

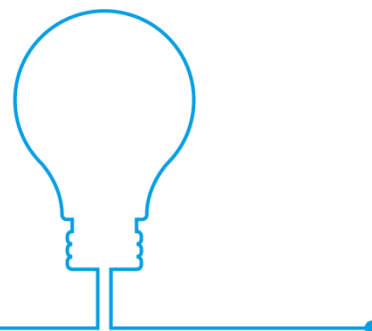


Department for
Business, Energy
& Industrial Strategy

FleX Competition

Flexibility Exchange Demonstration Competition

Competition Guidance Notes



January 2019

Flex Competition

Flexibility Exchange Demonstrator Competition

Competition Guidance Notes

Flex Competition

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Any enquiries regarding this publication should be sent to us at: smart.innovation@beis.gov.uk

Contents

FleX Competition - Guidance for Applicants	2
1. FleX: Flexibility Exchange Demonstrator Competition – Overview	2
2. Competition Context, Outputs and Objectives	3
3. Competition Timetable, Application and Assessment Process	5
4. Eligibility for Funding	10
5. Funding levels and State Aid requirements	17
6. Deliverables	22
7. Assessment Process and Criteria	23
8. Project plans, finances and financial viability	29
9. Privacy	31
10. Notification and Publication of Results	32
11. Reporting, Knowledge Sharing, Evaluation and Intellectual Property Requirements	34
12. Feedback, re-application and right of appeal	36
13. Confidentiality and Freedom of Information	37
14. Further Instructions to Bidders	38
Annex 1 – Technology Readiness Levels (TRLs)	39
Annex 2 – Eligible Costs	40
Annex 3 – Undertaking in Difficulty Definition	43
Annex 4 – Declarations	45
Annex 5 – Example Grant Funding Agreement and Grant Funding Letter	54

FleX Competition - Guidance for Applicants

1. FleX: Flexibility Exchange Demonstrator Competition – Overview

The objective of FleX, the Flexibility Exchange Demonstrator Competition (the Competition) is to support, through capital grants provided by the Department for Business, Energy and Industrial Strategy (BEIS), the **development and demonstration of innovative flexibility exchanges**. Flexibility exchanges are marketplaces for energy system flexibility assets, offered by multiple providers (sellers) of flexibility to multiple buyers.

The total BEIS budget for the Competition is up to £4 million which is expected to fund up to 3 demonstration projects. Whilst some degree of simulated participation would be acceptable, we will expect each funded flexibility exchange trial to involve a significant number of distinct, real participants engaging in physical delivery of services to the electricity system. We will also expect a proportion of these participants to be small consumers/prosumers (i.e. domestic or small commercial), either participating directly or through aggregators or community groups. We will not support simulation-only studies.

Project teams can apply for up to £2.5 million grant funding for each flexibility exchange demonstration project. The Competition is subject to EU State Aid rules, specifically Article 25 of the General Block Exemption Regulation (GBER)¹ and any project selected for funding in this Competition will be required to provide significant private sector funding alongside the grant funding provided by BEIS (further details of the match funding requirements are in section 5).

Funding will not be provided for technologies or approaches which are already widely or commercially deployed (in the UK or elsewhere) or which are very similar to those being tested in other existing or planned innovation projects.

During the application process, applicants will be expected to demonstrate a robust, evidence-based case for funding, which will include consideration of: how well the exchange facilitates access to flexibility markets; energy system benefits; innovation and dissemination; project delivery capability and project value-for-money.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014R0651-20170710&from=EN> ; see section 5 of these Guidance Notes for further details of the relevant State Aid limits and requirements.

2. Competition Context, Outputs and Objectives

This Competition is funded by the BEIS energy innovation programme (2016-2021). The aim of the BEIS innovation programme is to reduce the UK's carbon emissions and the cost of decarbonisation by accelerating the commercialisation of innovative clean energy technologies and processes into the mid-2020s.

Historically, the GB electricity system has been powered by a small number of large power stations, with the power then being transmitted to people's homes and businesses. This is changing: there are now increasing levels of low carbon and renewable generation and flexibility assets, such as energy storage, often connected at the local distribution network and behind the meter. To these changes, the system is adapting to become more flexible and smarter in order to better manage the new flows of power. A smarter and more flexible energy system could save the UK £17- 40 billion cumulative to 2050² and contribute to meeting carbon targets, through reducing the need for additional generation capacity, reducing peaking plant and fuel spending, and deferring investment in network reinforcement.

In October 2018, BEIS & Ofgem jointly published a [Progress Update](#) against the actions identified in "[Upgrading our energy system: smart systems and flexibility plan](#)" published in July 2017. The Plan & Update set out actions to be taken forward by Government, the energy regulator & industry to help to 'level the playing field' for these new flexibility approaches and to deliver a smarter, more flexible energy system using flexible solutions, such as energy storage and demand-side response. The Plan also indicates that there are still market barriers in place preventing widescale development and uptake of more novel flexibility solutions and it confirmed government innovation funding of up to £70 million to help to overcome some of these market barriers by supporting research, development and demonstration of smart, flexible energy system technologies and business models.

The FleX Competition will support the development and demonstration of solutions to value and trade electricity system flexibility. The flexibility to be traded could be provided from a range of sources, including: energy storage; demand-side response (DSR), demand reduction or generation – from domestic or business consumers. Flexible technologies can compete for a number of revenue streams to generate a return on investment, including wholesale price arbitrage, the capacity market, balancing mechanism, ancillary services and contracts to alleviate network constraints. Many of these services are procured nationally by the Electricity System Operator (ESO), but additional local markets are emerging for distribution network constraint management, procured by Distribution Network Operators (DNOs). Other potential buyers include suppliers and aggregators, who may purchase flexibility services to manage their balancing position, or in order to offer them as part of an aggregated product to other buyers. However, these existing services rely largely on bilateral contracts between parties, and they lack co-ordination or standardisation between services.

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/568982/An_analysis_of_electricity_flexibility_for_Great_Britain.pdf

A “Flexibility Exchange” is intended to bring together multiple buyers and sellers of flexibility services. The exchange itself would provide a platform through which to access these products, as well as a standardised approach to metering and settlement (where practicable). The exchange operator would act as a neutral market facilitator between flexibility providers and the ESO, DNOs and other potential buyers such as aggregators or suppliers.

By facilitating competitive flexibility markets, these exchanges aim to:

- Facilitate participation of distribution-connected flexibility and generation in the electricity system;
- Reduce network costs (by reducing the cost of alternatives to network reinforcement);
- Reduce system operation costs;
- Increase electricity system resilience and reliability;
- Increase data available on distribution-connected demand and generation.

The new term “Flexibility Exchange” has been chosen for this Competition, to promote the concept of a neutral exchange for energy system flexibility assets such as the exchanges which currently exist for stocks and other goods. The projects supported by the FleX Competition are expected to deliver the following outputs:

- Address both local and national flexibility;
- Provide access to as many markets as possible;
- Provide access to as many buyers and sellers as possible;
- Maximise price-led and market-driven decision-making.

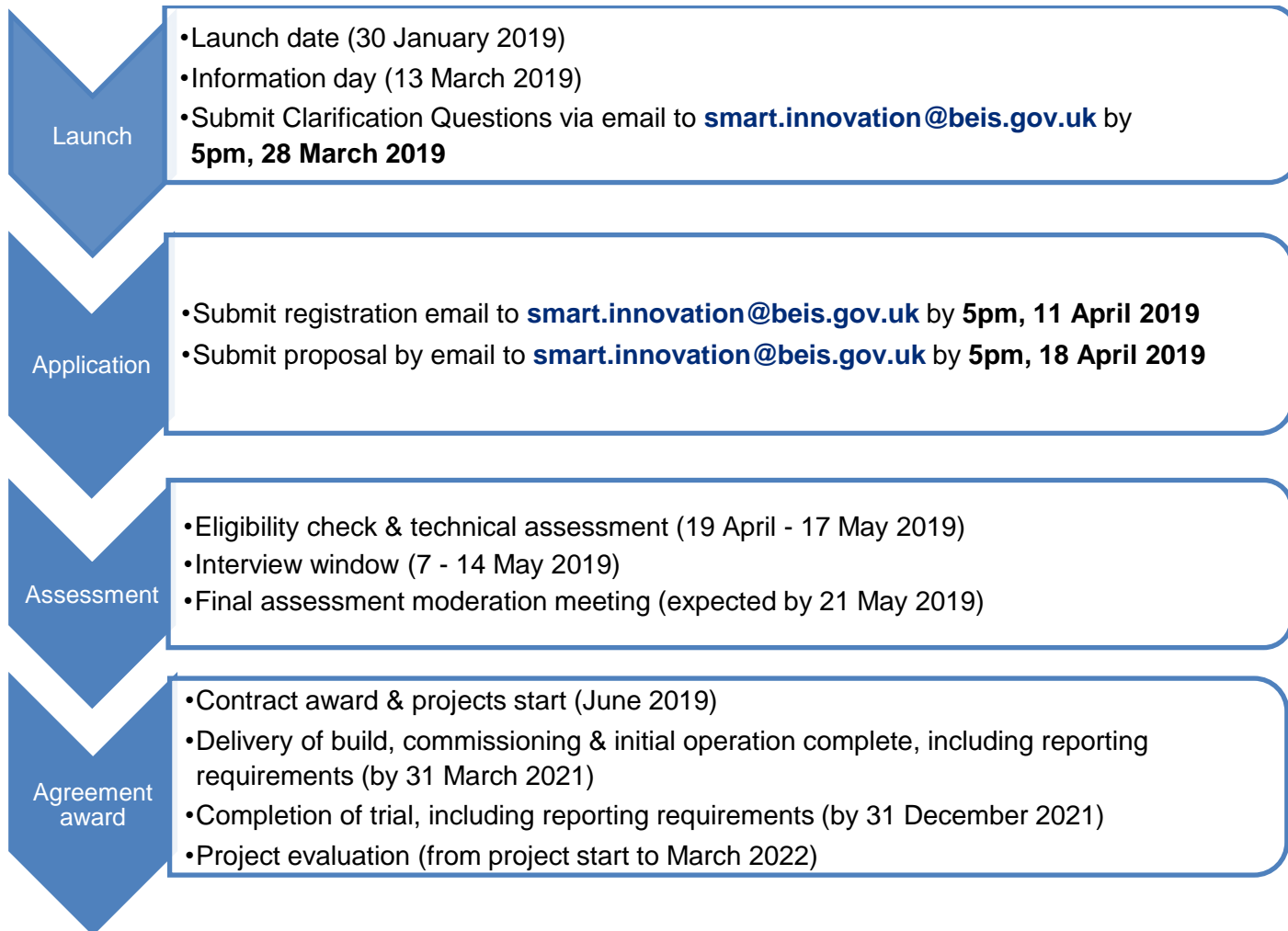
The detailed technical deliverables will be different for each project, but all the projects will be expected to deliver the following high-level **objectives**:

1. Demonstrate the technical implementation of flexibility exchanges in practice.
2. Test the commercial viability of flexibility exchanges in practice.
3. Investigate the potential impact of these flexibility exchanges on whole electricity system costs, carbon intensity and system security.
4. Allow us to make more informed decisions about future flexibility marketplace interventions.
5. Investigate the effects of flexibility exchanges on community engagement and energy consumers/producers.

3. Competition Timetable, Application and Assessment Process

The Competition funding will be awarded using the Grant funding approach.

The key dates applicable to the Competition are:



Information Day: 13th March, venue to be confirmed, with Webinar option; further details at: <https://www.gov.uk/guidance/funding-for-innovative-smart-energy-systems>

As outlined in the diagram above, the competition process will be delivered in three key stages: Application, Assessment and Grant award.

3.1 Stage 1: Application

Bidders are asked to submit a Registration Email and to complete and submit a Competition application form with supporting information explaining their proposed collaborative innovation project. The notes below explain the details of the application process:

- **Registration Email:** Applicants should submit a registration email to smart.innovation@beis.gov.uk using the title 'FleX Competition' in the email subject and containing the following information: the name of the lead project organisation (project co-ordinator); the project title; and confirmation of intention to submit an application. The deadline for submitting registration emails is: **5pm, 11 April 2019.**
- **BEIS Confirmation:** Within a week of receipt of the Registration Email, BEIS will issue a confirmation email to the applicant with an individual reference number. Please use this reference number to submit any subsequent application or when submitting any questions about the Competition.
- **Questions about the Competition:** If you have read the guidance notes and any online FAQs and still have questions, please submit any queries regarding the competition process to the following email address: smart.innovation@beis.gov.uk. All questions should be submitted by the clarification questions deadline – **28 March 2019**; questions submitted after this date may not be answered. We will provide online replies (<https://www.gov.uk/guidance/funding-for-innovative-smart-energy-systems>) to any questions which arise before 28 March and which, in our judgement, are of material significance. All bidders should take these replies into consideration when preparing their own bids and we will evaluate bids on the assumption that they have done so.
- **Submission of Proposal:** The full proposal for the Competition must be submitted by the deadline:
 - Competition **submission deadline** is **5pm, 18 April 2019.**
 - **File format and size:** Completed application forms, the completed finance templates and any supporting information should be submitted electronically. The completed finance form should be submitted as a spreadsheet (.xls) file; the completed application form should be submitted in pdf format.

The maximum size email you can send is 10 MB. If your application is larger than 10MB, please break the submission down into smaller sizes and ensure the subject line of each additional email takes the following format 'FleX Competition (name of lead applicant) – email x of y'.

- **Submission Content:** Each proposal must include the following documents:

- Completed application form, including signed declaration and completed ‘reasons for exclusion’ forms, which can be viewed in Annex 3 of this Guidance document. The application form is a separate word document which can be downloaded from <https://www.gov.uk/guidance/funding-for-innovative-smart-energy-systems> or requested from smart.innovation@beis.gov.uk ;
- Completed pricing schedule/finance form (this is a separate spreadsheet which can be downloaded from <https://www.gov.uk/guidance/funding-for-innovative-smart-energy-systems> or requested from smart.innovation@beis.gov.uk);
- Completed high level project Gantt chart or similar project plan;
- Copy of most recent annual company accounts or equivalent.
- **Optional:** supporting information can also be submitted **where it adds substantive information** to the proposal; however, you should not assume that any additional information will be cross-referenced or reviewed as part of the selection process – for example, it may only be used to help finalise the assessment of projects which receive very similar assessment scores. The application form should include a list of any supporting documents.

You should endeavour to answer all of the questions on the application in full. Incomplete applications and any containing incorrect information will very likely be rejected although BEIS may, at its discretion, request clarification or additional data before making a final decision.

Any applications or supporting documentation received after the application deadline will not be considered.

- **Submission Costs:** You will not be entitled to claim from the Department any costs or expenses that you may incur in preparing your bid, whether or not your proposal is successful.
- **Consortium Bids:** Bids for this Competition may come from project teams (consortia). **Only one submission should be submitted for each separate project bid** but all consortium partners are required to sign the completed application form for their project(s) (see Annex 2, Declaration 2 of the application form).

If forming a formal project consortium, the project partners will need to complete a Consortium Agreement and funding will not be provided by BEIS until a signed consortium agreement has been finalised between all the members of the project consortium. (The completed formal Consortium Agreement does not have to be submitted at the time of the bid.)

- BEIS recognises that arrangements in relation to consortia and sub-contractors may (within limits) be subject to future change. Bidders should therefore respond in the light

of the arrangements as currently envisaged and are reminded that any future proposed changes in relation to consortia and sub-contractors must be submitted to BEIS for approval.

- **Multiple Bids:** Applicants may put in multiple bids or be part of multiple consortia, for unique projects delivering different energy storage technologies. BEIS reserves the right to assess the capability of the team to deliver multiple projects and to assess whether the projects are sufficiently dissimilar at the eligibility stage.
- **Proposal Validity:** Proposals shall be valid for a minimum of 60 calendar days from the submission deadline (18 April 2019).
- **Information Sharing:** BEIS may share information from applications with other UK Government departments or with Ofgem.

3.2 Stage 2: Assessment

Applications will be assessed against the Project Scope and Eligibility Criteria described in Section 4.

Applications which fail the Eligibility Criteria will not be assessed further, so it is essential to ensure that your project meets these criteria before you submit your application.

Applications which meet the Eligibility Criteria will then be assessed against the Competition Assessment to determine a ranking list which will be used to allocate the funding for the Competition. The Competition Assessment Criteria are summarised below and described in more detail in section 7:

- Energy system benefits, including facilitating access to flexibility markets;
- Innovation and dissemination
- Project delivery
- Project financing

To be eligible to receive funding, a project must score 40% against each criterion, with a minimum total weighted score of 60%.

After the assessment stage, all applicants will receive a short summary of key feedback regarding their applications irrespective of whether they are successful or not. BEIS aims to have provided all feedback to applicants within two months of the final funding decision. However, applicants are asked to remember that BEIS may receive a significant number of applications and the timing of the release of feedback will be at BEIS's discretion.

BEIS's decision on project funding for applicants is final.

3.3 Stage 3: Grant Award

The proposed grant award timing is June 2019.

Prior to the issue of the formal grant offer, there will be an opportunity to discuss the grant offer at a meeting with an official from BEIS who will explain the conditions of the grant offer and respond to any queries which the applicant may have at this stage. BEIS officials will also discuss and finalise the formal project milestones with the project team before issue of the formal grant offer. BEIS may also involve an external technical adviser in these milestone discussions and in subsequent monitoring of the project.

In the case of projects which are delivered by several organisations, the lead company (project co-ordinator) will be the recipient of the grant offer letter and will be responsible for managing payment of grant funding to the other project partners. For consortium projects, funding will not be provided by BEIS until a consortium agreement for the project has been finalised and signed by all the members of the project consortium.

4. Eligibility for Funding

4.1 Competition Eligibility Criteria

To be eligible for funding, proposed projects must meet all of the following eligibility criteria (applicants are required to address each of these criteria in the Competition Application Form):

1) Innovation and Technology readiness

The main deliverable for this Competition is an operational trial of a pilot or prototype flexibility exchange using a substantive number of real, individual flexibility assets. Each funded project is required to deliver and trial an operational flexibility exchange so the majority of the funded project activity will be at higher Technology Readiness Levels (TRL) – typically between TRL 5 and TRL 8. A description of Technology Readiness Levels is provided in Annex 1. This Competition will support projects that can demonstrate and trial innovative technologies and processes which meet the following technology readiness requirements:

- a) The majority of project activity and the majority of project costs are expected to be delivering work at Technology Readiness Levels 5 to 8.
- b) Some component level project activity at Technology Readiness Levels 3 or 4 can be supported through this Competition where it is necessary to deliver the final operational prototype system.
- c) The prototype or pilot flexibility exchange must reach at least Technology Readiness Level 7 – operational prototype – by the end of the project.
- d) The Competition cannot support very early stage basic or applied research, at TRL 1 or 2.
- e) The Competition cannot support the development and trial of systems which at the start of the project are already at the commercial design stage or ready for commercial deployment, at TRL 8 or TRL 9. (It is permissible to use existing commercial components in the funded prototype.)
- f) The Competition cannot support development or trial of solutions which are already commercially or widely deployed in the UK or internationally.

Further guidance on TRLs can be found at Annex 1.

2) Technology scope

The FleX Competition has been developed to provide support for the trial of pilot flexibility exchanges. These flexibility exchange pilots must enable **distribution-connected sources of flexibility** to access both local and national markets for flexibility. Examples of the flexibility services or products which could be accessed through the exchange include:

- Network constraint management (distribution and transmission);

- National balancing services (i.e. Frequency Response, reserve products);
- Wholesale energy trading;
- Balancing Mechanism;
- Reactive power services.

The **products offered in the initial trial must span both the Electricity System Operator (ESO) and at least one Distribution Network Operator (DNO)**. Determining the action which provides greatest whole system benefits in situations where the needs of the ESO and the DNOs are not aligned is one of the challenges which flexibility exchanges are intended to solve. Therefore, **the trials should be designed to directly address the issue of whole system benefits and price-driven co-ordination between system operators**. The design of exchanges should also have the potential to support trading between other parties (e.g. suppliers, aggregators and other market participants).

We expect the trials to have plans to extend access to as many markets for flexibility as is practicable in the longer term. Access to some of these markets may require derogations from the existing regulatory or contractual frameworks. Securing the necessary derogations is encouraged in this Competition where practicable, in order to provide evidence for policy on the future of these regulatory and contractual arrangements. The Smart Systems and Flexibility Plan set out a broader plan to widen access to these markets and enable the stacking of revenues across different markets for flexibility, and so these projects will provide practical experience on where further work remains to be done in this area.

In addition to the development and trial operation of the commercial and consumer engagement aspects of flexibility exchanges, the projects will also procure or develop the technical processes and equipment required to support these exchanges. This may involve developing and building:

- An online centralised platform to host the exchange (or a decentralised alternative approach e.g. Blockchain).
- Software and Application Programming Interfaces for flexibility sources to access this exchange.
- Any additional hardware, software and communications links required for monitoring and control of flexibility sources accessing the exchange.

Trial Scope Requirements: Whilst some degree of simulated participation would be acceptable, we will expect trials to involve at least 100 individual, real participants engaging in physical delivery of flexibility. These participants could be domestic, commercial or public sector owners of flexibility assets.

We also expect a proportion of these participants to be small consumers/prosumers (i.e. domestic or small commercial consumers), either participating directly or through aggregators or community groups.

Exclusions: Funding will not be provided for:

- Simulation-only projects;
- The development and trialling of technologies that have already received or expect to receive funding for a similar project at a similar scale.

3) Project activity

To be eligible for funding, the large majority of project activity (defined as at least 75% of total eligible project costs) must be **experimental development**, as defined within article 2(86) of the EU General Block Exemption Regulation³ (GBER), set out below:

Experimental Development means “acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements”.

A minority of activity (defined as **less than 25% of the total eligible project costs**) in any project funded by the Competition can be **industrial research**, as defined within article 2(86) of the EU General Block Exemption Regulation⁴, set out below:

Industrial Research means “the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services.

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

⁴ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation”.

4) Project status and timescale

Target dates for key project milestones (e.g. start of construction, start of operational trialling) will be agreed between the successful bidder, BEIS and any private sector partners prior to awarding grant funding.

The BEIS FleX Competition grant funding allocation is not available beyond 31 March 2021. The majority of FleX Competition project work must be completed and the majority of the eligible project costs must be incurred by end March 2021 but, if agreed by BEIS, the final stages of the operational testing and validation for the proposed FleX project may be completed in the period between March and December 2021. Any project work completed after end March 2021 must be funded by the project team using the private sector match funding secured for the FleX project. The grant recipients must comply with all applicable European Union rules on state aid and ensure that all requirements for the application of GBER are met.

All the project activities, including the associated data gathering and project reporting must be completed by 31 December 2021.

Funding provided by BEIS in this Competition cannot fund retrospective work on the proposed flexibility exchange system.

5) Additionality

Projects can only be funded where evidence can be provided that innovation would not be taken forward (or would be taken forward at a much slower rate) without public sector funding.

BEIS is aware of other existing or planned trials involving flexibility marketplaces, specifically including the following programmes or projects:

- Cornwall Local Energy Market funded by Centrica (a supplier) and the EU Regional Development Fund.
- Transition, funded by SSEN (a DNO) through the Network Innovation Competition (NIC).
- FUSION, funded by SPEN (a DNO) through the NIC.
- Projects funded by the Industrial Strategy Challenge Fund, for example, the Prospering from the Energy Revolution Challenge.

BEIS believes that there are still gaps in the range of flexibility marketplace architectures covered by existing flexibility trials, and that there is reasonable scope for original bids.

However, this Competition will only support trials which set out clearly how their approach or implementation differs from these or other existing or planned flexibility marketplace trials.

6) Grant size

Grant funding of up to £4 million is available from BEIS in this Competition and this funding is expected to support up to 3 flexibility exchange trial demonstration projects.

An individual project can receive up to £2.5 million grant funding in this Competition.

BEIS reserves the right to offer lower funding than is sought for a project in order to secure better value for money from the programme.

Section 5 of this Guidance document sets out the maximum aid intensity limits for the Competition but applicants should be aware that grant awards in this Competition may be lower than the maximum limit.

7) Aid intensity (match funding)

The grant funding levels applied for must be consistent with the relevant GBER aid intensity levels (including consideration of the cumulative effect of other forms of state aid). Section 5 sets out the maximum aid intensity limits for the Competition but applicants should be aware that requested grant amounts may be lower than the maximum limit.

The GBER rules on aid intensity only permit a proportion of eligible costs to be funded by BEIS so applicants are therefore required to have **non-public sector funding in place to cover the balance of the eligible project costs**. Such funding may come from a company's own resources or external private sector investors, but it must not include funding attributable to any public authority or EU institution.

8) Eligible project costs

The project costs must comply with the GBER definition of eligible project costs (article 25(3)) – these are set out in Annex 2. In addition, project partners must ensure that the project costs do not include any of the non-eligible items listed in Annex 2.

The eligible project costs incurred by any single undertaking within a single consortium must not exceed 70% of the total project costs.

9) Project trial location

The principles and underpinning technologies of flexibility exchanges will be replicable in many regions and countries, however, to be most effective, the exchanges will need to be tailored to the local markets and regulatory regime. Therefore, the FleX Competition is focused on solutions for the GB market and flexibility exchange trials supported by the Competition must be located in Great Britain.

10) Applicants and project team make-up

Projects may either be delivered by sole organisations or by a consortium of project partners, which must be UK-based⁵.

If the project is delivered by a project team or consortium a single project application must be submitted to BEIS by the lead project member – the project co-ordinator.

Project team members can be:

- UK-based (see footnote 2) private sector companies;
- UK academic, research, public, third sector or community organisations working as part of a project consortium with private sector organisations.

The sole applicant or project co-ordinator for the funded activities must have the necessary skills, experience and capacity to effectively lead the proposed project, including the trial activities.

Previous recipients of public sector innovation funding can apply to this Competition but the proposed project must be for new activities which have not previously received funding. Applicants will be required to provide details of other public sector funding which they have received or for which they have applied which relates to the same technology.

4.2 General Competition conditions

Applicants (including consortium partners) must be financially viable (as per section 8.3) and undertakings must not be subject to an outstanding recovery order from the European Commission to recover incompatible aid already granted or in financial difficulty (e.g. seeking rescue and restructuring aid).

BEIS grant funding cannot be provided through the Competition to companies which meet the GBER definition of an '**undertaking in difficulty**'. See Annex 3 for further details of the undertakings in difficulty definition.

⁵ In accordance with Article 1(5) of the General Block Exemption Regulation 2014, the UK-based organisations are not required to have their headquarters in the UK nor to be predominantly established in the UK but they must have an establishment or branch in the UK.

In addition, Annex 4 lists a number of questions relating to 'reasons for exclusion' including bribery, corruption or fraud and BEIS would not expect to provide grant funding to companies which cannot answer 'No' to all of these questions.

There are five declaration forms which must be completed by each applicant, covering issues such as: conflict of interest; non-collusion; bribery, corruption and fraud; and overall agreement to the terms of this pre-commercial procurement process.

These declarations are included within the Competition Application Form and must be signed by the applicant. They are also attached at Annex 4 of this document for reference.

Conflicts of interest: The BEIS standard terms and conditions of grant agreement include reference to conflict of interest and require bidders to declare any potential conflict of interest to the Secretary of State.

Conflict of interest is defined as the presence of an interest or involvement of the bidder, subcontractor (or consortium member) which could affect the actual or perceived impartiality of the research or analysis.

Where there may be a potential conflict of interest, it is suggested that the consortium or organisation designs working arrangements such that the findings cannot be influenced (or perceived to be influenced) by the organisation which is the owner of a potential conflict of interest. For example, consideration should be given to the different roles which organisations play in the research or analysis, and how these can be structured to ensure an impartial approach to the project is maintained.

The process by which this is managed in the procurement process is as follows:

- During the bidding process, organisations may contact BEIS to discuss whether or not their proposed arrangement is likely to yield a conflict of interest.
- **Bidders are asked to sign and return Declaration 3** (this is contained in the Competition Application Form and is attached for reference in Annex 3) to indicate whether or not any conflict of interest may be, or be perceived to be, an issue. If this is the case, the bidder or consortium should give a full account of the actions or processes that it will use to ensure that conflict of interest is avoided. In any statement of mitigating actions, bidders are expected to outline how they propose to achieve a robust, impartial and credible approach to the research.
- When bids are scored, this declaration will be subject to a pass/fail score, according to whether, on the basis of the information in the proposal and declaration, there remains a conflict of interest which may affect the impartiality of the research.

Failure to declare or avoid conflict of interest at this or a later stage may result in exclusion from the competition, or in BEIS exercising its right to terminate any grant agreement awarded.

5. Funding levels and State Aid requirements

This Competition will be operated in accordance with the terms of the revised General Block Exemption Regulation governing State Aid (Commission Regulation (EU) No. 651/2014), which came into force on 1st July 2014 (GBER) – specifically Article 25 (Aid for research and development projects)⁶.

5.1 Competition Budget and Availability

The total budget available for the FleX Competition is up to £4 million, although BEIS may allocate less than the total budget depending on the quality of the applications.

A single project can receive up to £2.5 million grant funding from BEIS in this Competition. The number of projects funded will depend on: the number of demonstration projects, the quality of the proposals and the cost of the proposals.

Grant funding under this Competition is only available until 31 March 2021. All project activities related to the development and build of the flexibility exchange, including dissemination and reporting requirements must be completed by this date. Private sector match funding can be retained to deliver the final stages of operational piloting, testing and validation (and related dissemination and reporting and payments) if these activities occur post March 2021; **all project activities must be completed by 31 December 2021.**

Note: Nothing in this funding call requires BEIS to award any applicant a grant agreement of any particular amount or on any particular terms. BEIS reserves the right not to award any grant agreements, in particular if BEIS is not satisfied by the proposals received or if the funding assigned to the scheme is required for other, unforeseen, purposes. BEIS will not, under any circumstances, make any contribution to the costs of preparing proposals and applicants accept the risk that they may not be awarded a grant agreement.

5.2 Grant intensity guidelines

The Competition will be delivered as a grant programme within the terms of the GBER, specifically, Article 25 (Aid for research and development projects) will apply and this will define the type of innovation activities which can be funded and will limit the amount of funding which can be provided to each participant in a funded project.

The Competition will fund experimental development and industrial research as defined in the GBER and outlined below:

Experimental Development means “acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping,

⁶ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>.

demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements”.

Industrial Research means “the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation”.

The funding levels applied for must be consistent with the appropriate GBER aid intensity levels for projects involving knowledge dissemination as stated in Article 25 which are summarised in Table 1. Please note these are maximum spending levels and BEIS may decide to provide less than the maximum in order to strengthen leverage and value for money, depending on the specific project requirements.

Table 1: Maximum public funding for projects in the Competition

Research Category	Type & size of applicant	<u>Maximum</u> amount of public sector funding towards eligible Project Costs
Industrial Research - Single Company Application	Small enterprise	70%
	Medium enterprise	60%
	Large enterprise	50%
Industrial Research - Companies in Collaborations (i.e. consortium made up of either several businesses, including at least one SME; or business(es) and at least one research organisation) or sole applicants fulfilling dissemination requirements. Note: Certain conditions must be fulfilled for collaboration or to fulfil dissemination requirements (See section 5.4 and Article 25(6) of the Block Exemption ⁷)	Small enterprise	80%
	Medium enterprise	75%
	Large enterprise	65%
Experimental Development - Single Company Application	Small enterprise	45%
	Medium enterprise	35%
	Large enterprise	25%
Experimental Development - Companies in Collaborations (i.e. consortium made up of either several businesses, including at least one SME; or business(es) and at least one research organisation) or sole applicants fulfilling dissemination requirements. Note: Certain conditions must be fulfilled for collaboration or to fulfil dissemination requirements (See section 5.4 and Article 25(6) of the Block Exemption)	Small enterprise	60%
	Medium enterprise	50%
	Large enterprise	40%
Industrial Research or Experimental Development – Universities or Research Organisations in Collaborations (N.B. Universities or research organisations can only participate in this Competition as members of a project consortium)	Universities or research organisations (as defined in the GBER) <u>may</u> be entitled to receive full funding for their eligible project costs as long as they are not undertaking any economic activities in the project. University and research organisations should confirm the funding position with BEIS prior to application.	

⁷ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

Note: State Aid compliance is a legal requirement and the risk of non-compliance rests with the grant recipient⁸. It is therefore crucial that you address State Aid fully within the application, as any errors at this stage may result in BEIS being able only to offer a reduced level of funding or may require repayment of grant by applicants.

5.3 Public funding

When considering levels of aid intensity (described above in section 5.1), public funding includes the grant and all other funding from, or which is attributable to, other Government departments, UK public bodies⁹ or other Member States. Such funding includes grants or other subsidies made available by those bodies or their agents or intermediaries (such as grant funded bodies).

In applying to this Competition, you must state if you are applying for, or expect to receive, any funding for your project from public authorities (in the UK or in other Member States) or the EU or its agencies. Any other public funding will be cumulated with BEIS funding to ensure that the public funding limit and the aid intensity levels are not exceeded for the project.

Whilst BEIS will check the information provided to try and ensure that applicants meet the requirements of State Aid, applicants should establish that they fall within the state aid rules before submitting applications. BEIS requires applicants to notify them of any change to their situations or circumstances during the project.

If there is a breach of State Aid regulations, for whatever reason, the European Commission requires repayment of any grant received, including interest, above that which was due. In this situation applicants will be required to repay any funding received. It is also important to ensure that the total grant funding for the project from public sources (including from the European Commission) does not exceed the relevant permitted GBER aid intensity levels.

As part of the assessment process, the added value and additionality of public funding will be tested. Applicants will need to demonstrate why public funding is required to deliver this project.

5.4 Collaboration and Knowledge Dissemination

Under the GBER Article 25 regulation, additional public funding (up to 15%) can be awarded to participants in collaborative projects or participants meeting key dissemination requirements as long as they meet one of the following conditions:

⁸ The UK's rights and obligations of EU membership, including compliance with State aid rules, continue to apply until the UK's exit from the EU has been completed, including the transition period, and therefore for this competition.

⁹ <https://publicappointments.cabinetoffice.gov.uk/faq/>

“(i) the project involves effective collaboration:

— between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70% of the eligible costs, or

— between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results;

(ii) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.”

6. Deliverables

The main deliverable for each project supported in this Competition will be the development, construction and demonstration of an operational flexibility exchange prototype or pilot using a substantive number of real flexibility assets.

However, a key output from this Competition will be the dissemination and knowledge-sharing activities. Therefore, in addition to providing evidence of the physical, tangible and intangible assets of the operational flexibility exchange prototype, each project team must deliver the following outputs by the end of the project:

- an evidence-based final project report for BEIS (and other Government departments) detailing the design and development of the flexibility exchange system, demonstration and trials results, key successes, lessons learned, and next steps. BEIS will supply guidance for this project report;
- a version of the final project report which can be published;
- a programme of knowledge dissemination throughout the project and final evaluation reports of project activities;
- regular reporting to BEIS against trial metrics (see note on metrics below);
- a pathway for wider deployment of the proposed flexibility exchange approach on project completion, including identification of any further technical development or trials needed and any recommended policy, legislative or regulatory changes to enable wider deployment of the flexibility exchange.

Trial Metrics: The project teams will also be asked, as part of the project application process, to propose relevant trial metrics and to explain how they will procure the data for these metrics. The trial metrics will be agreed with BEIS before the trial starts. Examples of metrics to be included are:

- Number of participants;
- Participant satisfaction;
- Total value of market services provided;
- Net savings of market services provided vs conventional market services;
- kW of flexibility contracted, by product/service;
- Change in prices of flexibility product/services;
- Change in network utilisation;
- Flexibility service non-delivery rates;
- Breakdown of participation by technology;
- Carbon emissions relative to conventional market services.

7. Assessment Process and Criteria

7.1 Assessment Process

All applications will be considered initially against all the competition eligibility criteria (described in section 4) and then against the assessment areas outlined below which are based on the Competition’s objectives and the likelihood of effective project delivery.

To be eligible to receive funding, a project must score at least 40% against each criterion and a minimum total weighted score of 60%.

Applications will be assessed by at least three assessors (these will include BEIS assessors and independent assessors). A moderation meeting will be held at the end of the assessment process to agree the overall combined scores for each of the projects and to determine an overall ranking list which will be used by BEIS to allocate the funding for the Competition.

BEIS may allocate less than the total Competition budget depending on the quality of the applications.

The application form and these Guidance Notes are designed to inform you about the types of information you should provide to BEIS in order for your proposal to be assessed. For the avoidance of doubt, the individual questions listed under the headings below do not constitute formal assessment sub-criteria, but are an indication of the factors that will be taken into account in assessing each aspect of a proposal.

7.2 Assessment Criteria

Criterion 1	Energy system benefits, including facilitating access to flexibility markets
Weighting	40%
Guidance	<p>This criterion will look at the benefits for the energy system in Great Britain of implementing the proposed flexibility exchange approach, including the potential electricity system cost savings, potential impact on emissions reduction and potential impact on energy system security and resilience.</p> <p>The main mechanisms by which a flexibility exchange is likely to deliver these benefits are by:</p> <ul style="list-style-type: none"> - Broadening access to flexibility markets, thereby improving competition. - Facilitating price-driven co-ordination between the ESO, DNOs and other market actors. <p><i>Broadening access to flexibility markets</i></p>

Applicants should explain how their approach will facilitate technology-neutral participation in flexibility markets. In particular we will be looking for proposals which allow distribution-connected assets to compete on a level playing field with transmission-connected assets. Proposals should also set out how they will accommodate participation by a range of different technologies for flexibility provision including energy storage, demand-side response and renewable generation.

An effective marketplace would also minimise the administrative and technical burdens of participation in these markets as far as practicable. Applicants should set out how their proposals will facilitate engagement by smaller flexibility providers such as domestic prosumers, community groups and smaller commercial entities.

Wider market access is expected to lead to increased market competition (reducing network and system operation costs) and additional revenue streams to support investment in flexible technologies. Applicants should explain how their approach will ensure that these outcomes are realised.

Facilitating price-driven co-ordination

Applicants should explain how their approach will facilitate price-driven co-ordination between the ESO, participating DNO(s) and other market actors such as suppliers and aggregators. Effective marketplaces will allow price signals to establish the most cost-effective whole system actions where the needs of different flexibility buyers are not aligned, whilst ensuring that system security is maintained. Applicants should also set out how they intend to mitigate any risks their proposal could present to the energy system. These risks could be associated with market failure, or with security (e.g. cyber security.)

Energy system benefits

Proposals which successfully widen access to flexibility markets and facilitate price-driven co-ordination are expected to deliver the following benefits for the GB energy system:

- Electricity system cost savings - for example, from: deferred or avoided need for investment in network and generation capacity; improved allocative efficiency (including securing cost-effective efficiency improvements in generation technologies - both renewable or non-renewable); or reduced transaction costs.
- enabling increased deployment of intermittent or inflexible low carbon generation technologies.
- enabling increased security/resilience in the system, for example through encouraging new participants or increased participation in the GB energy market.

	Applicants will be asked to explain – with supporting evidence about the proposed performance of their flexibility exchange approach – how and when their approach will deliver these benefits.
Scoring	Highest marks will be awarded to the technologies and approaches expected to lead to the greatest overall benefits to the energy system in Great Britain.

Criterion 2	Innovation and dissemination
Weighting	15%
Guidance	<p>This criterion will assess the innovation of the proposed approach and the extent to which learning from the project and about the proposed flexibility exchange approach more broadly will be disseminated to key energy industry stakeholders in the UK. To assess this criterion, we will consider a number of factors, including, but not limited to:</p> <ul style="list-style-type: none"> • the level of innovation in the proposed flexibility exchange approach – applicants will be asked to compare their solution with other marketplace approaches and to explain the benefits of their approach, with respect to the expected aims, objectives and outputs for this Competition (outlined in Section 2 of these Guidance Notes); • the extent to which learning from the project will be shared; • the scale and scope of proposed dissemination and knowledge transfer activities.
Scoring	Highest marks will be awarded to innovative flexibility exchange approaches which offer benefits over other existing or planned approaches and to those projects which have clear dissemination and knowledge-transfer plans and suitable resources to deliver them.

Criterion 3	Project delivery, including trial operation
Weighting	30%
Guidance	<p>This criterion will assess the project team’s potential capacity and capability to develop, build and trial a successful flexibility exchange prototype. This will be assessed by looking at a range of factors, including:</p> <ul style="list-style-type: none"> • the capacity, experience and capability of the project team;

	<ul style="list-style-type: none"> • the scale and diversity of the proposed flexibility exchange trial, including the number and type of assets to be trialled and the level of diversity across the asset owners (e.g. proportion of small commercial or domestic consumers involved in the trial); • the completeness and quality of the proposed project delivery plans for the proposed flexibility exchange trial; • the appropriateness and realism of the project milestones and deliverables; • the project’s access to the necessary skills and facilities; • the quality of risk assessment and contingency planning, including consideration of health and safety and other regulatory requirements.
Scoring	<p>Highest marks will be awarded to applicants that have taken all reasonable steps to maximise the likelihood of successfully delivering the projects aims (whilst recognising the innate technical risk in any demonstration project). High scoring applications will, for example:</p> <ul style="list-style-type: none"> • present well thought-out, robust, credible, project plans; • show a realistic and robust approach to risk management; • have a strong delivery team with proven experience of successfully delivering comparable projects; • guarantee access to any necessary specialist facilities, operational knowledge and skills, or other resources required to execute the project; • provide evidence of robust plans to deliver a substantive and diverse trial, including a significant number and wide range of flexibility assets and asset owners; • show the strong commitment of all participating organisations; • not be heavily dependent for success on external factors beyond the project’s direct control.

Criterion 4	Project financing
Weighting	15%
Guidance	This criterion will assess the:

	<ul style="list-style-type: none"> • robustness of the proposed project costs – i.e. whether the proposed eligible project costs are realistic and justified in terms of the proposed project plans <u>and</u> sufficient to deliver the deliverables sought; • level of match funding which will be leveraged by the FleX Competition grant - i.e. the overall proportion of project costs to be funded by private sector match funding; • additionality of project – i.e. the extent to which this innovation would be taken forwards without public sector funding.
Scoring	<p>Highest marks will be awarded to projects that can demonstrate that the proposed FleX Competition contribution to the eligible project costs:</p> <ul style="list-style-type: none"> • will leverage more than the legal minimum level of match funding (as determined by the State Aid funding intensity limits); • will represent good use of the BEIS innovation funding by supporting projects whose costs are realistic and justified and are likely to secure the expected project aims and deliverables; • will represent good use of the BEIS innovation funding by supporting the development of innovative technologies and processes which would not otherwise be funded.

7.3 Scoring Guidance

We will select projects that offer the best value for money based on their assessment against the assessment criteria outlined in section 7.2. The projects will be scored against these assessment criteria using the following scoring guidance set out in Table 3. Each criterion will be scored out of 10. In order **to be eligible for funding, projects must score 40% against each criterion, with a minimum total weighted score of 60%.**

Table 3: Scoring Guidance

Score	Description
0	No Evidence: Proposal no evidence to address the question.
1	Not Satisfactory: Proposal contains significant shortcomings and does not meet the required standard. There is very little evidence that the question has been satisfactorily answered and major omissions are evident.
2	Partially Satisfactory: Proposal partially meets the required standard, with one or more moderate weaknesses or gaps. There is little evidence that the question has been satisfactorily answered and some omissions are evident. Much more clarification is needed.
3	Satisfactory: Proposal mostly meets the required standard, with one or more minor weaknesses or gaps. There is reasonable evidence that the question has been satisfactorily addressed but some omissions are still evident and further clarification is needed.
4	Good: Proposal meets the required standard, with moderate levels of assurance. The question has been well addressed with a good evidence base, with only minor omissions or lack of clarity.
5	Excellent: Proposal fully meets the required standard with high levels of assurance. There is clear evidence that the question has been completely addressed in all aspects, with question answered clearly, concisely with a strong, robust evidence base.

8. Project plans, finances and financial viability

Applicants are requested to provide a fixed price budget for the work. A detailed cost breakdown is required to enable assessment of value for money (see section 8.2).

Financial information should include costs for labour (including manpower rates), material and capital equipment costs, and any travel and subsistence requirements. Applicants are required to complete a detailed financial summary template (the Competition Finance Form) as part of the application process.

8.1 Project Plans

All projects must submit a project plan (Gantt chart, or equivalent) as part of their application; the plan must detail the project timeline, the various work packages and the project milestones and deliverables.

8.2 Project Costs

In addition to completing the Application Form, all applicants must complete the Competition Finance Form detailing their expected expenditure and spending profile for the project. This Finance Form can be downloaded from <https://www.gov.uk/guidance/energy-innovation> or requested from smart.innovation@beis.gov.uk.

During the assessment of applications, the project costs and plans that are submitted as part of the application process will be fully assessed along with the answers to the questions on the application form to ensure they are what might be reasonably expected.

The eligibility of all costs under State Aid rules and the financial viability of your organisation will be checked following the decision to select an applicant but before a formal offer is made. Being contacted for this information does not indicate either success or failure in the assessment process.

While BEIS understands that project costs are subject to change prior to agreeing a Grant Offer Letter and throughout the course of the project, we do expect the final version of the Competition Finance Form to be our guide to project expenditure so delivery and costs should not vary significantly from this without prior agreement of the Department.

8.3 Financial viability checks

BEIS will undertake financial viability checks on all successful applicants. These will include looking at the latest independently audited accounts filed on the Companies House database and confirming that companies do not meet the GBER definition of an 'undertaking in difficulty' (see Annex 3).

Where a business is not required to file accounts with Companies House, other financial information will be requested to enable an appropriate financial viability review to be undertaken. We will be looking for evidence of your ability to resource the project appropriately, so the information we request will be focused on understanding how your business operates in this respect.

If you are bidding as an existing company, then we will also review the submitted financial statements. Bidders that are assessed to be in financial distress will not be eligible. If you are bidding as a new project company, we will review letters of support from project partners / investors and may also review the financial statements of each partner.

Before your project starts, BEIS will ask for evidence that you have the funding mechanisms in place to manage your cash flow across the life of your project. This could include letters of credit or other such mechanisms. We do not expect you to have cash deposits to cover the entirety of your project at the start. However, if you do not complete your project due to cash flow problems that you could have anticipated and managed, we may request repayment of any grant already issued to you.

BEIS will not make payments in advance of need and typically makes grant payments in arrears on satisfactory completion of agreed milestones and outputs. BEIS understands, however, the difficulties which small businesses may face when financing this type of project. BEIS will explore cash flow issues with the applicant as part of developing the financial and milestone profile during the Grant Award process. BEIS will offer flexibility in terms of profiles and payments, within the confines of the requirements for use of public money within which it operates.

8.4 Grant Use

Grants provided will only cover eligible costs within the meaning of Article 25(3) of the General Block Exemption Regulation and as defined in Annex 2 (which includes additional lists of non-eligible costs).

Grant funding will be supplemented by private investment according to the required state aid funding intensities. The grant funding allocation is required to be used by March 2021. If delivery of the operational piloting, testing and validation are not completed by March 2021, private investment match funding can be retained to conduct these activities post March 2021.

9. Privacy

All Competition submissions will be reviewed by BEIS and appointed third parties.

9.1 How will the information you provide if applying to this Challenge be used?

The information provided when applying to this Competition will be used within BEIS, Ofgem and other central Government bodies in the UK to determine funding decisions on innovation projects.

9.2 Using your personal data

Personal information that you supply to us via the proposal will be used as documented immediately above. We will not disclose any information outside this remit unless required to do so by law.

See Annex 3, declaration 5 for the letter of consent, which must be completed and submitted in order for information to be shared and for applications to be assessed.

10. Notification and Publication of Results

10.1 Notification

Applicants will be informed by email whether their application has been successful, subject to compliance with the terms and conditions of the Conditional Grant Offer.

BEIS may wish to publicise the results of the scheme which may involve engagement with the media. At the end of the application and assessment process, BEIS may issue a press release or publish a notice on its website. These public documents may, for example, outline the overall results of competitions and describe some of the projects to be funded.

Confidentiality request: Some organisations may want their activities to remain confidential and you will be given a chance to opt out of any involvement in media relations activity and further case study coverage of projects, should you see this as being absolutely necessary. However, the public description of the project you provide in your application will be made available in the public domain if your application is successful, and you are not able to opt out of the project description being published. In addition, all funded projects must include reporting and dissemination milestones – agreed with BEIS - as part of their project deliverables.

Any organisation that wishes to publicise its project, at any stage, must contact the Competition Project Manager or their Project Monitoring Officer at BEIS before doing so.

10.2 Publication of results

In return for provision of funding and non-financial support during demonstration activities, BEIS expects to be able to use and share the results and outputs of the demonstration activities with other Government Departments, industry and other stakeholders to further understanding and progress technology development and deployment.

BEIS also wishes to publicise details of the award recipients. Therefore, on or after issuing a grant agreement, BEIS will publish the following information:

- Identity of the participant and its partners;
- Project summary information including aims and expected outcomes of the project and technology area;
- Total award value.

Following completion of the funded projects, BEIS will publish on its website a summary of the funded activities and the outcomes achieved. This will include a final summary report from each project detailing technical approach, key achievements and recommendations. BEIS may also revisit projects at a later date and publish an evaluation report for the scheme as a whole.

BEIS however recognise the need to maintain confidentiality of commercially sensitive information. BEIS will consult applicants regarding the nature of information to be published, in order to protect commercially sensitive information.

11. Reporting, Knowledge Sharing, Evaluation and Intellectual Property Requirements

11.1 Reporting, Knowledge Sharing & Evaluation Requirements

There will be a number of reporting requirements on project teams during the course of the project, including after the final payment milestone:

- **Reporting:** to track project progress, ongoing compliance with State aid rules and financial forecasting and to ensure that payments are made according to a schedule of milestones to be agreed with selected projects. This reporting will be in confidence to BEIS and its technical advisers and will not be published. Any changes to schedules or project plans will need to be discussed and agreed with BEIS and applicants should expect significant interaction with the team during the project;
- **Evaluation of the scheme:** successful applicants will be expected to co-operate with BEIS in an evaluation of the scheme during and after final grant payments, to assess the impact of the scheme including value for money;
- **Knowledge sharing:** effective dissemination and knowledge sharing are important requirements in this Competition – and applicants will be assessed on the scope and scale of their proposed knowledge sharing activities.

The Grant Recipient shall achieve the agreed milestones in the Grant Agreement or Grant Offer Letter and deliver progress against the following key performance indicators and the detailed Evaluation Plan.

KPIs measured annually:
These KPIs are taken from the Portfolio Menu Suite of KPI Performance Metrics for the BEIS Energy Innovation Programme. BEIS will provide detailed guidance on the definition and application of the KPIs for this Competition. The KPIs include but may not be limited to:
KPI 4: Number of new business relationships and collaborations.
KPI 5: Advancement of low carbon solutions
KPI 6i: Financial leverage
KPI 6ii: Follow-on/potential financial leverage
KPI 7i: Reduced energy costs
KPI 7ii: Potential reduced energy costs
KPI 8: Number of products (and potentially services) sold in UK and overseas
KPI 9: Potential CO ₂ emissions savings

11.2 Intellectual Property

Suppliers will retain the intellectual property generated from the project, and will be expected to identify and protect patentable knowledge within 3 years of its creation. Costs associated with securing intellectual property arising from or associated with this project are not eligible for reimbursement and cannot be included within the agreement price.

The proposed arrangements for intellectual property rights and exploitation of IPR are set out in the example agreement terms and conditions for this Competition in Annex 4 of these Guidance Notes.

11.3 Ownership of Demonstration Devices

Both during and after the project, the chosen suppliers (project teams) will retain responsibility and ownership for the technologies and related equipment developed and used during the delivery of the grant agreement.

12. Feedback, re-application and right of appeal

A short summary of key feedback regarding the applications will be provided to all applicants, this feedback will be based on the comments of the project assessors (both BEIS officials and external technical assessors, if used). No additional feedback will be provided and there will be no further discussion on the application.

The feedback from the assessors is intended to be constructive. Feedback comments are not a check list of points which must be answered or argued in a resubmitted application as the assessors may be different and it is your decision as to whether you act on the suggestions made.

13. Confidentiality and Freedom of Information

Where any request is made to BEIS under the Freedom of Information Act 2000 (“FOIA”) for the release of information relating to any project or applicant, which would otherwise be reasonably regarded as confidential information, then BEIS will notify you of the request as soon as we become aware of it. An applicant must acknowledge that any lists or schedules provided by it outlining information it deems confidential or commercially sensitive are of indicative value only and that BEIS may nevertheless be obliged to disclose information which the applicant considers confidential.

As part of the application process all applicants are asked to submit a public description of the project. This should be a public facing form of words that adequately describes the project but that does not disclose any information that may impact on Intellectual Property (IP), is confidential or commercially sensitive. The titles of successful projects, names of organisations, amounts awarded and the description of the project may be published once the award is confirmed as final.

All assessors used during the assessment of applications will be subject to a confidentiality agreement.

14. Further Instructions to Bidders

The Department reserves the right to amend the enclosed Competition documents at any time prior to the deadline for receipt of proposals. Any such amendment will be numbered, dated and issued on the website (<https://www.gov.uk/guidance/funding-for-innovative-smart-energy-systems>). Where amendments are significant, the Department may at its discretion extend the deadline for receipt of proposals.

The Department reserves the right to withdraw this opportunity without notice and will not be liable for any costs incurred by bidders during any stage of the process. Bidders should also note that, in the event a proposal is considered to be fundamentally unacceptable on a key issue, regardless of its other merits, that proposal may be rejected. By issuing this Competition document, the Department is not bound in any way and does not have to accept the lowest or any proposal and reserves the right to accept a portion of any proposal unless the bidder expressly stipulates otherwise in their proposal.

Annex 1 – Technology Readiness Levels (TRLs)

Technology Readiness Levels are an indication of the maturity stage of development of particular technology on its way to being developed for a particular application or product. The table below provides a definition of Technology Readiness Levels 1 to 9.

TRL 1 – Basic Research	Scientific research begins to be translated into applied research and development.
TRL 2 – Applied Research	Basic physical principles are observed, practical applications of those characteristics can be 'invented' or identified. At this level, the application is still speculative: there is not experimental proof or detailed analysis to support the conjecture.
Applied research and development	
TRL 3 – Critical Function or Proof of Concept Established	Active research and development is initiated. This includes analytical studies and laboratory studies to physically validate analytical predictions of separate elements of the technology. Examples include components that are not yet integrated or representative.
TRL 4 – Laboratory Testing/Validation of Component(s)/Process(es)	Basic technological components are integrated - Basic technological components are integrated to establish that the pieces will work together.
TRL 5 – Laboratory Testing of Integrated/Semi-Integrated System	The basic technological components are integrated with reasonably realistic supporting elements so it can be tested in a simulated environment.
Demonstration	
TRL 6 – Prototype System Verified	Representative model or prototype system, is tested in a relevant environment.
TRL 7 – Integrated Pilot System Demonstrated	Prototype near or at planned operational system, requiring demonstration of an actual system prototype in an operational environment.
Pre-commercial deployment	
TRL 8 – System Incorporated in Commercial Design	Technology is proven to work - Actual technology completed and qualified through test and demonstration.
TRL 9 – System Proven and Ready for Full Commercial Deployment	Actual application of technology is in its final form - Technology proven through successful operations.

Annex 2 – Eligible Costs

General Requirements

Timing: In addition to the requirements of the EU General Block Exemption Regulation, BEIS will only provide the grant to cover eligible costs incurred and defrayed in the period between acceptance of the BEIS grant or the project start date specified in the grant offer letter and the deadline specified in the grant offer letter for completion of the project.

Who can incur eligible costs: The definition of eligible costs includes the applicant's own costs, eligible costs incurred by consortium members and eligible costs incurred by companies sub-contracted to the applicant or consortium members as defined in the application or subsequent agreements between the successful applicant and BEIS.

Use of contractors: BEIS would not normally expect to see contractors in key posts, e.g. CEO, FD, etc within the applicant company or consortium members. Exceptionally, where BEIS is willing to fund a project which includes contractors in key posts, the day rate attributable to the project must be agreed with BEIS at the outset and cannot be varied without written agreement.

Non-sterling costs: Costs must be denominated in GB pounds. If relevant, applicants should indicate where conversion has been made to GB pounds from other currencies and indicate the conversion rate and assumptions used.

List of Eligible Costs

Under Article 25(3) of the EU General Block Exemption Regulation¹⁰, eligible costs are defined as the following:

- a) Personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;
- b) Costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;
- c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are

¹⁰ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible;

- d) Costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- e) Additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project.

List of Non-eligible Costs

The following costs must be excluded from Eligible Expenditure:

- I. Payment that supports for lobbying or activity intended to influence or attempt to influence Parliament, Government or political parties, or attempting to influence the awarding or renewal of contracts and grants, or attempting to influence legislative or regulatory action;
- II. Using grant funding to petition for additional funding;
- III. Input VAT reclaimable by the Grant Recipient from HMRC; and
- IV. Payments for activities of a political or exclusively religious nature.
- V. Goods or services that the Grant Recipient has a statutory duty to provide;
- VI. Payments reimbursed or to be reimbursed by other public or private sector grants
- VII. Contributions in kind (i.e. a contribution in goods or services, as opposed to money);
- VIII. Depreciation, amortisation or impairment of fixed assets owned by the Grant Recipient beyond the extent and period for which they are used for the Grant Funded Activities;
- IX. The acquisition or improvement of fixed assets by the Grant Recipient (unless the grant is explicitly for capital use – this will be stipulated in the Grant Offer Letter);
- X. Interest payments (including service charge payments for finance leases);
- XI. Gifts to individuals other than promotional items with a value of no more than £10 a year to any one individual;

- XII. Entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
- XIII. Statutory fines, criminal fines or penalties; or
- XIV. Liabilities incurred before the issue of this funding agreement unless agreed in writing by the Funder.

Annex 3 – Undertaking in Difficulty Definition

The definition of an 'undertaking in difficulty' set out below is taken from the General Block Exemption Regulation 2014¹¹:

“(18) 'undertaking in difficulty' means an undertaking in respect of which at least one of the following circumstances occurs:

(a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.

(b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.

(c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

(d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

(e) In the case of an undertaking that is not an SME, where, for the past two years:

- (1) the undertaking's book debt to equity ratio has been greater than 7,5 and
- (2) the undertaking's EBITDA interest coverage ratio has been below 1,0.

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014R0651-20170710&from=EN>

Annex 4 – Declarations

Declaration 1: Statement of non-collusion

To: The Department for Business, Energy and Industrial Strategy

1. We recognise that the essence of competition is that the Department will receive a bona fide competitive proposal from all persons bidding. We therefore certify that this is a bona fide proposal and that we have not fixed or adjusted the amount of the proposal or our rates and prices included therein by or in accordance with any agreement or arrangement with any other person.

2. We also certify that we have not done and undertake not to do at any time before the hour and date specified for the return of this proposal any of the following acts:

- (a) communicate to any person other than the Department the amount or approximate amount of our proposed bid, except where the disclosure, in confidence, of the approximate amount is necessary to obtain any insurance premium quotation required for the preparation of the bid;
- (b) enter into any agreement or arrangement with any other person that he shall refrain for submitting a bid or as to the amount included in the bid;
- (c) offer or pay or give or agree to pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person doing or having done or causing or having caused to be done, in relation to any other actual or proposed bid for the competition, any act, omission or thing of the kind described above.

3. In this certificate, the word “person” shall include any person, body or association, corporate or unincorporated; and “any agreement or arrangement” includes any such information, formal or informal, whether legally binding or not.

.....
Signature (duly authorised on behalf of the bidder)

.....
Print name

.....
On behalf of (organisation name)

.....
Date

Declaration 2: Form of Bid

To: The Department for Business, Energy and Industrial Strategy

1. Having considered the grant funding opportunity and all accompanying documents (including without limitation, the terms and conditions of the grant opportunity and the Specification) we confirm that we are fully satisfied as to our experience and ability to deliver the goods/services in all respects in accordance with the requirements of this competition.
2. We hereby bid and undertake to provide and complete all the services required to be performed in accordance with the terms and conditions of the agreement and for the amount set out in the Application Form.
3. We agree that any insertion by us of any conditions qualifying this grant proposal or any unauthorised alteration to any of the terms and conditions of the grant agreement made by us may result in the rejection of this bid.
4. We agree that this proposal shall remain open to be accepted by the Department for 8 weeks from the date below.
5. We understand that if we are a subsidiary (within the meaning of section 1159 of (and schedule 6 to) the Companies Act 2006) if requested by the Department we may be required to secure a Deed of Guarantee in favour of the Department from our holding company or ultimate holding company, as determined by the Department in their discretion.
6. We understand that the Department is not bound to accept the lowest or any proposal it may receive.
7. We certify that this is a bona fide proposal.

.....
Signature (duly authorised on behalf of the bidder)

.....
Print name

.....
On behalf of (organisation name)

.....
Date

Declaration 3: Conflict of Interest

I have nothing to declare with respect to any current or potential interest or conflict in relation to this project (or any potential providers who may be subcontracted to deliver this work, their advisers or other related parties). By conflict of interest, I mean, anything which could be reasonably perceived to affect the impartiality of this project, or to indicate a professional or personal interest in the outcomes from this project.

Signed

Name

Position

OR

I wish to declare the following with respect to personal or professional interests related to relevant organisations*;

- X
- X

Where a potential conflict of interest has been declared for an individual or organisation within a consortium, please clearly outline the role which this individual or organisation will play in the proposed project and how any conflict of interest has or will be mitigated.

- X
- X

Signed

Name

Position

Please complete this form and return this with your proposal documentation - Nil returns **are** required.

* These may include (but are not restricted to);

- A professional or personal interest in the outcome of this project

- For evaluation projects, a close working, governance, or commercial involvement in the project under evaluation
- Current or past employment with relevant organisations
- Payment (cash or other) received or likely to be received from relevant organisations for goods or services provided (Including consulting or advisory fees)
- Gifts or entertainment received from relevant organisations
- Shareholdings (excluding those within unit trusts, pension funds etc.) in relevant organisations
- Close personal relationship or friendships with individuals employed by or otherwise closely associated with relevant organisations

All of the above apply both to the individual signing this form and their close family / friends / partners etc.

If your situation changes during the project in terms of interests or conflicts, you must notify BEIS straight away.

A DECLARATION OF INTEREST WILL NOT NECESSARILY MEAN THE INDIVIDUAL OR ORGANISATION CANNOT WORK ON THE PROJECT; BUT IT IS VITAL THAT ANY INTEREST OR CONFLICT IS DECLARED SO IT CAN BE CONSIDERED OPENLY.

Declaration 4: The General Data Protection Regulation Assurance Questionnaire for Bidders



Department for
Business, Energy
& Industrial Strategy

The General Data Protection Regulation Assurance Questionnaire

Name of Organisation:	
Name:	
Position:	
Email:	

Declaration:

Select

I certify that this questionnaire has been completed accurately on behalf of the organisation.

Documentation: Information you hold	Select	Status
Your business has conducted an information audit to map data flows.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable
Your business has documented what personal data you hold, where it came from, who you share it with, and what you do with it.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable
NOTE: You may be required to make these records available to the Information Commissioner's Office (ICO) on request.		

Accountability & Governance	Select	Status
Your business has an appropriate data protection policy		Not yet implemented or planned to be implemented
		Partially implemented

		Successfully implemented
		Not applicable

Data Protection Officer (DPO)	Select	Status
Your business has nominated a data protection lead or Data Protection Officer (DPO).		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Management Responsibility	Select	Status
Decision makers and key people in your business demonstrate support for data protection legislation and promote a positive culture of data protection compliance across the business.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Information Risks & Data Protection Impact Assessments	Select	Status
Your business manages information risks in a structured way so that management understands the business impact of personal data related risks and manages them effectively.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Data Protection by Design	Select	Status
Your business has implemented appropriate technical and organisational measures to show you have considered and integrated data protection into your processing activities.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Training & Awareness	Select	Status
Your business provides data protection awareness training for all staff.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented

		Not applicable
--	--	----------------

The use of Sub-Processors	Select	Status
Your business has sought prior written authorisation from BEIS before engaging the services of a sub-processor.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Operational Base	Select	Status
If your business operates outside the EU, you have appointed a representative within the EU in writing.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Breach Notification	Select	Status
Your business has effective processes to identify, report, manage and resolve any personal data breaches. BEIS must be notified within 48 hours about any breaches involving personal data being processed on our behalf.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Individual Rights: Right of Access	Select	Status
Your business has a process to respond to a data controllers request for information (following an individuals' request to access their personal data).		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Right to Rectification & Data Quality	Select	Status
Your business has processes to ensure that the personal data you hold remains accurate and up to date		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Right to Erasure including Retention & Disposal	Select	Status
Your business has a process to routinely and securely dispose of personal data that is no longer required in line with agreed timescales as stated within your contract with BEIS.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Right to Restrict Processing	Select	Status
Your business has procedures to respond to a data controllers' request to suppress the processing of specific personal data.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Right of Data Portability	Select	Status
Your business can respond to a request from the data controller for the supply of the personal data you process in an electronic format.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Data Security: Security Policy	Select	Status
Your business has an information security policy supported by appropriate security measures.		Not yet implemented or planned to be implemented
		Partially implemented
		Successfully implemented
		Not applicable

Declaration 5: Consent for Information Sharing

By submitting a proposal, you agree to the information provided in your application, including personal data, being used as described in the Privacy Section of the FleX Competition Guidance, and as indicated in this form.

Do you agree that the UK Department for Business, Energy & Industrial Strategy (BEIS) may access the information included in this document [required for consideration in the Competition]:

YES ____

Do you agree that the UK Department for Business, Energy & Industrial Strategy (BEIS) may share any information provided for the purposes of the FleX Competition with other funding entities of the:

- Government of the United Kingdom
- Provincial, territorial, or municipal governments

YES ____

Full Name:

Address: _____

Signature: _____

Date: _____

Please complete and attach this form to your submission in order for information to be shared.

Annex 5 – Example Grant Funding Agreement and Grant Funding Letter

Annex 5.1 – Example Grant Funding Agreement

BEIS proposes to use its Template Grant Agreement as the basis of the agreement for the Demonstration Projects for this Competition; the current Terms and Conditions for the grant agreement are attached below for information.

Illustrative Grant Funding Agreement:

This Grant Funding Agreement is made on [insert date of signature]

Between:

- (1) **Department for Business, Energy and Industrial Strategy**, whose principal address is at 1 Victoria Street, London, SW1H 0ET, United Kingdom (the “**Authority**”)
- (2) [INSERT THE NAME OF THE GRANT RECIPIENT], [RELEVANT DETAILS OF LEGAL STRUCTURE] whose principal address is at [ADDRESS] (the “**Grant Recipient**”).

In relation to:

Project Name:

Project Number:

BACKGROUND

- A. The Grant is made pursuant to section 5 of the Science and Technology Act 1965. If the payment of the Grant is subject to the satisfaction of conditions, those conditions precedent and the date for satisfaction are set out in the Grant Funding Letter.
- B. The Authority ran a competition for grant applications in respect of [name of Competition]
- C. The Grant Recipient was successful under that competition and the Authority awarded it a grant to deliver []
- D. The Authority will provide the Grant to the Grant Recipient as provided for in this Grant Funding Agreement; and

E. The Grant Recipient will use the Grant for the Funded Activities

1. INTRODUCTION

- 1.1. This Grant Funding Agreement sets out the conditions which apply to the Grant Recipient receiving the Grant from the Authority up to the Maximum Sum.
- 1.2. The Authority and the Grant Recipient have agreed that the Authority will provide the Grant up to the Maximum Sum as long as the Grant Recipient uses the Grant in accordance with this Grant Funding Agreement.
- 1.3. The Authority makes the Grant to the Grant Recipient on the basis of the Grant Recipient's grant application a copy of which is attached at Annex 1 Part B for the provision of [the purpose of the grant].
- 1.4. The Parties confirm that it is their intention to be legally bound by this Grant Funding Agreement.

2. DEFINITIONS AND INTERPRETATION

- 2.1. Where they appear in these Conditions:

Annex means the annexes attached to these Conditions which form part of the Funding Agreement;

Asset means any assets that are to be purchased or developed using the Grant including equipment or any other assets which may be a Fixed Asset or Major Asset as appropriate in the relevant context, and **Assets** will be construed accordingly;

Asset Owning Period means the period during which the Assets are recorded as Assets in Grant Recipient's accounts;

Authority Personal Data means any Personal Data supplied for the purposes of, or in connection with, the Funding Agreement by the Authority to the Grant Recipient;

Bribery Act means the Bribery Act 2010 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning this legislation;

Capital Grants means the sum or sums of money provided by an grant making body to the a grant recipient for items such as buildings, equipment, land or machinery;

Commencement Date means the date on which the Funding Agreement comes into effect, being the [**Insert commencement date**];

Confidential Information means any information (however conveyed, recorded or preserved) disclosed by a Party or its personnel to another Party (and/or that Party's personnel) whether before or after the date of the Funding Agreement, including but not limited to:

- (a) any information that ought reasonably to be considered to be confidential (whether or not it is so marked) relating to:
 - (i) the business, affairs, customers, clients, suppliers or plans of the disclosing Party; and
 - (ii) the operations, processes, product information, know-how, designs, trade secrets or software of the disclosing Party; and
- (b) any information developed by the Parties in the course of delivering the Funded Activities;
- (c) the Authority Personal Data;
- (d) any information derived from any of the above.

Confidential Information shall not include information which:

- (a) was public knowledge at the time of disclosure (otherwise than by breach of paragraph 11 of these Conditions);
- (b) was in the possession of the receiving Party, without restriction as to its disclosure, before receiving it from the disclosing Party;
- (c) is received from a Third Party (who lawfully acquired it) without restriction as to its disclosure; or
- (d) is independently developed without access to the Confidential Information.”

Contracting Authority means any contracting authority (other than the Authority) as defined in regulation 3 of the Public Contracts Regulations 2015 (as amended);

Controller and Processor take the meaning given in the GDPR;

Change of Control means the sale of all or substantially all the assets of a Party; any merger, consolidation or acquisition of a party with, by or into another corporation, entity or person, or any change in the ownership of more than fifty percent (50%) of the voting capital stock of a party in one or more related transaction.

Crown Body means the government of the United Kingdom (including the Northern Ireland Assembly and Executive Committee, the Scottish Executive and the National Assembly for Wales), including, but not limited to, government ministers and government departments and particular bodies, persons, commissions or agencies from time to time carrying out functions on its behalf;

Disposal means the disposal, sale, transfer of the Grant or any interest in any Asset and includes any contract for disposal;

Data Protection Legislation means (i) the GDPR, and any applicable national implementing Law as amended from time to time (ii) the Data Protection Act 2018 to the extent that it relates

to the processing of Personal Data and privacy (iii) all applicable Law about the processing of Personal Data and privacy;

DPA 2018 means the Data Protection Act 2018;

Domestic Law means an applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, judgment of a relevant court of law, or directives or requirements of any regulatory body, delegated or subordinate legislation which replaces EU law as a consequence of the UK leaving the European Union;

Domestic Successor means:

- (a) a body that takes over the functions of the EU Commission in the UK on the date the UK withdraws from the European Union; or
- (b) the relevant courts in England which take over the functions of the Court of Justice of the European Union in England on the date the UK withdraws from the European Union

Duplicate Funding means funding provided by a Third Party to the Grant Recipient which is for the same purpose as the Grant, but has not been declared to the Authority;

Eligibility Criteria mean the Authority's selection criteria used to determine who should be grant recipients including the Grant Recipient;

Eligible Expenditure means the payments made by the Grant Recipient during the Funding Period for the purposes of delivering the Funded Activities which comply in all respects with the eligibility rules set out in paragraph 5 of these Conditions;

EIR means the Environmental Information Regulations 2004;

Event of Default means an event or circumstance as defined by paragraph 25.3;

Financial Year means from 1 April to 31 March;

Fixed Assets means any Asset which consists of land, buildings, plant and equipment acquired, developed, enhanced, constructed in connection with the Funded Activities;

FOIA means the Freedom of Information Act 2000 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation;

Funded Activities means the activities set out in Annex 2 of these Conditions;

Funding Period means the period for which the Grant is awarded starting on the Commencement Date and ending on 31 March 2021;

General Data Protection Regulations and GDPR means (Regulation (EU) 2016/679);

Grant means the sum or sums the Authority will pay to the Grant Recipient in accordance with paragraph 4 of these Conditions and subject to the provisions set out at paragraph 25.

Grant Claim means the payment request **claim form** submitted by the Grant Recipient to the Authority for payment of the Grant;

Grant Funding Agreement means these Conditions together with its annexes and schedules including but not limited to the Annex 1 Grant Funding Letter;

Grant Funding Letter means the letter the Authority issued to the Grant Recipient dated [], a copy of which is set out in Annex 1;

Grant Manager means the individual who has been nominated by the Authority to be the single point of contact for the Grant Recipient in relation to the Grant;

Grant Term means the period in which the Funded Activities will be completed starting on the Commencement Date and ending on 31 December 2021;

HRA means the Human Rights Act 1998 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation;

Ineligible Expenditure means expenditure which is not Eligible Expenditure and as set out in paragraph 5 of these Conditions;

Information Acts means the Data Protection Legislation, FOIA and the EIR, as amended from time to time;

Intellectual Property Rights or IPRs means copyright, rights related to or affording protection similar to copyright, rights in databases, patents and rights in inventions semi-conductor topography rights, trade marks, rights in internet domain names and website addresses and other rights in trade names, designs, know-how, trade secrets and any modifications, amendments, updates and new releases of the same and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;

IPR Material means all material produced by the Grant Recipient or its Representatives during the Grant Term (including but not limited to, materials expressed in any form of report, database, design, document, technology, information, know how, system or process);

Instalment Period means the milestone delivery dates set out in Annex 3 when the Authority will release payment of the Grant to the Grant Recipient during the Funding Period;

Joint Controllers means where two or more Controllers jointly determine the purposes and means of processing;

KPIs means the Key Performance Indicators set out in Annex 6 of this Agreement;

Law mean any applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, judgment of a relevant court of law, or directives or requirements of any regulatory body, delegated or subordinate legislation;

Losses means all losses, liabilities, damages, costs, expenses (including legal fees), disbursements, costs of investigation, litigation, settlement, judgment, interest and penalties whether arising in contract, tort (including negligence), breach of statutory duty, misrepresentation or otherwise and **Loss** will be interpreted accordingly;

Major Asset means an Asset being used for the Funded Activities which is not a Fixed Asset but has a value as at the date of this funding Agreement of at least £ 10,000;

Match Funding means any contribution to the Funded Activities from a Third Party to the Grant Recipient to meet the balance of the Eligible Expenditure not supported by the Grant;

Maximum Sum means the maximum amount of the Grant the Authority will provide to the Grant Recipient for the Funded Activities subject to paragraph 25;

Milestone means the milestones set out in Annex 4 (including such amendments as are agreed in writing between the Parties);

Party means the Authority or Grant Recipient and **Parties** shall be each Party together;

Personal Data has the meaning given to it in the Data Protection Legislation as amended from time to time;

Procurement Regulations means the Public Contracts Regulations 2015, Concession Contracts Regulations 2016, Defence Security Public Contracts Regulations 2011 and the Utilities and Contracts Regulations 2016 together with their amendments, updates and replacements from time to time;

Prohibited Act means:

- (a) directly or indirectly offering, giving or agreeing to give to any servant of the Authority or the Crown any gift or consideration of any kind as an inducement or reward for:
 - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of the Funding Agreement; or

- (ii) showing or not showing favour or disfavour to any person in relation to the Funding Agreement;
- (b) committing any offence:
 - (iii) under the Bribery Act;
 - (iv) under legislation creating offences in respect of fraudulent acts; or
 - (v) at common law in respect of fraudulent acts in relation to the Funding Agreement; or
- (c) defrauding or attempting to defraud or conspiring to defraud the Authority or the Crown;

Remedial Action Plan means the plan of action submitted by the Grant Recipient to the Authority following an Event of Default pursuant to the Rectification Plan process set out in paragraphs 25.6 to 25.11;

Representatives means any of the Parties' duly authorised directors, employees, officers, agents, professional advisors and consultants;

Special Payments means ex gratia expenditure **by the Grant Recipient to a third party** where no legal obligations exists for the payment and/or other extra-contractual expenditure. Special Payments may include, but is not limited to, out-of-court settlements, compensation or additional severance payments to the Grant Recipient's employees;

State Aid Law means the law embodied in Article 107- 109 of section 2, Title VII of the Common Rules on Competition, Taxation and Approximation of Laws – Consolidated Versions of the Treaty on European Union and the Treaty for the Functioning of the European Union or any Domestic Law which replaces such State Aid Law following the UK's exit from the European Union;

Third Party means any person or organisation other than the Grant Recipient or the Authority;

Unspent Monies means any monies paid to the Grant Recipient in advance of its Eligible Expenditure, which remains unspent and uncommitted at the end of the Financial Year, the Funding Period or because of termination or breach of these Conditions;

VAT means value added tax chargeable in the UK;

Working Day means any day from Monday to Friday (inclusive) which is not specified or proclaimed as a bank holiday in England and Wales pursuant to section 1 of the Banking and Financial Dealings Act 1971 including Christmas Day and Good Friday.

2.2. In these Conditions, unless the context otherwise requires:

2.2.1. the singular includes the plural and vice versa;

2.2.2. reference to a gender includes the other gender and the neuter;

2.2.3. references to a person include an individual, company, body corporate, corporation, unincorporated association, firm, partnership or other legal entity or Crown Body;

2.2.4. a reference to any Law includes a reference to that Law as amended, extended, consolidated or re-enacted from time to time;

- 2.2.5. the words "including", "other", "in particular", "for example" and similar words will not limit the generality of the preceding words and will be construed as if they were immediately followed by the words "without limitation";
- 2.2.6. references to "writing" include typing, printing, lithography, photography, display on a screen, electronic and facsimile transmission and other modes of representing or reproducing words in a visible form, and expressions referring to writing will be construed accordingly;
- 2.2.7. references to "representations" will be construed as references to present facts, to "warranties" as references to present and future facts and to "undertakings" as references to obligations under the Grant Funding Agreement;
- 2.2.8. references to "paragraphs" and "Annexes" are, unless otherwise provided, references to the paragraphs and annexes of these Conditions and references in any Annex to parts, paragraphs and tables are, unless otherwise provided, references to the parts, paragraphs and tables of the Annex in which these references appear; and
- 2.2.9. the headings in these Conditions are for ease of reference only and will not affect the interpretation or construction of these Conditions.

2.3. Where there is any conflict between the documents that make up this Grant Funding Agreement the conflict shall be resolved in accordance with the following order of precedence:

- 2.3.1. the Conditions set out within this Grant Funding Agreement;
- 2.3.2. Schedule 1 – The Authority's Grant Award Letter;

CONDITIONS

3. DURATION AND PURPOSE OF THE GRANT

- 3.1. The Grant Term starts on [] (the **Commencement Date**) and ends on 31 December 2021 unless terminated earlier in accordance with this Grant Funding Agreement.
- 3.2. The Grant Recipient will ensure that the Funded Activities start on [xx Month 20xx] but where this has not been possible, that they start no later than 3 months after the Commencement Date.
- 3.3. The Grant Recipient shall use the Grant solely for the delivery of the Funded Activities. The Grant Recipient may not make any changes to the Funded Activities.
- 3.4. If the Authority wants to make a change to the Funded Activities (including for example reducing the Grant or removing some of the Funded Activities from the Grant) it may do so on one calendar month written notice to the Grant Recipient.

4. PAYMENT OF GRANT

- 4.1. Subject to the remainder of this paragraph 4 the Authority shall pay the Grant Recipient an amount not exceeding **[total Grant amount in words and pound sterling]**. The Authority shall pay the Grant in pound sterling (GBP) and into a bank located in the UK.
- 4.2. The Grant Recipient must complete and sign the Confirmation of Bank Details and Signatories (Annex 4) as part of their acceptance of the Grant. No payment can be made in advance of receipt of a correctly completed and signed form.
- 4.3. The signatory must be the CFO or someone with proper delegated authority. Any change of bank details must be notified immediately on the same form, signed by an approved signatory. Any change of signatory must be notified to the Authority for approval, as soon as known.
- 4.4. The Grant represents the Maximum Sum the Authority will pay to the Grant Recipient under the Funding Agreement. The Maximum Sum will not be increased in the event of any overspend by the Grant Recipient in its delivery of the Funded Activities.
- 4.5. The Authority will only pay the Grant to the Grant Recipient in respect of Eligible Expenditure incurred by the Grant Recipient to deliver the Funded Activities. The Authority will not pay the Grant until it is satisfied that the Grant Recipient has paid for the Funded Activities set out in the relevant Milestone in full and the relevant Funded Activities have been delivered on the relevant Milestone delivery date set out in Annex 6.
- 4.6. The Grant Recipient will provide the Authority with evidence of the costs/payments, which are classified as Eligible Expenditure in paragraph 5.2, which may include (but will not be limited to) receipts and invoices or any other documentary evidence specified by the Authority.
- 4.7. The Grant Recipient shall declare to the Authority any Match Funding which been approved or received, before the Commencement Date. If the Grant Recipient intends to apply for, is offered or receives any further Match Funding during the Grant Term, the Grant Recipient shall notify the Authority before accepting or using any such Match Funding. On notifying the Authority of the Match Funding the Grant Recipient shall confirm the amount, purpose and source of the Match Funding and the Authority shall confirm whether it is agreeable to the Grant Recipient accepting the Match Funding. If the Authority does not agree to the use of Match Funding the Authority shall be entitled to terminate the Grant Funding Agreement in accordance with paragraph 0 and where applicable, require all or part of the Grant to be repaid.
- 4.8. Where the use of Match Funding is permitted the Grant Recipient shall set out any Match Funding it receives in the format required by Annex 3 and send that to the Authority. This is so the Authority knows the total funding the Grant Recipient has received for the Funded Activities.
- 4.9. The Grant Recipient agrees that:
 - 4.9.1. it will not apply for or obtain Duplicate Funding in respect of any part of the Funded Activities which have been paid for in full using the Grant;
 - 4.9.2. the Authority may refer it to the police should it dishonestly and intentionally obtain Duplicate Funding for the Funded Activities;
 - 4.9.3. The Authority will not make the first payment of the Grant and/or any subsequent payments of the Grant unless or until, the Authority is satisfied that:
 - 4.9.3.1. The Grant Recipient will use the Grant payment for Eligible Expenditure only; and

4.9.3.2.if applicable, any previous Grant payments have been used for the Funded Activities or, where there are Unspent Monies, have been repaid to the Authority.

- 4.10. The Grant Recipient shall submit the Grant Claim by **the tenth** Working Day following the end of the relevant Instalment Period, together with a copy of Annex 5 of these Conditions (Eligible Expenditure) and any other documentation as prescribed by the Authority, from time to time.
- 4.11. Unless otherwise stated in these Conditions, payment of the Grant will be made within 30 days of the Authority approving the Grant Recipient's Grant Claim.
- 4.12. The Authority will have no liability to the Grant Recipient for any Losses caused by a delay in the payment of a Grant Claim howsoever arising.
- 4.13. The Authority reserves the right not to pay any Grant Claims not submitted within the period set out in paragraph 4.10 or Grant Claims which are incomplete, incorrect or submitted without the full supporting documentation.
- 4.14. The Grant Recipient shall promptly notify and repay immediately to the Authority any money incorrectly paid to it either as a result of an administrative error or otherwise. This includes (without limitation) situations where the Grant Recipient is paid in error before it has complied with its obligations under the Grant Funding Agreement. Any sum, which falls due under this paragraph 4.14, shall fall due immediately. If the Grant Recipient fails to repay the due sum within 30 working days the sum will be recoverable summarily as a civil debt.
- 4.15. The Grant will be paid into a separate bank account in the name of the Grant Recipient which must be an ordinary business bank account. All cheques from the bank account must be signed by at least two individual Representatives of the Grant Recipient.
- 4.16. Where the Grant Recipient enters into a contract with a Third Party in connection with the Funded Activities, the Grant Recipient will remain responsible for paying that Third Party. The Authority has no responsibility for paying Third Party invoices.
- 4.17. Onward payment of the Grant and the use of sub-contractors shall not relieve the Grant Recipient of any of its obligations under the Grant Funding Agreement, including any obligation to repay the Grant.
- 4.18. The Grant Recipient may not retain any Unspent Monies without the Authority's prior written permission.
- 4.19. If at the end of the relevant Financial Year there are Unspent Monies, the Grant Recipient shall repay such Unspent Monies to the Authority no later than 30 days of the Authority's request for repayment.

5. ELIGIBLE AND INELIGIBLE EXPENDITURE

- 5.1. The Authority will only pay to the Grant in respect of Eligible Expenditure incurred by the Grant Recipient to deliver the Funded Activities and the Grant Recipient will use the Grant solely for delivery of the Funded Activities (as set out in Annex 2 of these Conditions).
- 5.2. The following costs/payments will be classified as Eligible Expenditure if incurred for the purposes of the Funded Activity:

- 5.2.1. Fees charged or to be charged to the Grant Recipient by the external auditors/accountants for reporting/certifying that the grant paid was applied for its intended purposes.
 - 5.2.2. giving evidence to Parliamentary Select Committees;
 - 5.2.3. attending meetings with government ministers or civil servants to discuss the progress of a taxpayer funded grant scheme;
 - 5.2.4. responding to public consultations, where the topic is relevant to the objectives of the Funded Activities. To avoid doubt, Eligible Expenditure does not include the Grant Recipient spending the Grant on lobbying other people to respond to any such consultation (unless explicitly permitted in the Grant Funding Agreement);
 - 5.2.5. providing independent, evidence based policy recommendations to local government, departments or government ministers, where that is the objective of a taxpayer funded grant scheme, for example, 'What Works Centres'; and
 - 5.2.6. providing independent evidence based advice to local or national government as part of the general policy debate, where that is in line with the objectives of the Grant.
- 5.3. The Grant Recipient may not in any circumstance claim the following non-exhaustive list as Eligible Expenditure: The list below does not override activities which are deemed eligible in these Conditions:
- 5.3.1. Paid for lobbying, which means using the Grant to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity; or attempting to influence legislative or regulatory action;
 - 5.3.2. using the Grant to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the grant;
 - 5.3.3. using the Grant to petition for additional funding;
 - 5.3.4. expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy;
 - 5.3.5. input VAT reclaimable by the grant recipient from HMRC;
 - 5.3.6. payments for activities of a political or exclusively religious nature;
- 5.4. Other examples of expenditure, which are prohibited, include the following:
- 5.4.1. contributions in kind;
 - 5.4.2. interest payments or service charge payments for finance leases;
 - 5.4.3. gifts;
 - 5.4.4. statutory fines, criminal fines or penalties civil penalties, damages or any associated legal costs;

- 5.4.5. payments for works or activities which the grant recipient, or any member of their Partnership has a statutory duty to undertake, or that are fully funded by other sources;
- 5.4.6. bad debts to related parties;
- 5.4.7. payments for unfair dismissal or other compensation;
- 5.4.8. depreciation, amortisation or impairment of assets owned by the Grant Recipient;
- 5.4.9. the acquisition or improvement of Assets by the Grant Recipient, other than those Assets referred to in the description of the Funded Activities (unless the Grant is explicitly for capital use – this will be stipulated in the Grant Funding Letter); and
- 5.4.10. liabilities incurred before the commencement of the Grant Funding Agreement unless agreed in writing by the Authority.

6. GRANT REVIEW

- 6.1. The Authority will review the Grant both quarterly and annually. On a quarterly basis it will take into account the Grant Recipient's delivery of the Funded Activities against the agreed outputs/milestones set out in Annex 6 of this Grant Funding Agreement. On an annual basis the Authority will review the reports produced by the Grant Recipient in accordance with paragraph 7.2 of these Conditions, and against the KPIs in accordance with Annex 6.
- 6.2. Each quarterly and annual review may result in the Authority deciding that (for example a non-exclusive list includes):
 - 6.2.1. the Funded Activities and the Grant Funding Agreement should continue in line with existing plans;
 - 6.2.2. there should be an increase or decrease in the Grant for the subsequent Financial Year;
 - 6.2.3. the outputs, Milestones and KPIs should be re-defined and agreed;
 - 6.2.4. the Grant Recipient should provide the Authority with a draft remedial action plan setting out the steps the Grant Recipient will take to improve delivery of the Funded Activities;
 - 6.2.5. the Authority should recover any Unspent Monies;
 - 6.2.6. the Grant be terminated in accordance with paragraph 25.17 of these Conditions.
- 6.3. If the Grant Recipient is required to submit a draft remedial action plan in accordance with paragraph 6.2.4 the Remedial Action Plan process set out in paragraph 25.6 to 25.11 shall apply.
- 6.4. The Grant Recipient may make representations to the Authority regarding the Authority's decision made in accordance with paragraph 6.2. The Authority is not however obliged to take such representations into account when making its decision as any such decision will be final and at the Authority's absolute discretion.

7. MONITORING AND REPORTING

- 7.1. The Grant Recipient shall closely monitor the delivery and success of the Funded Activity throughout the Grant Term to ensure that the aims and objectives of the Funded Activity are achieved.
- 7.2. The Grant Recipient shall provide the Authority with all reasonable assistance and co-operation in relation to any ad-hoc information, explanations and documents as the Authority may require,

from time to time, so the Authority may establish if the Grant Recipient has used the Grant in accordance with the Grant Funding Agreement. As well, the Grant Recipient shall also provide the Authority with an annual report on:

- 7.2.1. the progress made towards achieving the agreed outputs, KPIs and Milestones and the defined longer term outcomes set out in Annex 6 of this Grant Funding Agreement. Where possible, the report will quantify what has been achieved by reference to the Funded Activities' targets; and
 - 7.2.2. if relevant, provide details of any Assets either acquired or improved using the Grant.
- 7.3. The Grant Recipient will permit any person authorised by the Authority reasonable access, with or without notice, to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Grant Recipient's fulfilment of its obligations under the Grant Funding Agreement and will, if so required, provide appropriate oral or written explanations to such authorised persons as required during the Grant Term.
 - 7.4. The Grant Recipient will record in its financial reports the amount of Match Funding it receives together with details of what it has used that Match Funding for.
 - 7.5. The Grant Recipient will notify the Authority as soon as reasonably practicable of:
 - 7.5.1. any actual or potential failure to comply with any of its obligations under the Grant Funding Agreement, which includes those caused by any administrative, financial or managerial difficulties;
 - 7.5.2. actual or potential variations to the Eligible Expenditure set out in Annex 5 of these Conditions and/or any event which materially affects the continued accuracy of such information;
 - 7.5.3. any actual or potential material failure to meet any of the Terms and Conditions of the Agreement;
 - 7.5.4. any actual or potential material variations to the Eligible Expenditure agreed in accordance with the Grant funding letter or Annex 4 of this Agreement; and
 - 7.5.5. any change in the information on costs (whether actual or estimated) of carrying out the Funded Activities or any event which materially affects the continued accuracy of such information.
 - 7.6. The Grant Recipient represents and undertakes (and shall repeat such representations on delivery of its annual and quarterly reports):
 - 7.6.1. that the reports and information it gives pursuant to this paragraph 7 are accurate;
 - 7.6.2. that it has diligently made full and proper enquiry of the matter pertaining to the reports and information given; and
 - 7.6.3. that any data it provided pursuant to an application for the Grant may be shared within the powers conferred by legislation with other organisations for the purpose of preventing or detecting crime.

8. AUDITING AND ASSURANCE

- 8.1. Within six months of the end of each Financial Year the Grant Recipient will provide the Authority with independent assurance that the Grant has been used for delivery of the Funded Activities. To satisfy this requirement the Grant Recipient will provide a statement showing that the Grant has been certified by an independent and appropriately qualified auditor. Accompanied by the Grant Recipient's annual audited accounts that show the Grant is clearly segregated from other funds.
- 8.2. The Authority may, at any time during and up to six years after the end of the Grant Funding Agreement, conduct additional audits or ascertain additional information where the Authority considers it necessary. The Grant Recipient agrees to grant the Authority or its Representatives access, as required, to all Funded Activity sites and relevant records. The Grant Recipient will ensure that necessary information and access rights are explicitly included within all arrangements with and sub-contractors.
- 8.3. If the Authority requires further information, explanations and documents, in order for the Authority to establish that the Grant has been used properly in accordance with the Grant Funding Agreement, the Grant Recipient will, within 5 Working Days of a request by the Authority, provide the Authority, free of charge, with the requested information.
- 8.4. The Grant Recipient shall:
 - 8.4.1. nominate an independent auditor to verify the final statement of expenditure and income submitted to the Authority;
 - 8.4.2. identify separately the value and purpose of the Grant Funding in its audited accounts and its annual report; and
 - 8.4.3. maintain a record of internal financial controls and procedures and provide the Authority with a copy if requested.

Retention of documents

- 8.5. The Grant Recipient shall retain all invoices, receipts, accounting records and any other documentation (including but not limited to correspondence) relating to the Eligible Expenditure and all income generated by the Funded Activity during the Grant Term, and retain all accounting records relating to that expenditure and income for a period of ten years from the date on which the Grant Term ends.
- 8.6. The Grant Recipient shall ensure that all its sub-contractors retain each record, item of data and document relating to the Funded Activity for a period of ten years from the date on which the Grant Term ends.
- 8.7. The Grant Recipient will promptly provide revised forecasts of income and expenditure:
 - 8.7.1. when these forecasts increase or decrease by more than 15 % of the original expenditure forecasts; and/or
 - 8.7.2. at the request of the Authority.
- 8.8. Where the Grant Recipient is a company registered at Companies House, the Grant Recipient must file their annual return and accounts by the dates specified by Companies House.
- 8.9. Where the Grant Recipient is a registered charity, the Grant Recipient must file their charity annual return by the date specified by the Charity Commissioner.

- 8.10. The Grant Recipient shall provide the Authority with copies of their annual return, accounts and charity annual return (as applicable) within five days of filing them at Companies House and/or the Charity Commissioner. If a Grant Recipient fails to comply with paragraphs 8.8 and 8.9 of these Conditions the Authority may suspend funding or terminate the Grant Funding Agreement in accordance with paragraph 25 of these Conditions.

9. FINANCIAL MANAGEMENT AND PREVENTION OF BRIBERY, CORRUPTION, FRAUD AND OTHER IRREGULARITY

- 9.1. The Grant Recipient will at all times comply with all applicable laws, statutes and regulations relating to anti-bribery and anti-corruption, including but not limited to the Bribery Act.
- 9.2. The Grant Recipient must have a sound administration and audit process, including internal financial controls to safeguard against fraud, theft, money laundering, or mismanagement in connection with the administration of the Grant. The Grant Recipient shall require that the internal/external auditors report on the adequacy or otherwise of that system.
- 9.3. All cases of fraud or theft (whether proven or suspected) relating to the Funded Activities must be notified to the Authority as soon as they are identified and explain to the Authority what steps are being taken to investigate the irregularity and keep the Authority informed about the progress of such investigation. The Authority may then request their referral (which the Grant Recipient is obliged to carry out) to external auditors or other third parties as required.
- 9.4. The Authority will have the right, at its absolute discretion, to insist that Grant Recipient take additional to address any actual or suspected fraud, theft or other financial irregularity and/or to suspend future payment of the Grant to the Grant Recipient. Any grounds for suspecting financial irregularity includes what the Grant Recipient, acting with due care, should have suspected as well as what it actually proven.
- 9.5. The Grant Recipient agrees and accepts that it may become ineligible for grant support and be required to repay all or part of the Grant if it engages in tax evasion or aggressive tax avoidance in the opinion of HMRC.
- 9.6. For the purposes of paragraph 9.4 “financial irregularity” includes (but is not limited to) potential fraud or other impropriety, mismanagement, and the use of the Grant for any purpose other than those stipulated in the Grant Funding Agreement. The Grant Recipient may be required to provide statements and evidence to the Authority or the appropriate organisation as part of pursuing sanctions, criminal or civil proceedings.

10. CONFLICTS OF INTEREST

- 10.1. Neither the Grant Recipient nor its Representatives shall engage in any personal, business or professional activity which conflicts or could conflict with any of their obligations in relation to the Grant Funding Agreement.
- 10.2. The Grant Recipient must have and will keep in place adequate procedures to manage and monitor any actual or perceived bias or conflicts of interest.

11. CONFIDENTIALITY

- 11.1. Except to the extent set out in this paragraph 11 or where disclosure is expressly permitted, the Grant Recipient shall treat all Confidential Information belonging to the Authority as confidential and shall not disclose any Confidential Information belonging to the Authority to any other person without the prior written consent of the Authority, except to such persons who are directly involved in the provision of the Funded Activities and who need to know the information.
- 11.2. The Grant Recipient gives its consent for the Authority to publish the Grant Funding Agreement in any medium in its entirety (but with any information which is Confidential Information belonging to the Authority or the Grant Recipient redacted), including from time to time agreed changes to the Grant Funding Agreement.
- 11.3. Nothing in this paragraph 11 shall prevent the Authority disclosing any Confidential Information obtained from the Grant Recipient:
 - 11.3.1. for the purpose of the examination and certification of the Authority's accounts; or pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources; or
 - 11.3.2. to any government department, consultant, contractor or other person engaged by the Authority, provided that in disclosing information under the Authority only discloses the information which is necessary for the purpose concerned and requests that the information is treated in confidence and that a confidentiality undertaking is given where appropriate;
 - 11.3.3. where disclosure is required by Law, including under the Information Acts."
- 11.4. Nothing in this paragraph 11 shall prevent either Party from using any techniques, ideas or know-how gained during the performance of its obligations under the Grant Funding Agreement in the course of its normal business, to the extent that this does not result in a disclosure of the other Party's Confidential Information or an infringement of the other Party's Intellectual Property Rights.

12. TRANSPARENCY

- 12.1. The Authority and the Grant Recipient acknowledge that, except for any information, which is exempt from disclosure in accordance with the provisions of the Information Acts, the content of the Grant Funding Agreement is not confidential.

13. STATUTORY DUTIES

- 13.1. The Grant Recipient agrees to adhere to its obligations under the Law not limited to the Information Acts and the HRA.
- 13.2. The Grant Recipient hereby acknowledges that the Authority is subject to requirements under the Information Acts. Where requested by the Authority, the Grant Recipient will provide reasonable assistance and cooperation to the Authority to assist the Authority's compliance with its information disclosure obligations.

- 13.3. On request from the Authority, the Grant Recipient will provide the Authority with all such relevant documents and information relating to the Grant Recipient's data protection policies and procedures as the Authority may reasonably require.
- 13.4. The Grant Recipient acknowledges that the Authority, acting in accordance with the codes of practice issued and revised from time to time under the Information Acts, may disclose information concerning the Grant Recipient and the Grant Funding Agreement without consulting the Grant Recipient.
- 13.5. The Authority will take reasonable steps to notify the Grant Recipient of a request for information to the extent that it is permissible and reasonably practical for it to do so. Notwithstanding any other provision in the Grant Funding Agreement, the Authority will be responsible for determining in its absolute discretion whether any information is exempt from disclosure in accordance with the Information Acts.

14. DATA PROTECTION, PUBLIC PROCUREMENT AND STATE AID

Data Protection

- 14.1. The Grant Recipient and the Authority will comply at all times with its respective obligations under Data Protection Legislation.

Public Procurement

- 14.2. The Grant Recipient will ensure that any of its Representatives involved in the Funded Activities will, adopt such policies and procedures that are required in order to ensure that value for money has been obtained in the procurement of goods or services funded by the Grant.
- 14.3. Where the Grant Recipient is a Contracting Authority within the meaning of the Procurement Regulations the Grant Recipient will comply, as necessary, with the Procurement Regulations when procuring goods and services in connection with the Grant Funding Agreement and the Authority shall not be liable for the Grant Recipient's failure to comply with its obligations under the Procurement Regulations.

State aid

- 14.4. The Grant Recipient will make sure the Funded Activities are structured so they are compatible with State Aid Law.
- 14.5. The Grant Recipient will maintain appropriate records of compliance with the State Aid Law and will to take all reasonable steps to assist the Authority to comply with State Aid Law requirements and respond to any investigation(s) instigated by the European Commission (or its Domestic Successor) into the Funded Activities or any equivalent regulatory body as the case may be.
- 14.6. The Grant is awarded under the EU State Aid General Block Exemption Regulation ("GBER")¹² and is subject to the conditions in Annex 8 Part 2 of Schedule 1 of these Conditions.

¹² Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.06.14, p.1).

15. INTELLECTUAL PROPERTY RIGHTS

- 15.1. Intellectual Property in all IPR Material will be the Property of the Grant Recipient. Other than as expressly set out in these Conditions, neither Party will have any right to use any of the other Party's names, logos or trade marks on any of its products or services without the other Party's prior written consent.
- 15.2. The Grant Recipient grants to the Authority a non-exclusive irrevocable and royalty-free, sub-licensable, worldwide licence to use the public project report as detailed in Annex 6, for the purpose of supporting other projects.
- 15.3. The Authority may request a licence to use the IPR Material (other than the public project report as referred to in 15.2) for the purpose of supporting other projects and the Grant Recipient shall grant such licence on such terms as the parties agree are reasonable.
- 15.4. Ownership of Third Party software or other IPR necessary to deliver Funded Activities will remain with the relevant Third Party.
- 15.5. The Grant Recipient must ensure that they have obtained the relevant agreement from the Third Party proprietor before any additions or variations are made to the standard 'off-the-shelf' versions of any Third Party software and other IPR. The Grant Recipient will be responsible for obtaining and maintaining all appropriate licences to use the Third Party software.

16. ENVIRONMENTAL REQUIREMENTS

- 16.1. The Grant Recipient shall perform the Funded Activity in accordance with the Authority's environmental policy, which is to conserve energy, water, wood, paper and other resources, reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.
- 16.2. The Grant Recipient shall pay due regard to the use of recycled products, so long as they are not detrimental to the provision of the Funded Activity or the environment, to include the use of all packaging, which should be capable of recovery for re-use or recycling.
- 16.3. The Grant Recipient shall take all possible precautions to ensure that any equipment and materials used in the provision of the Funded Activity do not contain chlorofluorocarbons, halons or any other damaging substances, unless unavoidable, in which case the Authority shall be notified in advance of their use. The Grant Recipient shall endeavour to reduce fuel emissions wherever possible.

17. ASSETS

Inventory of the Assets

- 17.1. The Grant Recipient must keep a register of all Fixed Assets acquired or improved at a cost exceeding £ 10,000, wholly or partly using the Grant provided under the Grant Funding Agreement. Where the cost of purchasing or improving the Fixed Asset(s) exceeds £ 100,000,

prior written approval must be obtained from the Authority and the Asset should be recorded on the fixed asset register

- 17.2. Assets purchased with Grant funding must only be used for delivery of the Funded Activities.
- 17.3. For each entry in the register the following particulars must be shown where appropriate:
 - 17.3.1. date of acquisition or improvement;
 - 17.3.2. description of the Asset;
 - 17.3.3. cost, net of recoverable VAT;
 - 17.3.4. location of the Asset;
 - 17.3.5. serial or identification numbers;
 - 17.3.6. location of the title deeds;
 - 17.3.7. date of any Disposal;
 - 17.3.8. depreciation/amortisation policy applied;
 - 17.3.9. proceeds of any Disposal net of VAT; and
 - 17.3.10. the identity of any person to whom the Asset has been transferred or sold.
- 17.4. The Authority reserves the right to require the Grant Recipient to maintain the above particulars as set out in 17.3.1-17.3.10 for any additional items which the Authority considers material to the overall Grant.

Disposal of Asset

- 17.5. Where the Grant Recipient uses any of the Grant to develop, improve or purchase any Assets, the Grant Recipient must ensure that the Assets are maintained in good condition over the Asset Owning Period.
- 17.6. The Authority reserves the right to determine the outcome of any Asset created as a result of the Funded Activities or purchased with the Grant.
- 17.7. The Grant Recipient must not dispose of any Assets that have been totally or partly bought, restored, conserved (maintained or protected from damage) or improved with the Grant without the prior written consent of the Authority. If the Authority grants consent to the Disposal, such consent may be subject to satisfaction of certain conditions, to be determined by the Authority.
- 17.8. If the Grant Recipient disposes of any Asset without the prior written consent of the Authority, the Grant Recipient must use all reasonable endeavours to achieve the market price for the Assets and must pay to the Authority a proportion of the proceeds of such sale, equivalent to the proportion of the purchase or development costs of the Assets that was funded by the Grant,

provided that the Authority may at its discretion allow the Grant Recipient to keep all or a part of the relevant proceeds where:

17.8.1. the sale of the Assets takes place after the end of the Asset Owning Period;

17.8.2. the proceeds of sale are to be applied directly to the purchase by the Grant Recipient of assets that are equivalent to or replacements for the Assets; or

17.8.3. the Authority is otherwise satisfied that the Recipient will apply those proceeds for purposes related to the Funded Activities.

17.9. The Grant Recipient shall hold the proceeds from the Disposal of any Asset on trust for the Authority.

Charging of any Asset

17.10. The Grant Recipient shall not create any charge, legal mortgage, debenture or lien over any Asset without the prior written consent of the Authority.

18. INSURANCE

18.1. The Grant Recipient will during the Grant Term and for 6 years after termination or expiry of these Conditions, ensure that it has and maintains, at all times adequate insurance with an insurer of good repute to cover claims under the Grant Funding Agreement or any other claims or demands which may be brought or made against it by any person suffering any injury damage or loss in connection with the Funded Activities or the Grant Funding Agreement

18.2. The Grant Recipient will upon request produce to the Authority its policy or policies of insurance or where this is not possible, a certificate of insurance issued by the Grant Recipient's insurance brokers confirming the insurances are in full force and effect together with confirmation that the relevant premiums have been paid.

18.3. Where the Grant Recipient receives more than 10 per cent of the Grant Recipient's total income from public funds, the Grant Recipient will notify the Authority. The Authority will review the nature of the control of Grant Recipient's organisation to determine any resulting requirement for reclassification which may in turn change the insurance requirements under the Grant Funding Agreement.

19. ASSIGNMENT

19.1. The Grant Recipient will not transfer, assign, novate or otherwise dispose of the whole or any part of the Grant Funding Agreement or any rights under it, to another organisation or individual, without the Authority's prior approval.

19.2. Any approval given by the Authority will be subject to a condition that the Grant Recipient has first entered into a Grant Funding Agreement, authorised by the Authority, requiring the Grant Recipient to work with another organisation in delivering the Funded Activities.

20. SPENDING CONTROLS – MARKETING, ADVERTISING, COMMUNICATIONS AND CONSULTANCY

- 20.1. The Grant Recipient must seek permission from the Authority prior to any proposed expenditure on advertising, communications, consultancy or marketing either in connection with, or using the Grant.
- 20.2. The Grant Recipient should provide evidence that any marketing, advertising, communications and consultancy expenditure carried out in connection with, or using the Grant will deliver measurable outcomes that meet government objective to secure value for money.

21. LOSSES, GIFTS AND SPECIAL PAYMENTS

- 21.1. The Grant Recipient must obtain prior written consent from the Authority before:
 - 21.1.1. writing off any debts or liabilities;
 - 21.1.2. offering to make any Special Payments; and
 - 21.1.3. giving any giftsin connection with this Grant Funding Agreement.
- 21.2. The Grant Recipient will keep a record of all gifts, both given and received, in connection with the Grant or any Funded Activity.

22. BORROWING

- 22.1. In accordance with paragraph 17.10 and this 22, the Grant Recipient must obtain prior written consent from the Authority before:
 - 22.1.1. borrowing or lending money from any source in connection with the Grant Funding Agreement; and
 - 22.1.2. giving any guarantee, indemnities or letters of comfort that relate to the Grant Funding Agreement, or have any impact on the Grant Recipient's ability to deliver the Funded Activities set out in the Grant Funding Agreement.

23. PUBLICITY

- 23.1. The Grant Recipient gives consent to the Authority to publicise in the press or any other medium the Grant and details of the Funded Activities using any information gathered from the Grant Recipient's initial Grant Application or any monitoring reports submitted to the Authority in accordance with paragraph 7.2 of these Conditions. We will not publish any information which is in our view commercially sensitive, unless legally required to do so.
- 23.2. The Grant Recipient will comply with all reasonable requests from the Authority to facilitate visits, provide reports, statistics, photographs and case studies that will assist the Authority in its promotional and fundraising activities relating to the Funded Activities.

- 23.3. The Grant Recipient will not publish any material referring to the Funded Activities or the Authority without the prior written agreement of the Authority.
- 23.4. Any publicity material for the Funded Activities must refer to the programme under which the Grant was awarded and must feature the Authority's logo. If a Third Party wishes to use the Authority's logo, the Grant Recipient must first seek permission from the Authority.
- 23.5. The Grant Recipient will acknowledge the support of the Authority in any materials that refer to the Funded Activities and in any written or spoken public presentations about the Funded Activities. Such acknowledgements (where appropriate or as requested by the Authority) will include the Authority's name and logo (or any future name or logo adopted by the Authority) using the templates provided by the Authority from time to time.
- 23.6. In using the Authority's name and logo, the Grant Recipient will comply with all reasonable branding guidelines issued by the Authority from time to time.

24. CHANGES TO THE AUTHORITY'S REQUIREMENTS

- 24.1. The Authority will notify the Grant Recipient of any changes to their activities, which are supported by the Grant.
- 24.2. The Grant Recipient will accommodate any changes to the Authority's needs and requirements under these Conditions.

25. CLAWBACK, EVENTS OF DEFAULT, TERMINATION AND RIGHTS RESERVED FOR BREACH AND TERMINATION

- 25.1. Without prejudice to the Authority's other rights and remedies, if the Grant Recipient fails to comply with any of its obligations in the Grant Funding Agreement the Authority may in preference to the standard notice period set out in paragraph 25.17 and at its discretion, reduce, suspend, or terminate payments of Grant, or require any part or all of the Grant to be repaid.
- 25.2. Where the Authority requires any part or all of the Grant to be repaid in accordance with paragraph 25.1 above, the Grant Recipient shall repay this amount no later than 30 days of the date it received the demand for repayment. If the Grant Recipient fails to repay the Grant within 30 days of a demand from the Authority for payment, the sum will be recoverable summarily as a civil debt.
- 25.3. The Authority may exercise its rights set out in paragraph 25.1 if, in particular, any of the following events occurs:
 - 25.3.1. the Grant Recipient uses the Grant for a purpose other than the Funded Activities or fails to comply with any of the other obligations of the Grant Funding Agreement;
 - 25.3.2. the delivery of the Funded Activity does not start within three (3) months of the Commencement Date and the Grant Recipient has failed to provide the Authority with a satisfactory explanation for the delay, or failed to agree a new Commencement Date with the Authority;

- 25.3.3. the Grant Recipient uses the Grant for ineligible expenditure;
- 25.3.4. the Grant Recipient fails, in the Authority's opinion, to make satisfactory progress with the Funded Activity and in particular, with meeting the Agreed Outputs set out in Annex 6 of these Conditions and has failed;
- 25.3.5. the Grant Recipient fails to:
 - 25.3.5.1. submit an adequate Remedial Action Plan to the Authority following a request by the Authority pursuant to paragraph 6.2.4; or
 - 25.3.5.2. improve delivery of the Funded Activity in accordance with the Remedial Action Plan approved by the Authority;
 - 25.3.5.3. the Grant Recipient fails to deliver a Milestone on the delivery date for that Milestone set out in Annex 4 (or as otherwise agreed in writing between the Parties);
- 25.3.6. the Grant Recipient is, in the opinion of the Authority, delivering the Funded Activities in a negligent manner (in this context negligence includes but is not limited to failing to prevent or report actual or anticipated fraud or corruption);
- 25.3.7. the Grant Recipient fails to declare Duplicate Funding;
- 25.3.8. the Grant Recipient obtains Match Funding or funding from a Third Party which, in the opinion of the Authority, undertakes activities that are likely to bring the reputation of the Funded Activities or the Authority into disrepute;
- 25.3.9. the Grant Recipient provides the Authority with any materially misleading or inaccurate information and/or information any of the information provided in their grant application or in any subsequent supporting correspondence is found to be incorrect or incomplete to an extent which the Authority considers to be significant;
- 25.3.10. the Grant Recipient commits or committed a Prohibited Act or fails to report a Prohibited Act to the Authority, whether committed by the Grant Recipient or a Third Party, as soon as they become aware of it;
- 25.3.11. the Authority determines (acting reasonably) that any director or employee of the Grant Recipient has:
 - (i) acted dishonestly or negligently at any time during the term of the Grant Funding Agreement and to the detriment of the Authority; or
 - (ii) taken any actions which unfairly bring or are likely to unfairly bring the Authority's name or reputation and/or the Authority into disrepute. Actions include omissions in this context;
 - (iii) transferred, assigns or novates the Grant to any Third Party without the Authority's consent;
 - (iv) ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
 - (v) become Insolvent as defined by section 123 of the Insolvency Act 1986, or it is declared bankrupt, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due;
 - (vi) incurred expenditure on activities that breach the Law;

- (vii) the European Commission (or a Domestic Successor) or the Court of Justice of the European Union (or Domestic Successor) requires any Grant paid to be recovered by reason of a breach of State Aid Law or the Grant Recipient fails to comply with the provisions of the exemption or scheme under State Aid Law that applies to the Funded Activity and the Grant;
- 25.3.12. [The Grant Recipient breaches the Code of Conduct for Grant Recipients (the **Code of Conduct**) and/or fails to report an actual or suspected breach of the Code of Conduct by the Grant Recipient or its Representatives in accordance with paragraph 30.2].

Rights reserved for the Authority in relation to an Event of Default

- 25.4. Where, the Authority determines that an Event of Default has or may have occurred, the Authority may by written notice to the Grant Recipient take any one or more of the following actions:
- 25.4.1. suspend the payment of Grant for such period as the Authority shall determine; and/or
 - 25.4.2. reduce the Maximum Sum in which case the payment of Grant shall thereafter be made in accordance with the reduction and notified to the Grant Recipient; and/or
 - 25.4.3. cease to make payments of Grant to the Grant Recipient under the Grant Funding Agreement and (in addition) require the Grant Recipient to repay the Authority the whole or any part of the amount of Grant previously paid to the Grant Recipient. Such sums shall be recovered as a civil debt; and/or
 - 25.4.4. terminate the Grant Funding Agreement.

Opportunity for the Grant Recipient to remedy an Event of Default

- 25.5. If the Authority gives written notice to the Grant Recipient pursuant to paragraph 25.4 to suspend payment of Grant, such notice shall specify the relevant Event of Default and give the Grant Recipient an opportunity to rectify the relevant Event of Default by submitting a Draft Remedial Action Plan for approval by the Authority.
- 25.6. Where the Grant Recipient is required to submit a draft Remedial Action Plan in accordance with paragraph 25.4.1, the draft Remedial Action Plan shall be submitted to the Authority for approval, within 5 Working Days of the Grant Recipient receiving notice from the Authority.
- 25.7. The draft Remedial Action Plan shall set out:
- 25.7.1. full details of the Event of Default; and
 - 25.7.2. the steps which the Grant Recipient proposes to take to rectify the Event of Default including timescales for such steps.
- 25.8. On receipt of the draft Remedial Action Plan and as soon as reasonably practicable, the Authority will submit its comments on the draft Remedial Action Plan to the Grant Recipient.
- 25.9. The Authority shall have the right to accept or reject the draft Remedial Action Plan. If the Authority rejects the draft Remedial Action Plan, the Authority shall confirm, in writing, the reasons why they have rejected the draft Remedial Action Plan and will confirm whether the Grant Recipient is required to submit an amended Remedial Action Plan to the Authority.
- 25.10. If the Authority directs the Grant Recipient to submit an amended draft Remedial Action Plan, the Parties shall agree a timescale for the Grant Recipient to amend the draft Remedial Action Plan to take into account the Authority's comments.

- 25.11. If the Authority does not approve the draft Remedial Action Plan the Authority may at its absolute discretion terminate the Grant Funding Agreement.
- 25.12. The Authority shall not by reason of the occurrence of an Event of Default which is, in the opinion of the Authority, capable of remedy, exercise its rights under either paragraph 25.4.3 or 25.4.4 unless the Grant Recipient has failed to rectify the default pursuant to paragraph 25.5 to the satisfaction of the Authority.

Change of Control

- 25.13. The Grant Recipient shall notify the Authority immediately in writing and as soon as the Grant Recipient is aware (or ought reasonably to be aware) that it is anticipating, undergoing, undergoes or has undergone a Change of Control and provided such notification does not contravene any Law.
- 25.14. The Grant Recipient shall ensure that any notification made pursuant to paragraph 25.13 shall set out full details of the Change of Control including the circumstances suggesting and/or explaining the Change of Control.
- 25.15. If the Authority, acting reasonably, considers that:
- 25.15.1. the Change of Control will be materially detrimental to the Funded Activities and/or;
 - 25.15.2. the new body corporate cannot continue to receive the Grant because they do not meet the Eligibility Criteria used to award the Grant to the Grant Recipient;
 - 25.15.3. the Authority believes that the Change of Control would raise national security concerns and/or;
 - 25.15.4. the new body corporate intends to make fundamental change(s) to the purpose for which the Grant was given;

the Authority shall be entitled to exercise its rights under paragraph 25.1 of these Conditions to reduce, suspend, or terminate payments of Grant, require any part or all of the Grant to be repaid and/or terminate the Grant Funding Agreement by providing the Grant Recipient with notification of its proposed action in writing within three (3) months of:

- (i) being notified in writing that a Change of Control is anticipated or is in contemplation or has occurred; or
 - (ii) where no notification has been made, the date that the Authority becomes aware that a Change of Control is anticipated or is in contemplation or has occurred,
- 25.16. The Authority shall not be entitled to terminate where an Approval was granted prior to the Change of Control.

General Termination rights

- 25.17. Notwithstanding the Authority's right to terminate the Grant Funding Agreement pursuant to paragraph 25.4.4 above, either Party may terminate the Grant Funding Agreement at any time by giving at least 3 months written notice to the other Party.
- 25.18. If applicable, all Unspent Monies (other than those irrevocably committed in good faith before the date of termination, in line with the Grant Funding Agreement and approved by the Authority as being required to finalise the Funded Activities) shall be returned to the Authority within 30 days of the date of receipt of a written notice of termination from the Authority.

- 25.19. If the Authority terminates the Grant Funding Agreement in accordance with paragraph 25.17 the Authority may choose to pay the Grant Recipient's reasonable costs in respect of the delivery of the Funded Activities performed up to the termination date. Reasonable costs will be identified by the Grant Recipient and will be subject to the Grant Recipient demonstrating that they have taken adequate steps to mitigate their costs. For the avoidance of doubt, the amount of reasonable costs payable will be determined solely by the Authority.
- 25.20. The Authority will not be liable to pay any of the Grant Recipient's costs or those of any contractor/supplier of the Grant Recipient related to any transfer or termination of employment of any employees engaged in the provision of the Funded Activities.

26. EXIT PLAN

- 26.1. Where the Authority requires the Grant Recipient to prepare an Exit Plan to allow the cessation or seamless transfer of the Funded Activities, the Grant Recipient shall prepare the Exit Plan within three (3) months of the signing of the Grant Funding Agreement and shall comply with the exit provisions set out in Annex 8 of these Conditions.

27. DISPUTE RESOLUTION

- 27.1. The Parties will use all reasonable endeavours to negotiate in good faith, and settle amicably, any dispute that arises during the continuance of the Grant Funding Agreement.
- 27.2. All disputes and complaints (except for those which relate to the Authority's right to withhold funds or terminates the Grant Funding Agreement) shall be referred in the first instance to the Parties Representatives.
- 27.3. If the dispute cannot be resolved between the Parties Representatives within a maximum of 3 months, then the matter will be escalated to formal meeting between the Grant Manager and the Grant Recipient's chief executive (or equivalent).

28. LIMITATION OF LIABILITY

- 28.1. The Authority accepts no liability for any consequences, whether direct or indirect, that may come about from the Grant Recipient running the Funded Activities, the use of the Grant or from withdrawal, withholding or suspension of the Grant. The Recipient shall indemnify and hold harmless the Authority, its Representatives with respect to all actions, claims, charges, demands Losses and proceedings arising from or incurred by reason of the actions and/or omissions of the Grant Recipient in relation to the Funded Activities, the non-fulfilment of obligations of the Grant Recipient under this Grant Funding Agreement or its obligations to Third Parties.
- 28.2. Subject to this paragraph 28, the Authority's liability under this Grant Funding Agreement is limited to the amount of Grant outstanding.

29. VAT

- 29.1. If VAT is held to chargeable in respect of the Grant Funding Agreement, all payments shall be deemed to be inclusive of all VAT and the Authority shall not be obliged to pay any additional amount by way of VAT.
- 29.2. All sums or other consideration payable to or provided by the Grant Recipient to the Authority at any time shall be deemed to be exclusive of all VAT payable and where any such sums become payable or due or other consideration is provided the Grant Recipient shall at the same time or as the case may be on demand by the Secretary of State in addition to such sums or other consideration pay to the Secretary of State all the VAT so payable upon the receipt of a valid VAT invoice.

30. [CODE OF CONDUCT FOR GRANT RECIPIENTS

- 30.1. The Grant Recipients acknowledges that by signing the Grant Funding Agreement it agrees to take account of the Code of Conduct for Grant Recipients (the **Code of Conduct**) and that it will ensure that its Representatives undertake their duties in a manner consistent with the principles set out in the Code of Conduct.
- 30.2. The Grant Recipient shall immediately notify the Authority if it becomes aware of any actual or suspected breaches of the principles outlined in the Code of Conduct.
- 30.3. The Grant Recipient acknowledges that a failure to notify the Authority of an actual or suspected breach of the Code of Conduct may result in the Authority immediately suspending the Grant funding, terminating the Grant Funding Agreement and taking action to recover some or all of the funds paid to the Grant Recipient as a civil debt in accordance with paragraph 25.3.12]

31. NOTICES

- 31.1. All notices and other communications in relation to this Grant Funding Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, e-mailed, or mailed (first class postage prepaid) to the address of the relevant party, as referred to in Annex 7 or otherwise notified in writing. All notices and other communications must be marked for the attention of the contact specified in Annex 7 (Contact Details). If personally delivered or if e-mailed all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any Working Day they shall be deemed received on the next Working Day) and if mailed all such communications shall be deemed to have been given and received on the second Working Day following such mailing.

32. GOVERNING LAW

- 32.1. These Conditions will be governed by and construed in accordance with the law of England and the Parties irrevocably submit to the exclusive jurisdiction of the English courts.

SIGNED by:
Signature

**for and on behalf of the
Department for Business,
Energy and Industrial
Strategy**
Title

.....
Date

SIGNED by
Signature

for and on behalf of []
Title

.....
Date

Annex 5.2 – Example BEIS Grant Funding Letter

<u>BEIS TEMPLATE GRANT FUNDING LETTER</u>
--

[Date]

[Grantee address]

Dear [insert name]

[Name of Competition] Grant

1. The Secretary of State for Business, Energy and Industrial Strategy (referred to in this letter as “**We**”/ “**Us**”/ “**Our**”), offers [**insert name of grantee, and company number, if a company**] (referred to in this letter as “**You**”/ “**Your**”) a grant (“**Grant**”) subject to Your agreement to, and compliance with, the terms and conditions set out or referred to in this letter, its Appendices and Schedules. These terms and conditions should be read in conjunction with the standard terms and conditions in the Grant Funding Agreement and accompanying Annexes issued by Us (**the “Grant Funding Agreement”**), which together comprise the “Agreement” on which the Grant is given by Us to You.
2. This offer is made pursuant to Your successful application in the recent call **Department for Business, Energy and Industrial Strategy’s [insert name of Competition] Competition issued on [insert opening date of Competition]**.
3. The Grant is offered under section 5 of the **Science and Technology Act 1965**.

Amount of Grant

4. The maximum amount of Grant offered is up to [**insert amount in figures (insert amount in words)**]. This is the total amount of Grant that We may pay and this amount will not be increased as a result of any overspend or otherwise. [This will be paid as follows:
 - a) up to £ [**insert amount in figures (insert amount in words)**] in financial year ending on 31 March [**insert date**]; and
 - b) up to £ [**insert amount in figures (insert amount in words)**] in financial year ending on 31 March [**insert date**];
 - c) up to £ [**insert amount in figures (insert amount in words)**] in financial year ending on 31 March [**insert date**].

[Consortia]

Purpose of Grant

5. The Grant is offered to You to contribute to certain expenditure (see paragraphs 7 to 8) (“**Eligible Expenditure**”) where that expenditure is reasonably incurred by You in undertaking [**summarise the project**] (“**the Funded Activities**”).
6. A description of the Funded Activities is set out in **Annex 2** to the Grant Funding Agreement. The Funded Activities will be completed in accordance with the terms of the Grant Funding Agreement by 31st December 2021.

Eligible Expenditure

7. Subject to paragraphs 8 and 9, the Eligible Expenditure is limited to the costs specified in **Annex 5** to the Grant Funding Agreement and the Eligible Expenditure within the scope of *Article 25 (Aid for research and development projects)* of the EU State Aid General Block Exemption Regulation referred to in paragraph 16 below.
8. Under no circumstances may the Grant be claimed or used to cover any Ineligible Expenditure listed in paragraph 5.4 of the Grant Funding Agreement or to cover costs incurred for those purposes (and any such costs do not constitute Eligible Expenditure for the purposes of this letter). The Eligible Expenditure must be kept to the minimum for the efficient conduct of the Funded Activities, and expenditure that We reasonably determine to be in excess of that amount does not constitute Eligible Expenditure.

Funding Period

9. The Eligible Expenditure for which the Grant is awarded is expenditure limited to costs which are incurred between [**the date You sign this letter**] [**or insert the date**] and **31 March 2021**.

Payment of Grant

10. The Grant will be paid in accordance with the instalments in **Annex 3** to the Grant Funding Agreement, in arrears, on a reimbursement basis (up to the Grant limit for that milestone) upon receipt from You of a **Grant claim Form** in the form set out in **Appendix 1 to this letter** by the deadlines specified in the Grant Funding Agreement.

Accountable Officer

- 11.1 You must appoint a person (the “Accountable Officer”) responsible for ensuring that You use the Grant in compliance with the Agreement and notify Us of the identity of the Accountable Officer. We must approve the appointment of any person who is not the Chief Executive Officer or Chief Financial Officer.
- 11.2 The Accountable Officer must maintain oversight of Your use of the Grant and:

- a) safeguard, control and ensure the efficient, economical and effective management of the Grant;
- b) advise You on the discharge of Your responsibilities under the Agreement and under any subsequent terms and conditions agreed by You and Us, or any guidance or other information notified by Us;
- c) ensure that principles of probity, robust governance, transparency and value for money are maintained at all times in relation to the Grant;
- d) be responsible for signing the accounts relating to the Grant, ensuring that they are properly prepared and presented and that proper accounting records are maintained in a form that complies with generally accepted accounting practices to which You are subject; and
- e) ensure that conflicts of interest are avoided.

Grant Claims

12. Your Grant claim[s] must include the following:
- a) the information and evidence required for the relevant instalment in paragraph 4 of the Grant Funding Agreement; and
 - b) accompanying that information and evidence, the appropriate assurance required by paragraph 8 of the Grant Funding Agreement.

Conditions Precedent

13. The offer of Grant is conditional on You providing Us with the following:
- a) the completed and signed form in Annex 4 of the Grant Funding Agreement confirming Your bank details and the details of Your signatories;
 - b) evidence showing that an Accountable Officer has been appointed;
 - c) [evidence that a consortium agreement is in place between all the project partners.]
14. You must ensure that We receive the information and evidence required above on or by the first milestone set out in Annex 3 of the Grant Agreement. Should You fail to do so, or should We reasonably conclude that the information and evidence provided prior to that deadline is unsatisfactory, We shall be entitled to withdraw the Grant (and any Grant already paid by then will be repayable with interest).

EU state aid

15. It is important to ensure that the Grant is not, and does not become, an unlawful state aid under Article 107 of the Treaty on the Functioning of the European Union. State aid

rules ensure that the governments of EU Member States do not unfairly subsidise their own industry or particular parts of it.

16. In this case, the Grant is awarded under the EU State Aid General Block Exemption Regulation (“**GBER**”)¹³ and is subject to the conditions in **Annex 9 of the Grant Funding Agreement (GBER)**.

Conditions

17. You must comply with the standard terms and conditions set out in the Grant Funding Agreement which apply to this Grant and accompany this letter, in addition to all other requirements set out or referred to in this letter and its Appendices.
18. The standard terms and conditions in the Grant Funding Agreement are amended as follows:

In paragraph 8.1 of the standard terms and conditions in the Grant Funding Agreement the requirement to provide independent assurance and certification of Grant claims by an independent auditor/accountant shall apply to this grant offer letter as follows:

Director’s declaration

Your Grant claim[s] must be accompanied by a statement by one of Your directors (or if You are not a company, an officer of equivalent status) in the following terms:

“I confirm that I have considered the information and evidence provided in support of this Grant claim, and the terms and conditions of the Grant and that:

- a) the information and evidence is complete, true and accurate. If I give information which I know is not correct or complete, I understand that action may be taken against me; and
- b) we have complied with the terms and conditions of the Grant.

Reasonable assurance report

In addition to a statement by one of your directors, Your Grant claim[s] must be accompanied by a reasonable assurance report from an independent reporting accountant in the form in **Schedule 1** to this letter if You have:

- a) incurred Eligible Expenditure of £100,000 (one hundred thousand pounds) or more; or
- b) the total amount of the Grant is £1 million (one million pounds) or more; or

¹³ Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.06.14, p.1).

c) You are submitting Your final Grant claim.

Accountants: engagement terms

Where an assurance report is required, You must engage the relevant accountant on the terms in **Schedule 2** to this letter. The documentation in Schedules 1 to 2 is based on templates in Technical Release AAF 01/10 (Framework Document for accountants' reports on grant claims) of the Institute of Chartered Accountants in England and Wales (ICAEW). You must not materially modify those terms and conditions without the prior consent in writing of the Secretary of State.

Accountant's payment

Where an assurance report is required, You are responsible for paying the accountant's fees and must not use the Grant to do so.

19. In the event of any conflict or inconsistency between the Grant funding letter and the Grant Funding Agreement, the Grant funding letter takes precedence.

Notices and contact

22. In communicating with Us, Your contact within the Department of Business, Energy and Industrial Strategy is:

[Insert contact details]

Duration of offer

23. This offer remains open until 5pm on xxxx 201*, at which point it expires. If You wish to accept this offer, You must ensure that We receive Your formal acceptance, in full compliance with the acceptance requirements below, on or by that time.

Acceptance

24. If You wish to accept this offer, You must sign and date both copies of the Grant Funding Agreement and the grant funding letter appended to each Grant Funding Agreement and return one signed copy to Us. It must be signed by someone who is authorised to sign on behalf of your organisation. Please provide evidence of their authority to sign and bind your organisation. Please also provide a day to day contact name and email address.

Yours sincerely,

..... **[Insert BEIS signatory]**

Acceptance

24. If You wish to accept this offer, You must sign and date this letter as indicated below. It must be signed by someone who is authorised to sign on behalf of Your organisation. Please also provide a date to day contact name and email address.

Agreement

I confirm, for and on behalf of the [**insert name of Grantee**], the agreement of [**insert name of Grantee**] to the terms and conditions set out or referred to in this letter and its Appendices and Schedules.

Signed:

Printed Name:

Position:

Date:

Day to day contact for the Grant:

Name:

Position:

Email address:

Accountable Officer for the Grant:

Name:

Email address:

GRANT FUNDING LETTER - APPENDIX 1

SAMPLE GRANT CLAIM FORM

CLAIM FOR PAYMENT OF GRANT

This form must be used when you wish to claim an instalment of the Grant. When making a Grant claim, as set out in the standard terms and conditions of in the Grant Funding Agreement, We may request and You must supply proof of expenditure and any other supporting documentation and information in addition to the Grant claim Form as We may require.

Name of Applicant Organisation:

Period of claim [(Month) 201X] to 31 March 2021

Period	Grant claimed this period <i>(excluding Administration costs)</i>	Activities undertaken and Eligible Expenditure incurred	Evidence provided in support	Total Grant claimed this period (including Administration costs)
Totals				

DEPARTMENT FOR BUSINESS, ENERGY & INDUSTRIAL STRATEGY

GRANT FUNDING LETTER SCHEDULE 1
REASONABLE ASSURANCE REPORT

To: Directors and the Secretary of State for Business, Energy and Industrial Strategy (“BEIS”)

This report is produced in accordance with the terms of our letter of engagement dated [XX] for the purpose of reporting to [the directors of client] (the ‘company’) and BEIS in connection with the Grant claim for the monies receivable from BEIS under its Grant Funding Agreement dated X in respect of [project name] [for the period ended [date]] and in accordance with the terms of our engagement letter dated [date] (attached).

Our report is prepared solely for the confidential use of [insert name of grant recipient] and BEIS, and solely for the purpose of facilitating the grant claim. This report is released to [insert name of grant recipient] and BEIS on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent except where there is a statutory requirement of disclosure. Without assuming or accepting any responsibility or liability in respect of this report to any party other than [insert name of grant recipient] and BEIS, we acknowledge that [insert name of grant recipient] and BEIS (or one of them) may be required to disclose this report to parties demonstrating a statutory right to see it, to enable such parties to exercise statutory rights of access to this report.

This report is designed to meet the agreed requirements of [insert name of grant recipient] and BEIS and particular features of our engagement determined by their needs at the time. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against [name of accountant] for any purpose or in any context. Any party other than [insert name of grant recipient] and BEIS which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, [name of accountant] will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person’s reliance on representations in this report.

As directors of the company, you are responsible for ensuring that the company maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the company, and in respect of grant claims, as the company’s directors (the ‘directors’) you are responsible for compiling claims in accordance with the Grant Funding Agreement, ensuring that only eligible items are included in each grant claim and for ensuring that all terms of such offer letters have been complied with or varied in writing with the provider. It is also the directors’ responsibility to extract relevant financial information from the company’s accounting records, to make the calculations specified in the grant offer letter, and to provide relevant financial information to BEIS.

Our approach

We conducted our engagement in accordance with ISAE 3000 (*Assurance engagements other than audits and reviews of historical financial information*). We performed a reasonable assurance engagement as defined in the framework. For the purpose of the engagement we have been provided by the directors with a schedule (attached to this report) (“the schedule”)

showing the company's eligible expenditure and the Grant Funding Agreement. The directors of the company remain solely responsible for the schedule.

The objective of a reasonable assurance engagement is to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a positive conclusion on the schedule.

[Inherent limitations]

[The following two paragraphs only to be used only where the accountants are the auditors of the grant recipient]

[Our audit work on the financial statements of [grant recipient] is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as [grant recipient]'s external auditors. Our audit report on the financial statements is made solely to [grant recipient]'s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to [grant recipient]'s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than [grant recipient] and [grant recipient]'s members as a body, for our audit work, for our audit reports, or for the opinions we have formed.]

To the fullest extent permitted by law we do not and will not, by virtue of our reports/confirmations or otherwise, assume or accept any duty of care or liability under this engagement to [grant recipient] or to [BEIS] or to any other party, whether in contract, negligence or otherwise in relation to our audits of [grant recipient]'s financial statements.]

Conclusion

In our opinion, [the schedule] has been prepared, in all material respects, and the expenditure has been incurred, in accordance with the Grant Funding Agreement.

or

Except for [detail minor exceptions noted], in our opinion [the schedule] has been prepared, in all material aspects, and the expenditure has been incurred, in accordance with the Grant Funding Agreement.

or

In our opinion [the schedule] has not been prepared, in all material respects, and the expenditure has been incurred, in accordance with the Grant Funding Agreement.

[insert details of issues leading to qualification of opinion]

Firm of Accountants
Office
Date

GRANT FUNDING LETTER SCHEDULE 2
REPORTING ACCOUNTANTS: LETTER OF ENGAGEMENT

Letter of engagement

The following are the pre-agreed terms of engagement on which the [grant recipient] engages accountants to perform [a reasonable assurance report] in connection with the [name of [grant claim]].

The Secretary of State for Business, Energy and Industrial Strategy (“BEIS”) accepts that an agreement between the [grant recipient], its reporting accountants and BEIS on these terms is formed when the accountants sign and submit to BEIS a report as set out in clause 3 below.

NB: BEIS will not need to sign anything. By publishing this document BEIS confirms that these pre-agreed terms form its agreement with [grant recipient] and the reporting accountants. Once the accountants’ report is submitted to BEIS in accordance with these terms BEIS will accept that an agreement is formed. If the terms of the standardised engagement letter are to be revised, BEIS will need to confirm its acceptance of the new terms before an agreement is formed.

In these terms of engagement:

1. Introduction

The [grant recipient] is required to submit to BEIS reports as set out in clause 3 below that are also signed by an accountant to provide independent assurance. These terms of engagement set out the basis on which the accountant will sign the report.

2. The [grant recipient]’s responsibilities

- 2.1 The [grant recipient] is responsible for producing information, maintaining proper records complying with the terms of any legislation or regulatory requirements and BEIS’s terms and conditions of grant (‘the grant conditions’) and providing relevant information to BEIS in accordance with the requirements of the grant conditions. The [grant recipient] is responsible for ensuring that the non-financial records can be reconciled to the financial records.
- 2.2 The management of the [grant recipient] will make available to the accountant all records, correspondence, information and explanations that the accountant considers necessary to enable the accountant to perform the accountant’s work.
- 2.3 The [grant recipient] and BEIS accept that the ability of the accountant to perform its work effectively depends upon the [grant recipient] providing full and free access to the financial and other records and the [grant recipient] shall procure that any such records held by a third party are made available to the accountant.

- 2.4 The accountant accepts that, whether or not the [grant recipient] meets its obligations, the accountant remains under an obligation to BEIS to perform its work with reasonable care. The failure by the [grant recipient] to meet its obligations may cause the accountant to qualify its report or be unable to provide a report.

3. Scope of the accountant's work

- 3.1 The [grant recipient] will provide the accountant with such information, explanations and documentation that the accountant considers necessary to carry out its responsibilities. The accountant will seek written representations from management in relation to matters for which independent corroboration is not available. The accountant will also seek confirmation that any significant matters of which the accountant should be aware have been brought to the accountant's attention.
- 3.2 The accountant will perform carry out a [[limited]][reasonable] level of assurance assignment and subject to any adverse findings will produce a report in the form set out in [Appendix X].
- 3.3 The accountant will not subject the information provided by the [grant recipient] to checking or verification except to the extent expressly stated. While the accountant will perform the accountant's work with reasonable skill and care, the accountant's work should not be relied upon to disclose all misstatements, fraud or errors that might exist.

4. Form of the accountant's report

- 4.1 The accountant's reports are prepared on the following bases:
- 4.1.1 the accountant's reports are prepared solely for the confidential use of the [grant recipient] and BEIS and solely for the purpose of submission to BEIS in connection with BEIS's requirements in connection with [name of grant]. They may not be relied upon by the [grant recipient] or BEIS for any other purpose;
- 4.1.2 without imposing on the accountant and without the accountant assuming (or being perceived as assuming) any duty or responsibility and without imposing or accepting any liability to anyone except the [grant recipient] and BEIS, BEIS may disclose the reports to the European Commission for state aid purposes, Parliament, the Comptroller and Auditor General (NAO) and others who demonstrate statutory rights of access to the report;
- 4.1.3 neither the [grant recipient], BEIS [or others] may rely on any oral or draft reports the accountant provides. The accountant accepts responsibility to the [grant recipient] and BEIS for the accountant's final signed reports only;
- 4.1.4 the report will be prepared solely for the confidential use of [grant recipient] and BEIS, and solely for the purpose of facilitating the grant claim. The report will be released to the [grant recipient] and BEIS on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted

by agreed written terms), without the accountant's prior written consent, except where there is a legal or statutory right of access. Without assuming or accepting any responsibility or liability in respect of the report to any party other than [grant recipient] and BEIS, we acknowledge that [grant recipient] and BEIS (or one of them) may be required to disclose this report to parties demonstrating a statutory right to see it, to enable such parties to exercise their statutory rights of access to this report;

4.1.5 to the fullest extent permitted by law, except for the [grant recipient] and BEIS, the firm of accountants, its partners and staff neither owe nor accept any duty to any person (including, without limitation, any person who may use or refer to any of BEIS's publications) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in the accountant's reports.

5. Liability provisions

5.1 The accountant will perform the engagement with reasonable skill and care and accepts responsibility to the [grant recipient] and to BEIS for losses, damages, costs or expenses ('losses') caused by its breach of contract, negligence or wilful default, subject to the following provisions:

5.1.1 The accountant will not be responsible or liable if such losses are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than the accountant, except where, on the basis of the enquiries normally undertaken by accountants within the scope set out in these terms of engagement, it would have been reasonable for the accountant to discover such defects.

5.1.2 The accountant accepts liability without limit for the consequences of its own fraud and for any other liability which it is not permitted by law to limit or exclude.

5.1.3 Subject to the previous paragraph (5.1.2), the total aggregate liability of the accountant whether in contract, tort (including negligence) or otherwise, to each of the [grant recipient] and BEIS, arising from or in connection with the work which is the subject of these terms (including any addition or variation to the work), shall not exceed the maximum value of the relevant Grant instalment to which the Grant claim relates (as set out in the Grant Funding Agreement).

5.2 The [grant recipient] and BEIS agree that they will not bring any claims or proceedings against any individual partners, members, directors or employees of the accountant. This clause is intended to benefit such partners, members, directors and employees who may enforce this clause pursuant to the Contracts (Rights of Third Parties) Act 1999 ('the Act'). Notwithstanding any benefits or rights conferred by this agreement on any third party by virtue of the Act, the parties to this agreement may agree to vary or rescind this agreement without any third party's consent. Other than as expressly provided in these terms, the Act is excluded.

- 5.3 Any claims, whether in contract, negligence or otherwise, must be formally commenced within 4 years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than 6 years after relevant report was issued (or, if no report was issued, when the accountant accepted the engagement in writing). This expressly overrides any statutory provision which would otherwise apply.
- 5.4 This engagement is separate from and unrelated to any audit work of the accountant on the financial statements of the [grant recipient] for the purposes of any applicable statutory or regulatory or other auditing framework and nothing herein creates obligations or liabilities regarding the accountant's audit work, which would not otherwise exist.

6. Fees

The accountant's fees, together with VAT and out-of-pocket expenses, will be agreed with and billed to the [grant recipient]. BEIS is not liable to pay the accountant's fees.

7. Quality of service

The accountant will investigate all complaints. BEIS or the [grant recipient] have the right to take any complaint to the ICAEW. BEIS or the [grant recipient] may obtain an explanation of the mechanisms that operate in respect of a complaint to the ICAEW at www.icaew.co.uk/complaints or by writing to the ICAEW at the ICAEW Professional Standards Office, Metropolitan House, 321 Avebury Boulevard, Milton Keynes MK9 2FZ UK.

8. Providing services to other parties

The accountant will not be prevented or restricted by virtue of the accountant's relationship with the [grant recipient] and BEIS, including anything in these terms of engagement, from providing services to other clients. The accountant's standard internal procedures are designed to ensure that confidential information communicated to the accountant during the course of an assignment will be maintained confidentially.

9. Applicable law and jurisdiction

- 9.1 This agreement shall be governed by and interpreted and construed in accordance with the law of England.
- 9.2 The [grant recipient], BEIS and the accountant irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any dispute (including claims for set-off and counterclaims) which may arise on any basis in connection with the validity, effect, interpretation or performance of, or the legal relationship established by this agreement or otherwise arising in connection with this agreement.

10. Alteration to terms

All additions, amendments and variations to these terms of engagement shall be binding only if in writing and signed by the duly authorised representatives of the parties. These terms supersede any previous agreements and representations (unless based on fraud) between the parties in respect of the scope of the accountant's work and the accountant's report or the obligations of any of the parties relating thereto (whether oral or written) and represents the entire agreement and understanding between the parties. These terms do not affect any separate agreement in writing between the [grant recipient] and the accountant.

EXAMPLE GRANT FUNDING LETTER ANNEX 1

PART B – GRANT RECIPIENT’S GRANT APPLICATION

[Attach the Grant Recipient’s application here]

EXAMPLE GRANT FUNDING LETTER ANNEX 2 – THE FUNDED ACTIVITIES

1. Background/purpose of the Grant

We expect this to be populated with our requirements from the Competition proposal and the Project Proposal.

1.1. Aims and objectives of the Funded Activity

We expect this to be populated with our requirements from the Competition proposal and the Project Proposal.

2. Funded Activities

The table below outlines the work packages to be completed during the project.

Work package number	Work package name	Project partner lead for work package	Brief description of work package, including key tasks
WP1			
WP2			
WP3			
WP4			

EXAMPLE GRANT FUNDING LETTER ANNEX 3 – PAYMENT SCHEDULE

Company/Consortia	
Name of project	
Grant size requested (£)	
Grant size awarded (£)	
Date	
Version	

Milestone No: Description	Due	Maximum grant payable	Evidence of achievement to be provided	Verification criterion

Approved Match Funding

GRANT TERM YEAR	TOTAL MATCH FUNDING RECEIVED	MATCH FUNDING PAYMENT DATE
Year 1		
Year 2		
Year 3		

EXAMPLE GRANT FUNDING LETTER ANNEX 4 – GRANT RECIPIENT’S BANK DETAILS

Guidance: The Grant Recipient must complete parts 1 to 5. Part 5 must only be completed by the person who signed the Grant Letter/ Agreement with the Authority, or their replacement.

The Grant Recipient should take a photocopy of the form for their records and return the original along with the signed Grant Funding Agreement to the address indicated in the Grant Letter.

Part 1: Grant recipient details

<p>Name of Main Grant Holder</p> <input style="width: 95%; height: 25px;" type="text"/>	<p>Address of Grant Holder</p> <input style="width: 95%; height: 100px;" type="text"/>
<p>Grant Determination number</p> <input style="width: 95%; height: 25px;" type="text"/>	<p>Postcode:</p> <input style="width: 95%; height: 25px;" type="text"/>
<p>Grant name</p> <input style="width: 95%; height: 25px;" type="text"/>	<p>Contact telephone number</p> <input style="width: 95%; height: 25px;" type="text"/>

Part 2: Bank details

<p>Bank / Building Society name</p> <input style="width: 95%; height: 25px;" type="text"/>	<p>Account name</p> <input style="width: 95%; height: 25px;" type="text"/>
<p>Branch name</p> <input style="width: 95%; height: 25px;" type="text"/>	<p>Account number</p> <input style="width: 95%; height: 25px;" type="text"/>
<p>Bank sort code</p> <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/> - <input style="width: 20px; height: 20px;" type="text"/>	<p>Account type</p> <input style="width: 95%; height: 25px;" type="text"/>
<p>Building Society roll number</p> <input style="width: 95%; height: 25px;" type="text"/>	<p>Branch address</p> <input style="width: 95%; height: 25px;" type="text"/>
	<p>Postcode:</p> <input style="width: 95%; height: 25px;" type="text"/>

Part 3: Address for remittance advice

Choose one method only

<p>Send our remittance advice by post <input type="checkbox"/> </p>	<p>Postal address (if different from Part 1)</p> <input style="width: 95%; height: 25px;" type="text"/>
	<p>Postcode</p> <input style="width: 95%; height: 25px;" type="text"/>
<p>Send our remittance advice via email</p>	<input style="width: 95%; height: 25px;" type="text"/>

Part 4: Authorised signatories

The names and specimen signatures of people authorised to sign claim forms on behalf of the person who signed the Grant Funding Agreement are shown below. These signatures are binding on this organisation in respect of the Agreement.

Name	<input type="text"/>	Name	<input type="text"/>
Position in the organisation	<input type="text"/>	Position in the organisation	<input type="text"/>
Signature	<input type="text"/>	Signature	<input type="text"/>
Date	<input type="text"/>	Date	<input type="text"/>

Part 5: Grant recipient declaration

To be completed by the person who signed the Grant Letter/ Grant Funding Agreement

- I certify that the information given on this form is correct.
- I agree that following discussions, any overpayments can be automatically recovered from future payments.

Name	<input type="text"/>	Signature <i>(the person who signed the agreement)</i>	<input type="text"/>
Date	<input type="text"/>		

Return this form to the address indicated in the Grant Letter, alongside a signed Grant Funding Agreement.

General Data Protection Regulation (2018): The information on this form will be recorded on the Authority’s computer system. The information provided will be used for paying your fees and will not be passed to anyone outside of the Authority without the permission of the Grant Recipient.

EXAMPLE GRANT FUNDING LETTER ANNEX 5 – ELIGIBLE EXPENDITURE SCHEDULE

Part 1 - The Eligible Costs

Article 25(3) of the EU State Aid General Block Exemption Regulation referred to in paragraph 16 of the Grant Funding Letter provides the following definition of “Eligible Costs” which will apply to this Grant:

(a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;

(b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;

(c) costs of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.

(d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;

(e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project.

In addition, the following costs/payments will be classified as Eligible Expenditure if made for the purposes of the Funded Activity:

- i. giving evidence to Select Committees;
- ii. attending meetings with Ministers or officials to discuss the progress of a taxpayer funded grant scheme;
- iii. responding to public consultations, where the topic is relevant to the objectives of the grant scheme. This does not include spending government grant funds on lobbying other people to respond to the consultation;
- iv. providing independent, evidence based policy recommendations to local government, departments or Ministers, where that is the objective of a taxpayer funded grant scheme, for example, 'What Works Centres'; and
- v. providing independent evidence based advice to local or national government as part of the general policy debate, where that is in line with the objectives of the grant scheme.

A payment is defined as taking place at the moment when money passes out of Grant Recipient control. This may take place when:

- I. Legal tender is passed to a supplier (or, for wages, to an employee);

- II. A letter is posted to a supplier or employee containing a cheque; or
- III. An electronic instruction is sent to a bank/building society to make a payment to a supplier or employee by direct credit or bank transfer.

The Grant Recipient must not deliberately incur liabilities for Eligible Expenditure in advance of need; nor pay for Eligible Expenditure sooner than the due date for payment.

All Eligible Expenditure must be claimed net of VAT, any VAT being recoverable from HM Revenue & Customs subject to the usual rules.

(breakdown of forecast grant expenditure)

Item of Expenditure	Budget (in UK Sterling)/forecast expenditure

INELIGIBLE EXPENDITURE

The following costs must be excluded from Eligible Expenditure:

- I. Payment that supports for lobbying or activity intended to influence or attempt to influence Parliament, Government or political parties, or attempting to influence the awarding or renewal of contracts and grants, or attempting to influence legislative or regulatory action;
- II. using grant funding to petition for additional funding;
- III. input VAT reclaimable by the Grant Recipient from HMRC; and
- IV. payments for activities of a political or exclusively religious nature.
- V. Goods or services that the Grant Recipient has a statutory duty to provide;
- VI. Payments reimbursed or to be reimbursed by other public or private sector grants
- VII. Contributions in kind (i.e. a contribution in goods or services, as opposed to money);
- VIII. Depreciation, amortisation or impairment of fixed assets owned by the Grant Recipient beyond the extent and period for which they are used for the Grant Funded Activities;

- IX. The acquisition or improvement of fixed assets by the Grant Recipient (unless the grant is explicitly for capital use – this will be stipulated in the Grant Funding Letter);
- X. Interest payments (including service charge payments for finance leases);
- XI. Gifts to individuals other than promotional items with a value of no more than £10 a year to any one individual;
- XII. Entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
- XIII. Statutory fines, criminal fines or penalties; or
- XIV. Liabilities incurred before the issue of this funding agreement unless agreed in writing by the Funder.

EXAMPLE GRANT FUNDING LETTER ANNEX 6 – AGREED MILESTONES/OUTPUTS, LONG TERM OUTCOMES AND KEY PERFORMANCE INDICATORS

The Grant Recipient is required to achieve the following milestones and performance measures in connection with the Grant:

Agreed Outputs

Projects will be expected to build and operate an on-site demonstration of the static large-scale energy storage products at the agreed sites. The final outputs from this Demonstration Projects will be:

- an evidence-based final project report for BEIS (and other Government departments) detailing the design and development of the system, demonstration and trials results, key successes, lessons learned, environmental outcomes including reporting on expected lifecycle greenhouse gas emissions, and next steps. BEIS will supply guidance for this project report;
- a version of the project report which can be published;
- a programme of knowledge dissemination throughout the project, including evaluation reports of conducted activities;
- a programme of knowledge dissemination focused on other markets for your technology;
- a development pathway for further commercialisation upon project completion.

Agreed Milestones

The agreed milestones are those listed in the Payment Schedule in Annex 3 of this Agreement.

Key Performance Indicators (KPIs)

KPIs measured annually:	
These KPIs are taken from the Portfolio Menu Suite of KPI Performance Metrics for the BEIS Energy Innovation Programme. BEIS will provide detailed guidance on the definition and application of the KPIs for this Competition. The KPIs include but may not be limited to:	
KPI 3	Number (and size) of Organisations supported to deliver project (Lead Partner and Other Organisations as named on grant offer/ contract)
KPI 4	Number of active Business Relationships and Collaborations supported (Formal and Informal, Overall and New)
KPI 5	Advancement of Low Carbon Solutions- Technology Readiness Levels
KPI 6i	Initial Financial Leverage from private sector to deliver project
KPI 6ii	Follow-on Funding to take project further forward
KPI 7i	A. Reduced Unit Cost of energy- LCOE
	B. Potential Reduced Unit Cost up to 2032
KPI 7ii	A. Increased Energy Efficiency/ Reduced Energy Demand
	B. Potential Increased Energy Efficiency up to 2032
KPI 7iii	A. Increased energy system flexibility

	B. Potential Increased Energy System Flexibility up to 2032
KPI 8	Number of products (and services) sold in UK and Internationally
KPI 9	Potential reduction in CO2 emissions savings of project up to 2032

EXAMPLE GRANT FUNDING LETTER ANNEX 7 – CONTACT DETAILS

The main departmental contact in connection with the Grant is:

Name of contact	[]
Position in organisation	[]
Email address	[]
Telephone number	[]
Fax number	[]
Postal address	[]

This information is correct at the date of the Grant Funding Agreement. The Authority will send you a revised contact sheet if any of the details changes.

The Grant Recipient’s main contact in connection with the Grant Funding Agreement is:

Reference	
Organisation	[]
Name of contact	[]
Position in organisation	[]
Email address	[]
Telephone number	[]
Fax number	[]
Postal address	[]

Please inform the Authority if the Grant Recipient’s main contact changes.

EXAMPLE GRANT FUNDING LETTER ANNEX 8 - EXIT

1. The following definitions shall apply in addition to the definitions contained in paragraph 2.1 of these Conditions (Definitions):

“Exit Plan” means the plan prepared and submitted by the Grant Recipient to the Authority to enable the smooth closure of transfer of the Funded Activities to the Authority or successor of the Grant Recipient.

General

2. The Grant Recipient will prepare an Exit Plan within the first three months of this Grant Funding Agreement to allow the smooth closure of the Funded Activities.
3. Where the Authority intends to continue the operation of the Funded Activities in broadly the same way after expiry or termination of the Grant Funding Agreement, either by performing them itself or by means of a successor, The Grant Recipient shall endeavour to ensure the smooth and orderly transition of the Funded Activities and shall co-operate with the Authority or the successor, as the case may be, in order to achieve such transition.
4. When such endeavours and co-operation are outside the scope of the Grant, the Grant Recipient shall provide quotations for reasonable charges associated with providing such assistance and the Authority shall pay such reasonable charges.
5. The Grant Recipient will comply with any reasonable request of the Authority for information relating to the performance of the Funded Activities.

Exit Planning

6. The Grant Recipient will, in conjunction with the Authority, maintain, and as necessary update, the Exit Plan throughout the Grant Term so that it can be implemented immediately, if required. From time-to-time either the Authority or the Grant Recipient may instigate a review of the Exit Plan.
7. The Grant Recipient will co-operate with all reasonable requests made by either the Authority or a successor body relating to exit transition arrangements for the Funded Activities.

Assistance

8. The Grant Recipient will use all reasonable endeavours to ensure that a transition of responsibility for the delivery of the Funded Activities to the successor body or the Authority, as the case may be, minimises any detrimental effect on the delivery of the Funded Activities and the Authority will use all reasonable endeavours to co-operate in such transfer.

Assets Register

9. The Grant Recipient shall maintain throughout the exit period of this Grant an asset register in accordance with the Terms and Conditions of the Grant Funding Agreement.

10. The Grant Recipient shall not change the status of any asset without the prior written consent of the Department where such a change would either be viewed as a major change or would require repayment in accordance with the Terms and Conditions of the Grant Funding Agreement.

Documentation and Access

11. The Grant Recipient shall provide the Authority on request with information and documentation reasonably necessary to assist with the transfer of the Funded Activities to the Authority or to a successor body, including any documentation required to support any bidding process for the provision of the Funded Activities. This includes full details of:
 - a) the work programme, objectives/targets, and other services delivered by the Grant Recipient under this Grant Funding Agreement;
 - b) any software, including Third Party software and any hardware used in connection with the delivery of the Funded Activities;
 - c) software and supply agreements used to deliver any services associated with delivery of the Funded Activities, including the agreements relating to any Third Party software identified by name of supplier, term of Grant, and charges payable under the Grant; and
 - d) any employees used by the Grant Recipient to help deliver the Funded Activities who are essential to this delivery; this information shall be provided under conditions of confidentiality reasonably acceptable to the Grant Recipient.
12. The Authority may make the documentation available to suppliers who wish to bid for the provision of the activities. The Grant Recipient shall respond expediently and in full to any reasonable questions by the Authority or the suppliers and shall co-operate with any reasonable due diligence activities carried out by suppliers.

Transfer Support Activities

13. The Grant Recipient shall co-operate with all reasonable requests made by either the Authority or a successor relating to the Funded Activities transition arrangements. The Authority and the Grant Recipient shall discuss the implementation plan for the transition of the activities to either the Authority or a Successor body.

EXAMPLE GRANT FUNDING LETTER ANNEX 9 - STATE AID

GENERAL BLOCK EXEMPTION REGULATION

Annex 9 Section 1

Award of aid

1. The Grant is awarded as aid for experimental development in accordance with Article 25 (aid for research and development projects) of the EU State Aid General Block Exemption Regulation (“**GBER**”).
2. The Grant may only be used to contribute to Eligible Expenditure covered by this letter where that expenditure is incurred by You in respect of eligible costs permitted under Article 25(3) of GBER, where these are incurred in a part of the Funded Activities constituting experimental development as defined in Article 2(86) of GBER. The amount of public funding (including the Grant) that You may receive for the Project must not exceed:
 - a) in accordance with Article 4(1)(i)(iii) of GBER, €15m (fifteen million Euros) in total; and
 - b) in accordance with Article 25(5) (c) and Article 25(6) ([insert sub-paragraph]), an aid intensity being [insert percentage] of Your total Eligible Expenditure incurred on the Funded Activities.
3. For the purpose of paragraph 2, public funding includes any funding from, or attributable to, any public authority, excluding centrally managed EU funding not directly or indirectly under the control of the Member State. [Please note that the maximum aid intensity permitted under [paragraph 2 b)] has been increased from [25% of Your Eligible Expenditure] to [the percentage set out in that paragraph] on the basis that [insert justification for increase under the relevant paragraph of Article 25(6)]. Please inform the Authority in writing, and as soon as possible, if these circumstances cease to apply or the Grant Recipient has grounds to consider that they are likely to do so. The Grant Recipient must also provide the Authority with any evidence requested to satisfy it that the Grant Recipient has complied with the aid intensity requirements and that it have sufficient Match Funding in place.

Annex 9 Section 2

General conditions

1. The Grant is awarded subject to the following understandings and conditions:
 - a) The Grant Recipient must comply with all applicable European Union rules on state aid and ensure that all requirements for the application of GBER are met;
 - b) The Grant Recipient is not entitled to the Grant or any payment of it if it is, or becomes, subject to a recovery order following a previous EU Commission decision declaring any aid illegal and incompatible with the internal market¹⁴;
 - c) The Grant Recipient confirms that it is not a company in difficulty as defined in Article 2.18 of GBER and the Grant Recipient commits to informing the Authority as soon as reasonably practicable of any change in this status; the Authority reserve the right to terminate the Grant Funding Agreement if the Grant Recipient's status changes;
 - d) The Grant Recipient confirms that, prior to the commencement of the Project, the Grant Recipient submitted an application which confirmed the undertaking's name and size, description of the Funded Activities (including its start and end dates), location of the Funded Activities, list of costs and type of aid and amount of public funding required;
 - e) The Grant Recipient informed the Authority of any other public funding applied for or awarded against the Eligible Expenditure; it is on this basis that the Authority has ensured that the total public funding for the Project is within the amounts permitted by GBER;
 - f) The Authority is responsible for informing EU Commission of aid awards, including summary notification of the aid to the Commission via the electronic notification system and publication of details of the aid as required from 1 July 2016;
 - g) in the case of an award of aid in excess of €500,000, the Grant Recipient consent to the publication of the following information: name of the beneficiary, beneficiary's identifier, type of enterprise (SME/large) at the time of granting, region in which the beneficiary is located, at NUTS level 2, sector of activity at NACE group level, aid element, expressed as full amount in national currency, aid instrument, date of granting, objective of aid, granting authority, reference of the aid measure; for schemes under Articles 16 and 21 of GBER, name of the entrusted entity, and the names of the selected financial intermediaries;
 - h) The Grant Recipient is responsible individually, and jointly with the Authority, for maintaining detailed records with the information and supporting documentation necessary to establish that all the conditions set out in the Grant Funding Agreement and the GBER are fulfilled;

¹⁴ This does not apply to aid schemes making good the damage caused by certain natural disasters

- i) such records shall be maintained for 10 years following the granting of the aid and shall be made available to the EU Commission within a period of 20 working days if requested;
- j) the Authority may (without qualifying the generality of the Authority's monitoring rights under this Grant Funding Agreement) monitor the Grant Recipient's compliance with the requirements of paragraphs h) and i) and for the avoidance of doubt any failure to comply with those requirements (where applicable) shall be deemed a breach of the terms of this letter.

Information on the latest innovation calls can be found here:

<https://www.gov.uk/guidance/energy-innovation>



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Department for Business, Energy and Industrial Strategy

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www.gov.uk/BEIS