

The Trustees
Southwell Leisure Centre Trust
Southwell Leisure Centre
Nottingham Road
Southwell
NG25 0LG

2020

Dear Sirs,

LETTER OF COMFORT AND GUARANTEE: EMERGENCY STRATEGIC RESERVE OF £220,000

This letter sets out the terms on which Newark and Sherwood District Council (“**NSDC**”) agrees to guarantee (the “**Guarantee**”) the sum of £220,000 (the “**Sum**”) to Southwell Leisure Centre (Charity Number: 522301) (“**SLCT**”).

1. The term of the Guarantee provided pursuant to this letter (the “**Term**”) shall commence on the date of this letter, and shall continue until terminated by the parties in accordance with paragraph 2 of this letter.
2. The Term shall be subject to review on a quarterly basis (each a “**Review**”), with the first Review occurring no earlier than 1 July 2020 and each subsequent Review happening no earlier than three months following the date of the preceding Review. NSDC will notify SLCT of each Review and as part of each such Review will enter into discussions with SLCT as to its trading position and consider all representations which are made by SLCT (“**Representations**”) within fourteen days of such notification. NSDC may on the expiry of those fourteen days and acting reasonably having considered the Representations, serve notice on SLCT of termination of the Guarantee forthwith. Furthermore the Guarantee will terminate forthwith on the date of the transfer of any money land interest in land or any other thing of worth by SLCT to the Charitable Incorporated Organisation known as Southwell Leisure Centre (Charity no. 1189114) (the “**CIO**”). Upon such termination NSDC and the CIO shall use reasonable endeavours to negotiate a new guarantee in favour of the CIO in a form acceptable to NSDC and the CIO. For the avoidance of doubt any arrangement between the parties as to repayment of monies advanced by NSDC under the Guarantee shall, unless otherwise agreed in writing, continue in force notwithstanding such termination.
3. The Guarantee shall only be called upon by SLCT in the event that SLCT has:
 - 3.1. produced to NSDC satisfactory evidence of debts due from SLCT;
 - 3.2. provided reasonably satisfactory evidence that no other funds are available to SLCT to pay such debts; and

- 3.3. provided reasonably satisfactory evidence that the lack of funds has not been caused by a transfer to the Charitable Incorporated Organisation known as Southwell Leisure Centre (Charity no. 1189114)
4. Within seven days of each Quarter's End (being 30th June, 30th September, 31st December and 31st March in any year) where such conditions have been satisfied NSDC will pay to SLCT the amount of such debt or debts PROVIDED THAT the cumulative total of monies paid by NSDC under the Guarantee shall not exceed the Sum.
5. NSDC recognises SLCT's essential contribution towards its strategy for Health and Welfare in the District and therefore NSDC shall:
 - 5.1. ensure that SLCT will have financial resources at least equal to the Sum (the "**Guarantee**");
 - 5.2. provide SLCT with weekly cash balances updates for SLCT and any other information reasonably requested by SLCT for the purposes of enabling SLCT to undertake financial forecasting; and
 - 5.3. provide all such assistance and cooperation as reasonably requested by SLCT for the purposes of ensuring that SLCT is able to continue to operate in accordance with its charitable objectives and is able to remain solvent (this shall include any support reasonably required by SLCT, whether financial or otherwise, in connection with restoration and repairs to the Leisure Centre operated by SLCT).
6. In consideration of receipt of the Guarantee, and the matters set out in paragraphs 5.2 and 5.3 of this letter SLCT shall:
 - 6.1. continue to follow all relevant NSDC personnel policies;
 - 6.2. where in the view of its trustees (acting reasonably) applying for available government financial assistance would be beneficial to SLCT and in accordance with SLCT's charitable objects and their trustee duties, apply for such funding; and
 - 6.3. provide all such assistance as reasonably requested by NSDC for the purposes of enabling NSDC to comply with the obligations set out in paragraphs 5.2 and 5.3 of this letter.
 - 6.4. Repay to NSDC in full all monies paid to it by NSDC pursuant to this letter on the expiry of 24 months of such payment. NSDC shall not charge interest on such monies and will discuss SLCT's ability to repay at Reviews but it is accepted by SLCT that if NSDC shall in its absolute discretion so demand SLCT shall repay all such monies on the expiry of 24 months from the date of payment
7. This letter is intended to create legal relations between NSDC and SLCT.

8. This letter and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and is subject to the exclusive jurisdiction of the English Courts.
9. The CIO joins in this letter to agree that if:
 - 9.1 this Guarantee shall terminate pursuant to paragraph 2 above by reason of a transfer to the CIO; and
 - 9.2 SLCT shall fail to pay all monies advanced before termination which are due pursuant to paragraph 6.4 above on the expiry of 24 months from payment then the CIO shall forthwith on such expiry repay to NSDC all monies due from SLCT pursuant to paragraph 6.4 above
10. SLCT agrees not to transfer or dispose of any money land interest in land or any other thing of worth ("Assets") to any person body charity or company other than the CIO.
11. As regards any of SLCTs Assets which are transferred to it the CIO will not without NSDC's written consent (such consent not to be unreasonably withheld or delayed) transfer or dispose of any such Assets to any person body charity or company other than SLCT or NSDC

Yours faithfully,

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, for and on behalf of **Newark and Sherwood District Council**

We acknowledge and confirm our agreement to the terms of this letter of which this is a copy.

Signed

For and on behalf of **Southwell Leisure Centre** (Charity Number: 522301)

Date

For and on behalf of **Southwell Leisure Centre** (Charity no. 1189114)

Date