

**EAST LINDSEY DISTRICT COUNCIL / LEISURE & CULTURE TRUST PROJECT
FUNDING AND MANAGEMENT AGREEMENT
SUMMARY DOCUMENT**

The Funding and Management Agreement will be the overarching agreement between the parties. It will set out the services to be provided and service outcomes. It will, also, set out the annual service planning regime, the funding regime, the service monitoring and review arrangements and the circumstances leading to early termination.

The key provisions are set out below:

1. Independence of the Trust

The parties will identify joint objectives and work together to achieve those objectives.

The Trust will have discretion as to how those objectives are achieved.

This is critical to demonstrating that the Trust has been established as an independent organisation and thus is eligible to be registered as a charity.

2. Service Period

The Service Period will be for 25 years, subject to early termination or extension.

3. Provision of Services

The Agreement will identify the Services to be provided to achieve those outcomes.

4. Service Fee

The Service Fee for the period [2 January] 2015 to 31 March 2018 will be set out in a Schedule to the Agreement.

For the period 2 January 2015 to 1 October 2015, funding shall be paid in the one lump sum. From 1 October 2015, the Service Fee will be paid in equal instalments (unless otherwise agreed) half yearly in advance and

payable on the first Business Day of each half year period being 1 October and 1 April in each year

The actual level of funding will reduce annually by an agreed efficiency saving and adjusted in line with inflation.

From 1 April 2016 and for the remainder of the Service Period, the new third year funding will be reviewed and renegotiated in parallel with the Annual Service Planning Process to ensure the Trust has a rolling three years of agreed funding.

5. Three Year Business Planning & Annual Service Planning

The Trust's first three year Business Plan and first 12 month Service Plan will be attached to the Funding and Management Agreement.

Three Year Business Plan

The Business Plan will set out the Trust's longer term objectives for the services and its strategy for achieving those objectives during that period.

Each year the Trust will prepare a revised three year forward plan to support the three year rolling funding cycle.

Annual Service Plan

Whilst funding will be agreed for a rolling three year period, it is essential that the services be reviewed and, as appropriate, reprioritised on an annual basis.

The Service Plan will detail the services to be delivered over the forthcoming twelve months including its proposals relating to programming, charging, staffing, investment, marketing, quality control and customer care.

Plan Timetable

Both the forward Business Plan and the annual Service Plan will be reviewed and updated on an annual basis in accordance with the following procedure:

- The Council will notify the Trust of its key objectives/priorities for the services by no later than 1 December in each Service Year.

- The Trust will be required to submit an updated 3 year Business Plan and 12 month Service Plan by no later than 1 February in each Service Year (taking into account the Council's objectives).
- The Council will review these documents and discuss them with the Trust.
- The Council will approve the Business Plan/Service Plan by no later than April of each Service Year. This cycle will be repeated throughout the Service Period.
- Each the parties will also agree the funding for the additional third year.

6. Management Issues

The Funding and Funding and Management Agreement will set out the Council's requirements regarding the services including details relating to:

- Programming
- Pricing
- Marketing
- Complaints
- Quality Control
- Safeguarding

7. Utilities

The Council will procure all the utilities. It is suggested that there be a risk share approach potentially to utilities with the Council retaining tariff risk and the Trust retaining consumption risk.

8. Cooperation Provisions

The Trust will be required to cooperate with the Council regarding developing relevant strategies e.g. leisure, culture, tourism and wider regeneration strategies.

The parties to explore investment opportunities, e.g. invest to save schemes.

9. Transfer of additional Council services

The Council may wish to transfer additional services to the Trust. The Agreement includes a mechanism whereby the Council can request the transfer of a particular service and an obligation on the Trust to give due and proper consideration to the transfer of this service. This mechanism will require the Trust to prepare a “Business Plan” for the additional service.

The Trust can also approach the Council with a proposal to transfer additional services.

The Council will be under an obligation to give due consideration to such proposals.

10. Monitoring and Review

The Funding and Management Agreement will establish a robust monitoring and review regime which includes:

- attending regular eg quarterly service review meetings with relevant Council officers;
- providing detailed information relating to the financial and operational performance of the Trust in relation to agreed KPI's;
- an annual briefing for Members of the Council;
- feedback on consultation with key stakeholders and customer surveys.

11. Gain Share

A potential share in surpluses over and above projected income and agreed reserves.

Gains to be shared 33%/33%/33% with 33% to be invested in a leisure and culture reinvestment fund held by the Trust for expenditure on projects jointly agreed between the parties.

[NB: Surplus shall mean profits over and above those projected in the business plan (once agreed). In calculating profits this will exclude the accrual of grants, donations and external funding related to ongoing projects and be above an agreed threshold e.g. £100,000].

12. Accounts and Audit

The Trust will be required to comply with statutory accounting requirements and provide copies of its audited accounts. The Council will also have a right of audit and inspection.

13. Dispute Resolution

The Agreement details the procedure for dispute resolution involving escalation within each organisation then reference to mediation.

14. Invest to Save Schemes

The Trust will be able to suggest “invest to save schemes” for investment by the Council using its own resources or prudential borrowing, as appropriate, which, subject to a satisfactory business plan, will be paid back by the Trust through a reduced management fee.

(This will be over and above any investment from the reinvestment fund)

15. Managing Poor Performance

Without prejudice to the Council's right to terminate in the circumstances detailed in Section 14 below, in the event that the Trust is in material breach of the Agreement or persistent failure to achieve required Service Outcomes, then the Trust will be required to implement an action plan to take urgent remedial action. This will be monitored by the Council. Failure to remedy may lead to termination.

16. Early Termination

The Agreement will be terminated in the event of certain specified circumstances, for example, material breach or insolvency.

The Agreement will include a non-default voluntary termination clause in favour of the Council. This will provide for termination on 12 months' notice. This right will not be exercisable for the first [three] years of the contract and compensation will be payable to the Trust for, inter alia,

redundancy costs.

17. Other Provisions

The Agreement will also set out key provisions relating to:

- Health and Safety
- Insurances
- Change of law
- Service variations
- Amendments
- Data protection
- FOI
- Confidentiality
- Assignment including local government reorganisation
- Step in

18. Schedules

The Schedules to the Agreement are as follows:

- Schedule 1 : Sites
- Schedule 3: Service Fee 1 December 2014 to 31 March 2018
- Schedule 4: Trust's Business Plan/Service Plan
- Schedule 5: Minimum Contents for Annual Service Plans
- Schedule 6: Agreed Service Outcomes/KPIS
- Schedule 7: Concessionary Pricing Requirements
- Schedule 8: Template for Financial and Operational Reports
- Schedule 9: Procedure for Dispute Resolution

19. Key Actions

- Outline for Business Plan
- Outline for Service Plan
- Identify Service Outcomes
- Identify KPIs
- Prepare Concessionary Pricing Scheme
- Prepare Reporting Template