

9 May 2007

**THE HIGHER EDUCATION FUNDING
COUNCIL FOR ENGLAND (1)**

AND

**THE LEADERSHIP FOUNDATION
FOR HIGHER EDUCATION (2)**

FUNDING AGREEMENT

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THIS AGREEMENT is made on 9 May 2007 **BETWEEN**

- (1) **THE HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND** whose address for correspondence is at Northavon House, Coldharbour Lane, Bristol, BS16 1QD ("HEFCE"); and
- (2) **THE LEADERSHIP FOUNDATION FOR HIGHER EDUCATION** (a company limited by guarantee and not having a share capital, registered in England No. 04929860) whose registered office is at 88 Kingsway, London WC2B 6AA ("LFHE").

WHEREAS:

- A. HEFCE is permitted by Section 65 of the Further and Higher Education Act 1992 to make grants, loans or other payments to any persons in respect of expenditure incurred or to be incurred by them for the purposes of the provision of services for the purposes of, or in connection with, the provision of education or the undertaking of research by institutions within the higher education (HE) sector, subject, in each case, to such terms and conditions as HEFCE think fit.
- B. LFHE is a body whose principal aim is to promote higher education for the public benefit by further developing the professionalism and profile of leadership, management and governance within the HE sector in the United Kingdom (UK). These services fall within Section 65 of the Further and Higher Education Act 1992
- C. HEFCE has agreed to make grants to the LFHE to enable it to meet expenditure, in connection with the development, consideration and promulgation of best practice, support and guidance for the further development of leadership, governance and management practices within the HE sector and the parties agree that the grants are to be applied against the activities set out in the LFHE's Memorandum and Articles of Association and business plans and are not consideration for supplies of any description

- D. This Agreement sets out the terms and conditions subject to which HEFCE has agreed to make grants available to the LFHE. This Agreement supersedes any previous agreement made between the LFHE and HEFCE.
- E. HEFCE enters into this agreement on behalf of all the UK funding bodies, including the Scottish Funding Council (SFC), the Higher Education Funding Council for Wales (HEFCW), and the Department for Employment and Learning in Northern Ireland (DEL) and the conditions in this agreement will apply to grants and funds paid to the LFHE by HEFCE on behalf of all these bodies.
- F. The Chief Executive of HEFCE is responsible and accountable to Parliament, as HEFCE's Accounting Officer, for payments made to the LFHE and must be satisfied that such payments are consistent with the purposes for which they were given to HEFCE and comply with the conditions attached to them. The Accounting Officer must also be satisfied that the corporate governance, risk management and internal control system of the LFHE is appropriate and sufficient to safeguard public funds and that the LFHE observes the conditions of this Agreement. The LFHE acknowledges these responsibilities of the HEFCE Chief Executive.

IT IS HEREBY AGREED as follows:

1 Definitions

- 1.1 In this Agreement unless the context otherwise requires:

"Commencement Date" means 1 April 2007 or, if later, the date of this Agreement;

"Force Majeure" means any event outside the reasonable control of either party affecting its ability to perform any of its obligations (other than payment) under this Agreement including Act of God, fire, flood, lightning, war, revolution, act of terrorism, riot or civil commotion, strikes, lock-outs or other industrial action, whether of the affected party's own employees or others, failure of supplies of power, fuel, transport, equipment, raw materials or other goods or services;

The “**Funding Bodies**” shall mean the HEFCE, the Scottish Funding Council (SFC), the Higher Education Funding Council for Wales (HEFCW), the Department for Employment and Learning in Northern Ireland (DEL).

“**Month**” means a calendar month.

- 1.2 The headings to clauses are inserted for convenience only and shall not affect the interpretation or construction of this Agreement.
- 1.3 Words importing the singular shall include the plural and vice versa. Words imparting a gender include every gender and references to persons include an individual, company, corporation, firm or partnership.
- 1.4 The words and phrases "other", "including" and "in particular" shall not limit the generality of any preceding words or be construed as being limited to the same class as any preceding words where a wider construction is possible.
- 1.5 References to any statute or statutory provision shall include (i) any subordinate legislation made under it, (ii) any provision which it has modified or re-enacted (whether with or without modification), and (iii) any provision which subsequently supersedes it or re-enacts it (whether with or without modification).
- 1.6 References to clauses and the schedule are to clauses of, and the schedule to, this Agreement.

2 Grant

- 2.1 HEFCE agrees to make annual grants of agreed amounts to the LFHE subject to, and in accordance with, the terms and conditions of this Agreement. The maximum grant that shall be payable by HEFCE on behalf of the Funding Bodies under this agreement is £4.5 million, profiled over 5 years, beginning on 1 August 2007. This sum does not include the outstanding sums of £1,694,998 as detailed in the annex, which will be paid in addition and profiled across the same period, nor any funds which may be payable to the LFHE for work contracted for, either jointly or separately by the Funding Bodies.

- 2.2 The LFHE shall, unless otherwise agreed in writing by HEFCE, use the proceeds of the grant made by HEFCE pursuant to clause 2.1 to meet the aims and objectives of the LFHE's Strategic and Operational plans.
- 2.3 HEFCE shall be under no obligation to make any further payments or grants to the LFHE, but if it agrees to make further payments or grants to the LFHE, such payments or grants shall be subject to such other conditions and variations to this Agreement as may be agreed at the same time between HEFCE and the LFHE.
- 2.4 To help achieve Value for Money from the grant payable, LFHE and the funding bodies will work together for the benefit of the sector, increasing the impact of both and minimising duplication.

3 Payment of Grant

- 3.1 HEFCE as lead organisation for the Funding Bodies shall, subject as provided in this Agreement, make the agreed annual grant payment to the LFHE by instalments on such dates as may be agreed between HEFCE and the LFHE (save to the extent that any such payment has been made by HEFCE to the LFHE in whole or in part prior to the Commencement Date).
- 3.2 The payment profile will normally be based on the budget agreed with LFHE. HEFCE shall not be obliged to increase its annual grant during the period of this Agreement. HEFCE shall not be obliged to make any payment pursuant to clause 3.1 unless and until the other Funding Bodies have, at the time such payments are due, made the payments they have agreed to make. Ad hoc payments may also be made by agreement by HEFCE and/or the other Funding Bodies to the LFHE. If HEFCE and/or the other Funding Bodies agree to make further payments of grant to the LFHE, such payments of grant shall be subject to such other conditions and/or variations to this Agreement as may be agreed at the time between HEFCE and/or the other Funding Bodies and the LFHE.
- 3.3 HEFCE and the other Funding Bodies anticipate that the LFHE will seek income from other sources to supplement the grants paid by them to the LFHE.
- 3.4 HEFCE will normally pay grant so as not to be in advance of need. This will mainly be achieved through the agreement of an annual profile of payments of grants made by HEFCE to the LFHE. Notwithstanding this, HEFCE recognises

that it is likely that the LFHE will have cash balances on which interest may be earned. Any such interest derived from grant may be retained by the LFHE up to a reasonable level, provided it is used for the same purposes as for the original grant. If there is a significant variation in the use of funds compared with the agreed profile HEFCE reserves the right to adjust the grant or profile or to seek repayment of any excess income of this nature by agreement with the LFHE. (HEFCE and the LFHE will make arrangements for the LFHE to maintain an appropriate working balance during the year and at the year-end).

- 3.5 HEFCE shall not be obliged to make any payment pursuant to clause 3.1 if, in its reasonable opinion, the LFHE is not, at the time such payment is due, being appropriately supported by the higher education sector, the determination of whether that support is being given to be within the reasonable discretion of HEFCE, which will provide opportunities for LFHE to make representations before reaching their decision.

4 Duration

- 4.1 This Agreement shall come into force on the Commencement Date and (subject to the provisions for earlier termination in clause 8) shall last until 31 July 2012. There is no guarantee of funding beyond this date unless otherwise agreed between HEFCE, LFHE and/or the other Funding Bodies. If funding continues beyond 31 March 2012, then the provisions of this Agreement shall continue to apply unless otherwise agreed, unless and until either party gives to the other not less than three months' prior written notice of termination.
- 4.2 To assist the Funding Bodies' determination of any possible continuation of funding, the Funding Bodies will subject the funding arrangement to a review in 2009/10. The LFHE and other stakeholders will be invited to contribute to that review.

5 Obligations of the LFHE

- 5.1 The LFHE acknowledges to HEFCE that HEFCE has agreed to make the grant referred to in clause 2.1 in order that the LFHE should carry out its aims and objectives in accordance with the LFHE's Strategic and Operational plans. It is a requirement of this Agreement that the LFHE should satisfy HEFCE that the LFHE has utilised the payments for that purpose. Accordingly, this clause 5 sets

out various obligations which the LFHE has agreed to undertake during the period of this Agreement.

- 5.2 The Funders have established the Leadership Foundation Funding Group (LFFG). This group consists of a representative from each of the Funding Bodies and provides advice to the LFHE and to the Funding Bodies, including HEFCE in its particular responsibilities as set out in this Agreement. The Chief Executive Officer (CEO) of the LFHE will be under an obligation to attend the LFFG to report on performance and as an Observer, if invited to do so.
- 5.3 The LFHE shall consult regularly with key stakeholders in England, Scotland, Wales and Northern Ireland. The LFHE will ensure its activities are relevant to, and reflect on, the diversity of factors influencing leadership in England (including its regions), Scotland, Wales and Northern Ireland. If this results in a pattern of costs which is significantly different from the normal Funders' contribution formula of HEFCE 81%, SFC, 12%, HEFCW 5% and DEL 2%, then this should be brought to the attention of the Funders' Group.
- 5.4 The LFHE will produce a Strategic Plan for its financial years 2007/8 to 2011/12 ("**Strategic Plan**"). The Strategic Plan will:
- (a) Include information and projections for each financial year of the LFHE including likely planned activities and related income and expenditure. The Funding Bodies shall be entitled to make representations to the LFHE in respect of the Strategic Plan and such representations will be considered by the Board of the LFHE.
 - (b) Include an assessment of the significant risks facing the LFHE and such other information and projections as HEFCE shall reasonably request.
 - (c) The LFHE will produce and submit to HEFCE and the other Funders an annual operating plan ("**Operating Plan**") and annual budget, agreed with the funders, at least 28 days prior to the beginning of each financial year of the LFHE. The budget for each year will reflect the activities contained within the Strategic Plan and the Operating Plan.
 - (d) The Strategic Plan and the Operating Plans may be updated from time to time to reflect any changes which the LFHE may consider appropriate, provided always that the LFHE will provide HEFCE and the other Funders with an opportunity to make representations with regard to the proposed

revisions to the Strategic Plan and/or the Operating Plans (as the case may be).

- 5.5 The LFHE shall use all reasonable endeavours to ensure that the funds provided to it by the Funding Bodies are used for the purposes specifically contemplated in the LFHE's Strategic Plan and/or Operating Plans (provided always that HEFCE acknowledges the LFHE's need to be able to undertake activities or to incur expenditure on items falling outside of the Strategic Plan and/or Operating Plans from time to time to ensure the most effective operation of the LFHE within its objectives).
- 5.6 The LFHE shall, at the same time as the annual accounts referred to at clause 5.9 are provided to HEFCE, supply to HEFCE a certificate from its auditors that the grants and other income received from the Funding Bodies has been used for the purposes provided.
- 5.7 The LFHE shall promptly notify HEFCE in writing of any significant variances of expenditure to the figures contained in the annual Operating Plan and/or budget referred to in clause 5.3.
- 5.8 The LFHE shall set up and maintain adequate and effective accounting and other systems that cover all aspects of its business, assets, personnel and premises. The LFHE shall endeavour to ensure the economic, efficient and effective use of its resources and expenditure. All cases of attempted, suspected or actual fraud or loss in excess of £5,000 shall be reported to the HEFCE Head of Internal Audit at the earliest opportunity.
- 5.9 The LFHE shall promptly provide to HEFCE (or shall provide HEFCE with access to) such of the LFHE's accounting and other information, records, personnel and assets as HEFCE (or any person appointed by HEFCE including the HEFCE Assurance Service) shall reasonably require from time to time in order to discharge HEFCE's functions in respect of public funds or for any other reasonable purpose.
- 5.10 The LFHE shall provide the Funding Bodies within 120 days after the end of each of its financial years with two copies of its annual audited financial statements, together with the associated director's and auditor's reports, as approved by the directors of the LFHE and signed by the Chair and another director of the LFHE.

- 5.11 Within 28 days after the end of each quarter in each financial year (or at alternative intervals as agreed) the LFHE will provide to HEFCE and the other Funding Bodies a copy of its management accounts (including an income statement, balance sheet and cash flow statement) and a comparison with budget and including such other information as may from time to time reasonably be specified by HEFCE and a representative of HEFCE may during business hours and upon reasonable notice inspect the financial information supporting such management information and a senior member of the management of the LFHE will be available upon reasonable notice to answer reasonable questions that may arise as a result of such access by HEFCE.
- 5.12 LFHE agrees that, if in HEFCE's reasonable opinion there has been a material breakdown of internal financial control within the LFHE then HEFCE shall have the right to make representations to the directors of the LFHE and the LFHE shall use its best endeavours to comply with any reasonable directions of HEFCE relating to the efficient and effective discharge by the LFHE of its obligations under this Agreement.
- 5.13 The LFHE accepts that HEFCE reserves the right to appoint auditors and/or an independent third party to report on areas of performance of this Agreement by the LFHE which cause HEFCE concern. Before exercising this right, HEFCE shall consult the LFHE. Appointment of the auditor and/or independent third party shall not delay any payment due to the LFHE and shall not preclude either party from referring the matter for dispute resolution in accordance with clause 12.
- 5.14 The LFHE agrees that HEFCE shall be entitled to inform any directors of the LFHE for the time being, and/or the Funding Bodies, and/or the Department for Education and Skills (DfES) and/or the National Audit Office (NAO) of any material matters which come to HEFCE's attention as a result of the monitoring referred to in this clause 5.
- 5.15 The books and records of the LFHE relating to the discharge of its responsibilities to HEFCE under this Agreement shall be open to inspection by the Comptroller and Auditor General as and when he requires, in order to discharge his statutory duties as auditor of HEFCE. The Comptroller and Auditor General may also carry out examinations into the economy, efficiency and effectiveness with which the LFHE has used funds provided by HEFCE under this Agreement.

- 5.16 The LFHE shall adopt good practice standards in corporate governance and risk management and shall make an appropriate corporate governance statement in its annual financial statements.
- 5.17 The LFHE shall maintain a register of interests operating to good practice standards for Board members, senior management and those with a significant interest in the procurement of large contracts. The LFHE will maintain a register of gifts given and received, operating to good practice standards.
- 5.18 The LFHE may charge for services provided to third parties. When doing so, the LFHE shall have regard to the recovery of the full economic cost of providing those services when determining the charge made, and to any Value Added Tax and Corporation Tax implications for the transaction.
- 5.19 The LFHE shall not borrow on the security of the grant payments provided pursuant to this Agreement but may borrow against its other assets. Where the servicing of debt is likely to involve the use of HEFCE funds, the LFHE shall seek HEFCE's prior consent, such consent not to be unreasonably withheld or delayed.
- 5.20 The LFHE may not, without the prior consent of HEFCE (such consent not to be unreasonably withheld or delayed) other than in the normal course of business, give any guarantees, financial indemnities or letters of comfort, or incur any contingent liabilities (whether or not in legally binding form) where such guarantees, financial incentives or letters of comfort or contingent liabilities will be given or incurred using grant payments provided pursuant to this Agreement as security or collateral. In this context, HEFCE specifically acknowledges that the LFHE works in an area where the ownership of, or taking acceptable risks with, intellectual property rights (IPR) is a frequently encountered issue.
- 5.21 LFHE must advise the HEFCE Assurance Service without delay of the removal or resignation of the LFHE's external auditors, for whatever reason.
- 5.22 The pay and conditions of LFHE staff should be determined by the Board of the company, having regard for the Treasury guidelines on pay in the Civil Service and analogue bodies. Severance arrangements for staff should be consistent with the extant HEFCE guidance.

- 5.23 LFHE may only establish a subsidiary undertaking with the prior consent of HEFCE.
- 5.24 The LFHE will ensure that the Intellectual Property Rights (IPR) for any material which is generated or delivered as part of its funded services shall ultimately vest in HEFCE on behalf of the Funding Bodies. The vesting of the IPR in HEFCE is intended to ensure that the long term integrity of the service is protected on behalf of the higher education sector. This is not intended to impinge on the use of any IPR generated which the LFHE wishes to exploit for commercial purposes. The LFHE is permitted to exploit any Intellectual Property generated from this grant funding, and may do so with organisations outside the HE sector, with a view to using any benefits that arise for the advantage of HE.
- 5.25 In the event of LFHE ceasing to trade or in any of the circumstances outlined in sections 8 and 9 of this Agreement, the grant-funded assets shall transfer to a successor body, providing its aims that are consistent with those of the LFHE and are for the benefit of the UK HE sector. Alternatively, where a successor is either not found, or does not have consistent aims, the grant-funded assets shall revert to the ownership of the Funders. The Funders acknowledge that, should the LFHE go into either administration or liquidation, the requirements of the Companies Act would take priority over this section of the Agreement.

6 Freedom of Information Act

- 6.1 As a public body, HEFCE is obliged to conform to the Freedom of Information Act 2000. As a result, information held by HEFCE in connection with the LFHE may be required to be disclosed in the event of a relevant request. The HEFCE will consult with the LFHE should a relevant disclosure request be received. The HEFCE's obligations and how it responds to these are described on its website.

7 Force Majeure

- 7.1 If either party is affected by Force Majeure it shall immediately notify the other party in writing of the matters constituting the Force Majeure and shall keep that party fully informed of their continuance and of any relevant change of circumstances whilst such Force Majeure continues.

- 7.2 The party affected by Force Majeure shall take all reasonable steps available to it to minimise the effects of Force Majeure on the performance of its obligations under this Agreement.
- 7.3 Save as provided in clause 7.5, Force Majeure shall not entitle either party to terminate this Agreement and neither party shall be in breach of this Agreement, or otherwise liable to the other, by reason of any delay in performance, or non-performance of any of its obligations due to Force Majeure.
- 7.4 If the party affected by Force Majeure fails to comply with its obligations under clauses 7.1 and 7.2 then no relief for Force Majeure, including from the provisions of clause 7.3, shall be available to it and the obligations of each party shall continue in force.
- 7.5 If the Force Majeure continues for longer than three months either party may at any time whilst such Force Majeure continues by notice in writing to the other terminate this Agreement.

8 Termination

- 8.1 HEFCE may immediately terminate this Agreement without payment of compensation or other damages caused to the LFHE solely by such termination by giving notice in writing to the LFHE if any one or more of the following events happens:
- 8.1.1 The LFHE fails to remedy, where it is capable of remedy, or persists in any breach of any of its obligations under this Agreement (save as to payment) after having been required in writing to remedy or desist from such breach within a period of 60 days;
- 8.1.2 any steps are taken or negotiations commenced by the LFHE or any of its creditors with a view to proposing any kind of composition, compromise or arrangement involving the LFHE and any of its creditors;
- 8.1.3 the LFHE has any distress or execution levied on its assets which is not paid out within seven days of its being levied;

- 8.1.4 the LFHE is deemed to be unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986, or calls a meeting for the purpose of passing a resolution to wind it up, or such a resolution is passed, or a resolution is passed by the directors of the LFHE to seek a winding up or administration order, or the LFHE presents, or has presented, a petition for a winding up order, or presents, or has presented, a petition to appoint an administrator, or has an administrative receiver, or receiver appointed over all or any part of its business, undertaking, property or assets;
- 8.1.5 The LFHE stops or suspends making payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or the LFHE suspends or ceases or threatens to suspend or cease to carry on its business;
- 8.1.6 A secured lender to the LFHE takes any steps to obtain possession of the property on which it has security or otherwise to enforce its security.
- 8.2 The termination of this Agreement shall be without prejudice to the rights and remedies of either party which may have accrued up to the date of termination.

9 Consequences of Termination

- 9.1 Upon termination of this Agreement for any reason whatsoever:
- i. (subject to clause 8.2) the relationship of the parties shall cease save as (and to the extent) expressly provided for in this clause 9;
 - ii. the provisions of clauses 5, 7, 12, 15, 16, and 17 and any provision which expressly or by implication is intended to come into or remain in force on or after termination shall continue in full force and effect;
 - iii. each of the parties shall immediately return to the other party, if so requested by the other party in writing (or, if the other party so requests by notice in writing, destroy) all of the other party's property (except, for the avoidance of doubt, the sums properly paid by HEFCE to the LFHE pursuant to clause 3) in its possession at the date of termination.

10 Assignment

- 10.1 This Agreement is personal to both parties. Neither party shall assign, delegate, sub-contract, transfer, charge or otherwise dispose of all or any of its rights and responsibilities under this Agreement.

11 General

- 11.1 The LFHE shall not pledge the credit of HEFCE nor represent itself as being HEFCE nor an agent, partner, employee or representative of HEFCE and the LF shall not hold itself out as such nor as having any power or authority to incur any obligation of any nature, express or implied on behalf of HEFCE and nothing in this Agreement shall create, or be deemed to create, a partnership or joint venture or relationship of employer and employee or principal and agent between the parties and no employee of the LFHE shall be deemed to be or have become an employee of HEFCE.
- 11.2 This Agreement contains the entire agreement between the parties in relation to its subject-matter. Each of the parties irrevocably and unconditionally waives any right it may have to claim damages for, and/or to rescind this Agreement because of breach of any warranty not contained in this Agreement, or any misrepresentation whether or not contained in this Agreement, unless such misrepresentation was made fraudulently.
- 11.3 No purported alteration or variation of this Agreement shall be effective unless it is in writing, refers specifically to this Agreement and is signed by a director or the Chief Executive of each of the parties to this Agreement.
- 11.4 The rights and remedies of either party in respect of this Agreement shall not be diminished, waived or extinguished by the granting of any indulgence, forbearance or extension of time granted by such party to the other nor by any failure of, or delay by the said party in ascertaining or exercising any such rights or remedies. The waiver by either party of any breach of this Agreement shall not prevent the subsequent enforcement of that provision and shall not be deemed to be a waiver of any subsequent breach of that or any other provision.
- 11.5 If at any time any part of this Agreement (including any one or more of the clauses of this Agreement or any sub-clause or paragraph or any part of one or more of

these clauses) is held to be or becomes void or otherwise unenforceable for any reason under any applicable law, the same shall be deemed omitted from this Agreement and the validity and/or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired as a result of that omission.

- 11.6 This Agreement may be entered into in the form of two counterparts, each executed by one of the parties but, taken together, executed by all, and, provided that both the parties shall so enter into the Agreement, each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original but, taken together, they shall constitute one instrument.
- 11.7 Each of the parties shall, and shall use their reasonable endeavours to procure that any necessary third parties shall, execute and deliver to the LFHE such other instruments and documents and take such other action as is necessary to fulfil the provisions of this Agreement in accordance with its terms.

12 Alternative Dispute Resolution

- 12.1 In the event of any dispute arising out of or in connection with this Agreement the parties will in good faith seek to resolve that dispute by using an alternative dispute resolution ("ADR") method acceptable to both parties before pursuing any other remedies available to them.
- 12.2 If the matter has not been resolved by mediation within 60 days after the date of the ADR Notice, the parties will be free to pursue their remedies without further reference to this clause 12.
- 12.3 Nothing in this clause 12 should prevent any party seeking a preliminary injunction or other judicial relief at any time if in its judgement such action is necessary to prevent irreparable damage.

13 Notices

- 13.1 Any notices sent under this Agreement must be in writing and may be served by personal delivery or by sending the notice by first class post, facsimile or electronic data transmission at the address given above or at such other address as the relevant party may give for the purpose of service of notices under this

Agreement and every such notice shall be deemed to have been served upon delivery if served by hand or at the expiration of 2 business days after despatch of the same if delivered by post or at ten hours am local time of the recipient on the next Business Day following despatch if sent by facsimile or electronic data transmission.

- 13.2 To prove service of any notice it shall be sufficient to show in the case of a notice delivered by hand that the same was duly addressed and delivered by hand and in the case of a notice served by post that the same was duly addressed prepaid and posted in the manner set out above. In the case of a notice given by facsimile or electronic data transmission, it shall be sufficient to show that it was despatched in a legible and complete form to the correct telephone number, electronic data number or address without any error message provided that a confirmation copy of the transmission is sent to the recipient by post in the manner set out above. Failure to send a confirmation copy will invalidate the service of any facsimile or electronic data transmission.

14 Third Party Rights

- 14.1 For the purpose of section 1(2) of the Contracts (Rights of Third Parties) Act 1999 the parties state that they do not intend any terms of this Agreement to be enforced by any third parties but any third party right which exists or is available independently of that Act is preserved.

15 Law

- 15.1 This Agreement shall be governed by, and construed in accordance with, the laws of England.

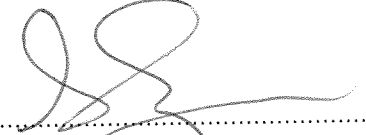
16 Jurisdiction

- 16.1 All disputes arising out of or relating to this Agreement and not settled under the procedures referred to in clause 13 shall be subject to the exclusive jurisdiction of the English Courts to which the parties irrevocably submit.

IN WITNESS OF THE ABOVE the parties have signed this Agreement on the date written at the head of this Agreement.

SIGNED by

duly authorised by and
for and on behalf of HEFCE

) 
)
) Authorised Signatory
) Name: Steve Egan
Position: Deputy Chief Executive

SIGNED by

duly authorised by and
for and on behalf of the LFHE

) 
)
) Authorised Signatory
) Name: Ewart Wooldridge
Position: Chief Executive

Annex to HEFCE – LFHE Funding Agreement, dated 9 May 2007

Outstanding Grant for the LFHE

1 Under the Funding Agreement dated 24 May 2004 paragraph 2.1 HEFCE, acting as the lead funding body, agreed to pay the LFHE a grant of 9.04 million over three years. By 31 July 2007, under the current agreed payment profile, £734,998 will remain outstanding. This sum is separate from and additional to the £4.5m maximum grant payable under this Funding Agreement and will also be profiled for payment over the period 1 August 2007 to 31 July 2012 in line with the requirements of the LFHE Strategic and Operating Plan.

2 In addition to the grants referred to in this annex an additional grant of £960,000 will be paid. This sum will also be profiled over the period 1 August 2007 to 31 July 2012 in line with the requirements of the LFHE Strategic and Operating Plan.

