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**THE HIGHLAND COUNCIL**

and

**HIGH LIFE HIGHLAND**

**SERVICE DELIVERY CONTRACT**

## **INDEX**

Clause No.	Heading	Page No.
1	DEFINITIONS	3
2	ENTRUSTMENT	9
3	THIRD PARTY ARRANGEMENTS	10
4	PAYMENTS ETC BY THE AUTHORITY	10
5	SERVICES FEES – AMOUNTS	11
6	SERVICES FEE – ADJUSTMENTS	12
7	CHANGE IN SERVICES SPECIFICATION	12
8	PERFORMANCE STANDARDS AND PERFORMANCE REPORTING	17
9	PRICING	18
10	MONITORING & REVIEW	19
11	STRATEGY DOCUMENTS	20
12	PROMOTION OF GAELIC LANGUAGE, CULTURE AND HERITAGE	20
13	HMIE LEARNING COMMUNITY INSPECTIONS	20
14	LEVEL OF COMPENSATION: ONGOING MONITORING/ADJUSTMENT & PROVISION FOR REPAYMENT	21
15	FURTHER CONDITIONS/OBLIGATIONS	25
16	TUPE	27
17	WORKFORCE PAY & BENEFITS	30
18	FORCE MAJEURE	31
19	DEFAULT	31
20	INTEREST	33
21	ASSIGNATION & SUBCONTRACTING	33
22	WAIVER	33
23	NOTICES	33
24	PARTNERSHIP	34
25	SEVERANCE	34
26	DURATION	34
27	OWNERSHIP OF IPR	34
28	WARRANTIES	35

29	PERSONAL DATA & FREEDOM OF INFORMATION	35
30	EQUALITIES	37
31	DISPUTE RESOLUTION	37
32	PUBLICITY	38
33	VARIATION	38
34	COSTS	39
35	GOVERNING LAW AND JURISDICTION	40
SCHEDULE 41		
	PART 1 – PSO SERVICES	41
	PART 2 - PUBLIC PERFORMANCE REPORTING	42
	PART 3 – PERFORMANCE STANDARDS APPLYING TO FIRST FINANCIAL YEAR	43
	PART 4 – PROCESS FOR AGREEING SERVICES SPECIFICATION, PERFORMANCE STANDARDS & SERVICES FEE FOR EACH FINANCIAL YEAR	46
	PART 5 – CHANGE CONTROL PROCEDURE	47
	PART 6 - OPERATION OF SCHOOLS AND JOINT COMMUNITY FACILITIES	49
	PART 7 - DATA SHARING PROTOCOL	50
1.	AGREEMENT	51
2.	DATA USES	51
3.	REVIEW	51
	PART 8 - MEDIA MANAGEMENT PROTOCOL	57
	PART 9 - PAYMENT SCHEDULE IN RESPECT OF SERVICES FEE	58
	PART 10 – REQUIREMENTS IN RELATION TO INSURANCES	59
	PART 11 - PROMOTION OF GAELIC LANGUAGE AND CULTURE	62
	PART 12 – PRINCIPLES RELATING TO PRICING	64
	PART 13 - CONTRIBUTION OF SERVICE PROVIDER TO AUTHORITY’S POLICY	65
	PART 14 – THIRD PARTY AGREEMENTS AND LEISURE FACILITIES	66

## SERVICE DELIVERY CONTRACT

between

- (1) **THE HIGHLAND COUNCIL** established under the Local Government etc (Scotland) Act 1994 and having its principal offices at Glenurquhart Road, Inverness IV3 5NX (“**the Authority**”); and
- (2) **HIGH LIFE HIGHLAND** a company which is a charity (Scottish charity number SC●) incorporated under the Companies Act 2006 with registered number SC ● and having its registered office at 13 Ardross Street, Inverness IV3 5NS (“**the Service Provider**”)

### WHEREAS:-

- (A) The Authority has resolved to entrust the Service Provider with the provision of certain services of general economic interest.
- (B) The Service Provider has agreed to accept entrustment to it of the services referred to in preamble (A), and accepts that the provision of such services represent public service obligations incumbent upon the Service Provider throughout the Prescribed Period (as defined below) by virtue of such entrustment.
- (C) The parties wish to record in writing the arrangements which have been agreed between them in relation to the consideration which the Authority will pay to the Service Provider in respect of the provision of the services referred to in preamble (A) and other terms and conditions which are to apply with regard to the provision of the services.

**IT IS AGREED** as follows:

### 1 DEFINITIONS

- 1.1 In the Agreement, unless the context otherwise requires, the following expressions will have the following meanings assigned to them:-

“**the Agreement**” means this agreement and the schedule annexed to this agreement;

“**the Approved Operating Plan**” means, in respect of a given Financial Year, the operating plan (including financial projections) for that Financial Year as approved by the Authority in pursuance of paragraph 14.4.2;

“**the Assets**” has the meaning assigned to that expression in the Transfer Agreement;

“**Assigned Employee**” means any employee who is wholly or mainly assigned to the provision of the PSO Services to the Authority;

**“Business Day”** means a day on which the headquarters of the Authority are open for business;

[**“Capital Project”** has the meaning assigned to that expression in the Property Agreement;]

**“Cessation of Service”** means the cessation or partial cessation (whether as a result of termination of the Agreement, or part, or otherwise) of the provision of all or part of the PSO Services by the Service Provider;

**“the Collections”** has the meaning assigned to that expression in the Collections Agreement;

**“the Collections Agreement”** means the Collections Agreement between the Authority and the Service Provider dated on or around the date of this Agreement;

**“the Collections Intellectual Property”** has the meaning assigned to that expression in the Collections Agreement;

**“the Commencement Date”** means 1 October 2011, notwithstanding the date of the Agreement;

**“Confidential Information”** means, in relation to either Party, information of a confidential or proprietary nature (whether in oral, written or electronic form) belonging or relating to that Party, its business affairs or activities which (a) either Party has marked as confidential or proprietary, (b) either Party, orally or in writing has advised the other Party is of a confidential nature, or (c) due to its character or nature, a reasonable person in a like position and under like circumstances would treat as confidential;

**“Client Manager”** means the representative of the Authority appointed pursuant to clause 10.1;

**“Core Service IPR”** has the meaning ascribed to it in clause 27.2;

**“Costs”** has the meaning assigned to that expression in Clause 17.

**“Defrayed”** means, in relation to Eligible Expenditure, incurred and discharged by payment i.e. transferred from the account of the Service Provider to the creditor;

**“Eligible Expenditure”** means expenditure for which the Service Provider is eligible to use the Services Fees, as specified in clause 4.5;

**“Employment Losses”** means actions, proceedings, liabilities, costs, losses, damages, claims, demands and expenses (including, without limitation, all legal and professional fees and expenses, on a full indemnity basis);

**“Equal Pay Legislation”** means the Treaty of Rome, the Equal Pay Directive, the Equal Pay Act 1970 or the Sex Discrimination Act 1975 (or any statutory modification or re-enactment thereof).

**“Financial Year”** means the period from ● to 31 March 201● and each period of a year ending on 31 March thereafter throughout the Prescribed Period;

**“Individual”** shall have the meaning ascribed to it in clause 16.7;

**“Insured Risks”** has the meaning assigned to that expression in each of the Leases;

**“Intellectual Property Rights”** or **“IPR”** means all patents, trade marks, registered designs (and any applications for any of the foregoing), copyright (including rights in software - object code and source code), semi-conductor topography rights, database right, unregistered design right, rights in and to trade names, business names, domain names, product names and logos, databases, inventions, discoveries, know-how and any other intellectual or industrial property rights in each and every part of the world together with all applications, renewals, revisals and extensions;

**“Law”** means any applicable statute or any delegated or subordinate legislation, any enforceable community right within the meaning of section 2(1) European Communities Act 1972, any applicable guidance, direction or determination with which any Party is bound to comply and any applicable judgement of a relevant court of law which is a binding precedent in Scotland, in each case in force in Scotland;

**“the Leases”** has the meaning assigned to that expression in the Property Agreement;

**“the Licence”** has the meaning assigned to that expression in the Property Agreement;

[**“Major Repair Works”**, **“Major Upgrading Works”** and **“Major Statutory Works”**] have the meanings respectively assigned to those expressions in the Property Agreement;

**“the Services Fees”** means the payments to be made by the Authority to the Service Provider under the Agreement in consideration for the PSO Services; **“Services Fee”** shall be construed accordingly;

**“New Supplier”** means any entity which is awarded a contract to provide services equivalent or similar to the PSO Services, or any part of the PSO Services, in place of the Service Provider (including the Authority in the case of the provision of the PSO Services, or any part of the PSO Services, by the Authority);

**“the Operating Area”** means the area served by the Authority;

**“the PSO Operations”** means the operations associated with delivery of the PSO Services;

**“the PSO Services”** means the services of general economic interest (representing public service obligations) to be provided by the Service Provider, as specified in clause 3 (as read with Part 1 of the Schedule);

**“Parties”** means the Authority and the Service Provider: **“Party”** shall be construed accordingly;

**“the Prescribed Performance Standards”** means (subject to clause 8):

- (a) during the first Financial Year, the performance standards set out in Part 2 of the Schedule
- (b) in respect of every subsequent Financial Year, the performance standards agreed between the Authority and the Service Provider in pursuance of paragraph 8.3 as being applicable to that Financial Year;

**“the Prescribed Period”** means the period commencing on the Commencement Date and expiring on 31 March 2036 or (if earlier) the date of termination of the Agreement;

**“Property” and “Properties”** have the meanings respectively assigned to those expressions in the Property Agreement;

**“the Property Agreement”** means the Property Agreement between the Authority and the Service Provider, dated on or around the date of the Agreement, relating to various matters affecting the Property Portfolio;

**“the Property Portfolio”** means the portfolio of properties in respect of which the Service Provider has a leasehold interest (or, as the case may be, a right to occupy) from time to time under the Leases and the Licence;

**“Quarter”** means a period of three consecutive calendar months commencing on the first day of each Financial Year and every subsequent period of three consecutive calendar months thereafter during the Prescribed Period;

**“Retained (Non-collections) Intellectual Property”** has the meaning assigned to that expression in the Transfer Agreement;

**“SLAs”** means the service level agreements to be entered into between the Authority and the Service Provider, providing for the Authority to supply the following services to the Service Provider for a defined period:

- grounds maintenance;
- refuse collection;

- vehicle leasing and maintenance;
- catering and cleaning;
- ICT;
- financial services (including internal audit, insurance and risk management);
- corporate governance; and  
school accommodation;

**“Service Provider Representative”** means the representative of the Service Provider appointed pursuant to clause 10.1;

**“the Service Provider Review”** has the meaning assigned to that expression in Clause 17.

**“Service Transfer”** shall have the meaning ascribed to it in clause 16.1;

**“Service Transfer Time”** shall have the meaning ascribed to it in clause 16.1;

**“Services Specification Change”** means a change to the Services Specification in accordance with clause 7 (as read with Part 3 of the Schedule);

**“the Services Specification”** means, at any given time, the specification defining the PSO Services to be provided under the Agreement, as applying at that time under clauses 2 and 7;

**“Special Events”** means one-off projects outwith the normal scope of the PSO Services; **“Special Event”** shall be construed accordingly;

**“Statement”** means a half-yearly financial statement, in such form as the Authority may reasonably prescribe from time to time;

**“the Strategy Documents”** means the Authority’s key policy documents that set out its vision for delivering the Council’s social and economic aims and objectives through culture and sport, as developed and agreed from time to time between the Authority and the Service Provider in accordance with clause 11;

**“the Subsidiary”** means • incorporated under the Companies Acts (registered number SC●) and having its registered office at 13 Ardross Street, Inverness IV3 5NS;

**“the Subsidiary Transfer Agreement”** means the Transfer Agreement between the Authority and the Subsidiary dated on or around the date of the Agreement;

**“Taxation”** means corporation tax, capital gains tax, inheritance tax, value added tax, income tax (including without limitation income tax required to be deducted or withheld from or accounted for in respect of any payment),

national insurance contributions, stamp duty, stamp duty land tax, stamp duty reserve tax, amounts corresponding to either income tax or corporation tax, rates (including without limitation water rates) and local charges, customs and other import duties, and any other taxes, levies, duties, withholdings or imposts of any nature whatsoever imposed on the Service Provider or for which it may be or become liable, and all fines or penalties, charges and interest relating to the above;

**“the Trading Operations Assets”** means “the Assets” as defined in the Subsidiary Transfer Agreement;

**“the Transfer Agreement”** means the Transfer Agreement between the Authority and the Service Provider dated on or around the date of the Agreement;

**“the Transfer Assistance Period”** means the period (a) of six months prior to the expiry of the Prescribed Period or, (b) if shorter, the period beginning on the day on which the Service Provider becomes aware of the earlier termination of this Agreement, until the Service Transfer Time;

**“Transferring Employees”** has the meaning assigned to that expression in the Transfer Agreement [and the Subsidiary Transfer Agreement];

**“the TUPE Regulations”** means the Transfer of Undertakings (Protection of Employment) Regulations 2006 and/or any other regulations enacted for the purposes of implementing the Acquired Rights Directive (2001/23/EC) into UK law;

**“WPBR”** has the meaning assigned to that expression in Clause 17.

- 1.2 Any reference to the first Financial Year shall be construed as a reference to the first Financial Year to occur within the Prescribed Period; and any reference to the second, or a subsequent, Financial Year shall be construed accordingly.
- 1.3 Clause headings are included in the Agreement for ease of reference only and shall not affect the interpretation of the Agreement.
- 1.4 References to clauses and paragraphs and to the Schedule are (unless otherwise stated) references to the clauses and paragraphs of, and the schedule to, the Agreement.
- 1.5 Where the context so admits or requires, words denoting the singular include the plural and vice versa.
- 1.6 References to statutory provisions shall be construed as references to those provisions as replaced, amended or re-enacted from time to time (whether before or after the date of the Agreement) and shall include any provisions of which they are re-enactments (whether with or without modification) and any subordinate legislation made under such provisions.

## 2 ENTRUSTMENT

- 2.1 The Authority entrusts the Service Provider with the provision throughout the Prescribed Period of the PSO Services, all in accordance with the Services Specification.
- 2.2 The Service Provider accepts the entrustment to it of the PSO Services, and accepts that the provision of the PSO Services represent public service obligations incumbent upon the Service Provider throughout the Prescribed Period (subject to the payment and other obligations of the Authority under this Agreement being met) by virtue of such entrustment.
- 2.3 In order to secure that the PSO Services are delivered in a manner which facilitates access to the PSO Services by communities across the area served by the Authority (with an appropriate geographical balance), and also having regard to the responsibilities of the Authority in (a) seeking to sustain civic buildings within the respective communities as one means of helping to secure community cohesion and (b) conserving the Authority's portfolio of cultural and sports venues (in recognition of the contribution which they make towards tourism and other strands of economic activity, appreciation of the built heritage, and other factors associated with the well-being of the citizens of the area served by the Authority), the Service Provider shall be under an obligation (subject to clauses 7.2, 7.4 and 7.12) to supply the PSO Services from the respective venues comprised in the Property Portfolio; and (subject to clauses 7.2, 7.4 and 7.12) the Service Provider shall not be entitled to terminate the supply of PSO Services from any of such venues without the prior written consent of the Authority (such consent not to be unreasonably withheld).
- 2.4 In order to secure that the PSO Services are delivered in a manner which facilitates public access to the Collections, and also having regard to the responsibilities of the Authority in relation to conservation and study of the Collections, the Service Provider shall be under an obligation (subject to clause 7.13) to utilise the Collections in the course of providing the PSO Services; and (subject to clause 7.13) the Service Provider shall not be entitled to restrict public access to the Collections (otherwise than as permitted under clause 7.13 or the provisions of the Collections Agreement) without the prior written consent of the Authority (such consent not to be unreasonably withheld).
- 2.5 With reference to clauses 2.3 and 2.4, the Authority, in order to secure an appropriate allocation of risks as between the Authority and the Service Provider in respect of the Property Portfolio and the Collections and to enable the respective rights and obligations of the parties in that regard to be appropriately defined, shall
- 2.5.1 grant to the Service Provider a leasehold interest (subject to clause 2.6) in each of the Properties, through the Leases (which shall provide that the tenant [shall/shall not][*VAT implications to be checked*] be liable for (a) insurance premiums due in respect of the Properties in relation to cover for the Insured Risks or (b) (to the extent that the

relevant contribution would fall to be made to the Authority) contributions under the relevant title deeds towards expenditure on common facilities and services due in respect of the Properties); and

- 2.5.2 grant to the Service Provider certain rights of use in relation to the Collections, through the Collections Agreement.
- 2.6 Pending the grant of a Lease in respect of any Property, a licence to occupy that Property shall be available to the Service Provider, by virtue of the provisions in that regard contained in the Transfer Agreement.

### **3 THIRD PARTY ARRANGEMENTS**

- 3.1 The Authority and the Service Provider shall work together to document the Service Provider's responsibilities (and its corresponding rights) in connection with the management of the Third Party Agreements outlined at Part 14 of the Schedule.
- 3.2 The Authority shall be obliged to notify each of the relevant Third Parties of the Service Provider's role in managing the agreement, as of the Commencement Date.

### **4 PAYMENTS ETC BY THE AUTHORITY**

- 4.1 The Authority agrees, subject to the terms and conditions set out in the Agreement, to pay the Services Fees (together with all VAT payable on such fees) to the Service Provider in consideration for the provision by the Service Provider of the PSO Services.
- 4.2 The Services Fee due in respect of each Financial Year, together with VAT, shall be payable by the Authority to the Service Provider quarterly in advance, in four equal instalments, with the payment in respect of each Quarter to be paid (subject to clause 4.4) on or before the 20th day of the month immediately preceding the commencement of that Quarter (i.e. 20 September, 20 December, 20 March and 20 June) subject to receipt by the Authority of a valid VAT invoice issued by the Service Provider relating to that element of the Services Fee.
- 4.3 Payment of the first instalment of the Services Fee applying in the first Financial Year shall be made on 1 October 2011.
- 4.4 In order to facilitate the provision of the PSO Services, the Authority shall
- 4.4.1 transfer the Assets to the Service Provider on the Commencement Date and grant to the Service Provider on the Commencement Date a licence in respect of the Retained (Non-collections) Intellectual Property, in each case for nil consideration (save in respect of the stock, for which the consideration will reflect a valuation to be carried out following the transfer), all as provided for in the Transfer Agreement;

- 4.4.2 transfer to the Subsidiary (being a wholly-owned subsidiary of the Service Provider) on the Commencement Date the Trading Operations Assets, for nil consideration (save in respect of the stock, for which the consideration will reflect a valuation to be carried out following the transfer), as provided for in the Subsidiary Transfer Agreement; and grant to the Subsidiary a licence in respect of the Collections Intellectual Property, for nil consideration, as provided for in the Collections Agreement.
- 4.5 The Assets, all net income derived from the Trading Operations Assets (whether by way of gift aid payments by the Subsidiary to the Service Provider or otherwise), and the Services Fees shall be used by the Service Provider solely for the purposes of the provision of the PSO Services in accordance with the Agreement, and for no other purpose whatsoever.
- 4.6 Without prejudice to the provisions of clause 4.5, where any capital assets are purchased by the Service Provider using Services Fees (wholly, or in conjunction with other funds):
- 4.6.1 the Service Provider shall ensure that the use of such assets for operations falling outwith the provision of the PSO Services shall be of a minor or ancillary nature only;
- 4.6.2 the Service Provider shall not dispose of such assets (either during the Prescribed Period or at any time thereafter) without the prior written consent of the Authority (acting reasonably), and on the basis that the Authority's consent may be granted subject to such conditions (which may include a requirement to repay the whole or part of the Services Fees attributable to the relevant assets) as the Authority may reasonably consider appropriate.
- 4.7 The provisions of clause 4.6 shall apply (with any necessary modifications, and in any event subject to clause 4.8) to the Assets as if they were capital assets of the Service Provider purchased using Services Fees.
- 4.8 The Service Provider shall be entitled, without any requirement to obtain the prior written consent of the Authority, to dispose of library or other lending stock, sports equipment and/or other items comprised in the Assets which have reached the end of their useful lives in the context of delivery of the PSO Services, providing the net receipts from such disposals are used to support the provision of the PSO Services.

## **5 SERVICES FEES – AMOUNTS**

- 5.1 The Services Fee payable by the Authority to the Service Provider in respect of the first Financial Year shall (subject to clauses 5.3, 5.4 and 6) be £● (plus VAT).
- 5.2 Payments of the Services Fee for the first Financial Year will be as set out in Part 9 of the Schedule.

- 5.3 At least six months prior to the start of each Financial Year, the Authority and the Service Provider shall negotiate in good faith with regard to the level of the Services Fees (excluding any element payable under the provisions of clause 5.4) to be payable in respect of that Financial Year (and taking account of any Services Specification Change which the parties may agree should be applicable in respect of that Financial Year [(including the extent, if any, to which such Services Specification Changes give rise to a requirement on the part of the Service Provider to dismiss any Assigned Employee by reason of redundancy (as defined in Section 139 of the Employment Rights Act 1996)] and the Prescribed Performance Standards which are anticipated to be applicable during that Financial Year); the process for agreeing the level of the Services Fees in pursuance of the preceding provisions of this clause shall be as set out in Part 3 of the Schedule.
- 5.4 In addition to those elements of the Services Fees which are provided for in clauses 4.1 and 4.3, an additional element of the Services Fee (plus VAT) may be payable to the Service Provider in consideration for the provision by the Service Provider of any exceptional level of support which may be provided by the Service Provider to the Authority in respect of any special event or events, or in respect of elections (for example, the provision of the services of records management staff).
- 5.5 The basis on which the amount of any additional Services Fee payable under clause 5.5 is to be calculated shall be as agreed between the Parties from time to time.

## **6 SERVICES FEE – ADJUSTMENTS**

- 6.1 In the event that the Service Provider encounters, or expects to encounter, an increase in costs (whether as a result of Taxation or otherwise) and/or a decrease in income during the course of a Financial Year, the Service Provider may, if that increase in costs or decrease in income was not anticipated in the course of agreeing the Services Fee payable in respect of that Financial Year, propose a change to the Services Fee payable in respect of that Financial Year; the process for initiating, and thereafter negotiating and agreeing, any such change shall be as specified in Part 4 of the Schedule.
- 6.2 Without prejudice to the provisions of clause 6.1, the Services Fee shall be adjusted within the timescales and in accordance with the process set out in Part 4 of the Schedule.

## **7 CHANGE IN SERVICES SPECIFICATION**

- 7.1 The Authority may, subject to the provisions of Part 4 of the Schedule, initiate any change to the Services Specification which it may deem appropriate from time to time; the process for initiating, and thereafter negotiating and agreeing, any such change shall be as specified in Part 4 of the Schedule.
- 7.2 Without prejudice to the provisions of clause 7.1, if any Property from which the PSO Services are supplied becomes wholly or partly unfit or unavailable

for use for delivery of any one or more of the relevant PSO Services (whether by reason of damage or destruction, failure of major plant, the emergence of health and safety concerns whose remedy would require major expenditure, the introduction of new statutory requirements where the works involved in securing compliance would require major expenditure, or otherwise):

- 7.2.1 the parties shall negotiate in good faith with a view to determining whether and to what extent PSO Services provided from that Property could be delivered from other premises and/or staff might be redeployed or the scope of the PSO Services delivered from that Property might be restricted (whether in relation to opening hours or otherwise) or otherwise adapted to meet the circumstances;
  - 7.2.2 the Parties shall, in the light of the arrangements agreed in pursuance of paragraph 7.2.1, determine what adjustments to the Services Specification and/or Prescribed Performance Standards are appropriate in respect of the period during which the Property remains wholly or partly unfit for use for delivery of the relevant PSO Services;
  - 7.2.3 following upon agreement between the parties in relation to the adjustments referred to in paragraph 7.2.2, the parties shall negotiate in good faith an appropriate alteration to the Services Fee to reflect those adjustments.
- 7.3 For the avoidance of doubt, the provisions of paragraph 7.2.1 shall not be taken to derogate from the ability of the Service Provider to suspend public access to a Property in the circumstances referred to in clause 7.2 on an interim basis if the Service Provider considers (acting reasonably) that there is an immediate and substantial threat to health and safety.
- 7.4 The provisions of clause 7.2 shall apply, with any necessary modifications, in any instance where the nature and/or extent of [Major Repair Works, Major Upgrading Works or Major Statutory Works] to be carried out to a Property in pursuance of the Property Agreement is likely to have the effect that the Property will be wholly or partly unfit (or unavailable) for use for delivery of any one or more of the relevant PSO Services, subject to the qualification that the parties will endeavour to initiate the process referred to in paragraphs 7.2.1 to 7.2.3 at least 3 months prior to commencement of the relevant works and to complete that process at least 4 weeks prior to commencement of the relevant works.
- 7.5 The provisions of clause 7.2 shall (subject to clause 7.6) apply, with any necessary modifications, where the ability of the Service Provider to deliver the PSO Services from any Property is adversely affected by
- 7.5.1 any failure on the part of the Authority to keep roads, footpaths or landscaped areas in the vicinity of the Property properly lit, free of refuse and maintained to a reasonable standard;

- 7.5.2 any failure on the part of the Authority to keep common plant, equipment, service media and/or other facilities (serving a Property in common with other subjects) properly maintained and in working order;
  - 7.5.3 any failure or shortcoming in relation to the delivery of services by the Authority to the Service Provider under the SLAs;
  - 7.5.4 the termination of any or all of the SLAs on the grounds of breach by the Authority, to the extent that the Service Provider, despite use of reasonable endeavours, is unable to secure delivery of the relevant services from some other provider;
  - 7.5.5 any claim made (or other step taken) by a party to a Transferring Contract on the grounds that allowing the Service Provider the benefit of that Transferring Contract represented a breach of that Transferring Contract;
  - 7.5.6 any defect or deficiency in the works associated with the implementation of a [Capital Project], where that defect or deficiency is referable to negligence on the part of an employee of the Council who was involved in the provision of services in respect of that [Capital Project] of a nature which might otherwise have been provided by a member of an external professional team.
- 7.6 The provisions of clause 7.5 shall be without prejudice to the ability of the Authority (if it so elects, at its discretion) to carry out remedial works at the Authority's expense so as to eliminate, reduce or modify the effect on delivery of PSO Services from the relevant Property.
- 7.7 The provisions of clause 7.2 shall apply, with any necessary modifications, in any instance where the use of the whole or part of a Property for the delivery of any one or more of the relevant PSO Services is affected by:
- 7.7.1 any Title Defect (as defined in the Property Agreement), as provided for in clause [13] of the Property Agreement; or
  - 7.7.2 requirements associated with a civil emergency, as provided for in clause [16] of the Property Agreement.
- 7.8 In any case where the implementation of risk control measures for any Property (as identified in the context of any inspection or risk control survey) would involve significant expenditure on the part of the Service Provider, the Service Provider and the Authority shall enter into discussions with a view to achieving an appropriate resolution; and
- 7.8.1 the Authority may increase the Services Fee by an amount which reflects the additional financial burden associated with the implementation of the relevant risk control measures;
- or (at the option of the Authority)

- 7.8.2 the Authority may elect that the provisions of clause 7.2 should apply, with any necessary modifications.
- 7.9 In any case where the implementation of risk control measures for any item comprised in the Collections (as identified in the context of any inspection or risk control survey) would involve significant expenditure on the part of the Service Provider, the Service Provider and the Authority shall enter into discussions with a view to achieving an appropriate resolution; and
- 7.9.1 the Authority may increase the Services Fee by an amount which reflects the additional financial burden associated with the implementation of the relevant risk control measures;
- or (at the option of the Authority)
- 7.9.2 the Authority and the Service Provider shall negotiate in good faith with a view to determining whether and to what extent the provision of PSO Services in respect of that item might be restricted or otherwise adapted to meet the circumstances, and:
- 7.9.2.1 the parties shall, in the light of the arrangements agreed in pursuance of paragraph 7.9.2, determine what adjustments to the Services Specification and/or Prescribed Performance Standards are appropriate;
- 7.9.2.2 following upon agreement between the parties in relation to the adjustments referred to in paragraph 7.9.2.1, the parties shall negotiate in good faith an appropriate alteration to the Services Fee to reflect those adjustments.
- 7.10 In the event that the ability of the Service Provider to deliver the PSO Services is adversely affected by a service provider or holder of IPR (a) declining to issue consent to the assignment or novation of the relevant contract, or (as the case may be) the sub-licensing of the relevant IPR, to the Service Provider as contemplated in the Transfer Agreement or the Collections Agreement, or (b) agreeing to issue consent but only on the basis of financial and/or other conditions which the Service Provider (acting reasonably) considers to be unduly onerous, the Service Provider and the Authority shall enter into discussions with a view to achieving an appropriate resolution and
- 7.10.1 the Authority may increase the Services Fee by an amount which reflects (a) the additional payment to be made to the relevant service provider or holder of IPR and/or (b) the additional financial burden associated with the relevant conditions;
- or (at the option of the Authority):
- 7.10.2 the Parties shall determine what adjustments to the Services Specification and/or Prescribed Performance Standards are appropriate in the circumstances which then prevail (and taking

account of the financial and other implications associated with procuring an alternative service provider or an alternative source of the same or similar IPR, where that possibility exists);

- 7.10.3 following upon agreement between the parties in relation to the adjustments referred to in paragraph 7.10.2, the Parties shall negotiate in good faith an appropriate alteration to the Services Fee to reflect those adjustments.
- 7.11 If there is to be any addition to the Property Portfolio in pursuance of the Property Agreement, the parties will negotiate in good faith, with a view to
- 7.11.1 agreeing the PSO Services which are to be delivered from the Property which is being added to the Property Portfolio (“**the New Property**”);
- 7.11.2 agreeing whether and to what extent PSO Services provided from other Properties could be delivered from the New Property and/or staff might be redeployed to the New Property or the scope of the PSO Services delivered from other Properties might be restricted (whether in relation to opening hours or otherwise) or otherwise adapted to meet the circumstances;
- 7.11.3 determining what adjustments to the Services Specification and/or the Prescribed Performance Standards are appropriate to reflect the matters referred to in paragraphs 7.11.1 and 7.11.2; and
- 7.11.4 following upon agreement between the parties in relation to the matters referred to in paragraphs 7.11.1 to 7.11.3, negotiating in good faith an appropriate alteration to the Services Fee to reflect the PSO Services to be delivered from that Property and the adjustments referred to in those paragraphs.
- 7.12 If there is to be any withdrawal of a Property from the Property Portfolio in pursuance of the Property Agreement, the parties shall apply the provisions of paragraphs 7.2.1 to 7.2.3 (with any necessary modifications) so as to negotiate and agree the adjustments to the Services Specification and/or the Prescribed Performance Standards, and the alteration to the Services Fee, which should apply in the light of the withdrawal of that Property.
- 7.13 If a significant part of the Collections is rendered unusable or unavailable (whether by reason of damage or destruction, the withdrawal of any right of use conferred by the terms of a bequest or trust, or otherwise), the parties shall apply the provisions of paragraphs 7.2.1 to 7.2.3 (with any necessary modifications) so as to negotiate and agree the adjustments to the Services Specification and/or the Prescribed Performance Standards, and the alteration to the Services Fee, which should apply in the light of the non-availability of that part of the Collections.
- 7.14 For the avoidance of doubt, a part of the Collections will be regarded as unusable for the purposes of clause 7.13 if the Property in which that part of

the Collections is housed ceases to be fit for use for delivery of the relevant PSO Services, except to the extent that that part of the Collections can reasonably be re-housed within some other Property or Properties.

7.15 If there is any change in Law (otherwise than as referred to in clause 7.2) which has a significant impact on delivery of the PSO Services:

7.15.1 the parties shall negotiate in good faith with a view to determining whether and to what extent PSO Services could be delivered in some other manner and/or staff might be redeployed or the scope of the PSO Services be restricted (whether in relation to opening hours or otherwise) or otherwise adapted to meet the circumstances;

7.15.2 the parties shall, in the light of the arrangements agreed in pursuance of paragraph 7.15.1, determine what adjustments to the Services Specification and/or the Prescribed Performance Standards are appropriate;

7.15.3 following upon agreement between the parties in relation to the adjustments referred to in paragraph 7.15.2, the parties shall negotiate in good faith an appropriate alteration to the Services Fee to reflect those adjustments.

7.16 Without prejudice to the provisions of clauses 7.1 to 7.15, in the event that the Service Provider encounters or expects to encounter an increase in costs (whether as a consequence of the need to dismiss by reason of redundancy any of the Assigned Employees or as a consequence of any Costs arising in terms of Clause 16) or a decrease in income during the course of a Financial Year, the Service Provider may, if that increase in costs or decrease in income was not anticipated in the course of agreeing the Services Fee payable in respect of that Financial Year, propose a change to the Services Specification (either alone, or in conjunction with a change to the Services Fee proposed in pursuance of clause 6.1); the process for initiating, and thereafter negotiating and agreeing, any such change shall be as specified in Part 4 of the Schedule.

## **8 PERFORMANCE STANDARDS AND PERFORMANCE REPORTING**

8.1 Subject to clause 8.6, the Service Provider shall, in providing the PSO Services, meet the Prescribed Performance Standards applicable from time to time and comply with the performance reporting requirements as set out at Part 5 of the Schedule.

8.2 The performance standards applicable in respect of the first Financial Year shall (subject to clauses 8.4 and 8.5) correspond with those set out in Part 2 of the Schedule.

8.3 At least six months prior to the start of the second, and each subsequent, Financial Year, the Authority and the Service Provider shall negotiate in good faith with regard to the prescribed performance standards and performance reporting requirements to be applicable in respect of that

Financial Year (and taking account of any Services Specification Change which the parties may agree should be applicable in respect of that Financial Year); the process for agreeing the performance standards in pursuance of the preceding provisions of this clause shall (subject to clause 8.5) be as set out in Part 3 of the Schedule.

8.4 The Prescribed Performance Standards shall be subject to variation from time to time

8.4.1 in accordance with the provisions of clause 7; and

8.4.2 in accordance with the provisions of Part 3 of the Schedule;

and such that on each occasion when there is a variation to the Prescribed Performance Standards, the parties shall negotiate in good faith an appropriate alteration to the Services Fee to reflect that variation, in accordance with the provisions of 4 of the Schedule. For the avoidance of doubt, the provisions of Part 4 of the Schedule shall not derogate from the entitlement of the Authority to impose a change in relation to the Prescribed Performance Standards (but acknowledging that any such change may in turn give rise to the need to adjust the Services Fee and/or the Service Specification, in accordance with the provisions of Part 3 of the Schedule).

8.5 Without prejudice to the provisions of clause 8.4, in the event of any change in the Statutory Performance Indicators, the Authority shall be entitled (acting reasonably) to alter the Prescribed Performance Standards as from the date on which that change to the Statutory Performance Indicators takes effect (or from such later date as the Authority may determine) with a view to securing satisfactory performance on the part of the Authority against the revised Service Performance Indicators and will agree such alteration to the Services Fee (if any) as may be appropriate to reflect such an alteration to the Statutory Performance Indicators.

8.6 The Service Provider shall not be liable for any failure to meet the Prescribed Performance Standards if and to the extent that such failure is directly attributable to any breach by the Authority of its obligations under the Agreement, the Property Agreement or any of the SLAs.

## **9 PRICING**

9.1 The Service Provider shall operate a pricing policy which balances the achievement of the principles and objectives outlined in Part 15 of the Schedule.

9.2 The Service Provider shall not:

9.2.1 raise charges for service users to access the PSO Services above the annual rate of inflation;

9.2.2 introduce charges for service users to access PSO Services that have previously been provided free of charge,

without first obtaining the prior written approval of the Authority, which shall not be unreasonably withheld or delayed.

## **10 MONITORING & REVIEW**

- 10.1 Without prejudice to the provisions of the Property Agreement, the Leases, the Licence and the Collections Agreement, the Authority shall be entitled to have access to the Properties at any time (subject to (a) giving reasonable prior notice to the Service Provider (except in case of emergency) and (b) complying with any reasonable requirements of the Service Provider as regards security and/or health and safety) for the purpose of satisfying itself that the Service Provider is complying with its obligations under the Agreement and/or for the purpose of monitoring the performance of the Service Provider in delivering the PSO Services.
- 10.2 The Authority will appoint a Client Manager and the Service Provider will appoint a Service Provider Representative to oversee the overall performance of this Agreement. Neither Party shall change such appointee without prior consultation with the other Party.
- 10.3 The Client Manager and the Service Provider Representative shall meet at least once every Quarter, or as otherwise agreed, to review the performance of the Service Provider in providing the PSO Services
- 10.4 The review meetings referred to in clause 10.3 shall, in addition to addressing any perceived shortcomings in the provision of the PSO Services, afford an opportunity for the Authority and the Service Provider to exchange views in relation to how the delivery of the PSO Services might be improved or rendered more efficient (whether in the light of new technology or otherwise); any such proposals may, if the Authority sees fit, be reflected in the subsequent initiation by the Authority of a change to the Services Specification in pursuance of clause 7.1.
- 10.5 The Service Provider will have the option of initiating a proposal under clause 6 or 7 to address the discussions held at the review meetings referred to in clause 10.3 and issues arising from such discussions.
- 10.6 The review meetings referred to in clause 10.3 shall be convened on not less than 3 Business Days' notice, except in an emergency (in which case as much notice as is reasonably practicable shall be given); and shall (except in the case of an emergency) be accompanied by an agenda of items to be discussed at the meeting.
- 10.7 The Client Manager shall be responsible for preparing minutes of all meetings.
- 10.8 A copy of the draft minutes prepared by the Client Manager in pursuance of clause 10.7 shall be forwarded to the Service Provider Representative by the Client Manager within 5 Business Days of the date of the meeting.

- 10.9 The Service Provider Representative shall advise the Client Manager of any comments which he/she has in respect of the minutes prepared in pursuance of clause 10.7 within 5 Business Days of receipt of a copy of the minutes in accordance with clause 10.8; and the Client Manager will make such revisions to the minutes as are agreed between the Service Provider Representative and the Client Manager.

## **11 STRATEGY DOCUMENTS**

- 11.1 The Service Provider shall seek, in delivering the PSO Services, to advance the objectives set out in the Strategy Documents, so far as relevant to delivery of the PSO Services.
- 11.2 The strategy for delivery of culture and sport across the Operating Area applicable to the periods outlined in the respective documents shall be as contained in ‘The Programme for The Highland Council 2011 - 2012 (“Strengthening the Highlands”)’ and ‘Education, Culture and Sport Service Plan’, but on the basis that the strategy as set out in these documents shall be subject to annual review by the Authority and may be adjusted by the Authority from time to time to reflect the outcome of any such annual review, and any legislation that informs the responsibilities of local authorities as regards delivery of cultural and sports services.
- 11.3 The strategy for delivery of cultural and leisure services across the Operating Area shall be periodically refreshed by the Authority, and upon formal adoption by the Authority, shall be taken to form the Strategy Documents (in place of the previous strategy) for the purposes of clause 11.1.
- 11.4 The Service Provider shall provide support to inform the annual reviews and periodic refresh of the strategy for delivery of cultural and leisure services across the Operating Area, as referred to in clauses 11.2 and 11.3, and shall also assist the Authority in relation to monitoring progress in furtherance of the Strategy Documents, all as described in Part 2 of the Schedule.

## **12 PROMOTION OF GAELIC LANGUAGE, CULTURE AND HERITAGE**

- 12.1 The Service Provider shall, in delivering the PSO Services:
- 12.1.1 adopt the Gaelic policies and practices of the Authority (so far as relevant to the delivery of the PSO Services);
- 12.1.2 implement the Authority’s Gaelic Language Plan (under the Gaelic Language (Scotland) Act 2005);
- insofar as the same (and any revisions to the said policies, practices and Plan) are intimated to the Service Provider, in writing, from time to time.
- 12.2 The Gaelic policies and practices of the Authority applicable as at the date of this Agreement shall correspond with those set in Part 11 of the Schedule.

## **13 HMIE LEARNING COMMUNITY INSPECTIONS**

- 13.1 The Service Provider shall assist the Authority in its role of organising and undertaking “HMIE Learning Community Inspections”, by contributing to the inspection process under the following performance indicators (within the “How Good is Our Learning and Development 2 Framework”):
- 13.1.1 improvements in performance;
  - 13.1.2 impact on participants’ achievement through learning for young people;
  - 13.1.3 impact on participants’ achievement through learning for adults; and
  - 13.1.4 improving services.
- 13.2 With reference to clause 13.1, the Service Provider will contribute to the inspection process by:-
- 13.2.1 using appropriate quality assurance, planning and recording systems to ensure adequate evidence of activity can be provided to the Authority (for the purpose of inspections);
  - 13.2.2 arranging for appropriate local staff to engage in the inspection process, including youth workers and adult learning staff; and
  - 13.2.3 contributing to the organisation of visits and focus groups under the [above themes] for inspections.

**14 LEVEL OF COMPENSATION: ONGOING MONITORING/ ADJUSTMENT & PROVISION FOR REPAYMENT**

- 14.1 In accordance with principles of EU law, the Authority is obliged to set, and thereafter monitor and control, the amount of the Services Fees paid and/or payable by the Authority to the Service Provider (and taking account of all other forms of assistance provided by the Authority to the Service Provider), in order that the Authority may satisfy itself that the funding and other assistance provided by the Authority to the Service Provider under the Agreement or otherwise according to the Collections Agreement, the Property Agreement, the Subsidiary Transfer Agreement, the Transfer Agreement and the SLAs does not have the effect of granting illegal State Aid, namely that the aggregate amount of public service compensation paid to the Service Provider (from the Authority and other sources, taken in aggregate), when added to all other receipts, does not exceed that which is necessary to cover all of the costs incurred in providing the PSO Services together with a reasonable profit; and in particular to ensure that there is no over-compensation in respect of the PSO Services.
- 14.2 In determining whether there is over-compensation in respect of the PSO Services by reference to the principles set out in clause 14.1,
- 14.2.1 the costs to be taken into consideration shall be restricted to those which are associated with the provision of the PSO Services; and on the basis that in the case of costs which are attributable partly to the

provision of the PSO Services and partly to other operations, a reasonable apportionment of costs shall be made;

- 14.2.2 the receipts to be taken into account shall include all revenue generated by the provision of the PSO Services and all receipts (including, without prejudice to that generality, any receipts of the nature referred to in clause 4.8) derived directly or indirectly from the Assets and/or the Trading Operations Assets (and in any case where Assets are used for a purpose falling outwith the PSO Services, on the basis that a notional charge (reflecting market rates) for use for that purpose shall be taken into account as if it were a receipt generated by the provision of the PSO Services);
  - 14.2.3 the assistance provided by the Authority through the matters referred to in clause 4.4 shall be taken into account as representing part of the compensation in respect of the provision of the PSO Services;
  - 14.2.4 the question of what represents a reasonable profit shall be determined by reference to an appropriate return on own capital, taking account of the level of risk incurred by the Service Provider, but such that the rate of return shall not exceed the average rate for the relevant sectors of business for the preceding three year period.
- 14.3 For the avoidance of doubt, the Authority shall, in determining whether or not to issue consent under paragraph 4.6.2, and in setting any conditions attaching to consent (if granted), take due account of the principles associated with avoiding over-compensation (as referred to in this clause 14).
- 14.4 In order to facilitate the monitoring and control of the level of compensation for the PSO Services in accordance with the principles set out in clauses 14.1 and 14.2, the Service Provider undertakes:
- 14.4.1 to ensure that its internal accounts show the costs and receipts (including any notional charge of the nature referred to in paragraph 14.2.1) associated with the provision of the PSO Services separately from those associated with any other operations carried on by the Service Provider, as well as the accounting policies used for the purpose of allocating costs and revenues;
  - 14.4.2 to submit to the Authority for approval, no later than 3 months after the commencement of the first Financial Year and no later than 6 months prior to the commencement of each subsequent Financial Year, a draft operating plan for that Financial Year, adjust that draft operating plan in accordance with such reasonable directions as the Authority may issue to the Service Provider, and (without prejudice to the provisions of paragraphs 14.4.4 and 14.4.5) to use all reasonable endeavours to adhere to the operating plan, as finally approved by the Authority, in respect of that Financial Year;
  - 14.4.3 to provide the Authority, within three weeks after the end of each Quarter, with a Statement in respect of that Quarter, showing the

Eligible Expenditure Defrayed during that Quarter, all other funding from state resources received by the Service Provider during that Quarter in respect of the provision of the PSO Services, all other receipts in respect of the PSO Operations received by the Service Provider during that Quarter and the profit/loss referable to the PSO Operations for the period from the commencement of the relevant Financial Year to the end of that Quarter;

- 14.4.4 to provide the Authority, within three weeks after the end of each Quarter, with a detailed analysis of all variances in respect of that Quarter from the Approved Operating Plan in respect of that Quarter;
  - 14.4.5 to provide the Authority, within four months after the end of each Financial Year, with the audited accounts for that Financial Year, together with a detailed analysis of all variances in respect of that Financial Year from the Approved Operating Plan;
  - 14.4.6 to provide the Authority with such further information and/or access to records and staff of the Service Provider (which, for the avoidance of doubt, may extend to any operations outwith the provision of the PSO Services as may be carried on from time to time by the Service Provider) as the Authority may request from time to time to enable the Authority to determine whether there is any over-compensation in respect of the provision of the PSO Services.
- 14.5 The Authority shall regularly review the Statements, analyses, records and other information provided by the Service Provider under clause 14.4; and (subject to clause 14.6)
- 14.5.1 in the event that the Authority considers (acting reasonably) that the payment of an instalment of the Services Fee on the date for payment of that instalment would have the effect that there was over-compensation (having regard to the principles set out in clauses 14.1 and 14.2, and having regard to all other advantages granted to the Service Provider to facilitate the delivery of the PSO Services) in respect of the provision of the PSO Services, the Authority (acting reasonably) may reduce the amount of that instalment or (if the Authority considers this necessary to prevent over-compensation) decline to make payment of that instalment, and shall notify the Service Provider in writing accordingly prior to the date on which the relevant instalment falls due (or would otherwise have fallen due);
  - 14.5.2 in the event that the Authority considers (acting reasonably) that over-compensation (having regard to the principles set out in clauses 14.1 and 14.2 and having regard to all other advantages granted to the Service Provider to facilitate the delivery of the PSO Services) in respect of the provision of the PSO Services has already occurred, the Authority (acting reasonably) may by written notice to the Service Provider to that effect, require repayment by the Service Provider of such amount of Services Fees already advanced as the Authority may reasonably consider appropriate to ensure that there is no over-

compensation in respect of the period up to that date (and such that the Service Provider shall then be under an obligation to make such repayment in full within 15 Business Days of the date on which the notice is given to the Service Provider);

- 14.5.3 in the event that the Authority considers (acting reasonably) that over-compensation (having regard to the principles set out in clauses 14.1 and 14.2 and having regard to all other advantages granted to the Service Provider to facilitate the delivery of the PSO Services) in respect of the provision of the PSO Services has already occurred, the Authority shall review, and (if appropriate) adjust, the parameters for calculating compensation in respect of the provision of the PSO Services;
- 14.5.4 in the event that the Authority considers (acting reasonably) that over-compensation (having regard to the principles set out in clauses 14.1 and 14.2 and having regard to all other advantages granted to the Service Provider to facilitate the delivery of the PSO Services) in respect of the provision of the PSO Services is likely to occur in respect of a number of forthcoming Quarters, the Authority may, by written notice to the Service Provider to that effect, require the Service Provider to prepare revised financial projections in respect of the PSO Operations for such future period or periods as the Authority may reasonably determine (and such that the Service Provider shall then be under an obligation to submit such revised financial projections to the Authority within 15 Business Days of the date on which the notice is given to the Service Provider).
- 14.6 If there has been over-compensation (having regard to the principles set out in clauses 14.1 and 14.2) in respect of the provision of the PSO Services in respect of any Financial Year (an “**Overspend Financial Year**”), the Authority may allow the over-compensation referable to funding and other assistance provided under the Agreement to be carried forward to the succeeding Financial Year if it amounts to 10% or less of the total funding and other assistance provided under the Agreement in respect of the Overspend Financial Year, but any amount in excess of 10% must be the subject of a request for repayment under paragraph 14.5.2.
- 14.7 Without prejudice to the provisions of paragraph 14.5.4, the Service Provider may at any time, if it anticipates that significant variances from the Approved Operating Plan are likely to occur, prepare revised financial projections in respect of the PSO Operations for such future period or periods as the Service Provider may determine.
- 14.8 Any revised financial projections prepared pursuant to paragraph 14.5.4 or clause 14.7 shall be considered by the Authority by reference to the principles in relation to avoiding over-compensation set out in clauses 14 and 14.2, and in the event that the Authority is satisfied (acting reasonably) that the revised financial projections respect those principles, it shall notify the Service Provider in writing that the revised financial projections are approved,

whereupon the revised financial projections shall be deemed to constitute the Approved Operating Plan, in respect of the period(s) to which they relate.

- 14.9 In the event of any change in the Law, the issue of any communication, guidance note, consultation document or other relevant material by the European Commission or any other EU or national government authority or agency or any other development arising which might alter or otherwise affect the interpretation or effect of the principles of EU law in their application to arrangements of the nature referred to in this Agreement, the parties shall negotiate in good faith with a view to agreeing such adjustments to the provisions of this Agreement as may be appropriate; any such adjustments shall be recorded in a formal Minute of Variation, executed by both parties.

## **15 FURTHER CONDITIONS/OBLIGATIONS**

- 15.1 The Service Provider shall (subject to clause 15.2) indemnify the Authority against any loss or liability which the Authority may sustain or incur, or any claim by a third party against the Authority (including the expenses associated with contesting any such claim, and any costs awarded against the Authority in respect of any such claim), where such loss, liability or claim arises out of, or in connection with, any breach by the Service Provider of any warranty, obligation or undertaking contained in the Agreement, or otherwise arising in relation to the PSO Operations.
- 15.2 The indemnity contained in clause 15.1 shall not extend to any loss, liability or claim which arises directly out of any breach by the Authority of its obligations under this Agreement.
- 15.3 The provisions of clause 15.1 shall not displace the obligation of the Authority to take reasonable steps to mitigate its loss.
- 15.4 The Service Provider shall:-
- 15.4.1 (without prejudice to the provisions of clause 14.4) provide to the Authority such information as the Authority may reasonably request from time to time to enable the Authority to monitor, verify and audit the PSO Operations including (but not limited to) the information outlined at Part [●] of the Schedule;
- 15.4.2 ensure that it is not in breach of any other agreements or any Law in connection with the PSO Operations and that the PSO Operations conform with all requirements of Law;
- 15.4.3 notify the Authority immediately upon the occurrence of any event which might represent a ground on which any lender or funder might decline to make further payments to the Service Provider or require repayment of sums already advanced to the Service Provider;

- 15.4.4 provide the Authority with such information as the Authority may reasonably require to enable the Authority to ascertain that the terms and conditions of the Agreement are being observed;
  - 15.4.5 comply with all EU and Scots law procurement requirements on the basis that it is a contracting authority for the purposes of such requirements;
  - 15.4.6 ensure that all consultants, contractors and sub-contractors employed on or in connection with the PSO Operations are paid timeously;
  - 15.4.7 ensure that the PSO Operations are carried out to the reasonable satisfaction of the Authority;
  - 15.4.8 provide the Authority and any person duly authorised by it, with reasonable facilities to inspect and review all records, accounts, invoices and other materials retained in connection with the PSO Operations upon the Authority giving reasonable notice to the Service Provider;
  - 15.4.9 keep the Authority informed of the progress in development of the PSO Operations and the activities of the Service Provider (including progress against the milestones specified, or to be agreed in terms of the Operating Plan) and furnish the Authority, to such extent and in such form and detail as the Authority may from time to time reasonably require, with financial and business information and particulars of any matters concerned with and arising out of the activities of the Service Provider in relation to the PSO Operations.
- 15.5 The Authority shall be entitled to arrange for an audit of the financial records of the Service Provider to be carried out by an independent accountant engaged by the Authority, subject to giving reasonable prior notice to the Service Provider on each occasion on which it exercises its entitlement under this clause; in the event that the audit discloses material discrepancies as compared with the financial statements supplied to the Authority by the Service Provider, the costs associated with the audit shall be met by the Service Provider.
- 15.6 The Service Provider shall be responsible for maintaining insurances, throughout the Prescribed Period, in accordance with the particulars set out in Part 10 of the Schedule, subject to such variations as the Parties may agree from time to time (each being bound to act reasonably in this respect).
- 15.7 With reference to clause 15.6
- 15.7.1 the Service Provider shall use all reasonable endeavours to ensure that the indemnity limit in respect of the public liability insurance is at least equal to the indemnity limit applying from time to time in respect of the public liability insurance maintained from time to time by the Authority);

- 15.7.2 (without prejudice to the provisions of clause 15.6 in respect of any other variations) the Service Provider shall not increase the amount of excess in respect of any of the insurances referred to in clause 15.6 without the prior written consent of the Authority (such consent not to be unreasonably withheld).
- 15.8 For the avoidance of doubt, the Service Provider shall be responsible for payment of any excess under any of the insurance policies referred to in clause 15.6.
- 15.9 The Service Provider undertakes
- 15.9.1 to provide to the Authority on request copies of the policy documents relating to the insurances maintained by the Service Provider in pursuance of clause 15.6, together with such evidence as the Authority may reasonably request to demonstrate that such policies are in force;
- 15.9.2 to advise the Authority promptly in writing if there is any significant change in the terms of the relevant insurance policies or the identity of the insurer.
- 15.10 The Authority and its agents and advisers shall, on giving not less than 24 hours' prior notice to the Service Provider, be given reasonable access to all facilities operated by the Service Provider within the Properties for the purposes of inspecting such facilities and carrying out risk control surveys; following any such inspection or survey, the Authority (or its agents or advisers) shall make recommendations to the Service Provider on any issues identified by the inspection and/or survey, including (without prejudice to that generality) recommended measures to control risk
- 15.11 The Authority and the Service Provider shall each consider the recommendations referred to in clause 15.10 and shall enter into discussions in respect of the implementation of such recommendations and the timeframe for doing so; the Authority and the Service Provider each recognise that implementation of the recommendations referred to above may have significant financial implications and these shall be taken into account in such discussions.
- 15.12 The Service Provider undertakes to implement such measures to control risk as the Authority may reasonably prescribe in the light of the recommendations made in pursuance of clause 15.10, and within the timeframe reasonably prescribed by the Authority.

## **16 TUPE**

- 16.1 The Service Provider undertakes that during the Transfer Assistance Period, it shall, within 15 Business Days of receiving a request by the Authority, supply in writing to Authority such information and documentation relating to the Assigned Employees in its possession or control as may be reasonably

requested by the Authority and subject to the Service Provider's obligations under the Data Protection Act 1998.

- 16.2 In the event of a Cessation of Service resulting in a transfer of the PSO Services in whole or in part (a "**Service Transfer**"), the Assigned Employees shall transfer to the employment of the New Supplier in accordance with the provisions of the TUPE Regulations immediately upon the occurrence of the Service Transfer (the "**Service Transfer Time**").
- 16.3 The Service Provider shall be responsible for all amounts payable to or in relation to the Assigned Employees (including but not limited to wages and salaries, expenses, overtime, bonus or commission (earned but unpaid or not yet payable), accrued holiday pay, income tax, national insurance contributions, pension contributions and insurance premiums) in respect of the period up to the Service Transfer Time and the Service Provider shall indemnify the New Supplier against any Employment Losses arising out of or in connection with such amounts. All necessary apportionments shall be made to give effect to this clause.
- 16.4 The Authority shall use all reasonable endeavours to procure that the New Supplier is responsible for all amounts payable to or in relation to the Assigned Employees (including but not limited to wages and salaries, expenses, overtime, bonus or commission (earned but unpaid or not yet payable), accrued holiday pay, income tax, national insurance contributions, pension contributions and insurance premiums) in respect of the period after the Service Transfer Time and the Authority shall use all reasonable endeavours to procure that the New Supplier indemnifies the Service Provider against any Employment Losses arising out of or in connection with such amounts. All necessary apportionments shall be made to give effect to this clause.
- 16.5 The Authority shall use all reasonable endeavours to procure that the New Supplier indemnifies and keeps the Service Provider indemnified from and against all and any Employment Losses suffered or incurred by the Service Provider in respect of any (and each) of the Assigned Employees arising from or as a result of:-
  - 16.5.1 any act, fault or omission or alleged act, fault or omission of the New Supplier relating to an Assigned Employee occurring after the Service Transfer Time including, without limitation, any claim for breach of contract, unfair dismissal, discrimination, personal injury or any other claim within the jurisdiction of an employment tribunal, or arising in common law, in delict or otherwise; and
  - 16.5.2 any act, fault or omission or alleged act, fault or omission of the New Supplier in relation to its obligations under Regulation 13(4) of the TUPE Regulations.
- 16.6 The Service Provider shall indemnify and keep indemnified the New Supplier from and against all Employment Losses suffered or incurred by the New Supplier arising from or as a result of any act, fault or omission or alleged

act, fault or omission of the Service Provider prior to the Service Transfer Time including, without limitation: -

- 16.6.1 any claim for breach of contract, unfair dismissal, discrimination, personal injury or any other claim within the jurisdiction of an employment tribunal, or arising in common law, in delict or otherwise; and
  - 16.6.2 any claim or demand by any Assigned Employee or by any trade union, employee representative or body of employees or their representatives (whether or not recognised by the New Supplier) on behalf of any Assigned Employee arising out of or in connection with any failure by the Service Provider to comply with its obligations under Regulation 13 and 14 of the TUPE Regulations save to the extent that such failure by the Service Provider was as a result of any act or omission by the Authority in relation to its obligations under Regulation 13(4) of the TUPE Regulations.
- 16.7 If, by operation of the TUPE Regulations, the contract of employment of any individual who was employed by the Service Provider immediately prior to the Service Transfer Time and who is not an Assigned Employee ("**the Individual**") takes effect or is alleged to take effect as if originally made with the New Supplier as a consequence of the Service Transfer:-
- 16.7.1 the New Supplier shall notify the Service Provider in writing as soon as it becomes aware of this fact and shall consult with the Service Provider as to the appropriate course of action;
  - 16.7.2 the Service Provider shall, within 14 days of receiving notice in terms of clause 16.7.1, offer employment to the Individual or notify the New Supplier that it does not wish to make such an offer;
  - 16.7.3 if the Individual does not accept any offer of re-employment made by the Service Provider within 14 days of such offer being made (or if no such offer is made within the 14-day time limit referred to in clause 16.7.2) the New Supplier shall be entitled to terminate the employment of the Individual; and
  - 16.7.4 provided that the date of such termination of employment is within 14 days of the expiry of the 14-day time limit referred to in clause 16.7.3 (where an offer of re-employment is made by the Service Provider) or within 14 days of the expiry of the 14-day time limit referred to in clause 16.7.2 (where no offer of employment is made by the Service Provider), the Service Provider shall indemnify and keep indemnified the New Supplier from and against any Employment Losses: -
    - 16.7.4.1 arising from or in connection with the termination of employment of the Individual; and
    - 16.7.4.2 arising from any claim or demand against the New Supplier by such Individual arising out of or in connection with any

act, fault or omission or alleged act, fault or omission of the Service Provider prior to the date of termination or commencement of employment of the Individual by the Service Provider including, without limitation: -

- (a) any claim for wages and salaries (including backdated Pay in terms of the Authority's Workforce Pay & Benefits Review as at the Effective Time), expenses, overtime, bonus or commission (earned but unpaid or not yet payable), accrued holiday pay, income tax, national insurance contributions, pension contributions and insurance premiums;
- (b) any claim for breach of contract, unfair dismissal, discrimination, personal injury or any other claim within the jurisdiction of an employment tribunal, or arising in common law, in delict or otherwise; and
- (c) any claim or demand by any such Individual or by any trade union, employee representative or body of employees or their representatives (whether or not recognised by the New Supplier) on behalf of any such Individual arising out of or in connection with any failure by the Service Provider to comply with its obligations under Regulation 13 and 14 of the TUPE Regulations.

## **17 WORKFORCE PAY & BENEFITS**

17.1 It is recognised that Transferring Employees have been subject to the Authority's workforce pay and benefits review ("the WPBR") prior to the Commencement Date and that the Service Provider will require to continue with the review and appeals processes flowing from the WPBR after the Commencement Date. It is further recognised that the Service Provider shall be entitled to conduct its own reviews of pay and benefits inter alia affecting Transferring Employees on an ongoing basis following the Commencement Date ("Service Provider Review").

17.2 Where any costs or liabilities (including reasonable legal costs) ("Costs") are suffered or incurred by the Service Provider as a consequence of the WPBR or any Service Provider Review, such Costs in respect of Transferring Employees shall be considered in the course of the negotiations over Services Fees as provided for in clause 4.2 and the negotiations under clauses 5.1 and 6.16 of this Agreement. Notwithstanding the foregoing, the principles set out in this Clause 16.2 shall apply.

17.2.1 The Authority shall be liable for and shall indemnify and keep indemnified the Service Provider against any Costs in respect of the Transferring Employees relating to any acts or omissions of the Authority in its implementation of the WPBR including any claims under Equal Pay Legislation, claims for unfair dismissal, breach of

contract, backdated pay and/or judicial review. Where a claim under Equal Pay Legislation under this Clause 16.2.1 requires the Service Provider to increase rates of pay and/or benefits to any of the Assigned Employees, the Authority shall be liable for and shall indemnify and keep indemnified the Service Provider against any such associated Costs.

17.2.2 Where Costs are incurred by the Service Provider as a consequence of its effecting changes to pay and/or grading of Transferring Employees in its conduct of the review and appeals procedures under the WPBR, the Service Provider shall be liable for and shall indemnify and keep indemnified the Authority against any Costs which relate to the period after the Commencement Date and the Authority shall be liable for and shall indemnify and keep indemnified the Service Provider against any Costs which relate to the period prior to the Commencement Date.

17.2.3 The Service Provider shall be liable for and shall indemnify and keep indemnified the Authority against any Costs in respect of Transferring Employees relating to any Service Provider Review including any claims under Equal Pay Legislation, claims for unfair dismissal, breach of contract, backdated pay and judicial review.

## **18 FORCE MAJEURE**

18.1 Subject to clause 18.2, if either Party is prevented from performing, or hindered or delayed in performing, any obligations under this Agreement by reason of any circumstances beyond its reasonable control (including, without prejudice to that generality, strikes or lockout), it shall be excused performance to the extent affected by the circumstances concerned, so long as

18.1.1 it gives notice to the other Party of those circumstances promptly after they first affected performance; and

18.1.2 it uses all reasonable commercial endeavours to remove or avoid their cause or minimise their effect.

Such performance shall be excused for the period during which the inability of the Party to perform subsists but for no longer period, and shall be remedied as soon as possible.

18.2 The provisions of clause 18.1 shall not apply in relation to any circumstances which fall within the provisions of clause 7.

## **19 DEFAULT**

19.1 The Authority may (subject to clause 19.3) at any time by notice in writing to the other terminate this Agreement with immediate effect if:-

- 19.1.1 the Service Provider fails to observe or perform any of its material obligations contained in this Agreement where such failure is not remediable;
  - 19.1.2 the Service Provider fails to observe or perform any of its material obligations contained in this Agreement where such failure was capable of being remedied but was not remedied within 15 Business Days of being requested to do so by the Authority making that request;
  - 19.1.3 the Service Provider fails to comply with a remedial plan of the nature referred to in clause 19.3 within the period reasonably prescribed within that remedial plan; or
  - 19.1.4 the Authority exercises any right to terminate the Property Agreement or the Collections Agreement or all, or a majority, of the Leases; or
  - 19.1.5 the Service Provider ceases to carry on its activities, becomes unable to pay its debts when they fall due, becomes insolvent or apparently insolvent, has a receiver, manager, administrator, administrative receiver or similar officer appointed in respect of the whole or any part of its assets or undertaking, makes any composition or arrangement with its creditors, takes or suffers any similar action in consequence of debt, an order is made or resolution passed for its dissolution or liquidation (other than for the purpose of solvent amalgamation or reconstruction) or enters into liquidation whether compulsorily or voluntarily or shall suffer any analogous event.
- 19.2 Following the occurrence of an event of the nature referred to in paragraph 19.1.2, the Authority shall, without prejudice to any other remedy competent to the Authority, be entitled to decline to make any further payments of the Services Fees (or any part of the Services Fees), temporarily or otherwise, and without prejudice to the entitlement of the Authority subsequently to terminate the Agreement on the same or any other ground.
- 19.3 In the event of the Service Provider committing any breach or series of breaches in respect of its obligations under this Agreement, the Authority may (without prejudice to any right to terminate this Agreement under paragraph 19.1.1 or 19.1.2)
- 19.3.1 enter into discussions with the Service Provider with a view to determining how that breach or series of breaches might be remedied or the incidence of any breaches of that nature might be reduced or eliminated;
  - 19.3.2 prescribe (acting reasonably, and taking account of any discussions held in pursuance of paragraph 19.3.1) a remedial plan (including a reasonable period for implementation) which it shall issue in writing to the Service Provider;

and the Service Provider shall thereafter be under obligation to comply with the remedial plan within the period stated in such remedial plan.

- 19.4 Termination or expiry of the Agreement, however arising, shall not prejudice or affect any right of action or remedy which shall have accrued or shall thereafter accrue to either Party, including (without prejudice to that generality), the right to recover any sums of money which are due to be paid under this Agreement.
- 19.5 Notwithstanding the provisions of this clause 19, the provisions of clauses [.....] shall survive termination (for whatever reason) or expiry of this Agreement.

## **20 INTEREST**

- 20.1 Except to the extent that the parties otherwise agree, interest will accrue and be payable by each Party to the other on any sum due to the other Party in terms of the Agreement which remains unpaid for 15 Business Days after the due date, such interest to run at the rate of 2 % per annum above the base rate of the Bank of England from the due date until payment.

## **21 ASSIGNATION & SUBCONTRACTING**

- 21.1 The Service Provider shall not assign or otherwise dispose of its interest under the Agreement to any other party.
- 21.2 For the avoidance of doubt, the Service Provider shall be entitled to enter into sub-contracts for the delivery of particular elements (but not the whole) of the PSO Services, but on the basis that the Service Provider shall remain liable for the performance of all obligations incumbent upon it under the Agreement.

## **22 WAIVER**

- 22.1 The failure of either Party to insist upon strict performance of any provision of this Agreement, or the failure of either Party to exercise any right or remedy to which it is entitled under this Agreement, shall not constitute a waiver of that provision, right or remedy; and shall not prejudice the ability of that Party to enforce that provision in accordance with its terms, or to exercise that right or remedy, on any future occasion.
- 22.2 No waiver of any of the provisions of this Agreement shall be effective unless it is expressly stated to be a waiver, identifies the specific provision(s) to which it relates, and is communicated to the other Party in writing, signed by a duly authorised representative of the Party which is waiving the relevant provision(s).

## **23 NOTICES**

- 23.1 All notices and notifications under the Agreement shall be given or issued by letter or by other written document, or by way of facsimile transmission or other visible electronic means.

23.2 A notice or notification under the Agreement shall (subject to clauses 23.3 and 23.4) be deemed to be duly given:-

23.2.1 in the case of a letter or other written document, when delivered;

23.2.2 in the case of facsimile transmission or other visible electronic means (provided that any relevant answerback has been received) when despatched;

to the Party to which it is given, addressed to that Party at the address last intimated in writing to the Party giving the notice or (as the case may be) at the facsimile number then current of the Party to which it is given.

23.3 A notice or notification which is delivered, or (in the case of facsimile transmission or other visible electronic means) despatched, outwith business hours shall be deemed to be duly given during business hours on the Business Day which next follows.

23.4 A notice sent by first class recorded delivery post (or equivalent postal service) shall be deemed to have been delivered during business hours on the Business Day following the date of posting; in proving that a notice was given, it shall be sufficient to prove that an envelope containing the notice was duly addressed and posted in accordance with clause 23.2.

23.5 For the purposes of clauses 23.3 and 23.4, “business hours” shall mean the period between 9.00 a.m. and 5.00 p.m. on a Business Day.

## **24 PARTNERSHIP**

24.1 The Agreement shall not be deemed to constitute a partnership or a joint venture between the parties; neither Party is an agent, express or implied, of the other and neither Party shall hold itself out or submit itself to be held as such or as having any power or authority of any other kind to bind the other Party in respect of legal obligations to third parties.

## **25 SEVERANCE**

25.1 All of the provisions of the Agreement are severable and distinct from one another; if at any time one or more of such provisions becomes or is declared by a court to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

## **26 DURATION**

26.1 The Agreement shall commence on the Commencement Date and shall, (subject to clause 19.1), continue in full force and effect until the expiry of the Prescribed Period.

## **27 OWNERSHIP OF IPR**

- 27.1 All right, title and interest in and to IPR arising or created by or on behalf of the Service Provider as a result of the provision by it of the PSO Services and which would be required by a New Supplier in order to provide services equivalent or similar to the PSO Services, or any part of the PSO Services, (the “**Core Services IPR**”) shall be the property of and vest in the Authority.
- 27.2 The Service Provider hereby assigns to the Authority its whole right, title and interest in and to all Core Service IPR, including (with effect from its creation) all future rights.
- 27.3 The Service Provider hereby agrees to execute and deliver such further documents at any time as may be necessary to confirm the assignation under clause 27.2.
- 27.4 The Authority hereby grants to the Services Provider a worldwide, royalty free sole licence to use the Core Services IPR for all purposes associated with providing the PSO Services and for no other purpose whatsoever.
- 27.5 Subject to clause 27.4, the Service Provider acknowledges that it shall acquire no rights to any IPR owned by the Authority.
- 27.6 All right, title and interest in and to IPR arising or created by or on behalf of the Service Provider as a result of the provision by it of the PSO Services shall, with the exception of Core Service IPR, be the property of and vest in the Service Provider and the Service Provider hereby grants to the Authority a non-exclusive licence to use such IPR throughout the term of this Agreement.
- 27.7 On expiry or earlier termination of the Agreement, the Service Provider shall assign to the Authority all IPR (other than Core Service IPR already assigned to the Authority pursuant to clause 27.2) which arose or was created by or on behalf of the Service Provider in the course of the provision by it of the PSO Services; the Service Provider shall execute all such documents and take all such other steps as the Authority may request to give effect to the preceding provisions of this clause 27.7.

## **28 WARRANTIES**

- 28.1 The Authority warrants, represents and undertakes to the Service Provider that the Authority has full capacity and authority to enter into the Agreement;
- 28.2 The Service Provider warrants, represents and undertakes to the Authority that the Service Provider has full capacity and authority to enter into the Agreement.
- 28.3 The Parties hereby exclude from the Agreement all implied warranties, implied conditions, implied licences and implied terms to the fullest extent permitted by law.

## **29 PERSONAL DATA & FREEDOM OF INFORMATION**

- 29.1 Each Party shall comply with its obligations under the provisions of the Data Protection Act 1998.
- 29.2 Where the Service Provider or any of its sub-contractors, as part of the provision of the PSO Services under this Agreement, processes personal data on behalf of the Authority, then in relation to such personal data the Service Provider shall, and shall take all such steps as are reasonably available to it to procure that its sub-contractors shall:-
- 29.2.1 act only on instructions from the Authority; and
- 29.2.2 comply with the Authority's instructions in relation to the processing of such personal data, as such instructions are given and varied from time to time by the Authority; and
- 29.2.3 take all appropriate technical and organisational measures against unauthorised or unlawful processing of such personal data and against accidental loss or destruction of, or damage to, such personal data.
- 29.3 For the purposes of clause 29.2, the terms "personal data" and "processing" shall have the meanings ascribed to them in the Data Protection Act 1998.
- 29.4 Each of the Parties undertakes to comply with the data sharing protocol set out in Part 10 of the Schedule.
- 29.5 All information (including, without limitation, any Confidential Information) submitted to either Party by the other may be disclosed and/or published by either Party; without prejudice to that generality, either Party may disclose information in compliance with
- 29.5.1 the Freedom of Information (Scotland) Act 2002 (the decisions of either Party in the interpretation of that Act being final and conclusive in any dispute, difference or question arising in respect of disclosure under its terms); or
- 29.5.2 any other law, or as a consequence of any judicial order or any order by any court, tribunal or body with the authority to order disclosure (including the Scottish Information Commissioner).
- 29.6 If either Party receives a request under the Freedom of Information (Scotland) Act 2002 or the Environmental Information (Scotland) Regulations 2004, which relates to any Confidential Information,
- 29.6.1 the Party in receipt of the request may seek the consent of the other Party to release some or all of the Confidential Information in response to that request and shall do so if the Party in receipt of the request is minded to disclose such items, whether in terms of the public interest or otherwise;
- 29.6.2 if the other Party shall fail to respond to a request for consent of the nature referred to in paragraph 29.6.1 within 5 Business Days of the

request being made, it shall be deemed to have consented to the release of information;

29.6.3 in all cases, the Party in receipt of the request may, without the consent of the other Party, disclose any of the Confidential Information, if the Party in receipt of the request (acting reasonably) is satisfied that it is in the public interest for it to do so; and on the basis that in reaching that conclusion, the Party in receipt of the request shall take into account any representations made in connection with this by the other Party but the decisions of the Party in receipt of the request as to what constitutes public interest shall be final and conclusive in any dispute, difference or question arising in respect of disclosure of the relevant Confidential Information.

### **30 EQUALITIES**

30.1 The Authority is committed to equal opportunities in all its activities; accordingly the Service Provider will have policies in place that comply with existing equal opportunities and human rights legislation.

30.2 Under the Equality Act 2010, public authorities are required to show due regard to the elimination of discrimination, the advancement of equality of opportunity and the fostering of good relations (the general duty) on the grounds of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex, and sexual orientation. The protected characteristic of marriage and civil partnership is covered by the elimination of discrimination duty only. The general duty applies to public functions which are carried out through procurement as well as those carried out directly by a public authority. The legal liability for equality duties in relation to this contract remains with the Council.

30.3 Prior to the commencement of the contact initial screening for an Equality Impact Assessment (EQIA), and the full production of an EQIA if the initial screening shows that to be appropriate, will be carried out. This will ensure that full consideration is given to the needs of, and the likely impact on, all users and others who will be affected by this Agreement.

### **31 DISPUTE RESOLUTION**

31.1 All disputes between the parties arising out of or relating to this Agreement may be escalated, by either Party, to the board of directors of the Service Provider and the chief executive of the Authority for resolution.

31.2 If a dispute cannot be resolved by the individuals to which the dispute has been escalated in pursuance of clause 31.1 within 14 days, the dispute may, within 28 days thereafter, be referred for final determination to an expert (the "Expert") who shall be deemed to act as expert and not as arbiter; and

31.3 The Expert shall be selected by mutual agreement or, failing agreement, within 14 days after a request by one Party to the other, shall be chosen at the request of either Party by the President for the time being of the Law Society

of Scotland who shall be requested to choose a suitably qualified and experienced Expert for the dispute in question.

- 31.4 Within 14 days after the Expert has accepted the appointment, the parties shall submit to the Expert a written report on the dispute.
- 31.5 Both parties will then afford the Expert all necessary assistance which the Expert requires to consider the dispute.
- 31.6 The Expert shall be instructed to deliver his/her determination to the parties within 14 days after the submission of the written reports pursuant to clause 31.4.
- 31.7 Save in the case of manifest error, decisions of the Expert shall be final and binding not subject to appeal.
- 31.8 The Expert shall have the same powers to require any Party to produce any documents or information to him and the other Party as an arbiter and each Party shall in any event supply to him such information which it has and is material to the matter to be resolved and which it could be required to produce on discovery.
- 31.9 The fees of the Expert shall be borne by the parties in such proportion as shall be determined by the Expert having regard (amongst other things) to the conduct of the parties.

## **32 PUBLICITY**

- 32.1 Except as otherwise agreed in writing by the parties, the parties shall not communicate with the media or any other third person nor publish the results of any operational or financial review of, or report or article about, the PSO Operations without the prior written consent of each other (such consent not to be unreasonably withheld or unreasonably delayed) except and to the extent that such disclosure may be necessary to:
  - 32.1.1 comply with the law or the requirements of auditors;
  - 32.1.2 provide information to HM Revenue & Customs and its professional advisers;
  - 32.1.3 provide information to a Party's professional advisers; or
  - 32.1.4 provide information to any potential New Supplier.

- 32.2 The Parties agree to adhere to the provisions set out in Part 8 of the Schedule.

## **33 VARIATION**

- 33.1 Save as otherwise expressly provided, no amendment or supplement of any of the provisions of the Agreement shall be effective unless made in writing specifically referring to the Agreement and duly executed by the parties to the Agreement.

## **34 COSTS**

- 34.1 Each of the Parties shall meet its own costs in connection with the preparation, adjustment and completion of this Agreement.

**35 GOVERNING LAW AND JURISDICTION**

35.1 The Agreement shall be governed by and construed in accordance with the laws of Scotland.

IN WITNESS WHEREOF this Agreement, consisting of this and the preceding • pages together with the Schedule in • parts annexed, is executed as follows:-

SEALED with the COMMON SEAL of the said THE HIGHLAND COUNCIL and SUBSCRIBED for and on its behalf

at

on

by

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Proper Officer

SUBSCRIBED for and on behalf of the said HIGH LIFE HIGHLAND

at

on

by

\_\_\_\_\_  
Print Full Name

\_\_\_\_\_  
Director

before this witness

\_\_\_\_\_  
Print Full Name

\_\_\_\_\_  
Witness

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**This is the Schedule referred to in the preceding Services Agreement between  
The Highland Council and High Life Highland**

## **SCHEDULE**

### **PART 1 – PSO SERVICES**

## **PART 2 - PUBLIC PERFORMANCE REPORTING**

### **PART 3 – PERFORMANCE STANDARDS APPLYING TO FIRST FINANCIAL YEAR**

The Service Provider will be required to contribute to the achievement of the Authority’s aims and objectives in the delivery of the PSO Services, as set out in the following strategic documents.

- i) Single Outcome Agreement
- ii) Strengthening the Highlands
- iii) Corporate Plan
- iv) ECS Service Plan
- v) Children’s Plan
- vi) National Statutory Performance Indicators for Community Learning and Leisure Services.

The following Performance Indicators have been extracted from each document to summarise the public performance reporting information to be supplied by the Service Provider to the Authority in each Quarter. As each corporate document is reviewed and updated by the Authority, the Performance Indicators attributable to the Service Provider will be amended in accordance with the Change Control Procedure in [Part 5 of this Schedule].

<b>Service</b>	<b>Performance Indicator</b>
Adult learning	<ol style="list-style-type: none"> <li>1. Maintain the Highland Adult Literacy Partnership;</li> <li>2. Contribute to the delivery of the Highland Literacy and Numeracy Plan;</li> <li>3. Develop new ways of supporting adult learners;</li> <li>4. Increase the number of courses and classes run or supported by the Authority to support lifelong learning;</li> <li>5. Provide a range of courses, classes and support to contribute to the delivery of English as a second or other language (ESOL) services;</li> <li>6. Increase opportunities for Adult Literacy Learners and take up by 10%;</li> <li>7. Ensure that 10% of adult literacy learners move to positive destinations;</li> <li>8. Increase the number of new learners supported with English language tuition 1154 by 2011;</li> <li>9. Increase the number of inward migrants and their families who have limited English language to settle in the Highlands to 302.</li> </ol>
Archives	<ol style="list-style-type: none"> <li>1. Contribute to the delivery of the Authority’s Archives and Records Management Strategies;</li> <li>2. Contribute to the delivery of the Authority’s policies and strategies in cultural services/archives.</li> </ol>

Arts	<ol style="list-style-type: none"> <li>1. Report on the number of opportunities taken up to enjoy arts, sport and cultural activities;</li> <li>2. Contribute to the delivery of the Authority's policies and strategies in cultural services.</li> </ol>
Leisure facilities	<ol style="list-style-type: none"> <li>1. Contribute to the delivery of the Authority's Community Facility Strategy including a review of Authority leisure facilities;</li> <li>2. Report on the number of attendances per 1,000 population for pools;</li> <li>3. Report on the number of attendances per 1,000 population for other indoor sports and leisure facilities, excluding pools in a combined complex;</li> <li>4. Report on the cost / attendance figures for sports facilities;</li> <li>5. Maintain 1000 accredited awards for volunteers in sports leadership.</li> </ol>
Libraries	<ol style="list-style-type: none"> <li>1. Contribute to the delivery of the Authority's Library and Information Services Policy;</li> <li>2. Achieve 65% of the national target met for replenishing lending stock for adults;</li> <li>3. Achieve 67.5% of the national target met for replenishing lending stock for children and teenagers;</li> <li>4. Report on the number of borrowers expressed as a percentage of resident population;</li> <li>5. Report on the number of visits to Authority libraries per 1,000 population;</li> <li>6. Increase the number of times Access Point terminals are used per 1000 population;</li> <li>7. Increase dwell time on Am Baile website;</li> <li>8. Maintain 25% of the resident population as library borrowers;</li> <li>9. Report on the cost / visit.</li> </ol>
Museums	<ol style="list-style-type: none"> <li>1. Report on the number of real and virtual visits to/uses of Authority funded or part funded museums per 1,000 population;</li> <li>2. Report on the number of visits to in person of Authority funded or part funded museums that were in person per 1,000 population;</li> <li>3. Contribute to the delivery of the Authority's policies and strategies in cultural services/Museums;</li> <li>4. Report on the cost per visit / usage in person;</li> <li>5. Report on the cost per visit / usage.</li> </ol>
Outdoor education	<ol style="list-style-type: none"> <li>1. Achieve an annual increase in the users of the Badaguish outdoor education residential base</li> </ol>

Sport	<ol style="list-style-type: none"> <li>1. Increase the cardiovascular fitness of boys in primary 7;</li> <li>2. Increase the cardiovascular fitness of girls in primary 7;</li> <li>3. Increase in the number of boys participating in shinty to 1635;</li> <li>4. Increase in the number of girls participating in shinty to 938;</li> <li>5. Contribute to the delivery of Your Choice to Healthy Living Implementation Plan;</li> <li>6. Contribute to the delivery of the Authority's Physical Activity and Sport Strategy.</li> </ol>
Youth work	<ol style="list-style-type: none"> <li>1. Contribute to the delivery of the Youth Work Strategy;</li> <li>2. Contribute to the delivery of the Youth Work Plan;</li> <li>3. Maintain a Youth Worker presence in every Associated School Group;</li> <li>4. Sustain the post of Youth Convenor;</li> <li>5. Deliver successful Youth Voice elections annually supported by HYV Executive Meetings;</li> <li>6. Contribute to the implementation of the Highland Play Strategy;</li> <li>7. Enable all secondary school pupils to have access to the National Entitlement Card (NEC);</li> <li>8. Achieve integration of smart card functionality;</li> <li>9. Through the posts of Youth Convenor and Youth Workers continue to engage with young people and take the lead on giving them a voice in decisions that affect them;</li> <li>10. Maintain the number of children and young people taking part in recognised leadership and achievement awards.</li> </ol>

**PART 4 – PROCESS FOR AGREEING SERVICES SPECIFICATION,  
PERFORMANCE STANDARDS & SERVICES FEE FOR EACH  
FINANCIAL YEAR**

In [July] of each year of this Agreement the Authority will advise the Service Provider of the broad budget assumption being made by the Authority for the forthcoming financial year.

In September of each year of this Agreement, the Service Provider will submit its detailed budget and service delivery plans to the Authority for the forthcoming financial year and at the same time identify major development and service delivery changes for year 2 and associated performance targets. The Service Provider's proposals will only be submitted to the Authority after approval from the Service Provider's Board of Directors.

The Authority will consider these budget and service proposals and agree with the Service Provider, for the forthcoming year the level of service to be provided, performance targets and the charge for providing these services. Agreement in principle is to be reached by the Parties by the end of [December] in each year of this Agreement and the Authority will seek formal approval to pay the service charge at its budget meeting in [February] of each year of this Agreement.

## PART 5 – CHANGE CONTROL PROCEDURE

The process set out in this Part 4 of the Schedule shall apply to any proposed change to the Services Specification and/or Services Fee and/or Prescribed Performance Standards initiated by either party in accordance with the terms of this Agreement.

### 1 PRINCIPLES

The Authority and the Service Provider agree that the following principles shall apply to the conduct between them in connection with the proposed changes considered through this Change Control Procedure:-

- 1.1 the end result of the Change Control Procedure must be a change to any one or more of the Services Specification and/or Services Fee and/or Prescribed Performance Standards;
- 1.2 all discussions shall be carried out in a timely fashion, constructively and in the utmost good faith by appropriate representatives for each party;
- 1.3 all discussions, negotiations or other communications which may take place, including but not limited to the submission of any written communications, prior to the signing by both parties of an agreement in writing, shall be without prejudice to the rights of either party and do not create any legal rights and obligations;
- 1.4 the parties shall use all reasonable endeavours to adhere to the timescales set out in this Change Control Procedure or such other periods as may be agreed between the parties, acting reasonably, taking into account the complexity, financial impact and urgency of the change; and
- 1.5 each party shall use all reasonable endeavours to cooperate fully with the other party throughout the Change Control Procedure and provide all reasonable assistance requested, including but not limited to, complying with any reasonable request for information from the other party.

### 2 PROCEDURE

- 2.1 Either party may initiate the Change Control Procedure where it has a right to do so under the terms of this Agreement.
- 2.2 If either party wishes to initiate a change pursuant to this Change Control Procedure then that party ("**Initiating Party**") shall notify the other party ("**Recipient Party**") in writing that it wishes to propose a change not less than two Business Days following the occurrence of an event which gives rise to a right under the Agreement to initiate a change.
- 2.3 Within three Business Days from the date on which notice was duly given in accordance with paragraph 2.2, the Initiating Party shall submit to the Recipient Party a written paper ("**Proposed Change Paper**") setting out the Initiating Party's recommendations and options and providing:

- 2.3.1 details of the proposed change;
  - 2.3.2 the reason for the proposed change;
  - 2.3.3 the likely impact of the change (including but not limited to the financial impact); and
  - 2.3.4 an assessment of the impact of the change not being implemented.
- 2.4 Appropriate representatives of each party shall meet within two Business Days from the date on which the Proposed Change Paper is received by the Recipient Party to review and discuss the proposed options set out in the Proposed Change Paper and to agree:
- 2.4.1 the scope of the change;
  - 2.4.2 the adjustments which require to be made to the Services Specification and/or the alteration which requires to be made to the Services Fee; and
  - 2.4.3 the time period for implementing the change.
- 2.5 Where agreement is reached in accordance with paragraph 2.4, the agreed change shall be documented by the Initiating Party in an agreement signed by authorised signatories of each of the parties.
- 2.6 The parties shall do all things reasonably required for the purposes of implementing the change in accordance with the agreed timescales.
- 2.7 Where the parties are unable to reach agreement as to the proposed change the matter may be escalated by either party in accordance with the dispute resolution period set out in clause [ ] of this Agreement.

## **PART 6 - OPERATION OF SCHOOLS AND JOINT COMMUNITY FACILITIES**

[Three key documents will govern the relationship between the Service Provider and the Authority in respect of the operation of joint school and community facilities:

1. **‘Service Delivery Contract’** - Services to be provided by the Service Provider to schools will be outlined in principle in this Service Delivery Contract. The role of the Service Provider in delivering these services is to maximise the use of joint school and community facilities.
2. **‘Licenses to Occupy’** – the Service Provider will hold a License to Occupy for all spaces within each Community School through which it will deliver the services specified within the Service Delivery Contract.
3. **‘Service Level agreement’** - the Authority will specify the services to be provided to the Service Provider by schools in a Service Level Agreement. This Agreement will include services such as the provision of accommodation and support services to Service Provider staff in order that they may fulfil the obligations set out within the Service Delivery Contract.]

The Service Provider will provide services to schools under the following principles:

1. Schools will have priority use of facilities for curricular and extra-curricular activities between the start of the school day and six o’clock during term time. Where there is existing community use within these hours, these commitments will be honoured.
2. Bookings will be made annually by school calendar year but reviewed and confirmed 4 weeks before the start of each term to ensure that unused block bookings by any party are removed and the use of facilities maximised.
3. Where facilities cannot be separated or public access supervised, schools will have sole use between the start of the school day and six o’clock. Over time, steps will be taken to reduce such situations.
4. Recurring evening school commitments such as parents evening and Christmas shows will also receive priority booking.
5. School bookings will be at no cost to the Authority.
6. All negotiations and in respect of the above will be undertaken by the Service Provider’s Area Facilities Officers and the Head Teacher of the school.
7. The service provider’s area facilities officers will confirm the school bookings agreed with the head teacher at the start of each school term

## **PART 7 - DATA SHARING PROTOCOL**

### **1. Introduction**

- 1.1 This Data Sharing Agreement (DSA) covers the exchange of data between the Authority and the Service Provider for the purposes of:
- i) Planning and delivering services to young people;
  - ii) Providing integrated support for young people to help them to move into positive and sustained destinations;
  - iii) Accessing aggregated national statistics.
- 1.2 This Agreement sets out the principles by which the Authority and the Service Provider will work. The specific datasets covered by this DSA are attached at Annex B.

### **2. Agreement**

- 2.1 Only data as described in part 1 of Annex A is required.
- 2.2 The party to whom data has been provided pursuant to this DSA ("the Receiving Party") undertakes to:
- i) Use the data provided exclusively for the purpose of producing statistical analysis, carrying out research or improving service delivery as relevant to its responsibilities and role, complying fully with restrictions described in part 2 of Annex A;
- OR
- ii) Use the data provided exclusively for the purpose described in Annex B.
- 2.3 Comply fully with the other restrictions detailed in part 3 of the Annex A, in relation to the data provided.
- 2.4 Process and store the data abiding by all obligations conferred by the Data Protection Act 1998, the Human Rights Act 1998 or any other statute or under common law.
- 2.5 As and when requested to do so by the other party to this DSA, provide to that party confirmation that it is complying with its obligations referred to in Clause (5) 2.3.
- 2.6 The Receiving Party shall comply and ensure all staff employed by them, agents,

- subcontractors, partners, representatives or others acting on behalf of them who are working with this data as described in part 2 of Annex A, will also comply with the conditions as detailed within this Agreement.
- 2.7 Both parties agree that they will ensure that fair processing notices are provided to data subjects and reflect the data which is to be shared with the partner.
- 2.8 Each party recognises that data subjects may have withheld consent to the sharing of their data and that such data will not be provided except in aggregated and anonymised form.

## **Annex A**

### **1. Agreement**

- i) The Authority requires those datasets as listed in Annex B section 1;
- ii) The Service Provider requires those datasets as listed in Annex B section 2.

### **2. Data uses**

- 2.1 The Receiving Party will use the data only for appropriate purposes being:-
- i) the production of statistical analysis;
  - ii) carrying out of research, and/or;
  - iii) improving or modifying of service delivery either generally or specifically to a data subject which is relevant to its responsibilities and/or for any additional purpose described in Annex B.
- 2.2 The Receiving Party may make the data available to third parties who have entered into an agreement with the Receiving Party being in substantially similar terms to those of this DSA.
- 2.3 The data should only be used in connection with the task specified, and when no longer required should be deleted from IT and storage systems, together with any derived datasets. The data should be held securely and arrangements should be in place to ensure that no third party can access it.

### **3. Review**

- 3.1 This DSA will be reviewed regularly with the aim of evaluating the effectiveness of the data exchange process, the appropriateness of the use made of the data and whether any amendments to the DSA are required. The next review will happen in [date] and will take place between representatives of SDS and the Authority.

## **Annex B**

### 1. List of datasets required by the Authority

LA Code

LA Name

CS School Ref

School Name

Seed Code (Scottish)

CS Client Ref

SCN

Forename

Surname

Preferred Forename

Address

Postcode

Telephone (land line)

Gender

DoB

Consent to share data with LAs (Y/N)

Statutory Leaving Date

Risk of Negative Destination - identified by SDS (Y/N)

Current Status - Code

Current Status - Start date

Current Status - End date

Current Status - Engagement

SLDR category

Intention - Leaving Date

Intention - Destination (drop down 1-4 Fife)

16+ LC Offer - Date Accepted by the Person

16+ LC Offer - Destination Code

16+ LC Offer - Organisation Type

16+ LC Offer - Organisation Name

16+ LC Offer - Made

16+ LC Offer - Start Date

16+ LC Offer - Conditional Y/N  
16+ LC Offer - Second Offer Required Y/N  
16+ LC Offer Notes  
Qualification  
Latest destination start date  
Current destination (weeks)  
Duration since last pos destination (weeks)  
Last positive status  
College name (college)  
College identifier (college)  
Student ID (college)  
Date of confirmed withdrawal from college  
Status at college (college)  
Course outcome (college)  
Onward progression post-course (college)  
Enrolment - start date (college)  
Enrolment - mode of attendance (college)  
Enrolment - year of course (college)  
Enrolment - length of course (college)  
Enrolment - course code (college)  
Enrolment - course title (college)  
Enrolment - course level (college)  
Offer - start date (college)  
Offer - course code (college)  
Offer - course title (college)  
Offer - course level (college)  
Application - start date (college)  
Application - course code (college)  
Application - course title (college)  
Application - course level (college)

1.2 Purpose other than an appropriate purpose

None

1.3 Data retention schedule

As specified by *The Pupils' Educational Records (Scotland) Regulations 2003*, the educational records relating to a pupil shall be preserved by the Local Authority for a period of five years following the pupil having ceased receiving school education. The records must then be deleted or destroyed.

1.4 Additional agreement(s)

None

**2. List of datasets required by the Service Provider**

LA Code

LA Name

School Name

Class

Guidance teacher

Seed Code (Scottish)

SCN

School MIS Ref

School Roll Status Code

Forename

Surname

Preferred Forename

Preferred Surname

Address

Postcode

Telephone (land line)

Telephone (mobile - parent)

Gender

DoB

Consent to share data with SDS/SERVICE PROVIDER (Y/N)

Year Group

Coordinated support plan (Y/N)

Looked After Status (Y/N)

Young Carer (Y/N)

IEP (Y/N)

Transition Plan (Y/N)  
Shared Assessment of Needs Record exists (Y/N)  
Risk of Negative Destination - identified by LA  
Risk Assessment R,A,G status (for LAs using the 'Glasgow Risk Assessment'  
Risk - Additional Support Needs (Y/N)  
Getting it Right for Every Child – (Integrated Assessment Single Plan) (Y/N)  
EMA (Y/N)  
School Admission date  
School Leaving Date  
Current Status - Code  
Current Status - Start date  
Current Status - End date  
Current Status - Engagement  
SLDR category  
Intention - Leaving Date  
Intention - Destination  
16+ LC Offer - Date Accepted by the Person  
16+ LC Offer - Destination Code  
16+ LC Offer - Organisation Type  
16+ LC Offer - Organisation Name  
16+ LC Offer - Made  
16+ LC Offer - Start Date  
16+ LC Offer - Conditional Y/N  
16+ LC Offer - Second Offer Required Y/N  
16+ LC Offer Notes  
Activity Agreement - Referred Y/N  
Activity Agreement - Previously Engaged Y/N  
Activity Agreement - Offered Y/N  
Activity Agreement - Signed Up Y/N  
Activity Agreement - Declined Y/N  
Activity Agreement - Completed/Left Early - Dropdown  
Activity Agreement - Date Started

## 2.2 Purpose other than an appropriate purpose

None

2.3 Data retention schedule (SDS)

Held on live data systems for no longer than two years past 20<sup>th</sup> birthday, or two years past last recorded update about an individual, whichever is the later, then archived. Held archived for five years from date of archiving, then deleted.

As an exception to the above, archived records for European Social Fund (ESF) beneficiaries will be held archived for 5 years from date of archiving or three years from data of final ESF payment, whichever is the later date.

2.4 Additional agreement(s)

None

## **PART 8 - MEDIA MANAGEMENT PROTOCOL**

In the event of a media enquiry which relates to an issue concerning a service provided by the Service Provider, on the Authority's behalf, a senior representative of the Service Provider (with responsibility for dealing with media matters) will liaise with the Public Relations Manager of the Authority to advise the Authority of the proposed statement / response.

In the event that the Authority's PR Manager proposes to issue a statement on behalf of the Authority, in connection with the same issue, the Authority will ensure that its PR Manager gives advance notice to the Service Provider of the proposed content of the response.

## **PART 9 - PAYMENT SCHEDULE IN RESPECT OF SERVICES FEE**

The Services Fee will be paid by the Authority quarterly in advance, per the amounts detailed below:

*[to be inserted]*

The first payment is due on [1 October 2011], with subsequent payments due at three monthly intervals.

## PART 10 – REQUIREMENTS IN RELATION TO INSURANCES

Type of Insurance	Description	Indemnity Period	Sum Insured	Excess	Exclusions
Business Interruption: Gross Revenue & Additional Expenditure Policy	<p>The policy covers loss of gross revenue and increased cost of working in the event of damage to a building by an insured peril covered under the property policy.</p> <p>The policy covers the amount of additional expenditure reasonably incurred in avoiding the interruption of the business in the event of damage to a building by an insured peril covered under the property policy.</p>	36 months	<p>£16.1M</p> <p>£250K</p>	<p>£1K</p> <p>£1K</p>	Refer to Policy
Commercially Tenanted Policy	<p>Buildings including landlord’s fixtures and fittings and contents.</p> <p>Insured Perils - Fire, Lightning, Aircraft, Explosion, Earthquake, Riot &amp; Civil Commotion Malicious Damage, Storm, Flood, Escape of Water, Impact,.</p>		<p>Buildings £99M;</p> <p>Contents £13.5M</p>	£250	If the property is empty or not in use no cover applies in respect of Burst Pipes or Malicious Damage.
“All Risks” Property Policy	The policy covers damage to property insured resulting from a cause nor otherwise excluded, exhibits and works of art belonging to or on loan to the insured.		£5.6M	£5K	Refer to Policy
Money Policy	The policy covers physical loss of money from a cause nor otherwise excluded.		Limit any one loss £250K	NIL	Refer to Policy

Public Liability Policy	In the event of negligence being proved against the organisation, the public liability insurance policy will indemnify the organisation against its legal liability in respect of damages and claimants costs incurred from injury to any person, damage to property. Cover is normally restricted in the case of employees to duties undertaken within the terms of their contract of employment.		Limit of Indemnity £25M	Excess £1K	Refer to Policy
Employers Liability Policy	The policy provides cover to indemnify the organisation against legal liability arising from claims for injury to employees.		Limit of Indemnity £25M	Excess £25K	Refer to Policy
Officials Indemnity	The policy provides indemnity in respect of negligent acts, errors or omissions committed in good faith by officials in the course of the organisation's business. The policy covers claims of financial loss from a third party.		Limit of Indemnity £2.5M	Excess £1K	Refer to Policy
Trust & Trustee Indemnity	The policy provides indemnity to the organisation in respect of damages and claimants' costs arising from maladministration committed by a director, trustee, officer or committee member.		Limit of Indemnity £2.5M	Excess £1K	Refer to Policy
Personal Accident Policy – Employees	The employee's personal accident policy provides cover for accidents of employment including direct commuting to and from work. All employees of the organisation are covered by the policy. Details of capital sums and benefits are shown in the table below.			Nil	Refer To policy

Death		5 Times Salary
Loss of Limb or Sight		5 Times Salary
Permanent Disablement	Total	5 Times Salary
Permanent Disablement	Partial	% of Capital Sum
Temporary Disablement	Total	Benefits paid to organisation for up to 24 months depending on length of service. Salary will be paid to employee for up to 24 months less payment made by the organisation's Statutory Sick Pay Scheme.

## **PART 11 - PROMOTION OF GAELIC LANGUAGE AND CULTURE**

1. To incorporate Gaelic into the design of the company brand, corporate logo and promotional material;
2. In conjunction with the Authority's Gaelic Team, ensure that learning and leisure activities organised in areas with Gaelic Medium Education, or with a Gaelic tradition, include Gaelic Medium options;
3. In conjunction with the Authority's Gaelic Team, help to provide a programme of Gaelic extra-curricular activities for pupils in Gaelic Medium Education;
4. To help to raise awareness of Gaelic language and culture and to promote participation in the Gaelic arts by supporting the development of Gaelic cultural activities and the organisations that provide them;
5. In conjunction with the Authority's Gaelic Team, to apply for funding streams that will help to increase the profile of Gaelic language and culture;
6. To work with the Authority's Gaelic Team in areas such as Youth Development in Gaelic, Gaelic in Libraries and through initiatives such as Active Schools to ensure delivery of year-round activities for Gaelic Medium pupils;
7. To liaise with the Authority's Gaelic Team to ensure that Gaelic resources are available in the Service Provider's libraries where required and to continue to provide Gaelic storytelling and reading workshops for Gaelic Medium pupils;
8. To ensure that Active Schools Co-ordinators are targeting Gaelic speaking youngsters and adults to become active volunteers and to continue to ensure that 5th and 6th year Gaelic Medium pupils are given opportunities to learn and undertake coaching and TOP sport training to build the number and capacity of Gaelic speaking coaches;
9. To support Gaelic community groups by providing access to minibuses, sporting and outdoor equipment and residential centres in line with the Authority's policy;
10. To provide access to school and community leisure facilities managed by the Service Provider and to make available activities and programmes organised and directly run by the Authority's Gaelic Team, free of charge;

11. To help to make residents of, and visitors to, the Highlands aware of its Gaelic heritage, by promoting Gaelic through its Museums Service and by developing the Gaelic content on its websites where resources permit;
12. To incorporate the promotion of Gaelic language, culture and heritage in any events hosted or organised the Service Provider;
13. To engage with the Authority's Gaelic Team for support and advice on Gaelic, including the ongoing free use the Authority's Gaelic Translations service in order to maintain a high level of consistency and quality assurance with regard to the Service Provider's Gaelic representation;
14. To use its influence with its Partner Agencies and Service Suppliers to promote an understanding of the importance of the use of Gaelic to help to engender an appreciation of the cultural identity of the Highlands and of its Gaelic heritage, in social, economic and environmental contexts.

## **PART 12 – PRINCIPLES RELATING TO PRICING**

- 1 Ensuring affordable access to all sections of the community to encourage participation;
- 2 Fostering social inclusion for those who are economically and socially vulnerable;
- 3 Developing opportunities across a broad range of activities for an increasing range of participants;
- 4 Reflecting differing local priorities and size, quality and design of facilities;
- 5 Raising income;
- 6 Maintaining free use of school facilities for school and youth work activity, while allowing charging for additional facility management costs incurred;
- 7 Maintaining free access to outdoor facilities to host events delivered directly by the Inverness Festivals Working Group.

**PART 13 - CONTRIBUTION OF SERVICE PROVIDER TO AUTHORITY'S  
POLICY**

**PART 14 – THIRD PARTY AGREEMENTS AND LEISURE FACILITIES**

<b>Facility</b>	<b>Third Party</b>	<b>Nature of Agreement</b>	<b>Management Solution</b>
Ferrycroft Visitor Centre	Lairg & District Community Initiative	Remove in anticipation of lease agreement to LDCI being finalised	
Dingwall Community Centre	Dingwall Community Centre Mgmt Cttee	Licence to Occupy. Provide 0.68 FTE caretaker at HC03  NB contribution to the energy costs to be removed as a Budget Saving	
Conon Bridge Community Wing	Conon School Complex Management Cttee	Formal Agreement Management Cttee retain income and pay a contribution, negotiated annually, to Council towards energy costs. Provide 0.16 FTE caretaker at HC03 grade	Transfer caretaker and budget for his salary to school budget so he works alongside the janitor
Highland Football Academy (Dingwall Campus)	Highland Football Academy Trust	<i>Formal Agreement. Fee to the board to manage the Jubilee Park pitches on behalf of Council ~ £8k pa. Provide overall management of the Facility</i>	
Puffin Pool	Puffin Hydrotherapy Pool Ltd	Formal Agreement [SLA] Provide 1 FTE manager at HC07grade 0.85 FTE Leisure Supervisor at HC04 grade 1.34 FTE Leisure Asst at HC03 and 0.16 FTE	

		cleaner at HC01. Also 3 casual staff on HC03. Pays ~ £71k annually to Council	
Poolewe Pool	Poolewe & District Swimming Pool Assn	Formal agreement [SLA] Management function provided by local Leisure Facilities Manager	Need to separate Grant – stays with the Council from the Managers Salary transfers to HLH
Ullaspool	Ullaspool Ltd	Formal Agreement [SLA] Provide 0.93 FTE Reception staff at HC02 0.67 FTE Lifeguard staff at HC03 1.04 FTE Leisure Supervisor staff at HC04 up to £90k	
Thurso Youth Club	Thurso Youth Club Management Cttee	Informal/Historical Agreement Provide 1 FTE caretaker/steward at HC03 Contribute 60% of energy costs and pay Employers Liability insurance	Add Employers Liability to annual grant Council to recover 40% of annual energy costs – reflect in following year's grant
Wick Youth Club	Wick Youth Club Management Cttee	Informal/ Historical Agreement Provide 1 FTE caretaker/steward at HC03 Contribute 60% of energy costs and pay Employers Liability insurance	Add Employers Liability to annual grant Council to recover 40% of annual energy costs – reflect in following year's grant
Castletown Youth Club	Castletown YC Management Cttee	Informal/ Historical Agreement Contribute 60% of energy costs and pay Employers Liability insurance	Council to recover 40% of annual energy costs Investigate if Employers Liability still requires to be paid
Halkirk Youth Club	Halkirk YC Management Cttee	Informal/ Historical Agreement Contribute 60% of energy costs and pay Employers Liability insurance	Council to recover 40% of annual energy costs Investigate if Employers Liability still requires to be paid
Macphail Centre	Macphail Centre Management Committee	Informal Agreement 1 FTE Centre Co-ordinator at HC08 0.28 FTE Learning Centre Co-ord at HC04	Grant of £10k to transfer to Grants Budget and paid as such

		Operational grant OF £10K paid to Management Cttee. School pays 100% of Utilities bills/janitorial cover. <a href="#">Macphail pay telephone costs</a> . All income retained by Management Cttee	
Gairloch & Skye & Lochalsh Learning Centres	West Highland College	Residual funding paid to WHC to deliver adult learning in these areas through SLA £2.6K Gairloch and ~ £5k S/L.	<a href="#">New SLA for WHC to deliver £7.6k classes etc in these two areas.</a>
Sutherland Learning Centres	4 Independent LCs KLB, Assynt, Bonar Br and Lairg	£6k paid as grant for COBALT classes	<a href="#">New SLA for LCs to deliver £6k classes in these four areas.</a>
Golspie Youth Centre	Golspie Youth Centre Board of Management	0.77FTE Caretaker/Steward at HC03. All running costs of premises	<a href="#">Future of facility under review currently</a>
Charleston Community Campus	Charleston Community Complex Management Committee	<p>Informal agreement.</p> <p>School and community staff are currently integrated</p> <p>School pays 100% of Utilities bills.</p> <p>Management Committee pay an annual “rent” to the School of £2880.</p> <p>Provide 1 FTE Facility Manager HC08, 1 FTE Facility Assistant HC03, 2 FTE Stewards HC03.</p> <p>Income banked in management committee bank account.</p>	<p>Subject on reaching agreement with management committee on way forward re HMIE action plan:</p> <ul style="list-style-type: none"> <li>• High Life Highland to operate community facilities daytime and evenings and school facilities evenings.</li> <li>• Need to split staff and budgets between school and High Life Highland.</li> <li>• Likely to involve adjustments to opening hours/less flexibility through dis-integrating staff</li> <li>• Re-designate line management of staff from Head Teacher to High Life Highland</li> <li>• 4 way agreement between THC, HLH and community centre that HLH will provide staff and computers necessary for staff to carry out their duties.</li> </ul>
Charleston	Highland Football	HFA manages partner club bookings	Main agreement to be covered above under

Community Campus	Academy	Site staff manage other bookings.	Dingwall HFA. Charleston site staff to manage all bookings.
Hilton Community Centre	Hilton Community Centre Management Committee	Building (Community Centre and Mall) owned by HaPS Informal agreement. Provide 2 FTE Stewards HC03, 1 FTE Clerical Assistant HC02, 0.333FTE Centre Coordinator HC07. Contribute 50% of utility bills, 100% of phone/fax and 100% computer costs. Management Committee retain all income. HC employs 50+ tutors recharged to Hilton CC. HC provides staffing out-with normal opening hours as necessary and this is recharged to management committee. Income banked in management committee bank account.	<ul style="list-style-type: none"> <li>• 4 way agreement between ECS; HaPS, HLH and community centre that HLH will provide staff and computers necessary for staff to carry out their duties.</li> <li>• Agreement that HC will pay energy bills and recharge community centre accordingly.</li> <li>• Agreement with HaPS that HLH opens mall, puts bins out and submits MROs for whole property.</li> </ul>
Raigmore Community Centre	Raigmore Community Centre Management Committee	Informal agreement. Provide 1.5 FTE Stewards HC03, 0.314 FTE Clerical Assistant HC02., 0.333FTE Centre Coordinator HC07. Contribute 50% of utility bills, 100% of phone/fax and 100% computer costs. Management Committee retain all income. HC provides staffing out-with normal opening hours as necessary and this is recharged to management committee. HC provides additional centre coordinator and clerical time (17.5 hours) on a recharge basis.	<ul style="list-style-type: none"> <li>• 3 way agreement between THC, HLH and community centre that HLH will provide staff and computers necessary for staff to carry out their duties.</li> <li>• Agreement that HC will pay energy bills and recharge community centre accordingly.</li> </ul>

		Income banked in management committee bank account.	
Cameron Youth Centre	Queens Own Cameron Highlander War Memorial Youth Club	HC provides 0.33 Centre Coordinator; 2 Stewards at 31.5 hrs/week; 1 Clerical Assistant at 10 hrs/week. Income banked in management committee bank account.	<ul style="list-style-type: none"> <li>• 3 way agreement between THC, HLH and community centre that HLH will provide staff and computers necessary for staff to carry out their duties.</li> <li>• Agreement that HC will pay energy bills and recharge community centre accordingly.</li> </ul>
Spectrum Centre	Spectrum Centre : Board of Directors	Informal agreement. ECS provided 1.86 FTE Stewards HC03, 0.285 FTE Clerical Assistant HC02, 0.33 FTE Centre Coordinator HC07. Contribute 50% of utility bills, 100% of phone/fax and 100% computer costs. Management Committee retain all income. HC provides staffing out-with normal opening hours as necessary and this is recharged to management committee. Income banked in management committee bank account.	<ul style="list-style-type: none"> <li>• 3 way agreement between THC, HLH and community centre that HLH will provide staff and computers necessary for staff to carry out their duties.</li> <li>• Agreement that HC will pay energy bills and recharge community centre accordingly.</li> </ul>
Merkinch Community Centre	Merkinch Community Centre Association	Informal agreement. Provide 1 FTE Steward HC03, 1 FTE Officer Manager HC05, 0.333FTE Centre Coordinator HC07. Contribute 100% computer costs for HC staff. The Board retains all income. HC provides staffing out-with normal opening hours as necessary and this is recharged to management committee.	<ul style="list-style-type: none"> <li>• 3 way agreement between THC, HLH and community centre that HLH will provide staff and computers necessary for staff to carry out their duties.</li> <li>• Transfer £1K grant to Jeannie for HC to administer.</li> </ul>

		Merkinch Community Centre Association pays utility bills direct. Income banked in management committee bank account.	
Leven Centre	Kinlochleven Community and Sport Centre Limited	Unsigned (on the part of the board) agreement. Provide 1FTE Centre Coordinator HC07, 1 FTE Leisure Assistant HC03 and Relief Staff HC03. Nominal annual rent of £1.00 plus Vat Contribute to full utility costs, maintenance and repairs. All income is banked with CLL.	Assuming agreement is signed: <ul style="list-style-type: none"> <li>• 3 way agreement between THC, HLH and community centre that HLH will provide staff and computers necessary for staff to carry out their duties.</li> <li>• Agreement that HC will pay energy bills and recharge community centre accordingly.</li> </ul>
Craigmonie Centre – Glenurquhart High School	Constitution but no functioning constituted group in place	CLL provide 0.91 FTE Centre Coordinator HC07. Income banked in management committee bank account.	Deal with as part of arrangements for schools.  Management committee does not function consistently. Explore with local members then nominal management committee formal wind-up and transfer full operation to HLH. Re-designate line management of staff from Head Teacher to High Life Highland
Lochaber Hydrotherapy pool	Lochaber Hydrotherapy Pool Board of Directors	Land leased to Board of Directors from CLL. CLL operate the pool on behalf of the Board. CLL pay all costs apart from repair on equipment. CLL pay for all staff which in linked into Lochaber Leisure Centre staffing establishment All income generated retained by THC	3 way agreement between THC, HLH and community centre that HLH will manage the operation of the building. Inform Big Lottery Fund of change
Caol Youth Centre	Caol Management Committee	Informal agreement. Pay all the costs including 0.71Fte Coordinator and 0.06Fte Youth workers. Mgt Ctte retains any income generated.	<ul style="list-style-type: none"> <li>• 3 way agreement between THC, HLH and community centre that HLH will provide staff and computers necessary for staff to carry out their duties.</li> </ul>

		Caol Youth Centre is attached to a primary school and there is an informal agreement that the Youth Centre can use the school hall out with school time. Income banked in management committee bank account.	<ul style="list-style-type: none"> <li>Agreement that HC will pay energy bills (through school).</li> </ul>
Caol MUGA	Caol Management Committee	Agreement between Caol Mgt Ctte and CLL that maintenance is carried out. Maintenance plan is part of the ECS planned programme.	Leave maintenance with THC as per other properties (informal use only).
Badenoch Centre	Badenoch Learning Resource Centre	The Badenoch Learning Centre has a licence to occupy an area in the Badenoch Centre. CLL receive no income for this agreement. CLL pay all utility costs etc The Badenoch Learning Resource Centre provide their own staff.	Confirm to Badenoch Centre that HLH will fulfil previous HC operational functions.
Culloden Academy Community Complex	Management Committee in abeyance	Full operation is line managed by the school.	No agreement necessary as management committee have no bank account.  Operational management to be determined by work on school arrangements.
Aviemore Highland Resort	Macdonald Highland Hotels	HC pays for public access to swimming	Transfer grant to Jeannie for THC to administer.
Smithton Culloden Youth Centre	Smithton and Culloden Management Committee	An SDC is in place to deliver services in this facility. Grant – remove from this list.	Transfer to Jeannie for THC to administer.