



# YOUR GUIDE TO FLOW MONITORING

## Flow Monitoring Principles

Star Pubs & Bars is the leased pub division of Heineken UK Ltd, the UK's leading cider and beer producer and a passionate supporter of the great British pub.

Our business relationships with our Licensees are built on trust and mutual profitability. Our approach is collaborative, fair and transparent and is based on mutual respect.

With your help, we want to run the best pubs and bars in the best locations and offer you the best support and training possible. We believe wholeheartedly in teamwork as it is by working closely together that we can achieve the greatest success.

The purpose of this guide is to explain the role of flow monitoring in your pub, why it's there and the procedures followed should any discrepancies in dispense be identified.



## THE ROLE OF FLOW MONITORING

Flow monitoring equipment is installed in many of Star Pubs & Bars (SP&B) pubs as a management tool to help both you and us measure the throughput of product on tap. This helps identify sales performance, promotion effectiveness, cider & beer quality and unauthorised purchase of product (also referred to as 'buying out'), which would be a breach of your Lease.

### How it works

Flow meters monitor the levels of product dispensed through the draught cider and beer lines. These are compared against the orders Heineken UK delivers to your pub with any differences highlighted.

Flow monitoring allows you to look at sales volumes and trends across each trading session. It demonstrates peak trading times which can be useful when designing staff rotas and helps to identify the best times for promotional activity. In addition, it highlights low throughput product lines and acts as a reminder of good line cleaning practices.

From our perspective, the differences between the amount of product dispensed and that purchased could be due to a number of reasons, for example, big changes in stock levels or buying outside of the tie. These have a big impact on the business and are reasons why we would want to talk to you as a matter of urgency.

**SP&B currently uses Brulines to provide flow monitoring services. Company details are as below:**

- Brulines Ltd, 1 Surtees Way, Surtees Business Park, Stockton on Tees, TS18 3HR

In addition to flow monitoring for draught products, SP&B also monitors sales of packaged products in our pubs to ensure that they are purchased direct from Heineken UK in accordance with the tie.

## Sharing Data with You

As previously stated, we believe that flow monitoring data can provide useful management information for you and for multiple operators. You can access online reports on product dispense in your pub at any time with the use of login details and a password which you can get from your Business Development Manager or from flow monitoring supplier personnel.

Alternatively, if you prefer, BDM's can supply data on request at your Business Review Meetings.

## What Happens if a Discrepancy is Identified?

Volume Recovery personnel regularly visit SP&B pubs and, where necessary, look into any discrepancies between dispensed volumes and purchases through Heineken UK. Volume Recovery Customer Account Managers act on behalf of SP&B. They typically check stock levels, dispense equipment, cellars and fridges to identify the cause of discrepancies in product dispense. As SP&B representatives, they are expected to adhere to the standards of communication set out in the Working with Star Pubs & Bars guide and should behave towards you in a professional and courteous manner at all times.

They have the right under your Lease agreement to access the cellar and review dispense equipment as required and without prior appointment. Please be aware that the only circumstances under which you can deny them access is if the Customer Account Manager is unable to provide proof of identity that he/ she is an employee of the relevant supplier.

## Buying Products Outside of The TIE?

As mentioned previously, there could be genuine reasons for the discrepancies in dispense. However, if the data provided by the flow monitoring equipment indicates that you have been buying products outside of the tie and in breach of your Lease terms, SP&B will notify you of this.

**Please note Brulines' data is not used in isolation.** In addition, SP&B will provide you with one or more other pieces of evidence supporting the conclusions drawn from the flow monitoring equipment.

This evidence may include, but is not limited to one or more of the following:

- Discovery of product not purchased from SP&B/ Heineken UK
- Non Pub Company marked packaged product on site
- Letters of undertaking signed by yourself, or if you're a multiple operator, by your unit manager
- Stock reports
- Significant turnover discrepancies versus VAT returns accounts
- Surveillance information
- Third party supplier documentation

- Products outside of the SP&B price list
- Test purchasing
- Proof of tampering
- Container balances
- Container tracking

In the event of such a breach, SP&B is entitled to seek an injunction preventing you from continuing to breach the Lease. Instead, SP&B may start proceedings requiring you to forfeit the Lease. As an alternative to such proceedings, however, we may ask you to sign an Undertakings Letter confirming that a breach in trading conditions has taken place. The letter will confirm that you understand that repeated breaches of the Lease may give rise to legal proceedings. We will only ask you, or, if you're a multiple licensee, your manager to sign an Undertakings Letter. If your manager signs an Undertakings Letter, we will inform you in writing that this has happened.

When you are not present and a signed Undertakings Letter is not obtained, a joint visit to the pub by the Business Development Manager and Customer Account Manager will be arranged. No additional administration charge will be made for this visit. Irrespective of the above actions, SP&B may choose and is entitled to charge you, the Licensee for our loss of profit on the lost sales as a result of the breach of the terms of your Lease (see section 5 for additional detail).



## Compensation and Fees Payable to SP&B

If you are purchasing product outside of the tie in breach of your Lease, SP&B will be entitled to charge you for loss of profit. This compensation will be charged at the following rates:

**Draught product:** £190 per barrel  
(where one barrel = 36 gallons).

**Packaged product:** £10 per case

In addition, we will charge an administration fee of £300 + VAT on each occasion that a breach is identified.

These figures were correct at the time that this guide was published. They may, however, change in the future.

Before any compensation charges are raised, a trained Customer Account Manager will use a Trading Standards approved vessel to check that the calibration value of the flow meter on that product is accurately reading the cider and/or beer flow volumes. Should you wish, you can be present when this calibration takes place. Details of the calibration and the calculated deficit will be recorded and will be available to you in the event that you challenge the allegation. We will add the charges outlined above to your trade account and notify you through a separate trade invoice.

In circumstances where you have left the pub, we will calculate the charges and add them to your completion statement.

## Tampering with Equipment

Where tampering with flow metering equipment is discovered, SP&B will seek to recover the cost of any necessary repairs. Please note that the cost of such repairs can amount to several thousand pounds.

In addition, any compensation payable to SP&B for loss of profit will be backdated to reflect the period during which flow monitoring equipment had been tampered with. This will be based on a range of information such as the Fair Maintainable Trade and the pub's previous purchasing history.



## Calibration of Equipment

The flow meters used by SP&B are calibrated with your equipment in your pub to give the most accurate volume measurements. These can only be confirmed as absolutely correct at the time of calibration. Therefore if they are to be used in a damages claim the following procedure is undertaken:

- On any damages claim the calibration setting is checked. If the reading varies by more than a reasonable tolerance (+/- 1.75% for keg meters or +/- 3.5% for cask meters) the meter is re-calibrated.

- If the calibration setting is changed the following process is applied (damages in favour of the licensee are always calculated).
- If the new setting is higher than the previous setting (which indicates a potential overstating of volumes) the value of the damages remains at the original lower setting for the whole period.

If you have any questions about the performance of flow monitoring meters in your pub, your best option is to contact your supplier and notify your BDM. Your BDM can answer any questions about the procedures surrounding discrepancies should you need further clarification.



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