with flexibility in the method for purchasing the trade inventory.

This agreement is for a fixed period of time and is contracted out of sections 24 to 28 of the Landlord and Tenant Act 1954. At the end of the agreement there is no automatic renewal. Any subsequent tenancy agreement would be negotiated in the same way as a new let, with the offer of a new tenancy being at the agreement of both parties.

You would receive a notification approximately 9 months before the end of your tenancy reminding you of the end date and requesting a meeting with your RDM to discuss both parties' intentions.

### **Renewable Tenancy Agreement**

The Renewable Tenancy Agreement has the benefit of security of tenure under the Landlord and Tenants Act 1954, which means the tenancy is renewable every three years (this is the minimum time that you must commit to the business). The renewable tenancy is typically suited to licensees with some trade experience and who have access to appropriate levels of funding. Rent appraisals are on a three year cycle. - See Property & Inventory Matters – Renewable and Fixed Term Tenancies

If you wish to give notice to end your renewable tenancy agreement, you must do so no sooner than one year and no later than six months before the triennial rent review date. It is at the triennial rent review date that the customer would leave the business

### **Assignable Lease**

The Assignable Lease also provides security of tenure, is renewable and is suited to experienced operators who want a business they can develop and then sell on (assign) at a future date. Assignable leases are usually available for a period of 10 years or more and there is generally an initial period of three years during which the lease cannot be sold (assigned). - See Property & Inventory Matters – Assignable Leases

You will be required to provide a guarantee (Authorised Guarantee Agreement) for your successor, if you sell (assign) the business. This agreement guarantees that you will be legally bound to comply with the terms of the lease should the assignee default. For example you could be required to pay any outstanding rent or to re-occupy and operate the premises. The guarantee remains in place until your successor sells on the lease or the lease expires.

## Assigning Your Lease

If you wish to sell (assign) your lease, you must in the first instance confirm your intention in writing or by e mail to the Commercial Services Team, who will respond to your request within 20 working days of receipt.

The Commercial Services Team will check the Lease to ascertain that the minimum non-assignment period has passed. Your Lease agreement might also be subject to a buy back clause and if that is the case you will either receive confirmation that Wells & Co does not intend to make an offer to purchase the Lease, or you will receive a notification that Wells & Co wishes to put into effect the formal Offer Back process as set out within the Lease Agreement.

We request that you provide early notice of your intention to assign and market your lease, as the assignment process is comprehensive. It's your responsibility to obtain an independent valuation of the lease, market the business and recommend your successor to Wells & Co. Consent to the sale (assignment) will not be unreasonably withheld by Wells & Co. However, the appointment of a successor is based upon whether they meet a number of specific criteria that include:

- Undertaking of a full structural and condition survey which we must be undertaken by a RICS Surveyor (the cost of which will be borne by the assignee)
- satisfactory credit checks, bank and trade references
- viability of their cash flow forecast, business, finance and marketing plan which must be based upon professional advice, proof of which will be required
- sufficient funding without excessive borrowing
- experience relevant to the business
- completion of PEAT and Wells & Co Induction Programme
- holding a Personal Licence and therefore qualified to take on the role of Designated Premises Supervisor
- satisfactory proof of professional advice
- no criminal record
- have receipt of copies of assignor's (seller's) profit and loss accounts for the last three years together with any other relevant data which you must supply to them, including discount & pricing information to assist in the preparation of a business plan.

Should some or all of the pre-assignment criteria not be met permission will not be granted for the assignment to progress but, consent to assignment will not unreasonably be withheld.

You must not assign your lease to any person, firm or company who is a brewer, or a company which is under common control with any brewer, or a person or company which owns five or more public houses. The definition of brewer is a person, firm or company which brews beer for commercial sale.

All parties must instruct legal representation to complete the assignment on their behalf. If the consent is given, a Licence to Assign will be issued to record this consent, but this document alone does not complete the assignment and your lawyer will need to prepare the additional documents to do this.

At the time of assignment both the seller (assignor) and the buyer (assignee) will be provided with "A Guide To Assist In Progressing The Sale Of A Lease". This clearly sets out the estimated timescales and advises of the costs for which you will be liable within the assignment.

You must ensure that you refer your successor to their future obligations under this Code of Practice and the lease agreement.

You will be liable for Wells & Co' Legal and Professional costs associated with the assignment irrespective of whether the assignment completes.

The following advance payments will required by Wells & Co on the day of completion:-

- Rent
- Service Charge
- Dilapidations fund (if required)
- Bond / Security Deposit – whilst the existing lease will have a documented bond / security deposit if the value is lower than the required level for new agreements you will be required to supply a higher value as follows:
  - Sole trader - will be the greater of 3 months' rent or £6,000.
  - Limited company – will be the greater of 3 months' rent or £10,000. You will also be required to provide a Personal Guarantee for each Director of your business
- Licence Transfer Fee

A statement will be prepared and forwarded to your solicitor who will forward the funds to Wells & Co on your behalf on the day of completion.

### **3. Ending Your Agreement With Wells & Co Before Its Full Term**

#### **Requests To Surrender A Tenancy Or Lease Agreement**

In exceptional circumstances, such as bereavement or illness, Wells & Co may allow you to surrender your tenancy or lease agreement, although this will normally be dependent upon the appointment of a successor to your business and when all legal, financial and dilapidation matters are settled. In these cases, we will work with you to find a leaving date that is agreeable to us both.

You'll be responsible for any costs or losses to Wells & Co associated with the surrender which may include but will not be limited to:-

Loss of rent

Professional fees

Dilapidations & site clearance

Payment of any accrued holidays, bonus payments & other associated staffing costs

Any holding costs

Costs associated with trade fixtures and fittings

Losses affecting the property's value

You will be required to provide:-

- Employee details, including contracts of employment
- Past three years accounts
- Details of any bookings & sports section events
- Consent form agreeing to the transfer of the Premises Licence to a successor, nominated by Wells & Co, signed by the Premises Licence hold/company director.
- Up to date compliance certification and/or service information
- Alarm codes
- Meter readings
- Forwarding address
- Existing website domain name, Facebook and Twitter accounts, telephone number and broadband lines to remain in place with provision of user names and passwords
- Full vacant possession of the site (to include the vacation of any staff by the exit date)
- Full and final settlement of all monies owed to this company by your business

Due to these exceptional circumstances, timescales for completion of dilapidations will be agreed outside of the normal process, to ensure Customers repair/works are completed prior to the leaving date.

If a surrender of your agreement is accepted, the agreement will be brought to an end by way of the appropriate legal documentation at that time

You would be strongly advised to seek professional advice if you're considering the surrender of your tenancy or lease agreement.

You should ensure that before requesting a surrender that your Lease or Tenancy Agreement and the fixtures and fittings at the site are free from any lien or encumbrance. If Wells & Co were to agree to a surrender arrangement this could not be put into effect until these had been removed. For the avoidance of doubt, this company will not take on responsibility for any rental arrangements that your business has entered into for fixtures and fittings or any other such items whatsoever. Any fixtures and fittings that this company agrees to purchase will be valued by a Licensed Trade Valuer and you must provide a VAT invoice and enter into a Memorandum of Sale for the selected items. Any fixtures and fittings not purchased by this company must be removed from the premises before the exit date.

### **Change of Control of a Limited Company**

You must not sell, transfer or dispose of more than 20% of the undertakings, assets or shares, of the limited company in which your lease or tenancy agreement is vested in, without prior written consent from Wells & Co.

### **Abandonment**

In the circumstance that a property is abandoned by a Customer, without Wells & Co's formal consent, steps may be taken to secure the property. However, this action will not constitute an acceptance by Wells & Co of a surrender of the lease or tenancy agreement (Peaceable Re-entry). Wells & Co will pursue the customer for all liabilities under the terms of the tenancy or lease agreement, which will include, but not be limited to the costs/losses which apply to the formal surrender of a tenancy or lease agreement set out above, ongoing security and legal costs and all overheads.

## 4. Rent Appraisal

Rents are appraised for both new lettings and rent reviews in accordance with guidance prevailing at the time issued by the Royal Institution of Chartered Surveyors (RICS).

Although not a requirement in the Code of Practice, from time to time leased rent reviews will be referred to a third party RICS valuer for review and sign off, as part of Wells & Co's compliance process.

Rent appraisals are based on the fair maintainable trade (FMT) assessment for the property - this is the level of trade that a reasonably efficient operator of the business would expect to achieve and involves assessing the market's perception of trading potential for the property.

The following areas will be considered (where appropriate) to assess a rent, ensuring good performance is not penalised and poor performance is not subsidised:-

- Income from sales of drinks
- Income from food sales
- Income from accommodation
- Overheads and staffing costs based on actual costs, Wells & Co and industry benchmarks for the trading style of the business
- Current market conditions
- Comparable properties
- The known rateable value, where available, or a value based on FMT
- Price you pay for drinks products (net of discounts)

The following will be disregarded when assessing the rent:-

- Licensee goodwill - i.e. the trade generated as a result of your individual performance above and beyond the fair maintainable trade for the business
- Licensee own improvements - any property improvements or repairs you make (excluding trade inventory) that are in excess of your obligations under the terms of your agreement will be disregarded, provided a Licence to Alter was granted on behalf of Wells & Co before works commence
- Gaming machine income, where this is shared with Wells & Co

In the case of rent reviews you'll receive notification of the commencement of the rent appraisal process with a copy of the Wells & Co Pub Partners Policy Document approximately 10 months prior to the rent review date (see appendix 2). This notification will give you the opportunity to provide your most recent business profit and loss accounts for consideration within the appraisal.

All proposed rents are presented for approval to the Wells & Co Commercial Panel by your Retail Development Manager who will arrange to meet you no later than 6 months prior to the review date to explain how the rent valuation was assessed.



Prior to this meeting you'll receive a Rent Appraisal document to include:-

- Shadow Profit and Loss Account (see sample in appendix 1)
- All known drinks purchases from Wells & Co nominated supplier for the last three years, to include a breakdown by category (i.e. beer, ciders, wine, spirits and minerals)
- Rents for comparable businesses
- Summary of the terms of the repairing liabilities of the tenancy or lease agreement and any alterations to be disregarded
- Summary of the agreement type and trading tie
- General description of the property
- Assumptions and any other information used to appraise the rent
- Statement confirming rent has been appraised in accordance with RICS Guidance in place at the time of the appraisal. This statement is signed off by a suitably competent person on behalf of Wells & Co.
- A copy of the Wells & Co Policy Document in relation to rent appraisals

We will also disclose further information that you or your advisor may require, to assess the rent, this information may be provided on a confidential basis. If we are unable to provide the information requested, we will provide you with a reason

If the rent is agreed both parties will sign a Rent Memorandum which formally sets the rents until the next stated review date. The new rent comes into effect on the rent review date.

## **Rent Appraisals – New Lease Agreements**

All rent appraisals in respect of new lease agreements, are reviewed and signed off by an independent RICS Registered Valuer.

## **Disputes**

If you can't agree the rent at review or renewal you should set out your reasons in writing to the Director of Wells & Co Pub Partners within 28 days of the negotiation meeting with your RDM. We will expect you to provide evidence of your case to include your last three years Profit & Loss Account's. The Director of Wells & Co Pub Partners will contact you within 14 days to arrange a meeting and if the rents still can't be agreed a referral will be made to the Commercial Director who will consider the rent appraisal.

If this referral does not reach a final settlement, the rent review may be referred to the industry approved Pubs Independent Rent Review Scheme (PIRRS). Information relating to PIRRS can be found at [www.pirrscheme.com](http://www.pirrscheme.com). PIRRS offers an accessible, independent, low cost rent review resolution service. Capped fees enable licensees and pub company to resolve disputes in a fair and timely manner.

Upon jointly agreeing to resolve a rent review dispute via PIRRS, both parties will be required to renounce any right to arbitration or referral to original final offers by signing a deed of variation. The renouncement of the right to arbitration or a referral to original final offers applies to the outstanding rent appraisal only.

The customer must then contact the PIRRS administration team to request the PIRRS information pack and application form.

The customer will then be asked to begin proceedings by completing their PIRRS application form and selecting their preferred independent valuer from those nominated by The PIRRS Board. ([www.pirrscheme.com](http://www.pirrscheme.com))

If a disputed rental valuation is not referred to PIRRS then either party may refer the matter to arbitration or independent expert as set out in the terms of the lease or renewable tenancy agreement.

Wells & Co does not operate an upward only rent review policy. If your tenancy or lease agreement contains an upward only rent review clause this will not be enforced and you may apply to vary this clause by way of a side letter or Deed of Variation but you would be liable for any costs associated in the preparation of this Deed.

You are advised to take professional advice in respect of the rent appraisal. You should also review RICS guidance when considering the rent appraisal, which can be found at [www.rics.org](http://www.rics.org).

## **Rent Indexation**

Wells & Co will not apply Indexation to any rents that are reviewed on a three yearly or more frequent basis. However, we may apply Indexation on an annual basis to rents that are reviewed less frequently, either upwards or downwards in accordance with the Retail Price Index (RPI). If indexation is applicable you should take financial advice in respect of the financial effects this may have to your business. You will be advised at the outset of a new tenancy or lease agreement whether indexation will apply.

Any customer whose current agreement allows Wells & Co to apply indexation can request, in writing, to have their agreement reviewed and changed, provided their rent is reviewed at least every three years. If your rent is reviewed less often, consideration will also be given to waiving RPI provided you agree to a three yearly rent review through a Deed of Variation. Wells & Co reserves the right to pass on any third party costs associated with varying any tenancy or lease agreement.

## **5. Drinks Purchases**

### **Trading Tie**

You will be required to purchase all drinks products from Wells & Co's nominated suppliers, to include; beers, ciders, stouts, wines, spirits, minerals, flavoured alcoholic beverages, fruit juice and water.

Subject to entering into a "Micro Brewed Corkage Agreement" and meeting specified criteria, customers may purchase an agreed amount of one cask ale (from a micro-brewery producing less than 15,000 barrels per annum) out of the trading tie. In such cases, a corkage fee is payable to Wells & Co and a minimum target will be set for the purchase of Wells & Co composite drinks product.

Further details of the scheme and the current corkage fee are available on request from your RDM.

### **Price Lists**

You'll be provided with a price list for core products, which shows the net price of the products after any off invoice discounts have been applied such price lists are exclusive of VAT. Any changes to prices during the year will be notified in writing, in advance of any price change. Duty and VAT fluctuations (increases and decreases) will be passed on immediately when implemented by the presiding Government.

### **Discounts**

There are a number of discount schemes available and your RDM will discuss these with you and advise you on your most appropriate scheme. As a general rule, the greater the discount you receive on drinks purchases (which are variable), the higher your rent will be, which is a fixed cost. This is a representation of the relationship between the wet (drinks) rent and the dry (property) rent. When discussing the relevant discount scheme, you should remember that the lower the discounts that are applied, the fixed costs of the property rent will be lower making your known outgoings clearer to forecast whilst the wet rent varies positively or negatively according to your purchase of tied products.

### **Payment Terms**

Our normal trading terms for all drinks, subject to satisfactory credit checks and references, are for full payment to be made 14 days after delivery by direct debit. Rent and service charge, payments are made in advance and are due on 25<sup>th</sup> day of each month by direct debt.

Wells & Co reserves the right to amend payment terms at any time.

Typically revised terms would be full payment for drinks by direct debt, 7 days after the day of delivery of an order, together with rent and service charge payments weekly in advance. Alternatively, customers might be required to make a full payment for a drinks order in advance of delivery and to make rent payments weekly in advance, directly into Wells & Co's bank account.

Unpaid direct debits will incur a fee which at this time is £30 but may be subject to change. You must make your RDM and the Credit Control team aware if you are

having difficulty in meeting payments. Failure to make payment to Wells & Co could ultimately lead to legal action.

## **Ullage**

A copy of the ullage policy is available upon request. The policy is provided and discussed with new customers at the induction program.

## **Monitoring & Breach Of The Trading Tie**

Wells & Co reserves the right to install flow monitoring equipment in any of its pubs. Flow monitoring equipment measures the volume of draught products dispensed through the beer/cider lines against the volumes purchased from Wells & Co. (See appendix 3 "Flow Monitoring Equipment"). It is at Wells & Co's discretion as to whether the flow monitoring equipment is active.

Flow monitoring equipment also measures the frequency of line cleaning (see Technical Service section) and provides useful information to customers into trading patterns within their business. Access to this data is available to all customers with active flow monitoring equipment, and can be requested by contacting the Commercial Services Team.

The trading tie is also monitored through sales data, buying patterns, profit and loss accounts, analysis of stocktaking data, routine stock checks and other means.

Wells & Co reserves the right to audit drinks stock at any site and this may be by way of a third party who will provide a letter of authority from Wells & Co to undertake the audit. The auditor will undertake a full inventory/listing of the stock at the site and take photographic evidence of any unauthorised drinks products not purchased through Wells & Co. The findings will be discussed at the time of the audit and followed up at a meeting with a Wells & Co representative.

If a breach is suspected, a Wells & Co representative will arrange to meet with you to discuss the evidence that's available. In relation to draught products, two forms of evidence will be provided. If the breach is confirmed, you'll be required to enter into an undertaking agreement to recommence purchasing from Wells & Co immediately and to comply with purchasing obligations, in accordance with your agreement.

Wells & Co also reserves the right to implement any of the following actions:

- Recovery of lost profits and any associated costs
- Defer the recovery of lost profits, and collect payment if a subsequent breach occurs
- Court injunction
- Commence forfeiture proceedings.

A statement of lost profits will be provided, setting out the products, volumes and lost profits claim by product. Payment of lost profits will not be recovered without prior communication.

If flow monitoring equipment is damaged or tampered with in anyway, the costs of repairing and re-instating the equipment will be charged to you.

You have a right of appeal which should be through the Wells & Co dispute process.

## **6. Gaming Machines & Associated Products**

Income from gaming machines and associated products (such as pool tables, jukeboxes, SWP machines) is normally shared on a 50/50 basis (after supplier and other deductions) between you and Wells & Co. Your share of all machine income is not included in rent appraisals unless you have an exceptional arrangement where gaming income is not shared with Wells & Co. Collections from machines are made every 7-14 days, dependent on the level of income.

If you want to receive the total machine income (after supplier deductions) at the time of collection a revised agreement can be negotiated that will include an increased rental valuation to reflect this adjustment. Supply of gaming machines and associated products must continue with suppliers nominated by Wells & Co.

You are required to use machine supplier/s and consultants nominated by Wells & Co for the provision of this equipment, data analysis, overseeing security and general advice.

When taking on a pub business with Wells & Co you will receive a visit from the gaming machine supplier within 10 working days to discuss gaming machine income, income collections and documentation, the process for reporting machine faults and opportunities to maximise income from machine and ancillary products.

It is your responsibility to ensure that machine are available to play during all trading hours, this typically includes ensuring the machines have a sufficient float to be played, are switched on and any faults are reported to the supplier as soon as they occur.

Wells & Co does not receive royalties in respect of gaming machines and does not charge any business administration fees.

## **7. Property & Trade Inventory Matters**

See "Flexible Internal Support Section" – "Reporting Repairing Issues".

Well decorated and maintained pubs keep customers coming back and we're always looking to add new, good quality properties to our estate. We make an ongoing commitment to improvement projects that ensure our pubs are the envy of all giving your business a competitive advantage.

### **Decoration & Maintenance Of Pubs**

Our team of in-house specialists offer free advice and support on repair concerns, property improvements and compliance issues. The team are heavily involved with refurbishment projects, working closely with our customers throughout.

Whether you are taking a tenancy or lease agreement, the condition of the property, and repairing liabilities are reflected in the rent appraisal. You will be required to inspect the property with a member of the property team prior to finalising commercial terms and to agree any revisions to repairing liabilities and any repairs required to be completed at the time of entry. You should take professional advice as to the condition of the property.

If you wish to make any property improvements or repairs that are in excess of your obligations under the terms of your agreement, you should discuss these with the Property Team and a License to Alter must be granted on behalf of Wells & Co before proceeding and agreed in writing.

We invest in our pubs to attract consumers and create the ideal environment to make them feel at home. Advice is available on complying with your legal requirements, and from time to time, a Wells & Co representative or our agents will carry out a standards and compliance audit at your pub and advise on any actions you are required to undertake and the associated timescales for completion. Customers must ensure they fully understand their compliance and health and safety responsibilities, before the commencement of their tenancy or lease agreement

### **Renewable & Fixed Term Tenancies**

You will be provided with a full schedule setting out your repair and redecoration liabilities, for the property, which will be discussed with you ahead of entering into Heads Of Terms.

### **Renewable & Fixed Term Tenancy Agreements - Dilapidations**

Prior to termination of a tenancy agreement, a dilapidations survey to assess the level of repairs and re-decorations required to be completed by the customer, will be prepared based on the repairing liabilities within the customer's agreement. The cost of the survey will be met by the customer. Wells & Co will instruct the survey and provide a copy to the customer within two months of the formal acceptance by Wells & Co of a customer's notice/Wells & Co issuing notice to the customer to end the tenancy agreement.

The survey will be discussed with the customer by the Property Team who will confirm the repairs/works the customer will be required to have completed by the

agreed leaving date, at which time an inspection will be undertaken of the completed works.

Any repairs/works not satisfactorily completed by this time will be charged to the customers trade account.

## **Lease Agreements**

Wells & Co is generally responsible for the main structure of the building, although this may vary for some existing lease agreements.

Leases are typically granted on a "Put & Keep" basis placing responsibility on the customer to put the property into good order and then to keep it in that good order throughout the term of the Lease. This will be made clear to you before entering into Heads of Terms. The terms of the repairing liabilities are reflected in the rent appraisal.

You must take your own professional advice, as to the condition of the property, prior to entering into negotiations and subsequent Heads Of Terms will not be progressed until you have taken receipt of a full structural and condition survey (see 1. Getting Started).

A dilapidations fund is set up for lease agreements which you would pay into on a monthly basis to ensure funding is available if required for repairs and maintenance.

If you sell (assign) your lease you will sell on the balance of the fund to the assignee.

## **Dilapidations During The Term**

Wells & Co may carry out a schedule of dilapidations during the term of the Lease. You will be given 12 months but not less than 6 months to put right the works identified within the schedule, with the exception of any repairs that require immediate action under Health & Safety legislation, or are required to prevent damage to the building, or may void any insurance claim made by either party or are business critical.

## **Lease Agreements – Dilapidations at The End of The Term**

If your lease agreement is due to expire, 18 months prior to the expiry date of the lease, a full interim schedule of dilapidations will be prepared by a building surveyor, the cost of the survey will be met by the customer. This schedule is undertaken and provided to you for your early information and to give you good time to complete your liabilities. A member of the Charles Well Property Team will arrange to visit you at about 15 months before the lease is due to expire, to agree the repairs and redecorations you are required to complete. A subsequent terminal schedule of dilapidations will be provided to you 12 months prior to the lease expiry. An Inspection will take place at 3 months before the lease expires to confirm that repairs/works have been satisfactorily completed and if not the cost of the outstanding items will be charged to your trade account. If your lease is not to be renewed, a final inspection of the property will take place on the leaving date to ensure that all of your personal items and any site clearance have been completed, if not a charge will be made to your trade account.



## **Lease Assignments**

On the sale (assignment) of a lease, the assignee (buyer) must organise a full structural and condition survey, to outline any repairs and redecorations for discussion with the assignor (seller) as part of their negotiations on any premium being paid. A copy of the schedule and any negotiated repairs must be provided to Wells & Co in advance of the assignment, who may request any repairs required under the terms of the lease to be completed within an agreed time frame.

## **Dispute Process**

If you disagree with the independent survey of works required, you should raise your concerns immediately with the Property Team. If you're unable to come to an agreement, you should provide full details of your dispute in writing to the Property Manager, who'll arrange to meet with you to discuss your concerns and aim to reach an agreeable resolution. If a resolution cannot be reached you should refer to the company's dispute process.

## **Capital Developments**

Following preliminary discussions with your RDM and the Property Manager to discuss the development and the financial impact to your business, an agreement in principle will form the basis of negotiations between us to agree the scope of the project, level of investment from both parties (see Rent Appraisal Section – disregard at rent review) and uplift in trade and rent resulting from the project. The revised terms will be discussed at the internal Business Development Meeting and confirmed to you in writing when approved. A Deed of Rent Variation or alternative form of legal agreement (dependent on the level of investment required) will be signed by both parties.

The customer will be required to complete a Business, Finance & Marketing Plan. You should take professional advice in respect of your plan.

## **Customer's Own Improvements**

Any property improvements or repairs you make (excluding trade inventory) that are in excess of your obligations under the terms of your agreement will be disregarded, provided a Licence To Alter was granted on behalf of Wells & Co before works commence.

You must obtain a Licence to Alter for any redecoration or alterations to the property that are not being undertaken by Wells & Co (other than general day to day repairs). Such works must not be progressed until a Licence To Alter has been granted and will be funded by the customer. Professional advice should be sought before making any capital investment in the property.

## **Trade Inventory**

You will be required to purchase the trade inventory for the pub and must appoint a Licensed Trade Valuer to value the inventory, report on its condition and undertake any compliance checks on your behalf. You should take time to inspect the inventory with your Licensed Trade Valuer, so that you fully understand the condition of the fixtures and fittings you will purchase. Wells & Co does not at any time accept any liability for any damage, repair, maintenance, compliance, replacement or third party claim in respect of trade inventory.

At the end of your tenancy or lease you will normally be required to sell the inventory to your successor. You should be aware that you will be required to provide compliance and service certification / documents for all relevant inventory and you must appoint a licensed trade valuer to list the inventory and negotiate the selling price on your behalf. Only in the circumstances that a tenancy or lease agreement is expiring and a substantive replacement for you is not found to take on the property (on your agreement end date), will Wells & Co purchase your trade inventory, subject to valuation, the provision of up to date compliance documentation and the inventory being free of any encumbrances or lien. In the circumstance that you operate a lease agreement you must have notified Wells & Co at least 6 months before the lease expiry of your intention not to renew your lease, otherwise Wells & Co reserves the right not to purchase your trade inventory if a substantive successor to you is not appointed by your exit date.

When you take on a pub business you will be required to provide your licensed trade valuer with cleared funds for the purchase of the inventory, stock and the relevant fees at least 7 working days prior to the start date.

It may be possible to enter into a Conditional Purchase Agreement or to rent the trade inventory from Wells & Co dependent upon:

- The agreement type
- The property
- Your financial circumstance
- The value of the inventory
- Your trading status i.e. Limited Company

Your RDM will discuss these options with you at the time you are preparing your business plan.

## **8 Business Support Services**

Wells & Co provides a range of services through internal or third party service providers to support your business.

A number of services are provided free of charge but any costs that are associated with services will be collected by way of a service charge. A full breakdown of costs is provided to new customers when they produce their business, finance and marketing plan. Existing operators are provided with this information on an annual basis, at the time of any third party service provider price increases or on request.

### **8A Mandatory Business Support Services**

Mandatory services are chargeable and applicable to all agreement types except where indicated below:

#### **Buildings Insurance**

Wells & Co provides a buildings insurance policy that we believe gives the most competitive rates for our customers, who have no excess liability in the event of a claim. The costs associated with buildings insurance are included within your service charge. However, if you're able to achieve a more competitive rate provided by an AA (double A) rated insurer and on a like for like basis, we'll analyse your written quotation and Policy Document and subject to meeting conditions, we will match this price through an amendment to your service charge. In the event that a price amendment is agreed this will take effect from start date of the forthcoming service charge payment date and will not be back dated.

Our Property Team co-ordinates any buildings insurance claims with the insurers, loss adjusters and building/associated contractors as required in order to get your business trading again as soon as possible.

You'll be responsible for arranging all other insurance cover to include trade fixtures and fittings, stock and personal effects at the premises, Public and Employers Liability Insurance, loss of earnings, gaming machine cash box contents and any other insurance you consider necessary. You must register our interest in each case and provide us with a copy of your up to date insurance policies upon request.

#### **Cellar Cooling**

This service includes two maintenance visits per year, breakdown cover and the associated costs are also included in the service charge, replacement of your cellar cooling is paid for by Wells & Co.

## **Premises Licence Annual Fee**

Every year all licensed premises have to pay a licensing fee to the relevant local authority. To relieve you of the formalities and help spread the cost, Wells & Co makes this payment on behalf of our customers and collects the payment across the year through the service charge.

**Heating & Hot Water Systems Service** - Renewable and Fixed Term Tenancy Agreements only. Customers with a lease agreement are responsible for arranging and meeting the costs of this service

Heating and hot water systems (including boilers, water heaters and gas fires), must be serviced on an annual basis. Wells & Co Pub Company arranges for this service to be undertaken by qualified engineers on a flat fee, regardless of the number of boilers, water heaters or gas fires at the site. We also follow up any resulting repairs and ensure that appropriate certification is in place.

**Periodic Inspection Report Electrical Installation** - Renewable and Fixed Term Agreements only. Customers with a lease agreement are responsible for arranging and meeting the costs of this service.

An inspection of the electrical installation is required to be carried out by law. Wells & Co Pub Company arranges for an NICEIC qualified electrician to conduct these inspections, a report on any remedial repairs required will be submitted to us. Wells & Co is responsible for any essential works undertaken within the hard wiring but you will be required to meet inventory costs. We will also arrange for the appropriate certification to be issued to you.

## **Accountancy**

Good financial controls are crucial to the success of any business. Our nominated trade accountants are industry specialists and provide a range of accountancy and payroll services to your business at competitive rates.

The services of our recommended supplier are mandatory, you will be provided with cashflow reports, monthly management accounts, break even calculations, profit and loss accounts and a monthly balance sheet. By sharing this information with us, your RDM can make sure your business review meetings are as supportive and profitable as possible.

## **Stocktaking**

A professional stocktaker will give you better control of your stocks and help you maximise your profits. They provide advice on product mix and pricing, menu content for food stocks and a targeted analysis of your sales to ensure you're achieving an appropriate profit margin.

Our nominated stocktaker is an industry specialist, working closely with your accountancy provider and the service of a recognised stocktaker is mandatory in your agreement with Wells & Co.

## **Fire Safety Compliance**

Regular servicing and maintenance of all Fire Safety equipment is required by law.

Our nominated and suitably qualified engineer will carry out annual servicing of the fire extinguishers and 2 x 6 monthly services of the fire alarm and emergency lighting installations. Any remedial repairs identified will be submitted in a report to Wells & Co, and remedial works will be undertaken within 10 days. The costs for the remedial works will be charged to your trade account.

We will also arrange for the appropriate certification to be issued to you.

## **Kitchen Extract Duct Cleaning**

Our nominated contractor will carry out extract duct cleaning at a frequency determined by the hours of cooking that takes place each day. Our nominated contractor is HVCA qualified and will provide our customers with the required certification to meet industry insurance requirements.

## **8B Optional Business Support Services**

Wells & Co will also arrange the following services which are optional, the costs for which are chargeable and would also be collected through the customer's service charge

## **Floral Displays & Garden Maintenance**

The external appeal of your pub is essential in attracting consumers into your business and is the first opportunity you have of standing out from your competition. Our nominated specialists provide a planting and garden maintenance service customised to your needs and details are provided when you enter the business or are having an external redecoration scheme.

## **Employment & HR Advice**

Online HR and Health & Safety advice is available to you through [www.pub-hr.co.uk](http://www.pub-hr.co.uk) at a favourable subscription rate negotiated for Wells & Co' customers and you should contact the supplier direct to take advantage of their services. You can also gain help and advice through membership of professional bodies such as the British Institute of Innkeeping (BII) or Federation of Small Businesses (FSB).

## **8C Business Rates Assessments & Energy Advice**

These services are free of charge to your businesses through external service providers.

## **Business Rates Assessment**

It's important to review your business rates on a periodic basis to ensure you're not overpaying. Our externally appointed asset managers undertake this service on your behalf and the cost is met by Wells & Co.

## **Energy Advice**

Advice on reducing your carbon footprint and your energy bills is available through the British Institute of Innkeeping (BII).

## **8D Flexible Internal Support**

Running your own pub can be rewarding but running your own business can also be a challenge. Wells & Co Pub Company offers individual support packages to meet your requirements. Our customers' needs are at the heart of everything we do and we never forget how important you are to our business. We work closely with you to provide the support you need to help develop long-term successful businesses together.

All of the relevant support teams will be represented at the induction programme to discuss the support provided to your business and any relevant documentation you will receive.

## **Retail Development Managers**

You're supported by a Retail Development Manager (RDM) who'll be your main contact with us. Their job is to offer business advice, ideas and information to help build your trade and improve your profits. The business review structure introduced during the Induction course will form the basis of a quarterly meeting with you to understand and develop your business. On average the RDM will visit your business every six weeks, or be represented by other experts in specific fields (finance, marketing etc.) from our internal support team.

They'll advise you on your performance against the key measurements for the trading style of your business and discuss feedback from our Eagle Eyes mystery visitor programme to help ensure that your business flourishes. They help identify any training needs and link you to the range of other support teams available to you.

Your RDM will also discuss your involvement in local community activity and responsible alcohol retailing initiatives and provide details of your local Pub Watch scheme.

To get the best from your Business Review, you should ensure that you set aside adequate time for the meeting, that the meeting takes place at a time when you will not be disturbed and that you have made your RDM aware of any agenda items you wish to discuss in advance.

We believe that the development of our RDM's is of paramount importance to help support your business and we commit to delivering the appropriate training and personal growth programmes to provide the best RDM's in the industry. They hold,

or if they have recently joined the business, will be in the process of gaining the BII Level 4 Certificate In Multiple Retail Management. Records are kept of the training undertaken by the RDMs.

In the event that your RDM is away from the business you will be directed to an alternative member of the operations team who will be providing temporary cover.

## **Customer Support Team**

Help is always just a phone call away. The Customer Support Team is a central point of contact for your enquiries including property repairs, account queries, deliveries, ullage returns and similar requests.

## **Reporting Repairing Issues / Liabilities**

If you have a repairing issue you should contact the Customer Support Team, who will check the liability for the repair. If the repair is the responsibility of Wells & Co the relevant maintenance contractor will be requested to attend and undertake the repair. You will be required to sign a works order to confirm the repair has been completed satisfactorily. You may also receive a telephone call from the Customer Support Team to monitor your satisfaction with the service and standard of workmanship relating to the repair. If the repair cannot be fixed from the first visit you will be kept informed of further actions required and estimated timescales. Maintenance contractors will contact you in advance of any visit to confirm access times.

If the repair you request is your liability you will be provided with details of a suitable maintenance contractor that you may wish to contact to complete the repair. You will be required to pay the contractor directly for any work undertaken on your behalf.

## **Retail Sales & Marketing Team**

The Sales and Marketing team support you throughout your time with us. From reviewing your initial Business, Finance & Marketing plan, right through to continued sales building support, they are your main support for identifying trading opportunities and providing you with the tools to make them happen. Sales-building support comes in a number of forms including development of Sales & Marketing Action Plan for your pub and an initial three month promotional plan, when you first enter your pub. Subsequently this is supplemented with seasonal newsletters full of sales building ideas and tools; and a quarterly "Untapped" magazine full of supplier deals for you and your consumers.

## **Wine Sales Development**

Both Marketing and your Retail Development Manager are available to work with you on your wine lists; using their advice and experience you can explore areas to develop wine sales within your business. You can also find invaluable information on creating point of sale and wine lists at [www.charleswellsretailtoolkit.co.uk](http://www.charleswellsretailtoolkit.co.uk).

## **Technical Services**

Beer raising equipment and support are provided to ensure you receive a reliable, qualified and informed service.

Customers must clean their beer lines with an approved fluid once a week. Line cleaning frequency is monitored by Wells & Co, by way of the flow monitoring system. The costs associated with this quality assurance procedure have been factored into rent calculations and if you aren't cleaning the beer lines, a charge will be made to ensure the lines are professionally cleaned.

Beer raising issues should be reported to Customer Support, who will arrange for an engineer to attend.

### **Drinks Orders and Deliveries**

Our telesales team provides a "one stop shop" for all your drinks orders, and will call you on a pre-arranged day each week to take your order. Emergency "top up orders" are also available for which a charge may be payable. Your telesales contact will advise you of the latest promotions you can claim from our "Untapped" promotional publication which you'll receive on a quarterly basis.

Your drinks products will be delivered to you within a pre-defined time window by our nominated logistics provider. You must ensure you are available to accept and check your delivery otherwise your order will be returned to the warehouse for future delivery. Our Customer Support Team is available to answer any questions you may have relating to your delivery. You will be provided with a delivery note for you order and you must check that the correct products have been delivered and are not damaged, before signing for your order. You should make both the delivery team and Customer Support aware of any issues as soon as they arise.

Additional deliveries can be arranged, but they may carry a delivery charge, which would be confirmed to you at the time of placing your order and charge to your trade account.

### **Licensing Support**

Our Commercial Services Team co-ordinate and process all licensing applications on your behalf and assist in any licensing issues or disputes that may have an impact on your business.

This co-ordination service is provided free of charge as added value support to your business. Any third party charges or fees, such as advertising, authority and solicitor fees must be met by your business.

### **In House Gaming Machine Management**

Gaming machines and associated products are an important source of income to many pub businesses. This support is provided free of charge and can make a significant contribution to your business through:

- achieving competitive machine rates
- driving service levels
- advising on the most appropriate machines for your business
- maximising income
- protecting against fraud and rogue machine suppliers



## **8E Material Changes / Business Difficulties**

If you experience a material change to your circumstances or a business difficulty beyond your control, you should contact your Retail Development Manager in writing immediately and we will respond within 35 calendar days. A material change is defined as an event that brings about a permanent change to trading conditions (documented by one year's worth of evidence), is not capable of prevention or remedy by other means, specifically effects the Customer's pub, is not a result of an increase in tax, duty or regulatory compliance costs or an increase in the wholesale price of goods supplied under the tie.

In the first instance you'll be required to provide the following written information so that we can fully review your situation:-

- your most recent Profit and Loss accounts
- information relating to the impact of the material change of circumstances to your business,
- stock reports
- details of debtors and creditors.

In these circumstances you may be eligible for a rates reduction. Our retained Rating Agents will help you with this process free of charge.

It is important that we work together to overcome business difficulties, therefore, once you have provided all of the relevant information to progress your request for support, you will meet with Wells & Co Business Support, Marketing and Operating Standards experts who will recommend actions that you will be required to undertake to assist your business.

Any support provided is at the discretion of Wells & Co Commercial Panel. If support is to be given this will be based upon the information you have supplied and recommendations from the experts and your RDM.

You will be required to sign a Financial Support Agreement, agreeing to adhere to the terms and actions set out within that agreement to assist the recovery of your business. Wells & Co reserves the right to withdraw and reclaim any support if the Customer does not reasonably endeavour to meet these terms and actions. If you have not already done so, you will also be required to instruct the services of Wells & Co' nominated accountant and stocktaker on an ongoing basis.

If support is provided to your business in the form of a rent deferral, this is on the terms that these deferred rents will be paid at a future date to be determined by Wells & Co.

If your business is in financial difficulty you should also consider taking independent professional advice.

## **9 The Retailers' Academy Training**

Each and every pub requires a different set of skills to operate effectively; that's why we match your skills and ambitions to the most suitable pub for you. However, we also believe that ongoing training is essential for running a successful pub and a profitable business.

Our courses are run at The Eagle Centre, which is our British Institute of Innkeeping Awarding Body (BIIB) Grade One accredited facility based at the Brewery. Our programme of award winning training is designed to meet everyone's needs, we may recommend additional courses or support as appropriate. We therefore recommend you put together your training plan in consultation with your RDM as they will confirm current course costs and any discounts, free places or external funding sources available.

### **Wells & Co Retail Induction Program**

The Induction Program was introduced in 2007 and won the BII National Industry Training Award (NITA) for best induction programme in a non-managed estate. NITA recognises excellence in industry training standards and Induction programs ongoing development has resulted in being named a finalist three times.

The Induction program is a five day programme and is normally compulsory for all customers taking a Wells & Co pub and all new head office staff. It provides a comprehensive introduction to running a pub and offers help, advice and relevant qualifications, such as the nationally recognised BIIB Level 2 The Award in Licensed Hospitality Operations (ALHO) and the Award in Beer and Cellar Quality (ABCQ). As the Induction Program is tailored specifically to Wells & Co Pub Company you'll meet key members of the Telesales, Customer Support, Credit Control, Operations, Marketing and Business Support Teams. The function of each department together with any documentation and administration will be explained, to include the delivery and ullage processes, invoices, delivery notes and statements and the Business Review structure.

If you've never run a pub before, the Induction program also offers an opportunity to spend time with one of our existing customers. These mentors are a crucial element of the scheme, showing you what's involved in running the bar, the back office and raising operational issues for you to think about. Mentors offer further advice from their own experience and give you a realistic insight into running your own pub before you commit yourself.

There is a charge to attend the Induction program, with discounts for more than one delegate from any particular pub. The current prices for all training courses are available online at [www.wellsandco.com](http://www.wellsandco.com) or in our Retailers' Academy training brochure. In the following years to the Induction program customers and their staff can use their free training vouchers to attend up to six modules of the Induction program each year to help develop their business.

### **Ongoing Training Through Our Retailers' Academy**

Once you have completed your induction, we would suggest you design a training plan with your RDM that matches your own needs, the needs of the business and

those of your staff. This might include practical skills such as developing your management techniques, brushing up on some Marketing skills or even registering with our recommended on-line training provider.

Through our Retailers' Academy training, you can draw on our experience, learn new ideas and initiatives to boost your business and gain nationally recognised qualifications.

Once in your pub, we'll keep you updated with training opportunities for you and your staff. Nationally recognised qualifications available include:

- Award for Personal License Holders
- ABCQ Award in Beer & Cellar Quality. Cask and Keg
- ALHO Award in Licensed Hospitality Operations

For more information on any of our courses, see our retailers' academy training brochure or visit [www.charleswellspubs.co.uk](http://www.charleswellspubs.co.uk)

## 10. Check Before You Sign

### Commercial Meeting Prior To Taking Your Pub

The Commercial meeting provides an opportunity for you to conclude negotiations and ask any questions you have in relation to your agreement or the support services available and to make sure you fully understand the obligations of the agreement you're entering into before signing the Heads Of Terms which will form the basis for the legal agreement between our businesses. If you have any concerns that can't be resolved at this meeting or subsequent discussions, you can get further specialist advice or withdraw completely. Prior to the commercial meeting you will be provided with a commercial summary for your review which sets out the details of the core terms under which the business will be let to you.

At the Commercial Meeting, you'll meet your RDM to have a further review of: (1) trade levels and the rent expected for the pub in accordance with the financial data provided within your business plan and cash flow forecast, (2) the items which form the Heads of Terms reflected in your agreement and (3) the practical arrangements you need to make. The following points will be covered at this meeting:

- Your RDM will have already discussed with you and ensured that the proposed agreement, by which you will occupy and operate the pub business and the initial length of tenure, is appropriate to your experience, your circumstances, the trading style and potential of the pub. You will be required to provide your solicitors details at this stage. You will be provided with a "copy" of your agreement for your early information.
- You will have already received a copy of Code Of Practice and Wells & Co Pub Partners Policy Document, however further references to these important documents will be made.
- All matters relating to rents, including the rent appraisal, shadow profit and loss account and the last three years trade figures and any other information provided to produce your business plan.
- The Premises Licence which you normally hold in your name will be explained, the restrictions fully discussed and a copy provided.
- Our Gaming Machine & associated product policy will be explained, highlighting the appropriate types of machine for your property, your financial obligations. You will be provided with a "copy" of the Gaming Agreement for your early information. The number, style and siting of gaming machines in your pub will also be discussed
- Further confirmation of your drinks purchasing obligations, how these purchases are monitored and what happens if your obligations are breached - see "Drinks Purchasing Obligations"
- Further review of our drinks prices and the discounts that you will have already included within your business plan.

- An introduction to our extensive product range, including the speciality beer selection from Wells & Co.
- Reconfirmation that the required level of ingoing investment is available and also reconfirmation of the anticipated investment that will be required in the business in the future, ensuring your cashflow forecasts are realistic, this will already have been confirmed at a Business Plan Meeting.
- A "Start Up Guide", which sets out all of the operational considerations/information you should have in place before your start date
- The security deposit and dilapidations funds that you will be required to pay prior to the start date of your agreement.
- You will already have been advised on the approximate value of the trade inventory however you must rely upon the valuation presented to you by your appointed licensed trade valuer in relation to the actual sum to be paid. The meeting will explain how your purchase of the inventory from the outgoing licensee will be completed. We'll also provide a list of licensed trade valuers, which you will need to appointment to value and oversee the inventory transaction and make any compliance checks on your behalf. We recommend that you attend the valuation with your licensed trade valuer to inspect the inventory in advance of taking your pub
- If special arrangements have been made for you to either rent or purchase the inventory by way of a Conditional Purchase or Rental Agreement you will receive a copy of the relevant agreement for your early information
- Confirmation of the ingoing costs as specified on the business opportunity details
- The Property Maintenance Surveyor will attend the meeting following on from your joint inspection of the property. Details of repair issues and actions will be confirmed along with your repairing liabilities. The dilapidations process at the end of your agreement will also be confirmed. You will also have discussed your independent full structural and condition survey of the property (if you are taking a lease agreement)

We'll provide you with a copy of the Operational Standards and Compliance criteria to highlight the standards you are expected to maintain whilst in your pub, these will be audited by a Wells & Co representative or third party agent from time to time.

- We'll discuss with you any proposed property development plans, the likely impact on your business and how these will impact on your profit potential
- Details of any material changes that may affect or are affecting the business that we're aware of such as changes to our own or competitor pubs, housing developments, road planning etc. Please note, Wells & Co does not implement restrictive covenants on any of its pubs that are sold

- Making you aware of any known enforcement orders
- Clarification of the business support services available from our nominated suppliers or in-house specialists. The costs (where applicable) and how to draw on these services will be confirmed, and we'll discuss any additional support services that you may wish to take.
- We'll clarify the required insurances relevant to your business
- We'll explain your obligations under the Transfer Of Undertaking Of Protection of Employment (TUPE) you must ensure the outgoing licensee meets their legal requirement to provide a full list of employees, their terms and conditions and any outstanding legal issues
- Making sure that you've attended, or are booked onto, the Wells & Co induction course, as this is a mandatory condition of taking your pub and for which there is a delegate charge. Multi-operators should arrange for their proposed manager to attend this course. The course provides a comprehensive introduction to the industry, our support services and how we work with you to build sustainable businesses together. If you haven't attended, or made arrangements to attend the Induction program within three months all product discounts will be withheld.

Before instructing lawyers, a final review of each letting will take place by the Commercial Services Team, as part of Wells & Co' internal compliance procedure to ensure the letting has been progressed and finalised in accordance with this Policy Document.

## **11. Disputes & Complaints Procedure**

If you have a complaint in respect of Wells & Co' compliance with the Code of Practice, you should address your complaint in writing to your Retail Development Manager. If a satisfactory conclusion cannot be reached you must then address your complaint in writing to the Director of Wells & Co Pub Partners, who will arrange to meet with you and to provide a conclusion within 35 working days (unless another timeframe is mutually agreed). If a satisfactory conclusion is still not achieved, you may refer your complaint to PICAS (Pub Independent Conciliation & Arbitration Service).

PICAS  
Wessex House  
Camberley  
Surrey  
GU15 3PT  
Tel: 01276 417806  
E-mail: [info@picaservice.com](mailto:info@picaservice.com)

### **Breach of Covenant**

Any breach of covenants will be dealt with in accordance with the tenancy or lease agreement that exists between our businesses.



## **12. Further information**

For further information on any aspect of our business or specific questions in relation to this Policy Document, please contact the Customer Services Team on 01234 279105 who will direct your query to the most appropriate person.

# Wells & Co - Glossary of Terms

## 1. General

- Customer – Tenant or Lessee
- BII – British Institute of Innkeeping ([www.bii.org](http://www.bii.org))
- BIAB – British Institute of Innkeeping Awarding Body
- BIIBAS - British Institute of Innkeeping Benchmarking and Accreditation Services
- BBPA – British Beer & Pub Association ([www.beerandpub.com](http://www.beerandpub.com))
- ALMR – Association of Licensed Multiple Retailers ([www.almr.org.uk](http://www.almr.org.uk))
- WSET – Wine & Spirit Education Trust ([www.wset.co.uk](http://www.wset.co.uk))
- CIEH – Chartered Institute of Environmental Health ([www.cieh.org](http://www.cieh.org))
- IFBB – Independent Family Brewers of Britain ([www.familybrewers.co.uk](http://www.familybrewers.co.uk))
- IRRS - Pubs Independent Rent Review Scheme
- PICAS - Pub Independent Conciliation & Arbitration Service
- Pub Governing Body – The Board overseeing governance of BIIBAS

## 2. Commercial / Operations

- RDM – Retail Development Manager
- DRM – Development Review Meeting
- CEC – Capital Expenditure Committee
- TPM – Temporary Pub Management
- ATL – Agreement To Lease
- AWP – Amusements With Prices (fruit machines)
- SWP – Skills With Prices (quiz machines)
- FMT – Fair Maintainable Trade
- FIG – Free Issue Goods
- LTA – Licence to Alter
- POS – Point Of Sale or checkout is the location where a transaction occurs and is the equivalent of an electronic cash register. A POS terminal manages the selling process by a salesperson accessible interface.
- Cask Marque – ([www.caskmarque.co.uk/](http://www.caskmarque.co.uk/)). This is an accreditation scheme operated by an independent body called the Cask Marque Trust, which is a limited company and a non-profit making organisation. The accreditation stands for:
  - Excellence in the service of cask ale
  - Awarded to the licensee rather than to the pub
  - Inspections made twice a year
  - Heads of Terms – document that set out the key terms of the tenancy or lease agreement.

- Agreement Types:
  - TAW – Tenant at Will agreement
  - FTT – Fixed Term Tenancy
  - RTA –Renewable Tenancy agreement
  - Tenancy – Fixed Term or Renewable Tenancy
  - Lease – Lease agreement
  - CPA – Conditional Purchase Agreement (purchase of trade inventory)
- Trading Categories / Styles:
  - DF – Destination Food
  - DCF – Destination Community Food
  - DCW – Destination Community Wet
  - CLW – Community Local Wet
  - TC/C – Town centre/chameleon

### 3. Property

- EPC – Energy Performance Certificate
- EHO – Environmental Health Officer

### 4. Financials

- RPI – Retail Price Index. An inflationary indicator that measures the change in the cost of a fixed basket of retail goods.
- AOD – Advanced Off Discount
- DCF – Discount Capital Flow
- MPT – Minimum Purchase Target
- NBV – Net Book Value - The net value of an asset. Equal to its original cost (its book value) minus depreciation and amortization. also called net book value and depreciated cost.
- AGA – Authorised Guarantee Agreement
- MAT – Moving Annual Target (or Total)

### 5. Marketing

- PPC – Pay per Click, an advertising campaign with Google

### 6. HR & Training

- ARAR – Award in Responsible Alcohol Retailing ([www.charleswells.co.uk/home/training/biiab/arar](http://www.charleswells.co.uk/home/training/biiab/arar))
- STARS – Service Training And Retail Standards
- ABCQ – Award in Beer & Cellar Quality ([www.charleswells.co.uk/home/training/biiab/cellar-management](http://www.charleswells.co.uk/home/training/biiab/cellar-management))
- APLH – Award for Personal Licence Holders (<http://www.charleswells.co.uk/home/training/biiab/aplh>)

**Appendices:-**

- 1.Shadow P & L
- 2.Rent Appraisal Process
- 3.Flow Monitoring Equipment



**Shadow Profit and Loss Account**

<b>Sales</b>					
Sales	Sales split	Net Sales (Excl VAT)		Gross Sales (Incl VAT)	
		Weekly	Annual	Weekly	Annual
Draught Lager		0	0	0	0
Draught Ale		0	0	0	0
Draught Cider		0	0	0	0
<b>Total Draught</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Packaged Beer		0	0	0	0
Packaged Cider		0	0	0	0
Packaged FABs		0	0	0	0
<b>Total Packaged</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Wines		0	0	0	0
Spirits		0	0	0	0
Soft Drinks		0	0	0	0
<b>Wet Sales</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Food	0%	0	0	0	0
<b>Other Income</b>					
Accommodation	0%	0	0	0	0
other	0%	0	0	0	0
<b>Total Sales (Turnover)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Gross Profit</b>					
		GP %	Annual		
Draught Lager		0.0%	0		
Draught Ale		0.0%	0		
Draught Cider		0.0%	0		
<b>Total Draught</b>		<b>0.0%</b>	<b>0</b>		
Packaged Beer		0.0%	0		
Packaged Cider		0.0%	0		
Packaged FABs		0.0%	0		
<b>Total Packaged</b>		<b>0.0%</b>	<b>0</b>		
Wines		0.0%	0		
Spirits		0.0%	0		
Soft Drinks		0.0%	0		
<b>Wet Sales</b>		<b>40.0%</b>	<b>0</b>		
Food	60.0%		0		
<b>Other Income</b>					
Accommodation	0.0%		0		
other	100.0%		0		
<b>Total Gross Profit</b>			<b>0</b>		
<b>Direct Expenditures</b>					
<b>Staff costs (excl Manager)</b>			<b>Annual</b>	Cost as % of Turnover	Benchmarking costs %
Rent		0	0	0.0%	11.2%
Business Rent (90% of total rent)		0	0	0.0%	0.0%
Business Rates (House specific)		0	0	0.0%	0.0%
					Ratable Value 11,500
<b>Service Charge</b>	Standard Band	TBC	0		
Options please choose					
Accountancy	No	0	0		
Stocks Wet	No	0	0		
Line Cleaning	No	0	0		
			<b>0</b>	0.0%	0.0%
Utilities & supplies					
Utilities (incl water)		0	0	0.0%	5.1%
Waste disp/Hygiene		0	0	0.0%	1.5%
Telephone		0	0	0.0%	0.4%
			<b>0</b>	0.0%	0.0%
Insurance		0	0	0.0%	0.5%
Equipment Hire		0	0	0.0%	0.1%
Direct costs / Consumables		0	0	0.0%	2.0%
Marketing, Promotions etc		0	0	0.0%	2.8%
Entertainment		0	0		
Other Mktng / Promotion		0	0		
Satellite (Optional £3-£13k linked to RV)		0	0	0.0%	0.0%
Garden & Flowers (Optional £500 to £2,500)		0	0	0.0%	0.0%
Printing & postage		0	0	0.0%	0.2%
Training (Yr 1 CWPC training £425 - 700)		0	0	0.0%	0.0%
Vehicle & Transport costs		0	0	0.0%	0.7%
Sundries		0	0	0.0%	0.2%
Trade Insurance		0	0		
Regulatory Compliance Costs		0	0		
Licensing & Responsibility		0	0		
			<b>0</b>	0.0%	0.0%
Professional Fees					
Stock taking		800	800		
Accountancy		2,500	2,500		
Legal Fees		1,000	1,000		
Other Professional Fees		1,000	1,000		
			<b>5,300</b>	0.0%	0.0%
Bank Charges		0	0	0.0%	0.3%
Interest and Financing costs		0	0	0.0%	0.0%
Repairs		0	0	0.0%	1.5%
Inventory & Vehicle Depreciation		0	0	0.0%	1.3%
<b>Total Direct Expenditures</b>			<b>5,300</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Profit/Loss before Machine Income</b>			<b>0</b>		
Machine income	Yes	0	0	0.0%	>>%
<b>Profit/Loss including Machine Income</b>			<b>0</b>		
Conversion			0.0%		
<b>Divisible balance</b> (P/L excluding Machine Income & Rent)					<b>0</b>
Total Rent as a percentage of this balance					0.0%
Managers Salary					



# RENT APPRAISAL PROCESS

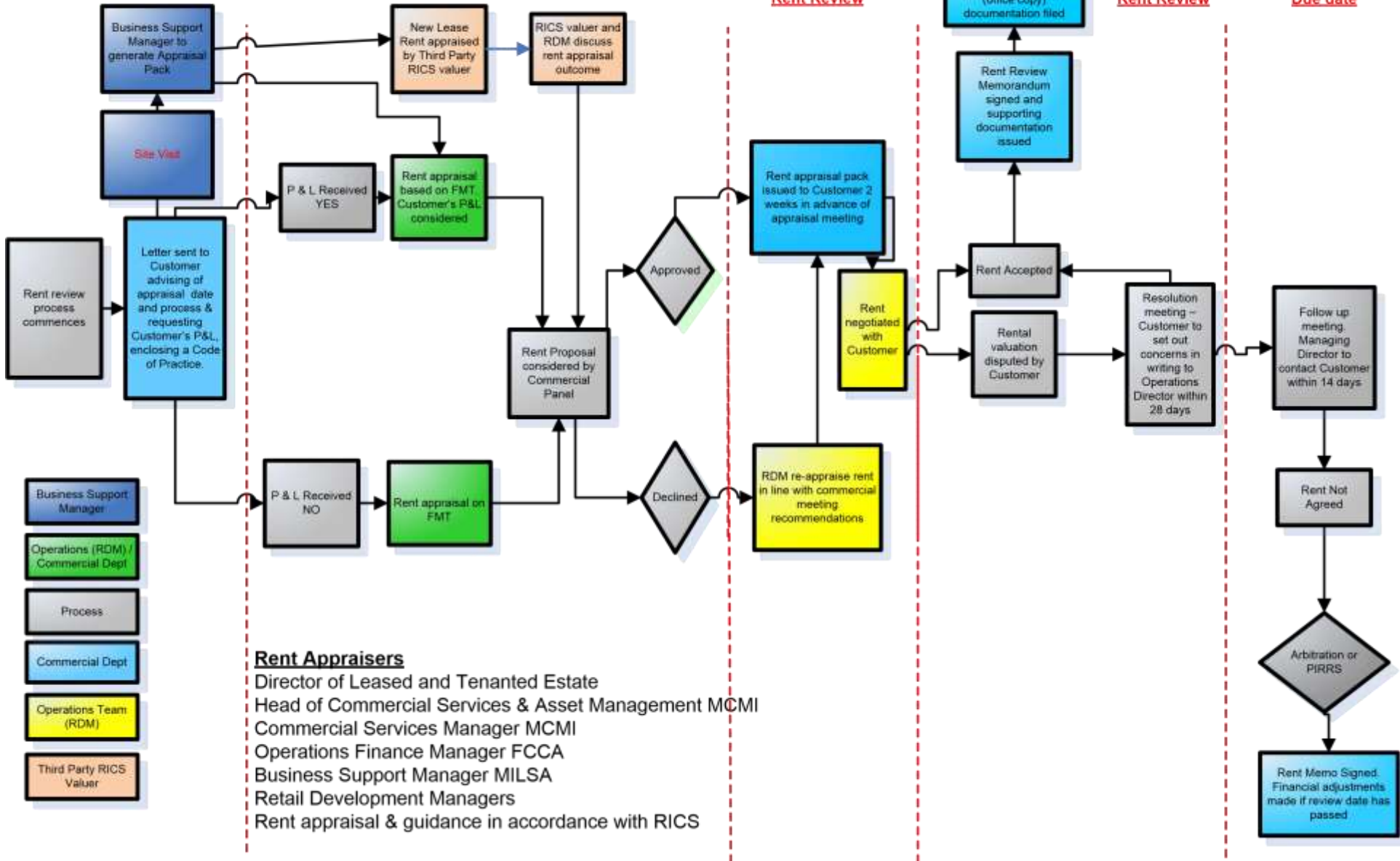
10 Months Prior to Rent Review

7 Months Prior to Rent Review

6 Months Prior to Rent Review

4 Months Prior to Rent Review

3 Months after Due date





## **FLOW MONITORING EQUIPMENT**

Flow monitoring equipment measures the volume of draught products dispensed through the beer/cider lines by way of a flow meter installed onto each beer/cider line, which is individually calibrated. This information is then transmitted to the service provider and is compared to the volume of draught products purchased from Wells & Co. Flow monitoring data (which shows any anomalies between dispense and delivered beer and cider volumes) is then provided to Wells & Co.

If flow monitoring data suggests a breach in the purchasing of draught products, the equipment will be checked. Flow monitoring meters are calibrated in situ to give the most accurate measurement of volumes. It is acknowledged that these can only be confirmed as absolutely correct at the time of calibration, therefore if they are to be used in a loss of profits claim the following procedure is undertaken:-

The calibration setting is checked, if the reading varies by more than the calibration tolerance level set out below, the meter is re-calibrated

Accepted tolerance levels	-	Keg product meters	1.7%
		Cask product meters	3.5%

If the calibration setting is changed the following process is applied (always calculating any lost profits to the benefit of the licensee):-

If the new calibration setting is adjusted higher than the previous calibration setting (potentially overstating the volumes dispensed) the damages value is re-calculated to the new higher setting for the whole period.

If the new calibration setting is adjusted lower than the previous calibration setting (potentially previously understating volumes dispensed) the damages value remains at the original higher setting for the whole period

Any draught product used when calibration takes place, will be confirmed to you and a credit raised to the trade account. The calibration process is undertaken by a trained engineer.

Information relating to trading patterns is also available from these sources and will be provided on request. This trading insight can assist business development when shared at the regular business review meeting with your RDM, aiding staffing plans, identifying promotional opportunities and so on. Access to flow monitoring data is available to you through the service providers website; contact the Commercial Services Team.

The installation and activation of FME is at Wells & Co's absolute discretion.