

<b>Reporting to:</b>	<b>Trust Board - 4<sup>th</sup> June 2015</b>
<b>Title</b>	Interim Support Finance
<b>Sponsoring Director</b>	Neil Nisbet, Finance Director
<b>Author(s)</b>	Above
<b>Previously considered by</b>	
<b>Executive Summary</b>	<ul style="list-style-type: none"> <li>• The Trust has previously accessed Temporary Borrowing from the Department of Health (DH).</li> <li>• This facility has now been replaced by Interim Revolving Working Capital Support Facility (RWC) which provides flexibility to cover the Trust's short term, fluctuating cash requirements.</li> <li>• As with all interim funding, the Trust is required to progress the development and agreement of a Recovery Plan as a condition of funding. RWC is required to get the Trust to a point whereby it can deliver a Recovery Plan (or potentially a major milestone as part of the development of a Recovery Plan).</li> <li>• It is anticipated that the Trust will be awarded PDC again in 2015/16 as the permanent solution to support its forecast Income and Expenditure deficit. The NHS TDA will work with the Trust and advise on the form, content and timing of application requirements following agreement with the DH.</li> <li>• The Trust has an initial RWC limit of £8.4 million representing 10 days equivalent operating expenditure. If there is a requirement for more than this initial RWC limit due to permanent PDC not being agreed, the Trust can apply for a Variation to this limit up to a maximum of 30 days equivalent operating expenditure. The Authorised Officer, can apply for this.</li> <li>• The attached Cashflow model assumes a requirement to receive RWC in the month of July 2015.</li> <li>• In order to access this finance, the Trust will be charged interest at a rate of 3.5% based on daily outstanding balances. This cost has been included within the Trust's forecast Income and Expenditure.</li> <li>• To access this facility the Trust is required to complete the necessary paperwork and to provide a Trust Board resolution as attached.</li> </ul>
<b>Strategic Priorities</b>	
1. Quality and Safety	<input type="checkbox"/> Reduce harm, deliver best clinical outcomes and improve patient experience. <input type="checkbox"/> Address the existing capacity shortfall and process issues to consistently deliver national healthcare standards <input type="checkbox"/> Develop a clinical strategy that ensures the safety and short term sustainability of our clinical services pending the outcome of the Future Fit Programme <input type="checkbox"/> To undertake a review of all current services at specialty level to inform future service and business decisions <input type="checkbox"/> Develop a sustainable long term clinical services strategy for the Trust to deliver our vision of future healthcare services through our Future Fit Programme
2. People	<input type="checkbox"/> Through our People Strategy develop, support and engage with our workforce to make our organisation a great place to work
3. Innovation	<input type="checkbox"/> Support service transformation and increased productivity through technology and continuous improvement strategies

4 Community and Partnership	<input type="checkbox"/> Develop the principle of 'agency' in our community to support a prevention agenda and improve the health and well-being of the population
5 Financial Strength: Sustainable Future	<input type="checkbox"/> Embed a customer focussed approach and improve relationships through our stakeholder engagement strategies
5 Financial Strength: Sustainable Future	<input checked="" type="checkbox"/> Develop a transition plan that ensures financial sustainability and addresses liquidity issues pending the outcome of the Future Fit Programme
<b>Board Assurance Framework (BAF) Risks</b>	<input type="checkbox"/> If we do not deliver <b>safe care</b> then patients may suffer avoidable harm and poor clinical outcomes and experience <input type="checkbox"/> If we do not implement our <b>falls prevention</b> strategy then patients may suffer serious injury <input type="checkbox"/> If the local health and social care economy does not reduce the <b>Fit To Transfer (FTT)</b> waiting list from its current unacceptable levels then patients may suffer serious harm <input type="checkbox"/> Risk to <b>sustainability</b> of clinical services due to potential shortages of key clinical staff <input type="checkbox"/> If we do not achieve safe and efficient <b>patient flow</b> and improve our processes and capacity and demand planning then we will fail the national quality and performance standards <input type="checkbox"/> If we do not get good levels of <b>staff engagement</b> to get a culture of continuous improvement then staff morale and patient outcomes may not improve <input type="checkbox"/> If we do not have a clear <b>clinical service vision</b> then we may not deliver the best services to patients <input checked="" type="checkbox"/> If we are unable to resolve our (historic) shortfall in <b>liquidity</b> and the structural imbalance in the Trust's <b>Income &amp; Expenditure</b> position then we will not be able to fulfil our financial duties and address the modernisation of our ageing estate and equipment
<b>Care Quality Commission (CQC) Domains</b>	<input type="checkbox"/> Safe <input type="checkbox"/> Effective <input type="checkbox"/> Caring <input type="checkbox"/> Responsive <input type="checkbox"/> Well led
<input type="checkbox"/> Receive <input type="checkbox"/> Review <input type="checkbox"/> Note <input checked="" type="checkbox"/> Approve	<b>Recommendation</b> The Trust Board PASS attached Resolution in order for the Trust to be able to access Interim Revolving Working Capital Support Facility (RWC).

Royal Shrewsbury Hospital  
Finance Department  
Mytton Oak Road  
Shrewsbury  
Shropshire  
SY3 8XQ

Tel: 01743 261114

## BOARD RESOLUTION

### The Shrewsbury and Telford Hospital NHS Trust

The following Resolution was passed at a meeting of The Shrewsbury and Telford Hospital NHS Trust Board on 4<sup>th</sup> June 2015.

It was resolved that : -

- The Trust Board approve the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
- Authorise **Neil Nisbet, Finance Director** to execute the Finance Documents to which it is a party on its behalf; and
- Authorise **Neil Nisbet, Finance Director**, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- Confirm the Borrower's undertaking to comply with the Additional Terms and Conditions

CERTIFIED TRUE COPY

\_\_\_\_\_  
(Name and signature of Director or Secretary)

	Actual April Month	Forecast May Month	Forecast June Month	Forecast July Month	Forecast August Month	Forecast September Month	Forecast October Month	Forecast November Month	Forecast December Month	Forecast January Month	Forecast February Month	Forecast March Month	Total To Date And Forecast
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance B/fwd	897	4,508	3,960	1,941	3,288	3,516	3,428	3,536	2,863	2,632	2,761	3,107	897
<b>INCOME</b>													
Income I&E	24,331	26,167	25,672	27,112	25,281	26,063	27,874	26,537	25,800	27,125	25,596	26,988	314,550
Income - Total Balance Sheet Movements	3,021	2,171	0	0	0	0	0	0	0	0	0	0	5,192
<b>Receipt of Revolving Working Capital</b>			0	2,041	2,400	4,800		300	1,600	300	2,500		13,941
<b>Receipt of Permanent PDC</b>												17,270	17,270
<b>Total Income Cashflow</b>	<b>27,352</b>	<b>28,339</b>	<b>25,672</b>	<b>29,153</b>	<b>27,681</b>	<b>30,863</b>	<b>27,874</b>	<b>26,837</b>	<b>27,400</b>	<b>27,425</b>	<b>28,096</b>	<b>44,258</b>	<b>350,953</b>
<b>PAY</b>					0								
Pay I&E	(18,632)	(18,733)	(18,733)	(18,733)	(18,733)	(18,733)	(18,733)	(18,733)	(18,733)	(18,733)	(18,733)	(18,737)	(224,698)
Pay - Total Balance Sheet Movements	6,702	32	32	32	32	32	32	32	32	32	32	32	7,056
<b>Total Pay Cashflow</b>	<b>(11,930)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,701)</b>	<b>(18,705)</b>	<b>(217,642)</b>
<b>NON PAY</b>													
Non Pay I&E	(8,510)	(8,070)	(7,837)	(7,620)	(7,667)	(7,627)	(7,474)	(7,474)	(7,434)	(7,397)	(7,397)	(7,371)	(91,882)
Non Pay - Total Balance Sheet Movements	0	49	49	49	49	49	(492)	(492)	(492)	(493)	(493)	(493)	(2,706)
<b>Total Non Pay Cashflow</b>	<b>(8,510)</b>	<b>(8,021)</b>	<b>(7,788)</b>	<b>(7,571)</b>	<b>(7,618)</b>	<b>(7,578)</b>	<b>(7,966)</b>	<b>(7,966)</b>	<b>(7,926)</b>	<b>(7,890)</b>	<b>(7,890)</b>	<b>(7,864)</b>	<b>(94,588)</b>
<b>Finance Costs</b>													
Finance Costs I&E	3	2	2	2	2	(3,465)	2	2	2	2	2	(3,467)	(6,911)
Finance Costs - Total Balance Sheet Movements	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Finance Costs Cashflow</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>(3,465)</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>(3,467)</b>	<b>(6,911)</b>
<b>Capital</b>	0												
Capital Expenditure	(238)	(647)	(843)	(619)	(739)	(924)	(1,187)	(832)	(995)	(692)	(1,148)	(1,673)	(10,533)
Capital - Total Balance Sheet Movements	(3,119)	(1,507)	(350)	(903)	(385)	(271)	0	0	0	0	0	0	(6,535)
<b>Total Capital Cashflow</b>	<b>(3,357)</b>	<b>(2,154)</b>	<b>(1,193)</b>	<b>(1,522)</b>	<b>(1,124)</b>	<b>(1,195)</b>	<b>(1,187)</b>	<b>(832)</b>	<b>(995)</b>	<b>(692)</b>	<b>(1,148)</b>	<b>(1,673)</b>	<b>(17,068)</b>
Repayment of Revolving Working Capital	0	0	0	0	0	0	0	0	0	0	0	(13,941)	(13,941)
PDC Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Donated Assets</b>													
Donated Assets Income	54	86	87	86	87	87	85	86	88	85	85	84	1,000
Donated Assets Expenditure	0	(100)	(100)	(100)	(100)	(100)	0	(100)	(100)	(100)	(100)	(100)	(1,000)
<b>Total Donated Assets Cashflow</b>	<b>54</b>	<b>(14)</b>	<b>(13)</b>	<b>(14)</b>	<b>(13)</b>	<b>(13)</b>	<b>85</b>	<b>(14)</b>	<b>(12)</b>	<b>(15)</b>	<b>(15)</b>	<b>(16)</b>	<b>(0)</b>
<b>Total Cashflow</b>	<b>3,611</b>	<b>(548)</b>	<b>(2,020)</b>	<b>1,348</b>	<b>228</b>	<b>(88)</b>	<b>108</b>	<b>(673)</b>	<b>(231)</b>	<b>130</b>	<b>345</b>	<b>(1,407)</b>	<b>802</b>
Balance C/fwd	4,508	3,960	1,941	3,288	3,516	3,428	3,536	2,863	2,632	2,761	3,107	1,700	1,700

**DATED**

**2015**

**SHREWSBURY AND TELFORD HOSPITAL NHS TRUST  
(as Borrower)**

**and**

**THE SECRETARY OF STATE FOR HEALTH  
(as Lender)**

---

**£8,400,000**

**SINGLE CURRENCY INTERIM REVOLVING WORKING CAPITAL SUPPORT**

**FACILITY AGREEMENT**

**REF NO: DHPF/ISRWF/RXW/2015-03-20/A**

---

## TABLE OF CONTENTS

Clause	Headings	Page
1.	DEFINITIONS AND INTERPRETATION .....	2
2.	THE FACILITY .....	7
3.	PURPOSE.....	8
4.	CONDITIONS OF UTILISATION .....	8
5.	UTILISATION .....	8
6.	PAYMENTS AND REPAYMENT .....	9
7.	PREPAYMENT AND CANCELLATION .....	10
8.	INTEREST.....	11
9.	INTEREST PERIODS .....	11
10.	NOT USED.....	12
11.	INDEMNITIES.....	12
12.	MITIGATION BY THE LENDER .....	13
13.	COSTS AND EXPENSES.....	13
14.	REPRESENTATIONS .....	13
15.	INFORMATION UNDERTAKINGS .....	16
16.	GENERAL UNDERTAKINGS.....	17
17.	COMPLIANCE FRAMEWORK.....	20
18.	EVENTS OF DEFAULT.....	20
19.	ASSIGNMENTS AND TRANSFERS .....	23
20.	ROLE OF THE LENDER .....	24
21.	PAYMENT MECHANICS.....	25
22.	SET-OFF.....	26
23.	NOTICES.....	26
24.	CALCULATIONS AND CERTIFICATES .....	27
25.	PARTIAL INVALIDITY .....	28
26.	REMEDIES AND WAIVERS.....	28
27.	AMENDMENTS AND WAIVERS .....	28
28.	COUNTERPARTS .....	28
29.	GOVERNING LAW.....	28
30.	DISPUTE RESOLUTION.....	28
	<b>SCHEDULE 1: CONDITIONS PRECEDENT .....</b>	<b>29</b>
	<b>SCHEDULE 2: UTILISATION REQUEST.....</b>	<b>30</b>
	<b>SCHEDULE 3: DEFINED FACILITY LIMITS .....</b>	<b>31</b>
	<b>SCHEDULE 4: ANTICIPATED DRAWDOWN SCHEDULE .....</b>	<b>32</b>
	<b>SCHEDULE 5: DISPUTE RESOLUTION .....</b>	<b>33</b>
	<b>SCHEDULE 6: REPAYMENT SCHEDULE.....</b>	<b>36</b>
	<b>SCHEDULE 7: PERMITTED SECURITY – EXISTING SECURITY .....</b>	<b>37</b>
	<b>SCHEDULE 8: ADDITIONAL TERMS AND CONDITIONS.....</b>	<b>38</b>

**THIS AGREEMENT** is dated 2015 and made between:

- (1) **SHREWSBURY AND TELFORD HOSPITAL NHS TRUST** of, **Royal Shrewsbury Hospital, Mytton Oak Road, Shrewsbury, Shropshire, SY3 8XQ** (the "**Borrower**" which expression shall include any successors in title or permitted transferees or assignees); and
- (2) **THE SECRETARY OF STATE FOR HEALTH** as lender (the "**Lender**" which expression shall include any successors in title or permitted transferees or assignees).

**IT IS AGREED** as follows:

## **1. DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

In this Agreement:

"**Account**" means the Borrower's account held with the Government Banking Service.

"**Act**" means the National Health Service Act 2006 as amended from time to time.

"**Additional Terms and Conditions**" means the terms and conditions set out in Schedule 8.

"**Agreed Purpose**" means working capital expenditure for use only if it has insufficient working capital available as set out under the Terms of this Agreement, to maintain the provision of the Borrower's services in its capacity as an NHS Body.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Available Facility**" means the Facility Amount less:

- (A) all outstanding Loans; and
- (B) in relation to any proposed Utilisation, the amount of any Loan that is due to be made on or before the proposed Utilisation Date.

"**Availability Period**" means two years from and including the date of this Agreement. The Availability Period may be extended, at the Borrower's option, subject to no outstanding Event of Default. Any extension can be for a period of up to twelve months, subject to the Availability Period expiring no later than the Final Repayment Date.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general banking business in London.

"**Cash Balance**" means the Borrower's available cash balances, whether held within the Government Banking Service or otherwise, for a period from the Utilisation Date to the Monday preceding the 18<sup>th</sup> day of the following Month.

"**Cashflow Forecast**" means the Borrower's current rolling 13 week cashflow forecast in a form to be agreed with the Lender from time to time (and as prepared on behalf of the Borrower's Board). The forecast must include all utilisations and proposed utilisations under any agreement with the Lender for the relevant period.

"**Compliance Framework**" means the relevant Supervisory Body's frameworks and/or any replacement to such frameworks for monitoring and assessing NHS Bodies and their compliance with any consents, permissions and approvals.

**"Dangerous Substance"** means any natural or artificial substance (whether in a solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any such other substance) capable of causing harm to the Environment or damaging the Environment or public health or welfare including any noxious, hazardous, toxic, dangerous, special or controlled waste or other polluting substance or matter.

**"Default"** means an Event of Default or any event or circumstance specified in Clause 18 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

**"Default Rate"** means the official bank rate (also called the Bank of England base rate or BOEBR) plus 300 basis points per annum.

**"Environment"** means the natural and man-made environment and all or any of the following media namely air (including air within buildings and air within other natural or man-made structures above or below ground), water (including water under or within land or in drains or sewers and inland waters), land and any living organisms (including humans) or systems supported by those media.

**"Environmental Claim"** means any claim alleging liability whether civil or criminal and whether actual or potential arising out of or resulting from the presence at on or under property owned or occupied by the Borrower or presence in or escape or release into the environment of any Dangerous Substance from any such property or in circumstances attributable to the operation of the Borrower's activities or any breach of any applicable Environmental Law or any applicable Environmental Licence.

**"Environmental Law"** means all statutes, instruments, regulations, orders and ordinances (including European Union legislation, regulations, directives, decisions and judgements applicable to the United Kingdom) being in force from time to time and directly enforceable in the United Kingdom relating to pollution, prevention thereof or protection of human health or the conditions of the Environment or the use, disposal, generation, storage, transportation, treatment, dumping, release, deposit, burial, emission or disposal of any Dangerous Substance.

**"Environmental Licence"** shall mean any permit, licence, authorisation, consent or other approval required by any Environmental Law or the Planning (Hazardous Substances) Act 1990.

**"Event of Default"** means any event or circumstance specified as such in Clause 18 (*Events of Default*).

**"Facility"** means the working capital facility made available under this Agreement as described in Clause 2 (*The Facility*).

**"Facility Amount"** means the amount set out in Schedule 3 as may be amended from time to time.

**"Final Repayment Date"** means 13 April 2020

**"Finance Documents"** means:

- (A) this Agreement; and
- (B) any other document designated as such by the Lender and the Borrower.

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- (A) moneys borrowed;



- (B) any amount raised by acceptance under any acceptance credit facility;
- (C) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (D) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with any applicable Audit Code for NHS Bodies, any applicable Manual for Accounts for NHS Bodies and Annual Report Guidance for NHS Bodies, be treated as a finance or capital lease;
- (E) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (F) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (G) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (H) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (I) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (A) to (H) above.

**“Government Banking Service”** means the body established in April 2008 being the banking shared service provider to government and the wider public sector incorporating the Office of HM Paymaster General (OPG).

**"Interest Payment Date"** means the last day of an Interest Period.

**"Interest Period"** means, in relation to a Loan, the period determined in accordance with Clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

**"Interest Rate"** means 3.5% per annum.

**“Licence”** means the licence issued by Monitor to any person who provides a health care service for the purposes of the NHS.

**"Loan"** means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

**"Material Adverse Effect"** means a material adverse effect on:

- (A) the business or financial condition of the Borrower;
- (B) the ability of the Borrower to perform any of its material obligations under any Finance Document;
- (C) the validity or enforceability of any Finance Document; or
- (D) any right or remedy of the Lender in respect of a Finance Document.

**“Maximum Cash Balance”** shall be the amount defined in Schedule 3

**“Minimum Cash Balance”** shall be the amount defined in Schedule 3

**“Monitor”** means the sector regulator for health care services in England or any successor body to that organisation

**"Month"** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (A) (subject to paragraph (C) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (B) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (C) if a period begins on the last Business Day of a calendar month, that period shall end on the last Business Day in the calendar month in which that period is to end,

provided that the above rules will only apply to the last Month of any period.

**“NHS Body”** means either an NHS Trust or an NHS Foundation Trust , or any successor body to that organisation.

**“NHS Trust Development Authority”** means the body responsible for monitoring the performance of NHS Trusts and providing assurance of clinical quality, governance and risk in NHS Trusts, or any successor body to that organisation;

**"Original Financial Statements"** means a certified copy of the audited financial statements of the Borrower for the financial year ended 31 March 2014.

**"Participating Member State"** means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

**"Party"** means a party to this Agreement.

**"Permitted Security"** means:

- (A) normal title retention arrangements arising in favour of suppliers of goods acquired by the Borrower in the ordinary course of its business or arising under conditional sale or hiring agreements in respect of goods acquired by the Borrower in the ordinary course of its business;
- (B) liens arising by way of operation of law in the ordinary course of business so long as the amounts in respect of which such liens arise are not overdue for payment;
- (C) any existing Security listed in Schedule 7;
- (D) any Security created or outstanding with the prior written consent of the Lender; and
- (E) any other Security securing in aggregate not more than £150,000 at any time.

**"Relevant Consents"** means any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration of whatsoever nature necessary or appropriate to be obtained for the purpose of entering into and performing the Borrower's obligations under the Finance Documents.

**"Relevant Percentage"** means in respect of each Repayment Date, the percentage figure set opposite such Repayment Date in the Repayment Schedule.

**"Repayment Date"** means the repayment date set out in Schedule 6 (*Repayment Schedule*).

**"Repayment Instalment"** means each instalment for the repayment of the Loan referred to in Clause 6.2.

**"Repayment Schedule"** means the repayment schedule set out in Schedule 6 (*Repayment Schedule*).

**"Repeating Representations"** means each of the representations set out in Clause 14 (*Representations*) other than those under Clauses 14.9, 14.10, 14.12.2 and 14.16.2.

**"Security"** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**"Supervisory Body"** means either the NHS Trust Development Authority and/or Monitor.

**"Tax"** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**"Tax Deduction"** means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

**"Test Date"** means the Utilisation Date and each Interest Payment Date.

**"Unpaid Sum"** means any sum due and payable but unpaid by the Borrower under the Finance Documents.

**"Utilisation"** means a utilisation of the Facility.

**"Utilisation Date"** means the date of a Utilisation, on which a drawing is to be made under the Facility, such date to be the Monday preceding the 18<sup>th</sup> day of any month.

**"Utilisation Request"** means a notice substantially in the form set out in Schedule 2 (*Utilisation Request*).

**"VAT"** means value added tax as provided for in the Value Added Tax Act 1994 and other tax of a similar nature, whether imposed in the UK or elsewhere.

## 1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in any Finance Document to:

- (A) the **"Lender"**, the **"Borrower"** the **"Supervisory Body"** or any **"Party"** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (B) **"assets"** includes present and future properties, revenues and rights of every description;
- (C) a **"Finance Document"** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended or novated;
- (D) **"indebtedness"** shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

- (E) a **"person"** includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;
- (F) a **"regulation"** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (G) **"repay"** (or any derivative form thereof) shall, subject to any contrary indication, be construed to include **"prepay"** (or, as the case may be, the corresponding derivative form thereof);
- (H) a provision of law is a reference to that provision as amended or re-enacted;
- (I) a time of day is a reference to London time; and
- (J) the word **"including"** is without limitation.

1.2.2 Section, Clause and Schedule headings are for ease of reference only.

1.2.3 Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

1.2.4 A Default (other than an Event of Default) is **"continuing"** if it has not been remedied or waived and an Event of Default is **"continuing"** if it has not been waived or remedied to the satisfaction of the Lender.

### 1.3 **Third party rights**

1.3.1 Except as provided in a Finance Document, the terms of a Finance Document may be enforced only by a party to it and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.

1.3.2 Notwithstanding any provision of any Finance Document, the Parties to a Finance Document do not require the consent of any third party to rescind or vary any Finance Document at any time.

## 2. **THE FACILITY**

2.1 Subject to the terms of this Agreement, the Lender makes available to the Borrower a sterling revolving working capital facility in an aggregate amount equal to the Facility Amount.

2.2 The Facility shall be utilised by the Borrower for the purposes of and/or in connection with its functions as an NHS Body.

### **3. PURPOSE**

#### **3.1 Purpose**

The Borrower shall apply all Loans towards financing or refinancing the Agreed Purpose.

#### **3.2 Pending application**

Without prejudice to Clause 3.1 (*Purpose*), pending application of the proceeds of any Loan towards financing or refinancing the Agreed Purpose, the Borrower may deposit such proceeds in the Account.

#### **3.3 Monitoring**

The Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

### **4. CONDITIONS OF UTILISATION**

#### **4.1 Initial conditions precedent**

The Borrower may not deliver the first Utilisation Request unless the Lender has received all of the documents and other evidence listed in Schedule 1 (*Conditions precedent*) in form and substance satisfactory to the Lender or to the extent it has not received the same, it has waived receipt of the same. The Lender shall notify the Borrower promptly upon being so satisfied.

#### **4.2 Further conditions precedent**

The Lender will only be obliged to comply with a Utilisation Request if on the date of the Utilisation Request and on the proposed Utilisation Date:

- 4.2.1 No Event of Default might reasonably be expected to result from the making of an Utilisation other than those of which the Lender and Borrower are aware;
- 4.2.2 the Repeating Representations to be made by the Borrower with reference to the facts and circumstances then subsisting are true in all material respects; and,
- 4.2.3 the Borrower has provided to the Lender its most recent 13 week cash flow forecast, together with any other information that may from time to time be required.

### **5. UTILISATION**

#### **5.1 Utilisation**

5.1.1 The Borrower may take Loans from time to time hereunder, subject to receipt by the Lender from the Borrower, of a Utilisation Request in accordance with this Agreement and an appropriate Cashflow Forecast.

5.1.2 The Utilisation Request must be for an amount not greater than the amount specified under Clause 5.4.2.

#### **5.2 Delivery of a Utilisation Request**

The Borrower may utilise the Facility by delivery to the Lender of a duly completed Utilisation Request not later than 11.00 a.m. five Business Days before the proposed Utilisation Date unless otherwise agreed.

5.2.1 The Borrower may only issue one Utilisation Request per Month unless otherwise agreed.

### 5.3 **Completion of a Utilisation Request**

The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (A) the proposed Utilisation Date is a Business Day within the Availability Period; and
- (B) the currency and amount of the Utilisation comply with Clause 5.4 (*Currency and amount*).

### 5.4 **Currency and amount**

5.4.1 The currency specified in the Utilisation Request must be sterling.

5.4.2 The amount of each proposed Loan must be an amount which is not more than the amount required to maintain a Cash Balance equivalent to the Minimum Cash Balance for a period from the Utilisation Date to the Monday preceding the 18<sup>th</sup> day of the following Month

5.4.3 The amount of each proposed Loan must be an amount which is not more than the Available Facility and which is a minimum of £150,000 or, if less, the Available Facility.

### 5.5 **Payment to the Account**

The Lender shall pay each Loan:

5.5.1 by way of credit to the Account and so that, unless and until the Lender shall notify the Borrower to the contrary, the Lender hereby consents to the withdrawal by the Borrower from the Account of any amount equal to the relevant Loan provided that any sums so withdrawn are applied by the Borrower for the purposes for which the relevant Loan was made;

5.5.2 if the Lender so agrees or requires, on behalf of the Borrower directly to the person to whom the relevant payment is due as specified in the relevant Utilisation Request; or

5.5.3 in such other manner as shall be agreed between the Lender and the Borrower.

## 6. **PAYMENTS AND REPAYMENT**

### 6.1 **Payments**

6.1.1 The Borrower shall make all payments payable under the Finance Documents without any Tax Deductions, unless a Tax Deduction is required by law.

6.1.2 The Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Lender accordingly.

6.1.3 If a Tax Deduction is required by law to be made by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

6.1.4 If the Borrower is required to make a Tax Deduction, the Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

- 6.1.5 Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower shall deliver to the Lender evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

## 6.2 **Repayment**

- 6.2.1 The Borrower shall repay each Loan and all other amounts outstanding under the Finance Documents in full on the Repayment Date; and
- 6.2.2 Where the available Cash Balance is greater than the Maximum Cash Balance for the period from the Monday preceding the 18th day of any Month to the Monday preceding the 18th day of the following month, the borrower shall additionally repay the lesser of the minimum amount by which the Cash Balance exceeds the Maximum Cash Balance during this period or, the aggregate of each Loan and all other amounts outstanding under the Finance Documents.

## 6.3 **Re-borrowing**

The Borrower may re-borrow any part of the Facility which is repaid or prepaid.

## 7. **PREPAYMENT AND CANCELLATION**

### 7.1 **Illegality**

If it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain all or any part of the Loans:

- 7.1.1 the Lender shall promptly notify the Borrower upon becoming aware of that event;
- 7.1.2 upon the Lender notifying the Borrower, the Available Facility will be immediately cancelled; and
- 7.1.3 the Borrower shall repay such Loans on the last day of the Interest Period for Loans occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Borrower (being no earlier than the last day of any applicable grace period permitted by law).

### 7.2 **Voluntary cancellation**

The Borrower may, if it gives the Lender not less than seven days' (or such shorter period as the Lender may agree) and not more than fourteen days' prior notice, cancel the whole or any part (being a minimum amount of £100,000) of the Facility Amount.

### 7.3 **Voluntary prepayment of Loans**

The Borrower may, if it gives the Lender not less than seven days' (or such shorter period as the Lender may agree) and not more than thirty days' prior notice, prepay the whole or any part of any Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of £250,000).

### 7.4 **Restrictions**

- 7.4.1 Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

7.4.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid without premium or penalty.

7.4.3 The Borrower shall not repay or prepay all or any part of the Loan or cancel all or any part of the Available Facility except at the times and in the manner expressly provided for in this Agreement.

7.4.4 No amount of the Available Facility cancelled under this Agreement may be subsequently reinstated.

## 7.5 **Automatic Cancellation**

At the end of the Availability Period the undrawn part of the Available Facility will be cancelled.

## 8. **INTEREST**

### 8.1 **Calculation of interest**

The rate of interest on each Loan for each Interest Period is the Interest Rate.

### 8.2 **Payment of interest**

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period.

### 8.3 **Default interest**

8.3.1 If the Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on Unpaid Sums from the due date up to the date of actual payment (both before and after judgment) at the Default Rate. Any interest accruing under this Clause 8.3 shall be immediately payable by the Borrower on demand by the Lender.

8.3.2 Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

## 9. **INTEREST PERIODS**

### 9.1 **Interest Payment Dates**

The Interest Period for each Loan shall be six Months, provided that any Interest Period which begins during another Interest Period shall end at the same time as that other Interest Period (and, where two or more such Interest Periods expire on the same day, the Loans to which those Interest Periods relate shall thereafter constitute and be referred to as one Loan).

### 9.2 **Shortening Interest Periods**

If an Interest Period would otherwise overrun the relevant Repayment Date, it shall be shortened so that it ends on the relevant Repayment Date.

### 9.2A **Payment Start Date**

Each Interest Period for a Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.



### 9.3 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

### 9.4 **Consolidation of Loans**

If two or more Interest Periods end on the same date, those Loans will be consolidated into and be treated as a single Loan on the last day of the Interest Period.

## 10. **NOT USED**

## 11. **INDEMNITIES**

### 11.1 **Currency indemnity**

11.1.1 If any sum due from the Borrower under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (A) making or filing a claim or proof against the Borrower;
- (B) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall as an independent obligation, within five Business Days of demand, indemnify the Lender against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

11.1.2 The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

### 11.2 **Other indemnities**

The Borrower shall, within five Business Days of demand, indemnify the Lender against any cost, loss or liability incurred by the Lender as a result of:

- 11.2.1 the occurrence of any Event of Default;
- 11.2.2 a failure by the Borrower to pay any amount due under a Finance Document on its due date;
- 11.2.3 funding, or making arrangements to fund, all or any part of the Loans requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by the Lender alone); or
- 11.2.4 the Loans (or part of the Loans) not being prepaid in accordance with a notice of prepayment given by the Borrower.

### 11.3 **Indemnity to the Lender**

The Borrower shall promptly indemnify the Lender against any cost, loss or liability incurred by the Lender (acting reasonably) as a result of:

- 11.3.1 investigating any event which it reasonably believes is a Default; or
- 11.3.2 acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

#### **11.4 Environmental indemnity**

The Borrower shall promptly indemnify the Lender within five Business Days of demand in respect of any judgments, liabilities, claims, fees, costs and expenses (including fees and disbursements of any legal, environmental consultants or other professional advisers) suffered or incurred by the Lender as a consequence of the breach of or any liability imposed under any Environmental Law with respect to the Borrower or its property (including the occupation or use of such property).

### **12. MITIGATION BY THE LENDER**

#### **12.1 Mitigation**

12.1.1 The Lender shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to Clause 7.1 (Illegality) including transferring its rights and obligations under the Finance Documents to another entity owned or supported by the Lender.

12.1.2 Clause 12.1.1 does not in any way limit the obligations of the Borrower under the Finance Documents.

#### **12.2 Limitation of liability**

12.2.1 The Borrower shall indemnify the Lender for all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under Clause 12.1 (Mitigation).

12.2.2 The Lender is not obliged to take any steps under Clause 12.1 (Mitigation) if, in its opinion (acting reasonably), to do so might be prejudicial to it.

### **13. COSTS AND EXPENSES**

#### **13.1 Enforcement costs**

The Borrower shall, within three Business Days of demand, pay to the Lender the amount of all costs and expenses (including legal fees) incurred by the Lender in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

### **14. REPRESENTATIONS**

The Borrower makes the representations and warranties set out in this Clause 14 to the Lender on the date of this Agreement.

#### **14.1 Status**

14.1.1 It is an NHS Body in accordance with the provisions of the Act.

14.1.2 It has the power to own its assets and carry on its business as it is being conducted.

#### **14.2 Binding obligations**

The obligations expressed to be assumed by it in each Finance Document are legal, valid, binding and enforceable obligations.

**14.3 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is party do not and will not conflict with:

14.3.1 any law or regulation applicable to it;

14.3.2 its constitutional documents; or

14.3.3 any agreement or instrument binding upon it or any of its assets.

**14.4 Power and authority**

It has the power to enter into, exercise its rights under, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

**14.5 Validity and admissibility in evidence**

All Authorisations required:

14.5.1 to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

14.5.2 to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

**14.6 Relevant Consents**

14.6.1 All Relevant Consents which it is necessary or appropriate for the Borrower to hold have been obtained and effected and are in full force and effect.

14.6.2 There exists no reason known to it, having made all reasonable enquiries, why any Relevant Consent might be withdrawn, suspended, cancelled, varied, surrendered or revoked.

14.6.3 All Relevant Consents and other consents, permissions and approvals have been or are being complied with.

**14.7 Governing law and enforcement**

14.7.1 The choice of English law as the governing law of the Finance Documents will be recognised and enforced by the courts of England and Wales.

14.7.2 Any judgment obtained in England in relation to a Finance Document will be recognised and enforced by the courts of England and Wales.

**14.8 Deduction of Tax**

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

**14.9 No filing or stamp taxes**

It is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in any jurisdiction or that any stamp, registration or similar tax be paid on or in

relation to the Finance Documents or the transactions contemplated by the Finance Documents.

**14.10 No default**

14.10.1 No Event of Default might reasonably be expected to result from the making of an Utilisation other than those of which the Lender and Borrower are aware.

14.10.2 No other event which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject which might have a Material Adverse Effect might reasonably be expected to result from the making of an Utilisation other than those of which the Lender and Borrower are aware.

**14.11 No misleading information**

14.11.1 All factual information provided by or on behalf of the Borrower in connection with the Borrower or any Finance Document was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

14.11.2 Any financial projections provided to the Lender by or on behalf of the Borrower have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

14.11.3 Nothing has occurred or been omitted and no information has been given or withheld that results in the information referred to in Clause 14.12.1 being untrue or misleading in any material respect.

**14.12 Financial statements**

14.12.1 Its financial statements most recently delivered to the Lender (being on the date of this Agreement, the Original Financial Statements) were prepared in accordance with any applicable Audit Code for NHS Bodies, any applicable Manual for Accounts for NHS Bodies and Annual Report Guidance for NHS Bodies and/or any other guidance with which NHS Bodies are (or in the case of the Original Financial Statements were) required to comply.

14.12.2 Its financial statements most recently delivered to the Lender (being on the date of this Agreement, the Original Financial Statements) fairly represent its financial condition and operations during the relevant financial year.

14.12.3 There has been no material adverse change in the business or financial condition of the Borrower since the date to which its financial statements most recently delivered to the Lender were made up.

**14.13 Ranking**

Its payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

**14.14 No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it.

#### 14.15 **Environmental Matters**

14.15.1 It is and has been in full compliance with all applicable Environmental Laws and there are, to the best of its knowledge and belief after reasonable enquiry, no circumstances that may prevent or interfere with such full compliance in the future, in each case to the extent necessary to avoid a Material Adverse Effect and the Borrower has not other than in the ordinary course of its activities placed or allowed to be placed on any part of its property any Dangerous Substance and where such Dangerous Substance has been so placed, it is kept, stored, handled, treated and transported safely and prudently so as not to pose a risk of harm to the Environment.

14.15.2 It is and has been, in compliance in all material respects with the terms of all Environmental Licences necessary for the ownership and operation of its activities as presently owned and operated and as presently proposed to be owned and operated.

14.15.3 It is not aware, having made reasonable enquiries, of any Environmental Claim.

#### 14.16 **Repetition**

The Repeating Representations are deemed to be made by the Borrower by reference to the facts and circumstances then existing on the date of each Utilisation Request and on the first day of each Interest Period.

### 15. **INFORMATION UNDERTAKINGS**

The undertakings in this Clause 15 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any part of the Facility is available for utilisation.

#### 15.1 **Cashflow Forecast**

The Borrower shall supply to the Lender a Cashflow Forecast for each month that Loans remain outstanding, on dates which will be advised by the Lender from time to time.

#### 15.2 **Financial statements**

The Borrower shall supply to the Lender its audited financial statements for each financial year and its financial statements for each financial half year (including any monitoring returns sent to the appropriate Supervisory Body), in each case when such statements are provided to the appropriate Supervisory Body.

#### 15.3 **Requirements as to financial statements**

15.3.1 Each set of financial statements delivered by the Borrower pursuant to Clause 15.1 (Financial statements) shall be certified by a director of the Borrower, acting on the instructions of the board of directors of the Borrower, as fairly representing its financial condition as at the date as at which those financial statements were drawn up.

15.3.2 The Borrower shall procure that each set of financial statements delivered pursuant to Clause 15.1 (Financial statements) is prepared in accordance with any applicable Audit Code for NHS Bodies and any applicable Manual for Accounts for NHS Bodies and Annual Report Guidance for NHS Bodies or in the case of the Original Financial Statements in accordance with such guidelines with which NHS Bodies are required to comply.

#### 15.4 **Information: miscellaneous**

The Borrower shall supply to the Lender:

- 15.4.1 copies or details of all material communications between the Borrower and the relevant Supervisory Body, including all relevant official notices received by the Borrower promptly after the same are made or received and, upon the Lender's request, any other relevant documents, information and returns sent by it to the appropriate Supervisory Body;
- 15.4.2 copies or details of all material communications between the Borrower and its members or its creditors (or in each case any class thereof), including all official notices received by the Borrower promptly after the same are made or received and upon the Lender's request any and all other documents dispatched by it to its members or its creditors (or in each case any class thereof), promptly after they are sent to such members or creditors;
- 15.4.3 details of any breaches by the Borrower of the Compliance Framework;
- 15.4.4 details of any breaches by the Borrower of the Licence or the terms of their Licence;
- 15.4.5 details of any other financial assistance or guarantee requested or received from the Secretary of State for Health other than in the ordinary course of business promptly after the same are requested or received;
- 15.4.6 upon the Lender's request, information regarding the application of the proceeds of the Facility;
- 15.4.7 promptly upon becoming aware of them, the details of any litigation, arbitration and/or administrative proceedings which are current, threatened or pending against the Borrower which would reasonably be expected to have a Material Adverse Effect;
- 15.4.8 promptly, such further information regarding the financial condition, business and operations of the Borrower as the Lender may reasonably request to the extent the same are relevant to the Borrower's obligations under this Agreement or otherwise significant in the assessment of the Borrower's financial performance and further to the extent that the disclosure of information will not cause the Borrower to be in breach of any obligation of confidence owed to any third party or any relevant data protection legislation; and
- 15.4.9 any change in the status of the Borrower after the date of this Agreement

## 15.5 **Notification of default**

- 15.5.1 The Borrower shall notify the Lender of any Default (and the steps being taken to remedy it) promptly upon becoming aware of its occurrence.
- 15.5.2 Promptly upon a request by the Lender, the Borrower shall supply a certificate signed by two of its directors (acting on the instructions of the board of directors of the Borrower) on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

## 15.6 **Other information**

The Borrower shall promptly upon request by the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or on behalf of a prospective transferee) in order for the Lender (or such prospective transferee) to carry out and be satisfied with the results of all necessary money laundering and identification checks in relation to any person that it is required to carry out pursuant to the transactions contemplated by the Finance Documents.

## 16. **GENERAL UNDERTAKINGS**

The undertakings in this Clause 16 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any part of the Facility is available for utilisation.

#### 16.1 Authorisations

The Borrower shall promptly:

- 16.1.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and
- 16.1.2 supply certified copies to the Lender of any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in England of any Finance Document.

#### 16.2 Compliance with laws

The Borrower shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Finance Documents and shall exercise its powers and perform its functions in accordance with its constitutional documents.

#### 16.3 Negative pledge

16.3.1 The Borrower shall not without the prior written consent of the Lender (such consent not to be unreasonably withheld or delayed) create or permit to subsist any Security over any of its assets save for any Permitted Security.

16.3.2 The Borrower shall not:

- (A) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by it;
- (B) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (C) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (D) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

#### 16.4 Disposals

16.4.1 The Borrower shall not in a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary sell, lease, transfer or otherwise dispose of any material asset without the prior written consent of the Lender.

16.4.2 Clause 16.4.1 does not apply to any sale, lease, transfer or other disposal where the higher of the market value or consideration receivable does not (in aggregate) in any financial year exceed 10% of the total net assets of the Borrower as at the end of the most recent financial year end for which audited financial statements have been published.

## 16.5 **Merger**

Without prejudice to Clause 16.4 (disposals) the Borrower shall not, without the prior written consent of the Lender, enter into nor apply to the relevant Supervisory Body (including pursuant to Section 56 of the Act) to enter into any amalgamation, demerger, merger or corporate reconstruction.

## 16.6 **Guarantees**

The Borrower will not, without the prior written consent of the Lender, give or permit to exist any guarantee or indemnity by it of any obligation of any person, nor permit or suffer any person to give any security for or guarantee or indemnity of any of its obligations except for guarantees and indemnities:

16.6.1 made in the ordinary course of the Borrower's business as an NHS Body ; and

16.6.2 which when aggregated with any loans, credit or financial accommodation made pursuant to Clause 16.7 (*Loans*) do not exceed £1,000,000 (or its equivalent in any other currency or currencies) in aggregate in any financial year.

## 16.7 **Loans**

The Borrower will not make any investment in nor make any loan or provide any other form of credit or financial accommodation to, any person except for investments, loans, credit or financial accommodation:

16.7.1 made in the ordinary course of the Borrower's business as an NHS Body ;

16.7.2 made in accordance with any investment policy or guidance issued by the relevant Supervisory Body; and

16.7.3 which when aggregated with any guarantees or indemnities given or existing under Clause 16.6 (*Guarantees*) do not exceed £1,000,000 (or its equivalent in any other currency or currencies) in aggregate in any financial year.

## 16.8 **Consents**

The Borrower must ensure that all Relevant Consents and all statutory requirements, as are necessary to enable it to perform its obligations under the Finance Documents to which it is a party, are duly obtained and maintained in full force and effect or, as the case may be, complied with.

## 16.9 **Activities**

The Borrower will not engage in any activities other than activities which enable it to carry on its principal purpose better, if to do so may, in the Lender's opinion, have a Material Adverse Effect.

## 16.10 **Environmental**

The Borrower shall:

16.10.1 obtain, maintain and comply in all material respects with all necessary Environmental Licences in relation to its activities and its property and comply with all Environmental Laws to the extent necessary to avoid a Material Adverse Effect;

16.10.2 promptly upon becoming aware notify the Lender of:

(A) any Environmental Claim current or to its knowledge threatened;



- (B) any circumstances likely to result in an Environmental Claim; or
- (C) any suspension, revocation or notification of any Environmental Licence;

16.10.3 indemnify the Lender against any loss or liability which:

- (A) the Lender incurs as a result of any actual or alleged breach of any Environmental Law by any person; and
- (B) which would not have arisen if a Finance Document had not been entered into; and

16.10.4 take all reasonable steps to ensure that all occupiers of the Borrower's property carry on their activities on the property in a prudent manner and keep them secure so as not to cause or knowingly permit material harm or damage to the Environment (including nuisance or pollution) or the significant risk thereof.

#### 16.11 **Constitution**

The Borrower will not amend or seek to amend the terms of its authorisation as an NHS Body or the terms of its constitution without the prior written consent of the Lender, in each case if to do so would be reasonably likely to have a Material Adverse Effect.

#### 16.12 **The relevant Supervisory Body**

The Borrower will comply promptly with all directions and notices received from the relevant Supervisory Body to the extent failure to do so might have a Material Adverse Effect and will, upon the Lender's request, provide reasonable evidence that it has so complied.

#### 16.13 **Additional Terms and Conditions**

The Borrower will comply promptly with the Additional Terms and Conditions.

### 17. **COMPLIANCE FRAMEWORK**

#### 17.1 **Compliance**

The Borrower shall ensure at all times that it complies with its Licence and/or any other terms and conditions set by the Relevant Supervisory Body.

#### 17.2 **Advance Notification**

Without prejudice to the Borrower's obligations under Clause 17.1 (*Compliance*), if the Borrower becomes aware at any time after the date of signing of the Agreement that it is or is likely to breach any of the terms referred to in Clause 17.1 and/or a material failure under the requirements of the Compliance Framework is likely, it shall immediately notify the Lender of the details of the impending breach.

### 18. **EVENTS OF DEFAULT**

Each of the events or circumstances set out in this Clause 18 is an Event of Default.

#### 18.1 **Non-payment**

The Borrower does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

18.1.1 its failure to pay is caused by administrative or technical error; and

18.1.2 payment is made within two Business Days of its due date.

## 18.2 Compliance Framework and Negative Pledge

Any requirement of Clause 17 (*COMPLIANCE FRAMEWORK*) or Clause 16.3 (*Negative Pledge*) is not satisfied.

## 18.3 Other obligations

18.3.1 The Borrower does not comply with any term of:

(A) Clause 15.5 (*Notification of default*); or

(B) Clause 16 (*General Undertakings*).

18.3.2 The Borrower does not comply with any term of any Finance Document (other than those referred to in Clause 18.1 (*Non-payment*), Clause 18.2 (*Compliance Framework and Negative Pledge*) and Clause 18.3.1 (*Other obligations*)) unless the failure to comply is capable of remedy and is remedied within ten Business Days of the earlier of the Lender giving notice or the Borrower becoming aware of the failure to comply.

## 18.4 Misrepresentation

Any representation or statement made or deemed to be made by the Borrower in any Finance Document or any other document delivered by or on behalf of the Borrower under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

## 18.5 Cross default

18.5.1 Any Financial Indebtedness of the Borrower is not paid when due nor within any originally applicable grace period.

18.5.2 Any Financial Indebtedness of the Borrower is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

18.5.3 Any commitment for any Financial Indebtedness of the Borrower is cancelled or suspended by a creditor of the Borrower as a result of an event of default (however described).

18.5.4 Any creditor of the Borrower becomes entitled to declare any Financial Indebtedness of the Borrower due and payable prior to its specified maturity as a result of an event of default (however described).

18.5.5 No Event of Default will occur under this Clause 18.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within Clauses 18.5.1 to 18.5.4 is less than £250,000 (or its equivalent in any other currency or currencies).

except that for as long as the Secretary of State for Health remains the Lender, the provisions of Clause 18.5 relate to Financial Indebtedness owed to any party but do not apply to amounts owed to other NHS bodies in the normal course of business where a claim has arisen which is being disputed in good faith or where the Borrower has a valid and contractual right of setoff.

## 18.6 Insolvency

18.6.1 The Borrower is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

18.6.2 A moratorium is declared in respect of any indebtedness of the Borrower.

**18.7 Insolvency proceedings**

Any corporate action, legal proceedings or other procedure or step is taken:

18.7.1 in relation to a composition, assignment or arrangement with any creditor of the Borrower; or

18.7.2 in relation to the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Borrower or any of its assets; or

18.7.3 in relation to the enforcement of any Security over any assets of the Borrower, or any analogous action, proceedings, procedure or step is taken in any jurisdiction.

**18.8 Appointment of a Trust Special Administrator**

An order, made as required under The Act for the appointment of a Trust Special Administrator.

**18.9 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Borrower having an aggregate value of £250,000 and is not discharged within ten Business Days.

**18.10 Repudiation**

The Borrower or any other party to a Finance Document repudiates any of the Finance Documents or does or causes to be done any act or thing evidencing an intention to repudiate any Finance Document.

**18.11 Cessation of Business**

Other than with the prior written approval of the Lender, the Borrower ceases, or threatens to cease, to carry on all or a substantial part of its business or operations.

**18.12 Unlawfulness**

It is or becomes unlawful for the Borrower or any other party to a Finance Document to perform any of its obligations under any Finance Document.

**18.13 Material adverse change**

Any event or circumstance or series of events or circumstances occurs which, in the reasonable opinion of the Lender, has or is reasonably likely to have a Material Adverse Effect.

**18.14 Additional Terms and Conditions**

In the reasonable opinion of the Lender, the Borrower fails to make reasonable efforts to comply with the Additional Terms and Conditions.

**18.15 Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Lender may by notice to the Borrower:

18.15.1 cancel the Facility whereupon it shall immediately be cancelled; and/or

18.15.2 declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

18.15.3 declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Lender.

## **19. ASSIGNMENTS AND TRANSFERS**

### **19.1 Assignments and transfers by the Lender**

Subject to this Clause 19, the Lender may:

19.1.1 assign any of its rights; or

19.1.2 transfer by novation any of its rights and obligations,

to another entity owned or supported by the Lender or to a bank or a financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "**New Lender**").

### **19.2 Conditions of assignment or transfer**

19.2.1 The consent of the Borrower is required for an assignment or transfer by the Lender, unless:

(A) the assignment or transfer is to an entity owned or supported by the Lender; or

(B) a Default is continuing.

19.2.2 The consent of the Borrower to an assignment or transfer must not be unreasonably withheld or delayed. The Borrower will be deemed to have given its consent twenty Business Days after the Lender has requested it unless consent is expressly refused (and reasons for such refusal are given) by the Borrower within that time.

provided that nothing in this Clause shall restrict the rights of the Secretary of State for Health to effect a statutory transfer.

### **19.3 Disclosure of information**

The Lender may disclose to any person:

19.3.1 to (or through) whom the Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under the Finance Documents;

19.3.2 with (or through) whom the Lender enters into (or may potentially enter into) any transaction under which payments are to be made by reference to, any Finance Document or the Borrower;

19.3.3 to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation;

19.3.4 which are investors or potential investors in any of its rights and obligations under the Finance Documents and only to the extent required in relation to such rights and obligations;

19.3.5 which is a governmental, banking, taxation or other regulatory authority and only to the extent information is required to be disclosed to such authority,

any information about the Borrower and/or the Finance Documents as the Lender shall consider appropriate if, in relation to Clauses 19.3.1, 19.3.2 and 19.3.4 the person to whom the information is to be given has agreed to keep such information confidential on terms of this Clause 19.3 provided always that the Lender shall comply with any relevant data protection legislation.

#### **19.4 Assignment and transfer by the Borrower**

The Borrower may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

### **20. ROLE OF THE LENDER**

#### **20.1 Rights and discretions of the Lender**

20.1.1 The Lender may rely on:

- (A) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
- (B) any statement made by a director, authorised signatory or authorised employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

20.1.2 The Lender may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

20.1.3 The Lender may act in relation to the Finance Documents through its personnel and agents.

20.1.4 Notwithstanding any other provision of any Finance Document to the contrary, the Lender is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty or duty of confidentiality.

#### **20.2 Exclusion of liability**

20.2.1 Without limiting Clause 20.2.2, the Lender will not be liable for any omission or any act taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

20.2.2 The Borrower may not take any proceedings against any officer, employee or agent of the Lender in respect of any claim it might have against the Lender or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Lender may rely on this Clause. Any third party referred to in this Clause 20.2.2 may enjoy the benefit of or enforce the terms of this Clause in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

20.2.3 The Lender will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Lender if the Lender has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Lender for that purpose.

20.2.4 The Lender shall not be liable:

- (A) for any failure by the Borrower to give notice to any third party or to register, file or record (or any defect in such registration, filing or recording) any Finance Document; or
- (B) for any failure by the Borrower to obtain any licence, consent or other authority required in connection with any of the Finance Documents; or
- (C) For any other omission or action taken by it in connection with any Finance Document unless directly caused by its gross negligence or wilful misconduct.

## **21. PAYMENT MECHANICS**

### **21.1 Payments**

21.1.1 The Borrower shall receive notification 10 working days prior to each payment required under a Finance Document, the Borrower shall make the same available to the Lender (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Lender as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

21.1.2 Payment shall be collected through Direct Debit from a Borrower's account with the Government Banking Service.

### **21.2 Distributions to the Borrower**

The Lender may (with the consent of the Borrower or in accordance with Clause 22 (*Set-off*)) apply any amount received by it for the Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

### **21.3 Partial payments**

If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Lender shall apply that payment towards the obligations of the Borrower in such order and in such manner as the Lender may at its discretion decide.

### **21.4 No set-off**

All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

### **21.5 Business Days**

21.5.1 Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

21.5.2 During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

### **21.6 Currency of account**

21.6.1 Subject to Clauses 21.6.2 to 21.6.5, sterling is the currency of account and payment for any sum due from the Borrower under any Finance Document.

- 21.6.2 A repayment of the Loan or Unpaid Sum or a part of the Loan or Unpaid Sum shall be made in the currency in which the Loan or Unpaid Sum is denominated on its due date.
- 21.6.3 Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- 21.6.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- 21.6.5 Any amount expressed to be payable in a currency other than sterling shall be paid in that other currency.

## 21.7 **Change of currency**

- 21.7.1 Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
  - (A) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Lender (after consultation with the Borrower); and
  - (B) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Lender (acting reasonably).
- 21.7.2 If a change in any currency of a country occurs, this Agreement will, to the extent the Lender (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the London interbank market and otherwise to reflect the change in currency.

## 22. **SET-OFF**

The Lender may set off any matured obligation due from the Borrower under the Finance Documents against any matured obligation owed by the Lender to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

## 23. **NOTICES**

### 23.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be given in person, by post, fax or by electronic communication.

### 23.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- 23.2.1 in the case of the Borrower, that identified with its name below; and

23.2.2 in the case of the Lender, that identified with its name below,  
or any substitute address, email address, fax number or department or officer as the Borrower may notify to the Lender by not less than five Business Days' written notice.

### 23.3 **Delivery**

23.3.1 Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

- (A) if by way of fax, when received in legible form; or
- (B) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 23.2 (*Addresses*), if addressed to that department or officer.

23.3.2 Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender's signature below (or any substitute department or officer as the Lender shall specify for this purpose).

### 23.4 **Electronic communication**

23.4.1 Any communication to be made between the Borrower and the Lender under or in connection with this Agreement and any other Finance Document may be made by electronic mail or other electronic means, if the Borrower and the Lender:

- (A) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (B) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (C) notify each other of any change to their address or any other such information supplied by them.

23.4.2 Any electronic communication made between the Borrower and the Lender will be effective only when actually received in readable form and only if it is addressed in such a manner as the Borrower and the Lender, as the case may be, specify for this purpose.

## 24. **CALCULATIONS AND CERTIFICATES**

### 24.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

### 24.2 **Certificates and Determinations**

Any certification or determination by the Lender of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.



**24.3 Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days or, in any case where the practice in the London interbank market differs, in accordance with that market practice.

**25. PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

**26. REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

**27. AMENDMENTS AND WAIVERS**

Any term of the Finance Documents may only be amended or waived in writing.

**28. COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

**29. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with English law.

**30. DISPUTE RESOLUTION**

The Parties agree that all disputes arising out of or in connection with this Agreement will be settled in accordance with the terms of Schedule 5.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

## **SCHEDULE 1: CONDITIONS PRECEDENT**

### **1. Authorisations**

- 1.1 A copy of a resolution of the board of directors of the Borrower:
- (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
  - (B) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
  - (C) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
  - (D) Confirming the Borrower's undertaking to comply with the Additional Terms and Conditions
- 1.2 A certificate of an authorised signatory of the Borrower certifying that each copy document relating to it specified in this Schedule 1 and provided to the Lender is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

### **2. Financial Information**

Updated financial statements of the Borrower unless otherwise available.

### **3. Finance Documents**

- 3.1 This Agreement (original).
- 3.2 The original or certified copy (as the Lender shall require) of any Finance Document not listed above.

### **4. General**

- 4.1 A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- 4.2 Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 13 (*Costs and expenses*) have been paid or will be paid by the first Utilisation Date.

## SCHEDULE 2: UTILISATION REQUEST

**From:**[ ]

To: The Secretary of State for Health

Dated:

Dear Sirs

**Shrewsbury And Telford Hospital NHS Trust – £**  
**dated [ ] (the "Agreement")**

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

Proposed Utilisation Date: [ ] (or, if that is not a Business Day, the next Business Day)

Amount: [ ] or, if less, the Available Facility

Payment Instructions: [*Relevant account to be specified here*]

3. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.

4. We represent and warrant that the Loan will be applied solely towards working capital requirements of the Borrower in its requirement as an NHS Trust/NHS Foundation Trust.

5. This Utilisation Request is irrevocable.

Yours faithfully

.....  
authorised signatory for and on behalf of the Board of Directors  
**Shrewsbury And Telford Hospital NHS Trust**

### **SCHEDULE 3: DEFINED FACILITY LIMITS**

<b>Defined Term</b>	<b>Amount £'000</b>
Facility Amount	8,400
Minimum Cash Balance	1,700
Maximum Cash Balance	8,400

**SCHEDULE 4: ANTICIPATED DRAWDOWN SCHEDULE**

NOT USED

## **SCHEDULE 5: DISPUTE RESOLUTION**

### **1. NEGOTIATION**

If any claim, dispute or difference of whatsoever nature arising out of or in connection with this Agreement ("**Dispute(s)**") arises, the Parties will attempt in good faith to settle it by negotiation. Each Party will nominate at least one management representative ("**Authorised Representative**") who shall attend and participate in the negotiation with authority to negotiate a solution on behalf of the Party so represented.

### **2. MEDIATION**

It shall be a condition precedent to the commencement of reference to arbitration that the Parties have sought to have the dispute resolved amicably by mediation as provided by this paragraph 2.

#### **2.1 Initiation of Mediation Proceeding**

- (A) If the Parties are unable to settle the Dispute(s) by negotiation in accordance with paragraph 1 within 15 days, either Party may by written notice upon the other initiate mediation under this paragraph 2. The notice initiating mediation shall describe generally the nature of the Dispute.
- (B) Each Party's Authorised Representative nominated in accordance with paragraph 1 shall attend and participate in the mediation with authority to negotiate a settlement on behalf of the Party so represented.

#### **2.2 Appointment of Mediator**

- (A) The Parties shall appoint, by agreement, a neutral third person to act as a mediator (the "Mediator") to assist them in resolving the Dispute. If the Parties are unable to agree on the identity of the Mediator within 10 days after notice initiating mediation either party may request the Centre for Effective Dispute Resolution ("CEDR Solve") to appoint a Mediator.
- (B) The Parties will agree the terms of appointment of the Mediator and such appointment shall be subject to the Parties entering into a formal written agreement with the Mediator regulating all the terms and conditions including payment of fees in respect of the appointment. If the Parties are unable to agree the terms of appointment of the Mediator within 10 days after notice initiating mediation either Party may request CEDR Solve to decide the terms of appointment of the Mediator
- (C) If the appointed Mediator is or becomes unable or unwilling to act, either Party may within 10 days of the Mediator being or becoming unable or unwilling to act follow the process at paragraph 2.3 to appoint a replacement Mediator and paragraph 2.4 to settle the terms of the appointment of the replacement Mediator.

#### **2.3 Determination of Procedure**

The Parties shall, with the assistance of the Mediator, seek to agree the mediation procedure. In default of such agreement, the Mediator shall act in accordance with CEDR Solve's Model Mediation Procedure and Agreement. The Parties shall within 10 days of the appointment of the Mediator, meet (or talk to) the Mediator in order to agree a programme for the exchange of any relevant information and the structure to be adopted for the mediation.

#### **2.4 Without Prejudice/Confidentiality**

All rights of the Parties in respect of the Dispute(s) are and shall remain fully reserved and the entire mediation including all documents produced or to which reference is made, discussions and oral presentations shall be strictly confidential to the Parties and shall be conducted on the same basis as "without prejudice" negotiations, privileged, inadmissible, not subject to disclosure in any other proceedings whatever and shall not constitute any waiver of privilege whether between the Parties or between either of them and a third party. Nothing in this paragraph 2.4 shall make any document privileged, inadmissible or not subject to disclosure which would have been discloseable in any reference to arbitration commenced pursuant to paragraph 3.

## **2.5 Resolution of Dispute**

If any settlement agreement is reached with the assistance of the Mediator which resolves the Dispute, such agreement shall be set out in a written settlement agreement and executed by both parties' Authorised Representatives and shall not be legally binding unless and until both parties have observed and complied with the requirements of this paragraph 2.5. Once the settlement agreement is legally binding, it may be enforced by either party taking action in the High Court.

## **2.6 Failure to Resolve Dispute**

In the event that the Dispute(s) has not been resolved to the satisfaction of either Party within 30 days after the appointment of the Mediator either party may refer the Dispute to arbitration in accordance with paragraph 3.

## **2.7 Costs**

Unless the Parties otherwise agree, the fees and expenses of the Mediator and all other costs of the mediation shall be borne equally by the Parties and each Party shall bear their own respective costs incurred in the mediation regardless of the outcome of the mediation.

## **3. ARBITRATION**

3.1 If the Parties are unable to settle the Dispute(s) by mediation in accordance with paragraph 2 within 30 days, the Dispute(s) shall be referred to and finally determined by arbitration before an Arbitral Tribunal composed of a single Arbitrator.

3.2 Any reference of a Dispute to arbitration shall be determined in accordance with the provisions of the Arbitration Act 1996 and in accordance with such arbitration rules as the Parties may agree within 20 days after notice initiating arbitration or, in default of agreement, in accordance with the Rules of the London Court of International Arbitration which Rules are deemed to be incorporated by reference into this clause.

3.3 London shall be the seat of the arbitration.

3.4 Reference of a Dispute to arbitration shall be commenced by notice in writing from one Party to the other Party served in accordance with the provisions of Clause 23 (Notices).

3.5 The Arbitral Tribunal shall be appointed as follows.

(A) Within 14 days of receipt of any notice referring a Dispute to arbitration the Parties shall agree the identity of the person to act as Arbitrator. In default of agreement or in the event the person so identified is unable or unwilling to act, either party shall be entitled to request the President for the time being of the Chartered Institute of

Arbitrators to appoint an Arbitrator for the Dispute and the parties shall accept the person so appointed.

- (B) If the Arbitrator becomes unwilling or unable to act, the procedure for the appointment of a replacement Arbitrator shall be in accordance with the provisions of paragraph 3.5(A).

3.6 The language of the arbitration shall be English.



**SCHEDULE 6: REPAYMENT SCHEDULE**

<b>Repayment Date</b>	<b>Relevant Percentage</b>
<b>13 April 2020</b>	<b>100 %</b>

**SCHEDULE 7: PERMITTED SECURITY – EXISTING SECURITY**

**NONE**

**SCHEDULE 8: ADDITIONAL TERMS AND CONDITIONS**

## **SIGNATORIES**

### **Borrower**

**For and on behalf of Shrewsbury And Telford Hospital NHS Trust**

By:

Name:

Position:

Address: Royal Shrewsbury Hospital, Mytton Oak Road, Shrewsbury, Shropshire, SY3 8XQ

Email: neil.nisbet@sath.nhs.uk

Attention: Neil Nisbet

### **Lender**

**The Secretary of State for Health**

By:

Name:

Address: Department of Health,  
4th Floor,  
Skipton House,  
80 London Road,  
London SE1 6LH

Email: dhloanscentralinbox@dh.gsi.gov.uk