

OLD RIVER LANE ARTS CENTRE PROJECT**HEADS OF TERMS for PARTNERSHIP AGREEMENT**

These Heads of Terms (“HOTs”) set out the principal terms and conditions on and subject to which East Hertfordshire District Council is willing to enter into a Partnership Agreement for the relocation of the Rhodes Art Centre (“the Project”) with Bishop’s Stortford Town Council and Rhodes Birthplace Trust.

These HOTs are not exhaustive and are not legally binding between the parties. Instead, they will reflect the intentions of the parties and set out the key terms of the transaction in order to deliver the Project. The agreed principles of these HOTs will be formalised in a legally binding Partnership Agreement signed by the parties.

1. PARTIES

The parties to the Agreement will be:

- East Hertfordshire District Council (EHDC) of Wallfields, Pegs Lane, Hertford SG13 8EQ
- Bishop’s Stortford Town Council (BSTC) of The Old Monastery, Windhill, Bishop’s Stortford CM23 2ND
- Rhodes Birthplace Trust (RBT) of 1-3 South Street, Bishop’s Stortford, CM23 3JG

2. KEY COMMERCIAL TERMS

The following key commercial terms are agreed between the parties:

(a) Business Case

- Option 1A of the Business Case is the preferred option with the relocation of the artistic business and activities of the Rhodes to a new facility in Bishop’s Stortford Town Centre at Old River Lane. Plans for the new Arts/Civic Centre (Option 1A) are expected to include:
 - 500 seat auditorium capable of delivering a wide variety of theatre, music, spoken word, dance etc (both professional and community), with sufficient provision for backstage facilities
 - a fly tower unless a convincing case can be made that the equivalent functionality can be provided another way
 - a studio space in which audience of 80-100 people can be accommodated
 - Meeting rooms /rehearsal space/dance studio.
 - 3-4 screen cinema
 - a new home for the library
 - a one stop shop for public services including East Herts
 - hot desking space
 - a cafe/bar
- The Business Case contains outline projections only and a detailed Business Plan will be required once a formal land use decision for the whole site is agreed by EHDC.

(b) Time Limits/Termination

- To agree and sign these Heads of Terms by 12 February 2018
- To negotiate in good faith with a view to executing a Partnership Agreement for the implementation of the Old River Lane Arts Centre on or before the date on which EHDC decides to proceed with the whole scheme (see attached programme), for a term of no less than 10 years notwithstanding the 4 year political cycle of both Councils' administrations and the 10 year commitment therefore being an in principle commitment which would require a reconfirmation of this commitment by each council every four years.

(c) Capital Funding and ownership of the asset

- Contributions are required from the BSTC and EHDC to the capital cost of the Arts Centre. It is estimated that the cost of the Arts Centre is in the region of £20m and the value of the land is in the region of £5m. Any contributor could receive a proportionate share in the asset itself, calculated on the basis of those parties wishing to own part of the asset rather than those parties contributing and not wishing to own part of the asset.
- The equation for calculating the ownership percentage is $X/(X+Y)$ where X and Y are contributors who wish to retain ownership in the asset (whereas Z is a contributor which does not want to retain any ownership in the asset).
- The project will not proceed until the overall funding package for the entire Old River Lane site is in place and it will be the responsibility of EHDC to secure this package, working in partnership with BSTC and RBT on the Arts Centre element of the scheme; funding will be sought from a variety of sources.

(d) Revenue Funding

Provided that the Bishop's Stortford Museum becomes self-sufficient, the parties agree that the running costs will be in the region of £550,000 per annum (subject to a final business case). Best endeavours will be made to reduce this sum to no more than £0.5m per annum.

- EHDC agrees to contribute 50% towards running costs;
- BSTC agrees to contribute 50% towards running costs.

Should the revenue funding be higher than £0.5m, further funding will be sought from EHDC, or a third party. The Project will not proceed until the overall revenue funding package for the Arts Centre is in place.

In concluding this agreement the parties recognise that the Rhodes Birthplace Trust has stated that it is not possible for the current operations at the Rhodes to become self-sufficient and the Rhodes Trust cannot voluntarily surrender the grant from the Town Council. However the Trust recognises that the Town Council may make the decision to

withdraw all or part of the grant currently received as part of the package and the Trustees will explore other funding options as a contingency provision in case this occurs. The parties commit to working together to seek a satisfactory resolution to these challenges. Having regard to this the future of the museum, which is the principal responsibility of the Rhodes Trust, will be an integral part of the planning during the implementation of this partnership agreement.

(e) Governance Arrangements

The parties agree to a governance arrangement in the form of an interim Steering Group/Trust made up as follows:

EHDC - 2 appointees

BSTC - 2 appointees (who are not also Rhodes trustees)

RBT - 2 appointees

Independent - up to 3 appointees (to be appointed by the other six appointees).

In the interim period, and once the new entity is up and running, governance shall be put in place that ensures decisions shall be taken by a simple majority with at least 1 of each category of representative voting in favour (i.e. at least 1 representative from EHDC, BSTC, RBT and Independent).

The interim group shall consider and make recommendations to any funding party on the following issues:

- Physical brief for the new Arts Centre
- Management arrangements for the new Arts Centre
- Vision for the operational development of the arts centre, marketing, fundraising and other key elements of the new Arts Centre's operations
- Make proposals for the governance to take effect before the centre become operational

(f) TUPE/Staffing

The parties agree the following staffing arrangements:

We envisage a TUPE transfer of staff from RBT to the new Arts Centre entity for all staff who comply with TUPE requirements.

(g) Costs

EHDC and BSTC to bear their own costs in connection with the Partnership Agreement. RBT to contribute £500 to their own costs, with the remainder to be subsidised by EHDC.

We confirm our agreement to the non-binding provisions above.

Signed by LIZ WATTS on behalf of
EAST HERTFORDSHIRE DISTRICT COUNCIL
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Signed by JAMES PARKER on behalf of
BISHOP'S STORTFORD TOWN COUNCIL

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Signed by DEIDRE GLASGOW on behalf of
RHODES BIRTHPLACE TRUST

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