

# CODE OF PRACTICE



**The Letting and Operating of Tied  
Leased and Tenanted Pubs**

### An introduction from the Chief Executive

The pub industry has seen many changes since we started Enterprise Inns back in 1991, but our commitment to the leased and tenanted business model has remained a constant theme for our business throughout this time. From modest beginnings, we can now be justifiably proud of the outstanding quality of our pub estate, located throughout England and Wales, offering an unrivalled range of locations, size and trading styles.

I passionately believe that the availability of top quality pubs for lease or tenancy offers enthusiastic, committed and entrepreneurial operators an opportunity to take on the challenges of creating and running a successful pub business without having to buy a pub and with the support, expertise and resources of a major public company committed to long term success in the pub industry and mutual profitability working alongside our “Retailers in Partnership”.

The past twenty years have seen many challenges: increasing competition for the Consumer's leisure pound; more red tape and regulation, including a ban on smoking in pubs; higher taxes and duties and supermarkets selling alcohol at irresponsibly low prices. How have pubs coped with these challenges? They have simply got better and better. Compared to twenty years ago, the range of products, be it locally produced cask ales or exotic foreign lagers, has increased beyond all recognition. Pub food, once a story of crisps and soggy scampi in the basket, can now compete with the best restaurants. Standards, quality, choice: do your own market research - we all know that pubs have never been better.

For Enterprise Inns, taking part in the quality revolution has simply meant having the best pubs and, above all, attracting the very best licensees to work with us as “Retailers in Partnership”.

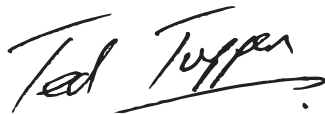
## What is this Code of Practice?

Our new Code of Practice sets out our commitments to you, spelling out in the simplest possible terms the way in which we will work together with you for mutual success in your Enterprise Inns pub.

The core values upon which we have built almost twenty years of success lead with fairness, integrity, honesty, transparency and mutual respect and these are the key themes that run through this Code of Practice.

If you decide to take on an Enterprise Inns pub, we want you to be well prepared, fully aware of the contractual relationship that you are signing up to and confident in the support that you will receive whilst working with the Enterprise Inns team. Of course, you will be accepting certain obligations and we must make sure that there is nothing in the small print to catch you out, that there are no surprises waiting around the corner. We strongly recommend that you take independent professional advice to assist your understanding of your obligations and the protection afforded by this Code. There is a glossary of terms included in this document to help you understand any technical terms or jargon we may have used.

Our Code of Practice complies with all aspects of the UK Pub Industry Framework Code of Practice and has been accredited by the British Institute of Innkeeping Benchmarking and Accreditation Service (BIIBAS), an accreditation which will be reviewed on an annual basis to ensure that we are standing by our commitments to you. Both you and Enterprise Inns will be required to sign a certificate to confirm that the terms and conditions of the Code are fully understood and, whilst your formal lease or tenancy agreement will always be the legally binding proof of the contractual relationship between us, this Code will have effect and may be relied upon by both parties in any dispute.

A handwritten signature in black ink that reads "Ted Tuppen". The signature is written in a cursive, slightly slanted style with a long horizontal stroke at the end.

Ted Tuppen CBE (Chief Executive)

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## Considering taking a pub with Enterprise Inns

Running a pub is a serious business and we want to make sure that you are fully aware of the challenges that lie ahead. You need to spend sufficient time to ensure that you know as much as possible to help you select the right pub, the most appropriate form of agreement, the skills and qualifications that you need and the support that we will offer.

There are alternative ways of starting a career in the pub industry; you may choose to buy your own pub and operate it as a free house, or you may become an employee and work as a member of staff in a managed house. These options are not available with Enterprise, as we only offer pubs to be operated under lease or tenancy agreements, our clear area of focus and expertise since the company was formed some twenty years ago.

### Pub letting particulars

We will send you our standard letting particulars, Pub Business Opportunity, for any available pub which you believe might suit your requirements. This full colour document shows a photograph of the pub, descriptions of the trading area and living accommodation, a local demographic and competitor analysis and an estimate of the rent and ingoing funds required.

To view an example of our standard letting particulars, visit [www.enterpriseinns.com/cop/pubbusinessopportunity.pdf](http://www.enterpriseinns.com/cop/pubbusinessopportunity.pdf)

### Flexible letting agreements

All of our letting agreements offer an unrivalled range of market leading products, a choice of tied or free-of-tie options for the supply of some beers, ciders, wines, spirits, minerals and amusement machines. There are a variety of incentive mechanisms to help you to put together a letting package most suited to your particular business plan. All other supplies to the pub, notably food, are completely free-of-tie in all cases.

There are currently two different tied agreements offered by Enterprise Inns which are covered by this Code of Practice, but the commitments we make are also applicable to every current tied agreement (excluding Tenancies at Will) under which an Enterprise pub is operated. Whatever form of agreement you choose, you must ensure that you are fully aware of all of the contractual obligations that you will be signing up to, including a drinks supply agreement (product tie) and your responsibility for maintaining your pub in good condition, further details of which are explained under Repairing Responsibilities later in this Code. It is vitally important for you to understand that under any tied drinks supply agreement, in return for a subsidised rent, you may pay more for your tied drinks supplies than you would do if you were free-of-tie.

**Retail Partnership Tenancy (RPT):** This is a shorter form of agreement available for lets of between one and five years which is contracted out of the Landlord and Tenant Act 1954. It is excluded from any security of tenure and expires on its contractual expiry date. You are responsible for day to day maintenance, rent is subject to annual indexation by reference to the Retail Price Index (RPI) and the agreement is non-assignable.

**Retail Partnership Lease (RPL):** This is a substantive lease agreement available in terms of 10, 15 or 20 years. It is a protected business agreement with security of tenure where there are statutory rights to renew at the end of the contractual term. You are responsible for all non structural repairs. Rent is subject to annual indexation by reference to RPI and in some cases, a five yearly open market rent review, which can move the rent upwards or downwards. After an initial two year period the agreement is assignable subject to obtaining our consent.

Providing that there have been no material breaches of the agreement during its term, you are continuing to meet your repairing responsibilities and are trading the business at a level which might be expected of a reasonably efficient operator, we would normally seek to enable the

renewal of your agreement (either RPT or RPL) at the end of its term, whether or not it is protected under the Landlord & Tenant Act 1954.

Full details of these agreements and their summary heads of terms, together with the range of available service, training and support packages that we offer, are available from our Recruitment team at Enterprise Inns (0800 953 0072) or visit [www.enterpriseinns.com/cop/agreements](http://www.enterpriseinns.com/cop/agreements)

## Pre-entry requirements

Before you even consider applying for a particular pub with Enterprise Inns, you need to be aware of the high standards of qualification that we regard as essential for running a successful pub business:

- If you have not previously run a pub, you must as a minimum complete the Pre-Entry Awareness Training Course run by the British Institute of Innkeeping (BII), [www.bii.org/home](http://www.bii.org/home) prior to signing any agreement. You will also be required to attend our five day Business Foundation Programme. This induction course delivers three key qualifications – the BII Introduction to Licensed Retail Operations, the Level 2 Award in Food Safety and the BII Award in Beer and Cellar Quality, and it is our expectation that you will complete this programme prior to commencing your agreement. For details of our Business Foundation Programme, visit [www.enterpriseinns.com/cop/training](http://www.enterpriseinns.com/cop/training)
- If you are an experienced retailer but you have not attended our business induction course or an equivalent course elsewhere in the last three years, or there has been a key change in legislation, you will be required to attend our Business Foundation Programme.
- The above requirements may be waived, at the company's discretion, if you are deemed to be suitably qualified, through experience and achievement, to rely on your judgement, or are a company of sufficient standing.
- You will be required to hold a Personal Licence
- You must be able to prepare and deliver to us a detailed business plan for your pub, including your plans for operating the business together with detailed profit and loss and cash flow forecasts.
- You must take proper, independent professional advice in respect not only of your business plan but also with regard to the legal obligations attaching to the agreement and the property that you are taking on.
- You will be required to provide evidence of your creditworthiness and of access to adequate funding to support your application for the pub and the execution of your business plan.
- This Code of Practice contains a number of links to external websites which we believe are important sources of information to you, both immediately and ongoing. Electronic communication methods will be an important element of our business relationship and it is our expectation that you will maintain a valid e-mail address and internet connectivity throughout the term of your agreement with us.

## Direct letting or assignment

You can take an Enterprise Inns pub either through direct negotiation and agreement with the Company or through an assignment of an existing agreement from a current Enterprise Inns licensee.

The next section, “Taking a Pub with Enterprise Inns”, sets out the process to be followed when applying for your chosen pub directly from Enterprise Inns but also contains vital information for those considering taking a pub on assignment.

Taking an assignment from a current licensee is, of course, a transaction between you and that licensee. It will however result in you enjoying all of the benefits and taking over all of the obligations of that agreement and therefore requires our formal consent. We will act reasonably and in a timely manner when considering whether to give consent to assign. We will insist that you demonstrate the same high standards of training, due diligence and business planning before we would consider consenting to such an assignment, including a requirement for you to sign up to the terms of this Code of Practice.

Our comprehensive Assignee Pack has been designed to help you through every step of the process of buying a lease and illustrates how we can support your objective of achieving a satisfactory outcome.

For full details of our Assignee Pack, see Key Support Document H or visit [www.enterpriseinns.com/cop/assignee-pack.pdf](http://www.enterpriseinns.com/cop/assignee-pack.pdf)

Once you have chosen the pub which interests you, we will share a lot more information with each other so that you can prepare your detailed business plan and we can begin to negotiate the terms on which your agreement will be based.

### Pub business facts

We will send you more specific data about the pub, Pub Business Facts, including as much as five years' historic trading data covering the tied volumes purchased from Enterprise Inns and any records of gaming machine income that we have in our possession. We will also quantify any investment that we have made in the premises in the last five years and provide you with our estimates of the ongoing costs that you will need to fund upon taking over the business. We will also identify certain key overhead costs that you need to consider, such as property insurance, business rateable value and repairs and maintenance.

Pub Business Facts also gives you an indication of the agreement that we would propose to offer, together with the estimated rent and barrelage discounts that we believe would be appropriate for the pub. We will also be prepared to discuss the implications of alternative levels of discount or tie release options which you may wish to consider.

These are provided for your guidance and will be the subject of further discussion and negotiation between us. (Pub Business Facts see Key Support Document A or visit [www.enterpriseinns.com/cop/pubbusinessfacts.pdf](http://www.enterpriseinns.com/cop/pubbusinessfacts.pdf) )

### Pub business plan

You will be expected to produce a detailed business plan, outlining your operating and marketing plans for the pub as you intend to run it, setting out in detail your profit and loss account and cash flow forecasts. We strongly recommend that you research and use any available benchmarking data to validate the assumptions you have made in your own business plan.

We will provide you with a template business plan, our Business Blueprint (see Key Support Document B or visit [www.enterpriseinns.com/cop/businessplan](http://www.enterpriseinns.com/cop/businessplan) ) which shows you the level of detail that we believe that you should include in your business plan. You may choose to present your plan in this format if you wish.

We will provide you with a comprehensive list of all the products which are available to you and the current list prices which apply.

We may be able to provide further detailed information, upon request. If you do request further information relating to the pub which we are unable to provide, we will give you a clear explanation as to why this is the case.

We will not complete an agreement with you until your business plan has been approved and signed off by a qualified and experienced trade accountant who has identified the break-even point of your business and highlighted the consequences of material changes in turnover, margin and/or costs. This is a mandatory condition of our offer and we will pay £250 towards the cost of this advice to successful applicants, provided that you engage the services of an approved and qualified advisor. We can provide you with an extensive list of such trade advisors, visit [www.enterpriseinns.com/cop/pubtradeaccountants.pdf](http://www.enterpriseinns.com/cop/pubtradeaccountants.pdf)

## Pub business assessment

When you have completed your own business plan, we will provide you with our assessment of the Fair Maintainable Trade (FMT) and retailer profit for the pub, using our estimates of the performance of the business that might be achieved by a reasonably efficient operator (Pub Business Assessment). Our assessment is provided for illustrative purposes only to demonstrate how we have arrived at our opinion of the rent that is appropriate for the pub. It is not under any circumstances a guarantee of potential profit.

We use the widely recognised, industry standard, valuation methods and follow the guidance published by the Royal Institution of Chartered Surveyors (RICS), including any updates or amendments as may be published from time to time.

We will disclose any benchmark information that we have used to arrive at our assessment of the appropriate level of costs in our appraisal of Fair Maintainable Trade and resulting retailer profit.

The Pub Business Assessment also shows you the options that may be available for your selected pub, depending on the agreement that we are proposing. These options may, for example, allow you to select a greater level of barrelage discount, in which case there will be a corresponding increase in the rent you will pay. You may also wish to consider tie release options for any, or all, of wines, spirits, minerals, packaged beers, packaged ciders, packaged FABs and gaming machines (if available). You may also opt for a guest ale concession which will enable you to procure cask ales from members of the Society of Independent Brewers (SIBA) for dispense through one SIBA-supplied and maintained beer engine. For more information about SIBA, visit [www.siba.com](http://www.siba.com)

In all cases, the cost implications of the choices you make will be detailed in the Pub Business Assessment. (Pub Business Assessment, see Key Support Document C or visit [www.enterpriseinns.com/cop/pubbusinessassessment.pdf](http://www.enterpriseinns.com/cop/pubbusinessassessment.pdf))

## Negotiating and agreeing terms

Once you have decided upon the various options that you believe are most suited to your business plan, we will negotiate and agree the terms on which the contractual agreement between us will be based.

Once these terms are agreed, you will complete and submit to us a schedule, Your Pub Business Plan Summary, which details the assumptions you have used in your business plan and the key terms that we have agreed between us. (Your Pub Business Plan Summary see Key Support Document D or visit [www.enterpriseinns.com/cop/yourpubbusinessplan.pdf](http://www.enterpriseinns.com/cop/yourpubbusinessplan.pdf))

Before moving on to the next stage, we will both sign this schedule as a formal acknowledgement of the terms agreed between us. At this stage, you are not committing yourself to anything but we are both confirming the conclusion of our negotiations, allowing us to move on to the next stage of preparing the legal agreement which will form the contract between us.

## Pre-contract form (PCF)

Once we have agreed all the key commercial terms and both sides are happy that all aspects of our future business relationship have been discussed and agreed in principle, we will set out the details of every key element in a Pre-Contract Form which will detail the terms upon which our legally binding agreement will be formalised (see Key Support Document E or visit [www.enterpriseinns.com/cop/pubprecontractform.pdf](http://www.enterpriseinns.com/cop/pubprecontractform.pdf)).

## Legal advice

A lease or tenancy agreement is a legally binding document which confers obligations and responsibilities upon both parties to the agreement and it is therefore extremely important that you fully understand all aspects of the agreement before you sign. We strongly recommend that you do not complete a tenancy agreement with us unless you have taken appropriate legal advice. You will not be able to complete a lease agreement with us unless you are able to confirm that you have taken appropriate legal advice or that you confirm in writing your decision not to do so, despite our recommendation. For more information about sourcing legal advice, visit [www.lawsociety.org.uk/home.law](http://www.lawsociety.org.uk/home.law)

## Independent professional industry advice

We strongly recommend that you consider membership of a professional industry body, such as the BII or the Federation of Licensed Victuallers Associations (FLVA), which provide invaluable support, training and advice to self-employed licensees. We are willing to pay the first year's membership fee for all new retailers who wish to join one of these bodies and strongly recommend that you take advantage of professional business advice throughout the term of your agreement.

For further information on the features and benefits of these organisations, visit [www.bii.org/home](http://www.bii.org/home) and [www.FLVA.co.uk](http://www.FLVA.co.uk)

## Responsible retailing

In an age when the widespread availability of cheap alcohol in supermarkets has contributed to headline grabbing binge-drinking and irresponsible behaviour, we see the pub, more than ever, as the “home of responsible drinking”, a place where customers can enjoy great service and excellent products in a safe and hospitable environment. This means that when you take on a pub with Enterprise Inns, you commit to the highest standards of responsibility, not just to act within the law but also to ensure that you and your customers behave in a way that is properly acceptable within the community that you serve.

We regularly participate in industry-wide and government-led responsible retailing initiatives, including Drinkaware (Campaign for Smarter Drinking) and Challenge 21. We will provide information and guidance to you to enable you to utilise these initiatives within your business.

For further information see [www.drinkaware.com](http://www.drinkaware.com) and [www.beerandpub.com/industryArticle.aspx?articleId=85](http://www.beerandpub.com/industryArticle.aspx?articleId=85)

## Licences

If you wish to run any pub, you must first obtain a personal licence, which is portable. Every pub needs an individual premises licence, and applications for both are dealt with by the relevant local authority. Full details of the Licensing Act 2003 and your responsibilities as a personal licence holder and the designated premises supervisor (DPS) can be found on the Department of Culture Media and Sport (DCMS) website, visit

[http://www.culture.gov.uk/what\\_we\\_do/alcohol\\_and\\_entertainment/default.aspx](http://www.culture.gov.uk/what_we_do/alcohol_and_entertainment/default.aspx)

Your local authority website will give you all the information you need to make a licence application. If we hold the current premises licence, we will provide you with details of any specific conditions or enforcement notices that we are aware of in respect of your chosen pub. We may transfer the premises licence into your name at the commencement of your agreement, the associated costs

of which will be recharged to you. In all other cases, it is your responsibility to ensure that you are fully aware of any conditions associated with the premises licence and to undertake the transfer of the premises licence into your name at the commencement of your agreement. We strongly recommend that you take advice from a solicitor specialising in licensing.

If you are planning to broadcast copyright music, whether recorded or live, you will need to obtain the appropriate Performing Rights Society (PRS) licence (visit [www.prsformusic.com/Pages/default.aspx](http://www.prsformusic.com/Pages/default.aspx))

If you intend to offer music via a juke box you will also require a Phonographic Performance Limited (PPL) licence (visit [www.ppluk.com/en/Music-Users/](http://www.ppluk.com/en/Music-Users/)). However if you are tied for such equipment our suppliers will provide the relevant licence.

You will be responsible for the costs of all licences relevant to your pub operation, and the costs of any reviews arising.

## Health & safety

We take the health and safety of our employees, business partners and customers extremely seriously. Your responsibilities for the repair and maintenance of the premises you occupy are clearly defined in your agreement, and these include maintaining an adequate regime for the management and implementation of your health and safety responsibilities.

We offer a comprehensive Statutory Inspection and Health & Safety compliance service, which is mandatory in all new agreements, and is designed to assist you in achieving and maintaining compliance with your statutory obligations. Services within the scheme include annual testing of gas installations, fixed wiring, emergency lighting, fire alarm and lifting equipment as well as an annual Health & Safety audit of your business and tailor-made support to assist you with the management of Health & Safety within your business.

Services also include the development of workplace risk assessments, employee training and workplace inspections in addition to access to a 24 hour Helpline to help answer any questions, queries or concerns you may have regarding health and safety, fire safety and employment law. For further information visit [www.enterpriseinns.com/cop/pubhealthandsafety.pdf](http://www.enterpriseinns.com/cop/pubhealthandsafety.pdf)

## Insurance

We procure and arrange buildings insurance cover on your behalf, which enables us to provide high quality, value-for-money buildings insurance cover for every single pub in our estate, regardless of its location, reinstatement value or claims history. The costs of this cover will be recharged to your account. You are not permitted to arrange your own buildings insurance.

Each year, we will provide you with a summary schedule of the cover for your pub and advise you of the annual cost to you, which will be recharged to your account, and any licensee contributions to repairs that may be applicable. If you can identify a lower price policy which provides comprehensive like-for-like cover to a similar standard as that provided by us then we will agree to price match accordingly.

If you wish to seek alternative quotations, you should write to our Insurance Manager, or e-mail [insurance.manager@enterpriseinns.plc.uk](mailto:insurance.manager@enterpriseinns.plc.uk) confirming your intention and we will send you a further copy of the policy schedule of cover, details of the reinstatement value of your pub and the sums insured and any claims history, all of which will be necessary to secure an alternative quotation. For further information, visit [www.enterpriseinns.com/cop/pubinsurance.pdf](http://www.enterpriseinns.com/cop/pubinsurance.pdf)

All licensees are required by law to take out Employers Liability Insurance. In addition to this,

you are required to take out insurance for public and products liability, contents (including trade inventory, stock, fixed glass, cash in machines and your own personal effects) and business interruption (including the loss of licences).

The recommended cover is usually available as a package policy from a variety of insurers. Our Insurance Manager, who is available on 0121 733 7700, or e-mail [insurance.manager@enterpriseinns.plc.uk](mailto:insurance.manager@enterpriseinns.plc.uk) will be able to introduce you to insurance brokers who are able to help you. You must provide us with details of all your business insurance arrangements when your agreement commences and annually thereafter or at other times when requested to do so.

## Service charges

Depending on the nature of your agreement, there may be mandatory service charges which will be applied to your account. Even where they are not mandatory, you may choose to take advantage of the service packages we provide in such areas as:

- Monthly accounts, stocktaking and quarterly VAT returns;
- Statutory inspection and Health & Safety compliance service;
- Cellar cooling, heating and boiler maintenance;
- Repairs and maintenance fund.

Whether mandatory or optional, the available service packages and the charges associated with them will be explained to you during our letting negotiations and will be detailed in the Pre-Contract Form. For further information on these service packages, visit [www.enterpriseinns.com/cop/pubservicespackages.pdf](http://www.enterpriseinns.com/cop/pubservicespackages.pdf)

## Trading terms

Unless otherwise stated in your agreement, rent is due monthly in advance, on the first day of the calendar month. We will agree payment terms for the supply of goods with you. The only approved method of payment is by direct debit and should you fail to pay by this method then we reserve the right to make additional charges to cover the costs of administration. Queries relating to rent or goods payments may be addressed either to your Regional Manager or your Regional Credit Control Manager who will aim to resolve your query as quickly as possible.

You will be required to lodge a deposit with us, usually to the value of three months' rent, which we will hold in accordance with the terms of your lease or tenancy agreement. We require a deposit as security for the rental obligations you will have to us and as security for the credit terms you will receive on trade purchases. In all our new agreements, you will receive interest on your deposit, credited annually to your deposit account. The rate of interest earned will be the Interest Rate (IR) minus 0.50%, subject to a minimum rate of 0.50%.

We will return any remaining balance of your deposit upon your departure from the property, after the deduction of any sums owed, which will be shown in a detailed departure statement.

## Cooling off period

Starting a pub business requires significant thought and can often mean a big change of lifestyle. While our tenancy agreement allows you to give six months' notice to quit at any time during the term, a lease agreement is a much greater commitment. Therefore, if within the first six months of commencing a new lease agreement with us, you believe you may have made the wrong decision, or simply feel that the demands of running your pub were more than you had expected, you should let your Regional Manager know in writing as soon as possible. Your

agreement describes the mechanism for serving formal notices upon us. We will acknowledge your request and, providing that there have been no material breaches of the agreement during its term, we will release you from your agreement no more than six months after receiving your formal notification. In the event that we have not appointed a permanent successor within this timescale, we may purchase your fixtures and fittings at an agreed valuation, and any remaining balance of your deposit will be returned to you after the deduction of any sums owed.

The terms of this cooling off period do not apply if you have purchased your lease by assignment although it may be possible to agree terms under which you may surrender an agreement purchased by assignment.

### Role of the Regional Manager

Your Regional Manager is your key contact with Enterprise Inns throughout our business relationship together. Your Regional Manager's principal task is to work with you throughout the life of your agreement to help you develop the long term sustainability and profitability of your pub. We are committed to providing you with high quality support from our Regional Managers and we provide them with extensive training to ensure that they possess the necessary knowledge and skills to carry out their responsibilities and to support you effectively.

In 2010 we were awarded the Investors in People Champion Standard in recognition of the quality of formal and informal training provided to all our staff and of our commitment to the continual development of our people. Our Associate Regional Manager training programme has been recognised with a National Industry Training Award (NITA) for its quality and comprehensive approach to the development of core skills within the Regional Manager's role. In addition, we continue to work with organisations such as the British Institute of Innkeeping in order to source and develop appropriate training and qualification standards to support the continuous professional development of our staff.

Your Regional Manager will be available to support your business in such areas as –

- a better understanding of your potential customers and your local competition and the provision of relevant promotion and marketing advice
- the identification of suitable investment opportunities that provide sustainable returns for both parties
- an appraisal of retailing standards, appropriate brand and category management advice and relevant staff training and development
- an appraisal of your statutory compliance, financial controls and efficiency measures

We recognise that the first few weeks and months in your new pub will be critical in establishing the foundations for your future success. Our New Retailer Welcome Pack (see Key Support Document F or visit [www.enterpriseinns.com/cop/pubwelcomepack.pdf](http://www.enterpriseinns.com/cop/pubwelcomepack.pdf)) sets out our special commitments to you in these early weeks to ensure that you get off to the best possible start.

Once you have settled in, our Regional Managers continue to be there to help you, are available by e-mail, phone or text during reasonable working hours and undertake to return all messages as soon as possible and certainly within 24 hours. You will be notified of holiday or sickness cover when appropriate.

On a structured basis, they will organise regular business development meetings with you which are designed to help you fulfil your pub's potential. These meetings are arranged to a pre-agreed frequency, generally around cycles of four to twelve weeks, which will naturally vary according to your business circumstances and requirements. A typical business meeting is likely to include; a review of your general trading performance; your profit and loss account; business development opportunities; the relative sales performance of your brand range; the training and development needs of you and your staff; but will be flexible to suit our mutual needs and relevant to current circumstances. You will gain the greatest benefit from these meetings by ensuring that you put aside sufficient time for a proper review and making sure that you are fully prepared in advance.

Your Regional Manager will also be responsible for the ongoing commercial relationship between us, including, when appropriate, the determination and negotiation of any aspects of the terms of your agreement.

In the event that you are dissatisfied with the service and support you are receiving from your Regional Manager, we invite you to raise your concerns with your Divisional Director. If you remain dissatisfied with the response you receive, please refer to the "Complaints and disputes" section below.

## Brand portfolio

We offer an extensive range of international, national, regional and local brands, including an exceptional range of cask ales, and will be pleased to provide guidance on the most suitable portfolio for your business as well as appropriate training, generally provided at no cost to you, on how to store, dispense, serve and market your chosen products. We regularly review and refresh our product range to ensure that you have the optimum choice of brands with which to meet your customers' needs. Products currently available are set out in our most recent price list and we undertake to provide you with at least two weeks' notice of any changes to our product range.

## Price list

Before you prepare your business plan, we will provide you with a comprehensive list of all the products which are available to you and the prices which apply at the time. We will, from time to time, need to adjust our prices to reflect market conditions. This generally happens in February each year and we will provide you with not less than two weeks notice of any such changes. The only exception to this commitment is the application of any changes to VAT or duty which will be applied on the date, and in the amounts, specified by the Chancellor of the Exchequer or on the date, or in the amounts, passed on to us by our suppliers. Any reductions in VAT or duty will be passed on in full. You will be able access your own current product and price list at any time by logging in to your private account in the Retailer Channel of our website.

If your agreement entitles you to any discounts to our wholesale pricelist, these discounts will be adjusted annually at the time of, and broadly in line with, the average increase in our wholesale prices.

## Ordering

A dedicated Sales and Service Centre team member will contact you at a specified time each week to take your drinks order. We are also available to take any query you may have by telephoning 0845 601 1602 from 0700 to 1800 Monday to Friday. You can also contact us via [sscsupport@enterpriseinns.plc.uk](mailto:sscsupport@enterpriseinns.plc.uk)

We endeavour to provide a high quality customer service and make the following commitments:

- To call you on the agreed day at the agreed time;
- To endeavour to ensure that core products are available at all times;
- To advise you of promotional offers;
- To deal with ad hoc requirements efficiently;
- To address and resolve any queries as efficiently as possible.

Taking orders efficiently, helping you chose the best brands and take advantage of the most exciting promotions is a massive logistical exercise. You can play your part in helping it run smoothly for everyone by committing to certain actions:

- To be available on your agreed day and agreed time for placing your order;
- To have your order requirements ready when we call;
- To order sufficient stock to cover ten days normal trading;
- To ensure that your account is up to date to enable us to release your order.

For full details of our Supply Chain Service Charter, visit [www.enterpriseinns.com/cop/pubsupplychain.pdf](http://www.enterpriseinns.com/cop/pubsupplychain.pdf)

## Deliveries

Each week we deliver around 185,000 items to our pubs through a specialist drinks distribution service and all orders placed with us are electronically transmitted to our contract partners ready for picking and onward delivery.

We will endeavour to ensure that you receive your requirements as efficiently and effectively as possible, and make the following commitments:

- To deliver your order on the agreed day and within the agreed time window;
- To collect empty containers on a one for one basis;
- To deliver the goods into the cellar according to your requirements;
- When we get it wrong, we will try to put it right within a reasonable timescale.

Again, correctly delivering thousands of products each week is a huge task and, in order to help us to achieve our objectives, we need you to commit to certain actions:

- To ensure that a responsible person is available to receive and sign for the goods;
- To make sure that the delivery area meets relevant Health & Safety standards;
- To check all goods before signing the delivery note;
- To check that you have received the correct packs for packaged goods;
- To ensure that empties are stored in a secure place prior to their collection.

For full details of our Supply Chain Service Charter, visit [www.enterpriseinns.com/cop/pubsupplychain.pdf](http://www.enterpriseinns.com/cop/pubsupplychain.pdf)

## Technical services

The correct dispense of draught beer is absolutely key to quality and therefore customer satisfaction. We have produced an extensive Guide to Technical Services in which we aim to provide information relating to best practice for beer dispense, how to resolve common problems, health and safety requirements in the cellar, and other useful information. Our brand owners provide first line technical services support, however in the event of any difficulty you should contact Enterprise Inns Sales and Service Centre on 0845 601 1602 from 0700 to 1800 Monday to Friday.

For full details of our Guide to Technical Services, visit [www.enterpriseinns.com/cop/pubtechnicalservices.pdf](http://www.enterpriseinns.com/cop/pubtechnicalservices.pdf)

## Quality control and line cleaning

Our product range and the service level agreements we operate with our suppliers and distributors are designed to ensure that you only receive supplies of drinks products which are of the highest quality. This may mean that some products are in insufficient demand to maintain adequate throughputs with which to meet appropriate quality thresholds. In such circumstances, we may need to delist products and if this is the case we will aim to give you not less than two weeks notice of our intentions.

You will be expected to maintain high quality retail standards, including giving sufficient focus to the quality of products dispensed to your customers. In this regard you will be expected to conduct a regular line cleaning regime and we will advise you of any deficiencies in your line cleaning regime that we become aware of. In the event that you fail to maintain sufficient line cleaning standards, to the extent that remedial repairs, or even line replacements, are required, you may be recharged the cost of such works.

## Ullage

In the event that you have received a faulty product, you must first register the fault whilst the product is still within its best before date. We will then process the claim for credit on your behalf.

We will register the ullage return with our distributor and the brand owner. If appropriate, a technician will visit you to verify the faulty product. We will make arrangements for the container to be uplifted and returned to the depot. A credit decision will be made once the assessment is complete and you will be informed of the decision. Credit will only be given if there is a genuine fault with the product and providing there is a stipulated minimum quantity of product remaining within the container.

For full details of our comprehensive ullage policy, visit [www.enterpriseinns.com/cop/pubullage.pdf](http://www.enterpriseinns.com/cop/pubullage.pdf)

## Compliance with the terms of your supply agreement

The purchasing obligations you are bound by and the prices you have agreed to pay for tied drinks enable us to offer you a subsidised rent. We take adherence to the tie agreement extremely seriously as it is a fundamental component of our contractual agreement with you. Failure to adhere to this component of our agreement constitutes a breach of contract.

In the event that you experience an emergency stock shortage and have made every effort to secure additional supplies from us, you must discuss the matter with your Regional Manager before taking any further action. It is essential that you do not procure tied supplies from any other source without our authorisation.

If, under your agreement, we have the right to install flow-monitoring equipment, we will use the information produced to ensure that all retailers are complying with the terms of their purchasing obligations. The information produced by the equipment can also be useful to you in managing your business.

## Flow-monitoring

The flow-monitoring system compares the volume dispensed through an individual line against that which has been delivered to each pub. This is achieved by the installation, at no cost to you other than a small amount of electricity usage, of a flow monitor located on each draught line which records the movement of liquid through it. The resulting data is automatically uploaded on a regular basis and is placed onto a secure web site facility and made available to you at no cost. This provides you with core information relating to each product dispensed, enabling you to most effectively manage your range of brands stocked, the line cleaning cycles you employ, the dispense "hot spots" in your bar and the product yields you are achieving, all of which can aid and enhance your stocktaking and product reconciliation.

There is clear evidence that beer lines which are regularly cleaned greatly improve the customer experience and resulting footfall into pubs. A flow-monitoring installation enables you to identify exactly when, and with what frequency, line cleaning is taking place. The flow-monitors and their associated components are all sealed units which comply with environmental health regulations in relation to food products.

Within three months of taking on an Enterprise Inns pub or having flow-monitoring equipment installed, you will receive a visit from a qualified technician who will provide you with the necessary instruction on how the system operates and how to view and use your pub dispense data via the web portal.

## Monitoring and compliance procedures

If we have reason to believe that there has been a material variance between the volume of product delivered and that which has been dispensed, we will undertake a thorough investigation using all available data and other relevant evidence and will discuss with you the discrepancy in order that we can determine why such a variance has occurred. If you dispute our findings, we will not simply raise a charge at this point relying solely upon the flow monitoring data in our possession. We may require access to your delivery notes, stock records, VAT returns and/or accounts in order to complete our investigations. In each case where we are relying upon data produced by the flow-monitoring system, we will check and validate the calibration of the relevant flow-meters to ensure that the equipment is functioning correctly. You may attend and observe the calibration exercise if you wish.

If you refuse to co-operate with our request for additional information and there is no satisfactory explanation for the variances then we reserve the right to recover damages to compensate us for the volume variance and this charge may also include an administration fee. Where such a charge is raised, a copy of all relevant documents and data will be provided, identifying the volume variance and the corresponding value of compensation to be charged, including details of charges and administration fees.

We consider non-compliance with your purchasing obligations to be a very serious matter and you may wish to seek independent legal advice concerning the implications of a potential breach of contract.

In order to remedy the breach of contract that has occurred and in addition to recovering damages, we may invite you to give your formal written undertaking that you will not commit further breaches of your purchasing obligations. In certain circumstances we may require such an undertaking to be witnessed by a third party. Charges will not be withdrawn from your bank account by direct debit without your prior consent.

All flow-monitoring equipment is owned by us and any attempt to bypass, tamper with, or corrupt the system in any way is a breach of the contractual agreement and may result in further substantial charges being made.

If any breach of agreement occurs in a pub where no flow-monitoring has been installed, we may wish to install the equipment in order to be able to monitor dispense levels in the future.

## Other methods of compliance monitoring

We reserve the right, under each agreement, to enter our properties at reasonable times and with reasonable notice to all areas that contain stored products or dispense equipment. We may enter the property at any time in the case of an emergency or when a breach of agreement is suspected. This action may be taken either by employees of the company or by our appointed agents.

We, or our agents, may undertake regular cellar inspections to service and maintain our flow-monitoring equipment and we may take samples of products, the wholesale cost of which will be reimbursed to you.

A number of the premium packaged products which we supply are specifically labelled for our customers and can be easily identified by their markings. We will always advise you of any changes to the packaging of such products in order that you may ensure that you are receiving the correctly marked product from our distributors.

## Payment method, invoices and statements

We have clear procedures for the collection of sums due for goods and rent and there are consequences for non payment by the due date. It is important to maintain up to date payments according to your payment schedule. This will avoid the risk of disruption to your supplies and the potential breach of your agreement.

### Payment method

The only approved method of payment is by direct debit. If the amount to be paid or the payment date changes, we will notify you at least four days in advance of your account being debited or as otherwise agreed. If an error is made by us or your bank or building society, you are guaranteed a full and immediate refund of the amount paid. You may cancel a direct debit at anytime by writing to your bank or building society, but you must provide us with notice of your intention to do so, your reason for cancellation, and confirmation of the method by which you will pay any monies owed to settle your account.

Should you fail to pay by direct debit, we reserve the right to make additional charges to cover the cost of administration. Details of these charges will be advised to you where necessary and may be charged should you continue to fail to make payment by the contractual method of direct debit.

### Invoices and statements

We will send you an invoice detailing the charges that will be applied to your account within three working days of your delivery being made, and will confirm the transactions that have been applied to your account within ten working days of each month end. Queries relating to invoices or statements should be addressed either to your Regional Manager or your Regional Credit Control Manager, who will aim to resolve your query as quickly as possible.

For full details and examples of our invoices and statements, visit [www.enterpriseinns.com/cop/pubinvoicesandstatements.pdf](http://www.enterpriseinns.com/cop/pubinvoicesandstatements.pdf)

### Remedying non-payment

Returned direct debits must be paid by electronic bank transfer (CHAPS), or by debit or credit card. This should be paid via your Regional Credit Control Manager, within 24 hours of notification of a returned direct debit. Failure to do so will put your beer delivery at risk, as your order will have been automatically put on hold. Payment by cheque is not acceptable.

If you choose to pay by credit card, we will incur a charge from your bank, which we will recover from you by way of an administration fee. We reserve the right to charge interest on late payments at the prevailing IR plus 4%.

### Allocation of payments

Payments received by the Company will be allocated to the specific invoices to which they relate wherever possible. In the event of lump sum payments on account being received, then these will be allocated to outstanding invoices as deemed appropriate by the Regional Credit Control Manager.

## Property services

It is our experience that pubs in good repair and condition outperform those which are not. Ongoing repairs and maintenance of the building is therefore an essential ingredient in the success of your business.

Our property team is committed to ensuring that the pubs we offer for let are fit for purpose, their image and condition remains acceptable and that retailers are given every opportunity to maximise the trading potential of any site. We will provide you with the necessary support and assistance to ensure that your pub is maintained in optimum condition throughout your occupation.

For full details of our property services, visit  
[www.enterpriseinns.com/cop/pubpropertyservices.pdf](http://www.enterpriseinns.com/cop/pubpropertyservices.pdf)

## The role of Regional Property Manager (RPM)

Throughout the life of your agreement, you will be supported by a nominated Regional Property Manager, along with the services of our 24-hour property Helpdesk which may be contacted on 0870 707 1111. Our team are qualified and knowledgeable in all aspects of property maintenance, management and development, and are available to provide help and advice on all property issues, including insurance.

We engage a network of suppliers and contractors who are able to provide a diverse range of services including emergency maintenance; minor building works; major renovations and re-developments; compliance testing and utilities management. You are under no obligation to use these particular service providers and you may obtain such services from suppliers of your choice.

## At the commencement of your agreement

We will hand you your pub in a condition which is fit to trade as a licensed premises and conforms to our schedule of minimum opening standards (MOS). We will provide you with all necessary statutory certificates as appropriate to the premises (gas; electricity; asbestos; energy performance) and user manuals, explaining how they are relevant to your occupation of the premises and what your responsibilities are.

If you are planning to purchase the business from a current lessee by assignment, we will have implemented a dilapidations process with the current lessee to ensure the property is in a satisfactorily repaired condition, and that you have received all relevant statutory certificates from the assignor, prior to giving our consent for the assignment to proceed. However, you must ensure that you conduct your own due diligence on the condition of the premises by taking appropriate advice from a qualified surveyor.

In some instances, in order to bring a pub into a condition agreeable to both of us, it may be necessary for us to carry out, at our cost, works to the pub once you have commenced your new agreement. These are known as Lease Support Works and are likely to be repairs to items which are close to life expiry or which might present an early financial burden to your business. The content of these works will be agreed with you in advance, and a full schedule of the items will be attached to your agreement prior to you signing up. From the date you commence your new agreement, the works agreed in your Lease Support Schedule will be binding on us and we will endeavour to deliver these in full within six months of that date.

Within the first three months of your agreement, your Regional Property Manager will conduct a thorough business review with you to outline the key elements of our ongoing property relationship. During the life of your agreement, an annual review with your Regional Property Manager will be an integral component in the ongoing maintenance of your premises and success of your business.

## Repairing responsibilities

Your agreement will contain defined responsibilities for the repair and maintenance of the property you occupy. The responsibilities of each party may be specific to a particular agreement and it is essential that you fully understand and appreciate the responsibilities you are taking on under your agreement.

If you enter into a lease agreement, you will be responsible to “Put and Keep” the property into a condition which is agreed between us, in which case (unless otherwise agreed) you will be expected to “Put” the whole of the property into good condition and “Keep” it in such condition throughout the life of your agreement.

Prior to entering into your new agreement, you must ensure that you fully understand and accept the repairing obligations particular to the type of agreement you intend to sign. Should you fail to maintain the property to the detriment of the pub’s trading potential or such that the property fails to comply with statutory requirements, we reserve the right to undertake any necessary works and recharge the costs to you.

The repairing responsibilities of both parties are specified in your agreement and an “At a Glance” schedule is included at Key Support Document G or visit [www.enterpriseinns.com/cop/pubrepairresponsibility.pdf](http://www.enterpriseinns.com/cop/pubrepairresponsibility.pdf)

## Repair and maintenance fund

In order to help you manage your ongoing repairing obligations and to ensure that your pub is maintained in a good condition throughout the term of your agreement, we operate both a repair and maintenance fund and a decorations fund for all new agreements. We will establish the level of repairs and maintenance fund, and/or decorations fund as appropriate for your pub, agreeing this with you prior to the commencement of your agreement. You will make a monthly contribution into a deposit account designated exclusively for the purposes of maintaining your pub in good condition in line with your repairing responsibilities. The monthly contributions are placed into a dedicated account reserved exclusively for this purpose. You will receive interest on the balance of your Repair & Maintenance Fund credited annually to your account. The rate of interest earned will be the Interest Rate (IR) minus 0.50%, subject to a minimum rate of 0.50%. For further details, visit [www.enterpriseinns.com/cop/pubrepairfund.pdf](http://www.enterpriseinns.com/cop/pubrepairfund.pdf)

These funds, and the contributions you make into them, are our estimate of an essential overhead cost of your business and we will reflect these costs in our Pub Business Assessment when determining the appropriate level of rent for your pub.

## Property service and support packages

Cellar cooling - we offer a comprehensive cellar cooling contract designed to give you complete peace of mind by ensuring that your cellar cooling installations are maintained to a standard that provides optimum performance and efficiency. The service covers the cost of all parts and labour for all repairs or replacement, together with two planned maintenance visits a year and a Help Desk (telephone number 0870 707 1111) which operates 365 days a year.

Heating and boiler maintenance - we offer a fully comprehensive heating and boiler maintenance package which provides for an annual service of the boiler(s) and covers the cost of all parts and labour for repairs. When the equipment is due for replacement, you will be covered for the full cost of installation of a market leading energy efficient boiler which should optimise energy savings and help offset rising energy costs.

Health & Safety – we offer a comprehensive Statutory Inspection and Health & Safety compliance

service designed to assist you in achieving and maintaining compliance with your statutory obligations. Services within the scheme include annual testing of gas installations; fixed wiring; emergency lighting; fire alarm and lifting equipment as well as an annual Health & Safety audit of your business.

For full details of our available property service packages, visit [www.enterpriseinns.com/cop/pubpropertyservices.pdf](http://www.enterpriseinns.com/cop/pubpropertyservices.pdf)

## Investment opportunities

There may be occasions during the life of your agreement when you feel that building alterations or the addition of new facilities would enhance the trading opportunity at your pub. You should discuss your ideas with your Regional Manager in order that we may consider your proposals and, if appropriate, agree the best route for you to progress the project.

Subject to our prior written consent, you may choose to fund and organise the project using your own funds, design team and building contractors. It will still be important for you to talk to your Regional Manager who will instruct the property team to prepare a “Licence to Alter” which documents the agreed works enabling you to progress the project at your own pace.

In the event that we agree to fund and organise the project, you will need to agree the scope of your business plan with your Regional Manager including any variations to rent or other commercial terms which may be required to reflect the investment that we are making. Your Regional Manager will then instruct the property team to prepare all necessary plans, designs schedules of works and variations to commercial terms which will be formally agreed by all parties before commencement of the project. Throughout the project, you will be supported by the property team.

For full details of our capital investment charter, visit [www.enterpriseinns.com/cop/pubinvestment.pdf](http://www.enterpriseinns.com/cop/pubinvestment.pdf)

## Dilapidations

Depending on the nature of your agreement, you will be expected to either “Put and Keep”, or properly maintain, the business premises (including living accommodation) in a safe and compliant condition for the duration of your occupancy. The repairing responsibilities of both parties are specified in your agreement, and an “At a Glance” schedule is included at Key Support Document G or visit [www.enterpriseinns.com/cop/pubrepairresponsibility.pdf](http://www.enterpriseinns.com/cop/pubrepairresponsibility.pdf)

## At the end of your agreement

When your agreement is due to expire, or an early exit arrangement is agreed, we will inspect the premises to ensure that it has been maintained in keeping with the terms of the lease repairing obligations. Issues arising out of this inspection will be brought to your attention early enough to provide you with the opportunity to remedy these, and in any event not less than three months prior to your departure. This process also applies if your agreement is capable of renewal.

## At the point of assignment

Should you choose to sell (assign) your interest in the business, the condition of the premises will be an important factor. We will inspect the premises to ensure they have been maintained in keeping with the terms of the agreement. This will ensure that the building is in a safe and

compliant condition for the new occupants. Issues arising out of this inspection will be brought to your attention early enough to provide you with the opportunity to discuss them with your own surveyor and to remedy them prior to the sale of the lease.

For full details of our Dilapidations Charter, visit [www.enterpriseinns.com/cop/pubdilapidations.pdf](http://www.enterpriseinns.com/cop/pubdilapidations.pdf)

## Retailers in partnership – business support

We either provide or can help you to access a diverse range of support services and benefits which have been designed to help you make your business more successful and your life a little easier. Many of these services are exclusive to our retailers and are either provided free of charge or at very competitive prices.

We frequently consult our retailers to ensure that the range and quality of these services remain valuable and relevant to your business needs.

A selection of service and support packages is attached to the letting particulars for each pub. For further details of our current range of business initiatives and support services, visit [www.enterpriseinns.com/cop/pubsupportpackages.pdf](http://www.enterpriseinns.com/cop/pubsupportpackages.pdf)

## Gaming

In the majority of our pubs you may opt to be free-of-tie and therefore pay an annual tie release fee in respect of all gaming machines.

If however, you are tied for the supply of gaming machines, we provide a full installation, collection and management service for both digital and analogue equipment through a range of nominated suppliers who operate to agreed standards of performance encompassing investment, service quality, security and equipment performance. Compliance with these standards is monitored and managed by our gaming team. Income performance reviews with operators are carried out at local and national level and relevant information and suggestions for improved performance are provided to retailers at business review meetings.

Where gaming income is shared between us, your share of income will be excluded from our assessment of Fair Maintainable Trade which results in a “divisible balance” from which rent is deducted. We will, however, show our estimate of the machine income that would be retained by you in our assessment of the retailer profit which might be derived from the pub. This is clearly shown in the Pub Business Assessment, Key Support Document C or visit [www.enterpriseinns.com/cop/pubbusinessassessment.pdf](http://www.enterpriseinns.com/cop/pubbusinessassessment.pdf)

Where you retain all gaming income, including if you are free-of-tie for gaming machines, this will be included in the “divisible balance” from which rent is deducted.

If you are tied for the supply of gaming machines, we will provide you with a comprehensive description of the arrangements for all gambling and gaming services for your pub, including:

- Your obligations as a licensee;
- The number, type and location of machines within the pub;
- How income is apportioned between us;
- How operating costs are charged to our share of income;
- Advice on how to maximise your machine income;
- Terms of supply, supplier list and supplier operating standards;
- The arrangements for cash collections;
- Income monitoring and the disclosure of information;
- Advertising and promotion rights.

In any new agreements which are tied for the supply of gaming equipment, income will typically be shared as follows:

- Amusement with Prizes (AWP) – 33% to you, the balance to us from which we pay rent to the supplier;
- Skill with Prizes (SWP) – 20% to you, 20% to us and 60% to the supplier;
- Juke boxes – after the payment of any agreed front moneys to suppliers, 25% to you, 25% to us and 50% to the supplier;
- Pool tables – after payment of rent to the supplier, 50% to you and 50% to us.

To view a sample Gaming Consent Letter, containing all of the relevant information, visit [www.enterpriseinns.com/cop/agreements](http://www.enterpriseinns.com/cop/agreements)

For further information concerning gaming machines, whether tied or free-of tie, visit [www.enterpriseinns.com/cop/gaming](http://www.enterpriseinns.com/cop/gaming)

## Rent reviews

The mechanism by which rent may be varied is specified in your agreement. In most agreements, rent is adjusted annually on the anniversary of the agreement, in line with the RPI. All our tied lease or tenancy agreements issued since 2005 provide that RPI adjustments may be upward or downward. Furthermore, all our tied lease or tenancy agreements issued since 2005 provide that rent may be adjusted upwards or downwards at cyclical review.

In older tied agreements, where express provisions exist concerning upward only adjustments to RPI and cyclical reviews it is our policy to conduct such reviews on an upward or downward basis. Notwithstanding our approach to such clauses in tied agreements, and in order to ensure that no upwards only provision can be relied upon by any landlord successor, you may choose to remove any such clause from your tied agreement by Deed of Variation, the actual costs of which will be recharged to you.

If your agreement provides for a cyclical review of the rent to a pre-determined timeframe, usually three or five years, we will aim to provide you with 12 months' notice of the review date.

We will prepare our own assessment of the FMT and retailer profit for the pub, using our estimates of the performance of the business that might be achieved by a reasonably efficient operator, using our tied price list and any discounts that are applicable to your agreement and the actual business rates which apply to your premises (if available). We will also set out our opinion of the open market rent applicable to the premises, and provide you with our rent proposal (Pub Rent Review Assessment, Key Support Document I or visit [www.enterpriseinns.com/cop/pubrentreview.pdf](http://www.enterpriseinns.com/cop/pubrentreview.pdf) ) whether above or below the current rent, and aim to provide this to you in writing not less than six months prior to the review date. These assessments are prepared by your Regional Manager who is fully trained in making such appraisals, assisted and overseen by a Divisional Director. We use the widely recognised, industry standard, valuation methods and follow the guidance published by the RICS, including any updates or amendments as may be published from time to time.

In the event that you are achieving a greater level of trade than that which we believe would be achieved by a reasonably efficient operator, we will disregard this level of outperformance from our rent assessment.

If you have, with our written permission, invested in structural improvements to the premises which have had a beneficial impact on the performance of the business, the effect on rental value attributable to such improvements will be disregarded in our rent assessment.

We will provide you with a template proposal document (Your Pub Rent Proposal, Key Support Document J or visit [www.enterpriseinns.com/cop/rentproposal.pdf](http://www.enterpriseinns.com/cop/rentproposal.pdf) ), in exactly the same form as our Pub Rent Review Assessment, to enable you to consider and prepare your own view

as to the appropriate rent for the premises. Within two weeks of issuing our Pub Rent Review Assessment, your Regional Manager will aim to make an appointment to discuss our Pub Rent Review Assessment and Your Pub Rent Proposal with you. We will ask you to provide us with a copy of your latest accounts, and commit to you that such information will not be used for any purpose other than gaining a clear understanding of your business, in particular your costs, for the purposes of an open and transparent rent review negotiation.

We will discuss, in confidence, any comparable letting and rent review evidence we may have, but we will not disclose confidential trading information in respect of any other pubs in our estate. We will disclose any benchmark information that we have used to arrive at our assessment of the appropriate level of costs in our appraisal of Fair Maintainable Trade and retailer profit.

Once we have agreed terms, we will promptly complete the appropriate legal documentation.

At the same time we may offer you a choice of an entirely new agreement, with a range of discount and tie release options, and if you elect to pursue this route then we will provide you with a Pub Business Assessment, which will form the basis for negotiating any such new agreement.

If you do not wish to start a completely new agreement and if we fail to reach agreement on the level of rent which will apply to your existing agreement until the next cyclical rent review, the mechanism for resolution is described in your agreement. However, providing that you have, in good faith, made a formal and properly justified rent offer to us and regardless of the explicit terms of your lease in relation to rent reviews you may opt, entirely at your discretion, to refer the matter to the Pubs Independent Rent Review Scheme (PIRRS) for determination.

PIRRS offers an accessible, independent, low cost rent review resolution service. Capped fees enable both parties to resolve disputes in a fair, affordable and timely manner.

Upon opting 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. Both parties must then contact the PIRRS administration team to request the PIRRS information pack and application form.

You will be asked to begin proceedings by completing your PIRRS application form and selecting your preferred independent valuer from those nominated by the PIRRS board.

We recognise the costs associated with a third party determination of rent, and therefore during any such third party process we will continue to seek negotiated terms with you on a “without prejudice” basis, in order to avoid costs for both parties wherever possible.

For full details of the Pubs Independent Rent Review Scheme, visit [www.pirrscheme.com](http://www.pirrscheme.com)  
In the event that we are unable to agree terms such that the review due date passes, rent remains payable in full at the current rate. If the rent increases once settled, interest may be payable by you at the IR + 2% on any arrears due. If the rent reduces once settled, interest may be payable by us at the IR +2% on any credit owed.

## Renewing your agreement

If a tenancy or lease which is contracted out of the Landlord & Tenant Act 1954 comes to an end, the occupier must leave the premises if terms for a new tenancy or lease have not been agreed and completed in advance.

If a tenancy or lease is protected under the Landlord & Tenant Act 1954 it cannot end except as a result of formal notice being served, either as a section 25 notice (by the landlord) or a section 26 request (by the tenant or lessee). You are entitled to renew your agreement on substantially the same contractual terms and conditions, subject only to appropriate modernisation of the agreement and agreement of a new open market rent and term.

Providing that there have been no material breaches of the agreement during its term, you are continuing to meet your repairing responsibilities and payment terms and are trading the business at a level which might be expected of a reasonably efficient operator, we would normally seek to either offer a similar agreement or enable the renewal of your existing agreement at the end of its term, whether or not it is protected under the Landlord & Tenant Act 1954.

We will aim to remind you not less than 12 months prior to the end of the term of your agreement, of the choice available to you which might include the continuation of a protected lease on the current lease terms. We will use our best endeavours to agree terms with you either to renew your current lease, or to commence an entirely new, alternative lease. We will conduct these negotiations with you in exactly the same manner as described in the Rent Reviews section above.

If formal notice has been served by either party or we are unable to agree terms for the renewal of a protected agreement before the expiry of the current lease, the matter must be referred for determination by the Court.

In all matters relating to the renewal of a lease, we recommend that you seek appropriate independent legal advice.

### **Consequences of breaching the agreement**

The agreement we have negotiated with you, and which you have entered into, is a legal contract which brings with it explicit commitments. Any breaches of these contractual commitments will be taken extremely seriously and may, as a last resort, result in legal proceedings to forfeit the agreement, repossess the premises and seek damages and costs.

In certain circumstances, it may be that an injunction to restrain breaches of covenant is an appropriate mechanism to regularise your continuing occupation of the premises. If we do commence any legal proceedings, it may be possible to settle these proceedings without the need for either party to attend Court by way of a Consent Order, the costs of which will be sought from you. A Consent Order, which is agreed between the parties and which is enforceable by the Court may lead to resolution and reinstatement of the lease if fully complied with.

Ultimately however, failure to comply with the explicit terms of the agreement may put your business and home (if you live at the premises) at risk.

### **Complaints and disputes**

The requirement of each party to sign this Code at the outset of our business relationship is an indication of the importance we place on both its spirit and content. It is not designed to replace the conditions set out in your lease or tenancy agreement, which are specific to you and which are binding throughout the term, but it is intended to play a pivotal role in the conduct of our future business relationship.

We regard this Code as an important element of the agreement between us and, in the event of any dispute or disagreement between us, we expect the content of this Code to be taken into account by any mediator, review body, independent expert, arbitrator or, in the unlikely event that legal proceedings may be required to resolve matters between us, the Courts.

Failure to fulfil your responsibilities under your agreement or this Code could adversely affect the nature of our business relationship and jeopardise the support which we endeavour to provide to you throughout your tenure. In the event of a material breach of the terms of your agreement, the protection afforded to you under this Code may be withdrawn, in which case you will be notified in writing.

If you have any concerns or cause for complaint or feel the provisions detailed in this Code have not been followed, you should first contact your Regional Manager, who will seek to resolve the problem as quickly as possible. If you are still unhappy, or cannot reach agreement with your Regional Manager, you should escalate the matter to your Divisional Director, Managing Director (Operations) or ultimately, the Chief Operating Officer.

In the event that you continue to believe that we have failed to adhere to our responsibilities or obligations under this Code, you may submit a complaint in writing, providing full details of the circumstances of your grievance, to BIIBAS. They will pass this information to us and use their good offices to ensure, as far as possible, that there are no misunderstandings or personality issues that are standing in the way of a more fruitful dialogue between us.

## Change of circumstances

Throughout the term of your agreement, you will be expected to demonstrate that you are fully compliant with all aspects of your agreement and that you are doing everything possible to manage your business efficiently and effectively.

If your circumstances change in any way that might affect your personal or premises licence or the continued operation of the pub, you must inform your Regional Manager as soon as possible. We can then review with you the issues affecting your business and seek to identify the most appropriate manner in which we can assist you.

Similarly, if you experience financial difficulties at any time during your tenure, you should inform your Regional Manager of your circumstances as early as possible. In order that we may fully assess your situation, you will be expected to provide detailed information and disclosure from which we will aim to devise an appropriate action plan as quickly as possible. We will confirm to you, in writing, the detailed information that we require and the timescale to which we will aim to respond to you. Our response may be to propose an adjustment to your rent or the discounts applied to tied supplies. Such adjustment, which may be temporary and personal, will be designed to assist you through the period of financial difficulty and may be conditional upon the implementation of specific actions designed to improve the operational performance and/or financial controls of the business. If there has been a material and permanent detrimental change to your business, caused by circumstances which are outside of your control, then such adjustment may, at our discretion, be applied until the next cyclical rent review by Deed of Variation or by way of an entirely new agreement.

## Assigning the agreement

Most leases are assignable, meaning that you may choose to sell your interest in the business for the remaining term of your lease to a third party. As with the sale of any business, you must take appropriate professional advice in arriving at such a decision, and you should give us notice of your intentions as soon as possible. You will not be able to assign your lease without our consent.

It is your responsibility to deliver disclosures to any potential assignee in accordance with the UK Pub Industry Framework Code of Practice, and we will insist that any potential assignee meets the same pre-entry requirements as would be expected of anyone taking an agreement directly from us. This means that you will be required to provide the same information to the purchaser (assignee) as would be supplied by us at the commencement of a lease, together with actual trading figures and accounts for the preceding three years if appropriate. To view the UK Pub Industry Framework Code of Practice, visit <http://www.beerandpub.com/industryArticle.aspx?articleId=222>

We would not normally allow an assignment to occur within the first two years of an agreement, or within two years of a capital investment funded by the Company. However, providing that there

have been no material breaches of the agreement during its term, and that you are continuing to meet your repairing responsibilities we would normally seek to enable the assignment of your agreement.

Our comprehensive guide, *Selling your Lease*, has been designed to help you through every step of the process and illustrates how we can support your objective of achieving a satisfactory outcome. Visit [www.enterpriseinns.com/cop/pubsellingyourlease.pdf](http://www.enterpriseinns.com/cop/pubsellingyourlease.pdf)

## Surrendering the agreement

Other than as described in the “Cooling off period” section above, there may be circumstances whereby you wish to surrender the remaining term of your agreement. Under the terms of the Retail Partnership Tenancy, you may do this at any time by providing us with not less than six months’ notice of your intentions.

Under the terms of the Retail Partnership Lease, there are no rights to surrender the lease. However providing that there have been no material breaches of the agreement during its term, and that you are continuing to meet your repairing responsibilities we would normally undertake to consider any request you might make.

We may be able to help you to assign your agreement or alternatively we may be able to agree a timetable over which we aim to recruit a new retailer to take over your pub, under which circumstances we would normally charge a surrender fee equal to three months’ rent.

## Buying your pub

Whilst we are committed to the long term ownership of pubs occupied under lease and tenancy agreements, we are prepared to consider any serious offer that you wish to make to purchase the pub that you are operating. If you have been in occupation for at least three years, have complied with all the terms of your agreement and maintained comprehensive accounting records, you may submit a formal offer in writing, with proof of funding for the purchase and we undertake to give this offer our full consideration.

## Restrictive covenants

If we sell a pub, whether or not to the current lessee or tenant, we do not apply any restrictive covenants which would prevent the continuing and future use of the premises as a pub.

## Conclusion

Our over-riding aim is to enjoy a mutually profitable, open, respectful and honest working relationship with all of our Retailers in Partnership, based upon a shared commitment to abide by the obligations, responsibilities and ways of working that feature throughout this Code of Practice.

The Enterprise Inns team is committed to your success in your pub and we will do everything we can to make sure that your business and your relationship with us is not only profitable but also fulfilling and enjoyable.

We very much look forward to working together.

## Glossary of terms

Assignment	The legal transfer of a lease agreement from an assignor (seller) to an assignee (buyer)
AWP	Amusement with Prize
Beer engine	The mechanical device that is used to draw cask-conditioned ale from the barrel to the glass, also known as a hand-pull
Benchmarking	Using relevant data sources in order to validate key assumptions, for example gross margins and operating overhead costs. Sources of such data include the Association of Licensed Multiple Retailers (ALMR)
BII	British Institute of Innkeeping
BIIBAS	British Institute of Innkeeping Benchmarking and Accreditation Service
CHAPS	Clearing House Automated Payment Scheme
Contracted out	Excluded from security of tenure under the Landlord and Tenant Act 1954
DCMS	Department of Culture, Media and Sport
DPS	Designated Premises Supervisor
FLVA	Federation of Licensed Victuallers Association
FMT	Fair Maintainable Trade
Ingoing funds	The cleared funds required to purchase the inventory of fixtures and fittings, stock and glassware as well as funding any deposits and other associated costs and expenses
IR	Interest rate which is the Bank of England Base Rate
Lease	An assignable agreement usually with a term of ten years or more
MOS	Minimum opening standards <ul style="list-style-type: none"><li>• Statutory Compliant<ul style="list-style-type: none"><li>– Electrical Certification</li><li>– Fire Alarm Certification (if fire alarm is installed)</li><li>– Emergency Lighting Certification (if emergency lighting is installed)</li><li>– Gas Safety Certificate</li><li>– Asbestos Register</li><li>– Fire Extinguishers tested</li></ul></li><li>• Lift / Hoist Safety Certificate – to be isolated until tested</li><li>• Lock change - all external doors and internal security doors (cellar/private accommodation) to be included</li><li>• Broken Windows – reglazed</li><li>• Catering Specialist – test catering equipment for electrical and gas safety</li><li>• Wind and Water Tight – basic repairs to roofs, guttering, windows and doors</li><li>• Safe Property – assessed for dangerous elements which could cause harm to the general public. Essential repairs to be carried out as emergency works.</li><li>• Remove all rubbish – including trading areas, private accommodation, cellars, external areas</li><li>• Intruder Alarm – tested and left in working order</li><li>• Habitable Private Accommodation – left clean and in good decorative order, minimum provision to be one bedroom, lounge, bathroom, kitchen</li></ul>
NITA	National Industry Training Award
PIRRS	Pub Independent Rent Review Scheme
PPL	Performing Rights Society
Put and Keep	The requirement to put those items of a building, which are a tenant or lessee's repairing responsibility, into repaired condition throughout the term of the agreement regardless of the condition of the items at the start of the agreement
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index

RPL	Retail Partnership Lease
RPT	Retail Partnership Tenancy
SIBA	Society of Independent Brewers
Subject to Contract	The need to complete a formal written contract in order to record agreement
SWP	Skill with Prize
Tenancy	A non-assignable agreement usually with a term of between one and five years
Tenancy at Will	A short-term tenancy agreement which may be terminated without notice by either party
Ullage	Beer that has been delivered in a condition which is unfit for sale