



WORKING TOGETHER

**A SUMMARY OF OUR
MANAGEMENT SERVICES AGREEMENT**

In any business relationship, it’s important that both sides know how things work. The way we work with you is set out in the Management Services Agreement (or MSA for short). To give you an overview, as early as possible during our relationship, we’ve created this summary of our relationship with you under the MSA. Please take a few minutes to read it and ask us if you have any questions.

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OUR PHILOSOPHY

At the Craft Union Pub Company (Craft Union), we believe in putting brilliant pubs back at the heart of local communities, because pubs play a vital role in the lives of their customers, and we are committed to nurturing this.

We're looking for passionate, committed and ambitious local heroes to join Us and help transform each community one pub at a time.

We stand shoulder to shoulder with our operators, supporting them as they practice their craft of running outstanding pubs. For us, they are our local heroes.

About us

We have a simple 3 step recipe for creating a great pub:

Great People

We take our time to find the right people (partnership) to operate our pubs, and then provide support enabling you to build your own business with a great team. Happy people make happy pubs!

Great Design

We invest to the highest of standards, creating welcoming places you will want to spend time in. A real feeling of home from home!

Great Choice and Value

From a quality value drinks range, to all the best sporting action, to pub quizzes and entertainment. We work shoulder to shoulder to serve each individual community in the right way.

How we operate

- We (**Craft Union**) enter into the management services agreement (**MSA**) with a private limited company (**Service Provider Company**) that is owned by **You**. You must be a Director of the Service Provider Company. In the MSA, You are referred to as the **Supervisor**.
- The Service Provider Company operates and manages the pub, and is paid weekly (in arrear) an Operating Fee which is based upon the sales of all wet products (including bar snacks) in the pub. Depending upon performance, the Service Provider Company may also receive machine income payments paid 4 weekly (in arrear), and may receive Profit Overachievement Incentive payments. The Service Provider Company will employ, train and develop such employees as the Service Provider Company believe are required to manage the pub. You **are not** an employee of Craft Union, You are an employee of the Service Provider Company.
- The Craft Union team will work with the Service Provider Company, providing assistance in operating the pub at the heart of your local community.
- You and your family may live at the pub if there is appropriate residential accommodation for as long as the MSA is in force. This is a service occupancy agreement, not a secure tenancy, and this will be terminated when the MSA ends.

1 . What we do for you

Working alongside you

- We will appoint a Regional Manager to work closely with you, to help develop the business.

Encouraging success

- We provide comprehensive marketing support, including regular promotions and we provide marketing collateral to support the operating plan.
- We have developed an incentive scheme (which will apply to some service provider companies) to encourage outstanding performance. This is linked to overachievement against anticipated sales.
- We will supply the Service Provider Company with both Craft Union Instructions (which must be followed) and Craft Union Best Practice guidance (which should be considered by the Service Provider company) in order to ensure that good standards of practice are maintained (and these documents together form the “Guidelines”).

Supplying the Pub

- We arrange for the supply of products that we reasonably believe are necessary for the operation of the pub. We pay for all the products that we supply to the pub.
- We will pay for entertainment, door security and TV sports packages that we reasonably agree with you is required for the pub.
- We **do not** pay for products or services that you obtain without our agreement.

Maintaining the Pub

- Whilst We expect you to maintain the condition and keep the pub clean and tidy, we are responsible for the maintenance of the pub. We seek to maintain the pub in an appropriate condition to support the successful operation of the pub.
- We will carry out regular inspections of the entire pub, including residential accommodation.

Insurance

- We insure the building and provide property owners’ liability insurance.
- We will provide access to a Combined Insurance Policy package that complies with your insuring obligations in the agreement (further details are below, in the ‘What you do for us’ section of this document).

Tax, utilities and licences

- We will pay all taxes, rent and rates which fall due in relation to the pub, except for Council Tax and TV licence fees for the residential accommodation (if applicable).
- We will pay all reasonable water, gas and electricity costs for the pub.
- We will pay for all the licences you need to run the business.

Stock levels

- We will always do our best to make sure You have adequate stock levels to run the business properly.
- This will be terminated when the MSA ends.

2 . What you do for us

Designated Premises Supervisor

- You, or another Director of the Service Provider Company, will be the Designated Premises Supervisor for the Pub.

Sales

- You will run the pub according to our Guidelines and do your best to maximise sales.
- You will not fix or display any notices, adverts, posters, or other displays which have not been supplied by, or approved by, Us.

Staff

- It is the Service Provider Company's responsibility to determine what hours You and their team work. We expect the Service Provider Company to ensure that the pub is properly staffed at all times, by suitably trained people who must operate in accordance with Our Guidelines. They must be able to work in the UK.
- The Service Provider Company will be responsible for any losses we might suffer as a result of any claim made by a member of your staff, or if a claim is made due to a member of your staff's actions.
- The Service Provider Company must make sure all employees are treated fairly and reasonably, in line with UK law and the Service Provider Company must make sure that all employees are given written confirmation of their terms of employment.
- All members of staff must be employed by the Service Provider Company. No-one can be self-employed.
- As their employer, the Service Provider Company is responsible for managing their employment and keeping records, including sorting out PAYE, National Insurance, holidays, any additional taxable benefits and sick pay. The Service Provider Company will probably need an accountant to support them with this.
- The Service Provider Company will need to keep accurate records of all training undertaken by Your staff.
- The Service Provider Company must provide Us with anonymised information on all employees if We request this from You at the end of the MSA or if this is required by law.
- We recommend that every team member has a valid Food Level 2 (Safety and Hygiene for Catering) certificate.
- If the Service Provider Company wants to allow any employee (other than the Supervisor) to live in any residential accommodation in the pub they must first obtain Craft Union's permission to do so and,
 - if such permission is granted, any such employee will occupy the residential accommodation under a service occupancy agreement only, not a secure tenancy, and this must terminate at the end of the employment of that employee or at the end of the MSA (however this may end), whichever is the sooner.

Licences

- The Service Provider Company will be responsible for making sure We keep all the licences needed to run the business. The Service Provider Company must not do anything that could lead to the loss of any of these licences.

Accounts

- The Service Provider Company will keep full accounts for the business and provide us with these accounts on request.

What you can sell

- The Service Provider Company can only sell products at the pub that are allowed by your MSA and in accordance with Our Guidelines.

Other business

- The Service Provider Company must not let any other business take place at the pub unless we approve it in advance in writing.

Food

- The Service Provider Company agree to offer occasional food at the pub if we ask you to.
- If We ask the Service Provider Company to offer food at the pub, the Service Provider Company must ensure that they comply with Our Guidelines at all times.

Stock

- The Service Provider Company will be responsible for managing stock levels in a way that supports the business, including observing sell-by dates in accordance with Our Guidelines.
- The Service Provider Company will undertake regular stock takes and supply the results of these to us in accordance with Our Guidelines.
- The Service Provider Company will be responsible for any stock deficiencies or stock losses that are suffered.

Audit

- The Service Provider Company (and all staff) will fully engage with our Retail Audit Team and any other internal audit team or third-party auditors who are acting on our behalf or with our authority and who will regularly visit the pub to undertake various reviews and complete compliance checks.
- The Service Provider Company (and all staff) will fully engage with any external auditors including, without limitation, HM Revenue & Customs.

Safety

- Craft Union are responsible for providing H&S policies. The Service Provider Company will be responsible for implementing the policies and processes including a duty to take reasonable care for the H&S of all employees and customers. Specific responsibilities of the Service Provider Company include ensuring that the Craft Union Health & Safety Management System is effectively implemented and that team members are competent to perform the tasks expected of them safely.
- You agree to adhere to our Food Safety Policy and will not provide food that does not adhere to this policy to customers.
- You are responsible for the fire safety in site and must ensure fire safety guidelines are followed to protect the safety of You, Your staff and the customers, at all times

Insurance

- The Service Provider Company will be responsible for the cost of maintaining a Combined insurance Policy in relation to the Business (the terms of which must be in accordance with the requirements of Craft Union, who shall determine that same acting reasonably). This policy must cover material loss or damage (including contents), combined liability, business interruption, personal accident/assault and loss of licence.
- We will spread the annual cost of the Combined Insurance Policy over the course of 52 weekly payments. The Service Provider Company is entitled to source equivalent cover from alternate providers but will be required to provide evidence of such cover being placed prior to weekly charges ceasing to be invoiced.

Looking after the property

- The Service Provider Company will need to keep the pub clean and well maintained.
- The Service Provider Company will ensure that the condition of the pub (including the Residential Accommodation) is maintained to a standard approved by Craft Union.
- Neither the Service Provider Company (nor anyone acting under their direction) may alter or decorate the pub without written permission from us.
- In order to ensure product quality, the Service Provider Company must conduct line cleaning of all active dispense lines (including, without limitation, beer lines) with a recognised line cleaning solution no less than once every 7 days; or otherwise in accordance with Craft Union Instructions.

Gaming

- We will approve all installations of gaming and amusement machines, and you will operate them in line with our Guidelines.
- You will be paid an additional amount, based upon a percentage of the wet sales that take place at the pub. This amount will be calculated and paid to the Service Provider Company four weekly, provided that the Service Provider Company have operated the gaming and amusement machines in accordance with Our Guidelines (which, for clarity, includes but is not strictly limited to, ensuring that installed machines are in operation at all times, that any breakdowns are reported in a timely manner to both the supplier and the Craft Union Regional Manager and that refills requirements are complied with).

Missing money or fraud

- The Service Provider Company are responsible for any money missing from the till or any forged or fraudulent payments affecting the business.

Reporting complaints or warnings to Us

- If The Service Provider Company, You, or any employees receive any complaints, warnings or visits from the Police, or Fire Brigade, or Licensing, or an environmental health officer, or any other authority, either the Service Provider Company or You must let us know immediately. The Service Provider Company must also immediately give full details of all customer complaints or third-party claims. Failure to report any such matters may result in the immediate termination of the MSA.

3 . Supervisor's obligations

What the Supervisor must do

- The Supervisor's role is to ensure that the Service Provider Company meets its obligations to us. If We believe behaviours or operational performance presents Us with cause for concern then We will notify the Service Provider Company of this by formal correspondence setting out the detail.
- If the Service Provider Company fails to meet its obligations under the MSA, and We suffer any losses, etc the Supervisor will be required to indemnify us for these.
- The Supervisor must always be a named director of the Service Provider Company.
- The Supervisor must be actively involved in running the Service Provider Company.

4 . Financial obligations

Bond (deposit)

- The Service Provider Company will pay the agreed bond to Us at the commencement of the MSA.

Weekly revenue sheet

- The Service Provider Company will provide Us with a weekly revenue sheet in an agreed form.

Our payments to you

- We will pay the Service Provider Company what We owe them under the terms of the MSA by electronic transfer (or if We expressly agree by deduction from the gross profit).

Incremental profit growth

- If the MSA is in place and has been in place for at least one full period (calculated in reference to the Craft Union period calendar), and weekly sales have exceeded fourteen thousand pounds for a period of not less than 12 weeks, and the Service Provider Company has complied with the terms of the MSA, the Service Provider Company shall be entitled to an additional payment based upon the overachievement of profit taken at the pub.
- The additional payment (if any) referred to above will be calculated every quarter (during which the Service Provider Company qualifies for the payment) and any payment due shall be made by electronic transfer to the Service Provider Company within 12 weeks of the end of the quarter to which that payment relates, provided that there are no termination notices in place in respect of the MSA.

VAT registration and payment

- The Service Provider Company must register for VAT if you exceed the VAT registration threshold that is determined by HMRC.
- The Service Provider Company will be responsible for filing VAT returns and paying VAT due on time to the HMRC.

Other income

- The Service Provider Company are not allowed to make income from the business other than that allowed by the MSA, without our permission.

5 . Agreements

- At the end of the MSA, the Service Provider Company and the Supervisor will give Us any necessary information or documents to make sure all intellectual property is held in Craft Union's name.

Confidentiality

- The Service Provider Company and the Supervisor will keep all details of running the business confidential, both during the MSA agreement and after it has expired.

6 . Accommodation and property

Living at the property

- The Supervisor and their family OR an employee of the Service Provider Company to whom Craft Union have given their approval can live at the property as long as the MSA is in force. This is a service occupancy agreement, not a secure tenancy.

Rent, Council Tax, TV Licence

- We manage the residential accommodation at the pub. We cover the rent and bills,
- except for Council Tax and TV licence, which You must pay.

Looking after the property, insurance and pets

- The Supervisor must look after the interior of the residential accommodation, including fixtures and fittings. No changes can be made without Our permission. The Supervisor shall be responsible for insuring any personal belongings, which are in the residential accommodation.
- No pets are allowed without our written permission.

7 . End of the MSA

Notice to end the MSA

- To end the MSA, We have to give You at least 4 weeks' notice (and this may be longer, depending on how long the MSA has been in force, and the net revenue of the pub).
- If You want to end the MSA, You have to give Us at least 4 weeks' notice (and this may be longer, depending on how long the MSA has been in force, and the net revenue of the pub).

Breach of MSA

- If the Service Provider Company and/or the Supervisor breaches a material term of the MSA, We can terminate the MSA without any notice.

What happens when the MSA ends?

- When the MSA comes to an end, both the Service Provider Company and the Supervisor must return (or destroy if requested by Us) anything we've provided to them to run the business.

Vacating the accommodation

- When the MSA ends, the Supervisor (and any family) or any employee who We have permitted to live within the residential accommodation must vacate the residential accommodation within the given notice period.

Returning your bond (deposit)

- We will return the bond, minus any deductions for any losses or damage.
- We will need a reasonable amount of time to assess any liabilities that may be deducted from the bond.

8 . General

Serious illness or death of the Supervisor

- In the unfortunate event of the Supervisor becoming too ill to work (or passing away), the Service Provider Company can appoint an alternative Supervisor. Alternatively, We may provide you with a suitable independent third party to assist in managing the business.

Transfer of the MSA

- You cannot transfer the MSA, assign it to someone else, or dispose of it in any other way without Our permission (which is at Our discretion).

Data protection

- The parties confirm that they will both process all relevant data in accordance with the relevant data processing agreement and Our Guidelines.

Matters beyond our control

- We will not be liable for any failure to meet our obligations caused by matters beyond our control.

Confirmation

My Regional Manager has taken me through this Working Together Summary. I confirm that I understand and am happy with the contents of this Working Together Summary. I confirm I am aware that I should seek independent legal advice before signing the MSA.

Signature

Date

Questions?

If you have any questions, or for more information, please contact:
E: enquiries@craftunionpubs.com T: 03333 20 20 83

