

## **SUMMARY OF SERVICES CONTRACT AND TRANSFER AGREEMENT**

This is intended to be a very brief summary of some of the key terms.

### Background

The Charity has agreed that it will recognise the unions.

### Duration (clause 2)

The Initial Contract Term is 25 years.

This can be extended by a further 5 years by agreement.

The termination provisions are set out below.

### Fee (clause 4)

The Fee for the Services will be determined every 5 years. Each period of 5 years is a 'Fee Term'.

### Staff Terms and Conditions (clause 10)

The Charity will not amend, without the consent of the relevant Employee, the terms and conditions of any employees who transfer from the Council which result in those terms and conditions being less favourable than they are at the point of transfer.

New employees will be employed on NJC terms and conditions.

If NJC terms and conditions change increasing the cost of delivering the service then the Charity can require the Council to increase the Fee accordingly for the remainder of that Fee Term.

### ACE Business Plan and Annual Service Plan (clause 12)

The Council will consider the Charity's Annual Service Plan every year.

The Council will approve the Charity's Business Plans which Arts Council England (ACE) requires it to submit.

### Performance Management & Reporting (clause 14)

The parties will meet at least quarterly and the Charity must report various events as promptly as reasonably practicable (e.g. material financial underperformance or increases in expenditure).

### Indemnities (clause 22)

The Council will indemnify the Charity in respect of the cost of the open pension scheme.

### Default Rectification Procedure (clause 25)

There is a non-exhaustive list of defaults at clause 24 (for example: failure to meet Key Performance Indicators by a margin of 10% or more).

If the Charity defaults the Council can serve a notice. The notice will say whether it is a Minor Default or a Major Default. The notice will set out the remedy required. If the Notice is a Major Default the Council can require the Charity to provide an Action Plan detailing the steps required.

A Minor Default can become a Major Default if the notice is not complied with or if there are persistent breaches over the course of a year.

If a Major Default is not remedied then the Council can terminate the contract.

#### Termination (clause 26)

Either party may terminate the contract on the tenth (10th) or twentieth (20th) anniversary of the start of the contract by giving no less than one (1) year's written notice to the other Party.

The Council can terminate in a number of circumstances (e.g. if the Charity is insolvent or loses its Arts Council accreditation). The Charity can terminate if the Fee for the next Fee Term will place them in Financial Distress (this is defined in Schedule 1).

#### Schedule 2 - Specification

The Specification sets out the services which the Charity must provide (e.g. they must keep the museums open) and sets out Key Performance Indicators which the Charity must meet.

#### Schedule 3 – The Fee

In the fourth year of a Fee Term by the 1 October the Council shall provide the Charity with an Indicative Fee for the next Fee Term. Following the annual budget meeting of full council the Council will confirm whether the Fee will be in line with the Indicative Fee.