



Department for  
Business, Energy  
& Industrial Strategy

# Green Home Finance Innovation Fund

## Competition Guidance Notes

Deadline for Expressions of Interest: 26 September 2019

Deadline for Applications: 14 October 2019

August 2019

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## 1. Overview

This guidance sets out the context, application process, and assessment criteria for the **Green Home Finance Innovation Fund (GHFIF)**. This document should be read in advance of submitting any application and should be referred to throughout the GHFIF competition process.

The **aim of this competition** is to pilot three to five green home finance products that have sustainable business models, will incentivise energy efficiency retrofit, and which are supported and promoted effectively by lenders. To achieve this, lenders will develop expertise in energy efficiency, IT infrastructure to incorporate energy efficiency considerations into investment decisions, and relationships with the energy efficiency supply chain to build energy efficiency into their financial products. The pilots will test whether these green finance products are:

- Desirable to consumers,
- Drive energy efficiency works, and
- Able to be self-sustaining without further BEIS input in the future.

The competition is open to applications between **19<sup>th</sup> August 2019** and **14<sup>th</sup> October 2019**. The application form and other required documentation is available to download from the competition webpage [www.gov.uk/guidance/green-home-finance-innovation-fund-competition](http://www.gov.uk/guidance/green-home-finance-innovation-fund-competition).

The GHFIF competition will make available up to approximately **£4.63 million** for projects which develop innovative green mortgage and other lending products, targeting any consumers that would not get support under other Government energy efficiency schemes.

If you are interested in the GHFIF competition you should register your interest by emailing [GreenHomeFinance@ricardo.com](mailto:GreenHomeFinance@ricardo.com) to ensure you are kept up to date as the scheme progresses. Ricardo Energy & Environment (in partnership with Mott MacDonald) have been contracted as the delivery partner to manage the GHFIF Competition on behalf of BEIS.

The following indicative table outlines the steps within the GHFIF competition, from initial applications to final projects.

**Table 1: GHFIF indicative competition timetable**

<b>Milestone</b>	<b>Planned completion date</b>
<b>Competition launch</b>	19 <sup>th</sup> August 2019
<b>Deadline for questions from applicants.</b>	9 <sup>th</sup> September 2019
<b>Deadline by which BEIS will respond to all applicants' questions</b>	13 <sup>th</sup> September 2019
<b>Deadline for expressions of interest</b>	26 <sup>th</sup> September 2019
<b>Deadline for submission of bids</b>	14 <sup>th</sup> October 2019
<b>Project selection and grants awarded</b>	November 2019
<b>Final report from participants</b>	31 <sup>st</sup> March 2021

## 2. Competition Background

The relatively poor energy efficiency of the UK housing stock contributes to higher carbon emissions, higher energy bills, and reduced health outcomes for occupants. Homes account for 15% of direct UK carbon emissions and 22% of emissions by end use, and in order to achieve the UK's legally binding net-zero emissions carbon targets homes need to be decarbonised<sup>1</sup>. In the Clean Growth Strategy (CGS), the government set out an aspiration for as many homes as possible to reach Energy Performance Certificate (EPC)<sup>2</sup> Band C by 2035, and for all fuel poor homes to reach EPC C by 2030. At current prices, the modelled cost of the measures required to achieve the carbon emissions savings implied in the CGS pathway to Carbon Budget 5 is around £65-70bn<sup>3</sup>.

The challenge is greatest in the owner-occupier sector, which accounts for 63% of homes and where over 75% of properties are below EPC band C. If rates of owner occupier take-up of energy efficiency do not improve, then the UK will struggle to achieve the necessary carbon emissions savings for Carbon Budget 5<sup>4</sup>. The availability of competitive green finance is crucial to changing this; investing in energy efficiency needs to be made both straightforward and desirable and this needs to be demonstrated to consumers.

Lenders are well placed to influence consumers on energy retrofit and have an interest in doing so. Lower energy bills can not only improve customers' capacity to borrow but, according to a recent Bank of England report<sup>5</sup>, are also correlated with a lower risk of defaulting. There is also emerging evidence that energy efficiency improves property value which also reduces the risk of mortgage defaults for lenders<sup>6</sup>. As lenders are already a key part of the property landscape, they are in an ideal position to prompt homeowners to consider energy efficiency at the right decision points, primarily when a property is bought, remortgaged or improved.

Customer research conducted by government has shown that people trust lenders to offer advice on energy improvements to their homes. This puts lenders in a position to not only help consumers make the link between energy efficiency and value, but also act to drive up quality in the energy efficiency supply chain. Currently, only one domestic green finance product is offered by a UK high street lender however, and as this is targeted at new build homes it does not actively support government retrofit objectives. This needs to change.

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<sup>1</sup> BEIS (2019) UK Greenhouse Gas Emissions; BEIS (2019) Annex: 1990-2017 final emissions by end user and fuel type.

<sup>2</sup> An Energy Performance Certificate (EPC) is a certificate (and associated advice report) that sets out the energy efficiency rating of a property and contains recommendations for ways in which the energy efficiency of the property could be improved. Most domestic (and non-domestic) buildings sold, rented out or constructed since 2008 must have an EPC. An EPC may also be required when a property is altered in particular ways.

<sup>3</sup> Figures from most recent BEIS modelling.

<sup>4</sup> A carbon budget places a restriction on the total amount of greenhouse gases the UK can emit over a 5-year period. The UK is the first country to set legally binding carbon budgets: <https://www.gov.uk/guidance/carbon-budgets>.

<sup>5</sup> The Bank of England recently published a report suggesting that the energy efficiency of a property is a predictor of credit risk. Mortgages on energy-efficient properties (with EPC ratings of A, B or C) are 18.4% less likely to be in arrears than mortgages on energy-inefficient properties (with EPC ratings E, F or G) <https://www.bankofengland.co.uk/prudential-regulation/publication/2018/transition-in-thinking-the-impact-of-climate-change-on-the-uk-banking-sector> p.28

<sup>6</sup> <https://www.gov.uk/government/publications/an-investigation-of-the-effect-of-epc-ratings-on-house-prices>

Government recognises however that developing attractive, effective green home finance products is not straightforward: lenders typically lack energy efficiency expertise and there is a corresponding lack of finance expertise in the energy efficiency supply chain. Moreover, there is limited understanding of the types of finance products consumers and households would find most useful and appealing.

BEIS has developed this Green Home Finance competition to fund the initial development and piloting of a limited number of green home finance products. This will enable lenders to carry out the necessary internal exploration and learning and to develop the expertise, contacts and infrastructure necessary to launch green home finance products that can then be piloted and evaluated.

### 3. Aims & Objectives

The **aim of this Green Home Finance Innovation Fund (GHFIF) grant competition** is to promote the establishment of green lending products by overcoming the barrier to innovation posed by high initial development costs in an untapped green finance market.

Successful projects will be expected to achieve the following **objectives**:

1. To develop innovative green home finance products that have sustainable business models, that will incentivise domestic energy efficiency retrofit, and which are supported and promoted effectively by the lender
2. Lenders to develop the necessary expertise in energy efficiency, the necessary IT infrastructure to incorporate energy efficiency considerations into investment decisions, and the necessary relationships with the energy efficiency supply chain to build energy efficiency into their financial products
3. To pilot these green finance products to demonstrate:
  - a. That these products are desirable and a viable market exists
  - b. That these products drive energy efficiency retrofit works
  - c. That these products can generate a sustainable profit in addition to adding to lenders' brand value
4. To establish an evidence base on customer demand for green home finance products, including marketing techniques, profiles of potential "green finance" customers, product design and the likely size and scope of the market
5. To establish an evidence base on barriers and enablers for setting up a range of green home finance products within financial institutions of various types, including any potential avenues for future government intervention

The GHFIF grant competition will make available up to approximately **£4.63 million** for a limited number of projects which develop innovative green mortgage and other lending products, targeting any consumers that would not typically receive support under Government energy efficiency schemes.

#### 3.1 Eligibility Criteria

In order to be eligible to apply to the GHFIF grant competition, bidders must meet with the following eligibility requirements:

- The fund is open to applications from financial institutions and mortgage lenders with a retail presence (e.g. banks, building societies, and consumer organisations) and partner organisations (e.g. energy suppliers and smart data/analytics companies) that could deliver energy assessments and retrofit services;
- The project must be within the competition scope (as set out in the next section);
- The project activities must be conducted in the UK;



- The project must be led by a single organisation (although bids from consortia<sup>7</sup> with a single lead partner are acceptable); and
- Grant proposals should not exceed £1.8 million per project.

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<sup>7</sup> Only one submission may 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 1, Declaration 2 of the application form).

If a consortium is not proposing to form a separate corporate entity, 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.

## 4. The Competition Scope

The Green Home Innovation Fund (GHFIF) competition is designed to provide support in achieving the Buildings Mission's<sup>8</sup> ambition to at least halve the energy use of new buildings by 2030 and to halve the cost of renovating existing buildings to a similar standard.

The GHFIF funding will be allocated over a period of 16 months (ending March 2021) across a range of projects. The exact number of projects will be dependent on the ambition and scope of the bids received, but BEIS expects to fund between three and five projects with funding awarded in the region of £800K to £1.8m.

BEIS hopes to fund a mixed portfolio of projects through this competition to ensure that a spread of different green home finance approaches will be developed and piloted. Projects can include existing Green Mortgage Products that have not achieved traction in the market and need re-marketing and/or re-development, or products that lenders may wish to re-badge and re-organise into Green Home Finance Products. The following suggestions are not exhaustive, and proposals should consider the best possible approaches that will guarantee the best possible outcomes:

1. Reduced rate mortgages for more efficient properties.
2. Unsecured home renovation loans with a percentage of the loan allocated to energy efficiency works.
3. Improved terms on existing mortgages/re-mortgages/additional borrowing against mortgages.
4. More ambitious/innovative proposals. These could include: incentivising energy efficiency works when taking out a mortgage for property purchase; equity loans for asset-rich, cash poor property owners, whereby consumers receive funding for measures in exchange for equity in their homes; lending for major energy efficiency renovations and/or whole house retrofit; pay-as-you-save schemes for low income property owners.

BEIS expects that the level of funding requested will reflect the ambition and innovation of the bids received, with maximum funding requests reserved for the most ambitious proposals. Products that have clear potential to be able to scale up across the UK housing sector will score higher than niche products with a relatively small target audience, although effective penetration of a single housing archetype found widely across the UK would also be highly relevant to GHFIF.

It is expected that projects funded by GHFIF will undertake a pilot trial of the product after a period of development work. It is up to bidders to propose the appropriate number of homeowners to trial the financial product and justify this number in terms of their typical lending rates for new products, and their own internal requirements for proof of viability. BEIS expect this number to be achievable but stretching. The

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<sup>8</sup> <https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/missions#buildings>

marking scheme will assess saleability and the three factors that will contribute to the score in this criteria will be the number of lending agreements bidders expect to enter into by March 2021, the overall size of the market for their product, and the confidence BEIS has in the evidence provided to underpin these assertions.

Proposals must demonstrate how the financial product incentivises homeowners to improve the energy efficiency of existing properties or otherwise reinforce a market relationship between energy efficient properties and increased property value.

Proposals should also demonstrate how the funding would enable development of new products not currently in development that could then be rolled out to the market, or the significant retooling of existing products to give them the required 'green' characteristics and design elements. Projects that have a realistic proposition of being continued past the end of the pilot period without the need for any additional Government support will be favoured at the assessment stage, although smaller organisations entering the market who would not necessarily have this confidence could also be supported if the remainder of the bid is compelling.

#### 4.1. Monitoring Energy Efficiency

One of the aims of this project is that lenders develop a thorough understanding of how to manage risks related to the verification of energy efficiency works. Initial discussions with lenders have highlighted this as a significant barrier to the development of green home finance. In future it is expected that lenders will develop their own verification processes to manage their risk, which may be more or less stringent than those suggested here.

It is likely, given the timescales of the Green Home Finance Innovation Fund (GHFIF), that while the financial products will be lent to homeowners by March 2021, the energy efficiency works themselves, and any method of verification, will take place beyond March 2021. Bidders should account for this in their project plan.

Successful bids will need to demonstrate a process to ensure that the proposed finance product will lead to a substantive improvement in Energy Performance Certificate (EPC) RdSAP points<sup>9</sup> to properties taking up the product. Products should be designed so that this RdSAP improvement can be appropriately verified. We would expect that a new EPC would need to be carried out before any works take place in order to prevent homeowners from claiming for historic works that had already taken place after the property's existing EPC was produced – however bidders should feel free to propose other appropriate methods to avoid this double counting which will be considered when scoring bids.

In order to verify energy efficiency works, lenders may also require a post-improvement EPC, or may use other verification methods, such as the Green Deal

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<sup>9</sup> The Standard Assessment Procedure (SAP) is the approved assessment methodology used to calculate energy performance for domestic Energy Performance Certificates (EPCs). New build homes are assessed using the full SAP methodology, while existing homes are assessed using the simplified Reduced Data Standard Assessment Procedure (RdSAP).

Occupancy Assessment model or proof of works/TrustMark/MCS accreditation combined with a deemed scores approach such as is currently used for the Energy Company Obligation (ECO)<sup>10</sup>. Renovation projects which consist of only minor energy efficiency measures such as energy efficient lighting or draught proofing would not be eligible.

Home renovation projects that are not solely energy efficiency-related would be eligible for incentives, as long as there is a substantial additional energy efficiency component to the works. BEIS actively want to see products that target consumers who are already intending to do works on their property but haven't considered additional energy efficiency works that could be done at the same time, as this is the ideal time for intervention. Minimum levels of energy efficiency improvements that are a legal requirement under building regulations or Private Rented Sector Minimum Standards legislation would not be considered additional (however energy efficiency works which went above and beyond required minimum standards would be considered additional).

Lenders may also develop additional metrics to measure energy efficiency that may be more relevant to their value proposition, such as bills savings or smart meter data, but this will be left to the individual institution.

#### 4.2 What the funding can be used for

Funding would be expected to cover:

- Initial scoping, programme design and launching pilots
- Energy efficiency-related risk profile for the lender/financial institution
- Market research/consumer profiling/market testing
- Supply chain development work
- Development of IT infrastructure to link mortgage decisions to energy efficiency
- Marketing strategy/routes to market/consumer interface
- General programme management and reporting to BEIS
- Monitoring and evaluating the success of pilots
- Energy audits

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<sup>10</sup> The Energy Company Obligation (ECO) is a requirement that the Government places on energy suppliers to reduce the UK's energy consumption and support those living in fuel poverty. ECO obligated suppliers are required to provide households with energy efficiency and heating improvements.

## 5. Funding Levels and State Aid requirements

Overall, the competition will make available approximately £4.63m of funding.

The European Commission's regulation of State Aid is designed to prevent Government funding from causing unfair competitive advantages within a given market. The General Block Exemption Regulation (GBER)<sup>11</sup> provides a list of specific conditions under which Member States may inject government funds into a market without falling within the full set out State Aid controls. GBER sets out conditions around maximum grant awards, eligible costs and eligible activities/technologies in particular areas, as well as general conditions which must be complied with.

The GHFIF competition has been designed to comply with the GBER block exemption for research and development projects set out in Article 25. In particular, GHFIF is considered to be 'experimental development', which means the 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.

### 5.1 Eligible Costs

- The Eligible Costs are those costs relating to a project that, subject to the permitted aid intensity (see 5.2 below), can be funded under Article 25. These are:
  - Personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;
  - 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.
  - 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 considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.
  - 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;
  - Additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project.

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<sup>11</sup> 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)

## 5.2 Aid Intensity

The GBER specifies an "aid intensity" for each block exemption. The aid intensity is expressed as percentage and represents the maximum proportion of the potential Eligible Costs that may be covered by grant funding. For projects which are experimental development, Article 25 2(c) states that the normal maximum aid intensity is **25%** of Eligible Costs.

The maximum aid intensity can be uplifted to a maximum of 60% as follows:

1. By **20%** if the applicant is a Small Enterprise<sup>12</sup>
2. By **10%** if the applicant is a Medium-sized Enterprise
3. By **15%** if one of the following conditions is fulfilled:
  - a. The project involves effective collaboration:
    - (a) 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
    - (b) 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;
  - b. The results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.

The maximum aid permitted under an Article is equal to the aid intensity multiplied by the Eligible Costs. 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.

State Aid compliance is a legal requirement and the risk of non-compliance rests with the grant recipient. 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 require the repayment of grant by applicants.

## 5.3 Public funding

When considering levels of aid intensity (described above in section 5b), public funding includes the grant and all other funding from, or which is attributable to, other Government departments, UK public bodies<sup>13</sup> or other Member States. Such funding

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<sup>12</sup> As defined by GBER Annex 1 Article 2 – Small Enterprise: fewer than 50 employees and turnover or balance sheet total does not exceed EUR 10M; Medium Enterprise: fewer than 250 employees and annual turnover not exceeding EUR 50M and/or balance sheet total not exceeding EUR 43M.

<sup>13</sup> <https://publicappointments.cabinetoffice.gov.uk/faq/>

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.

## 6 Deliverables

### 6.1 Report

The successful bid(s) will be expected to deliver periodic update reports and a final report, to be published, describing all outputs and outlining the lessons that should be taken forward to a commercially viable product. More specifically the final document should set out detailed information on:

- 1 Breakdown of lender's portfolio by EPC band
- 2 Reports covering market research and routes to market.
- 3 Details of the green home finance product, including activities undertaken and lessons learned.
- 4 Green home finance pilot outline, including details of the number of loan agreements made by March 2021
- 5 Evaluation report covering enablers, barriers and unforeseen consequences.
- 6 Evaluation of pilot.

It is expected that the market research, marketing strategy, pilot outcomes and lessons learnt will be included in the interim and/or final reports.



## 7 Application Process and Assessment Criteria

### 7.1 Application process

Applications must be completed using the application form at <https://www.gov.uk/guidance/green-home-finance-innovation-fund-competition>.

BEIS will not consider applications submitted in any other format.

Please ensure that you follow the guidance within the application form regarding formatting and number of words per section. When doing so, please refer back to this guidance document where necessary, and ensure that you have complied with all the competition requirements.

For our planning purposes please submit an expression of interest to [GreenHomeFinance@ricardo.com](mailto:GreenHomeFinance@ricardo.com) by 17.00 on 26 September 2019, stating the lead organisation name, your proposed project title, and your intention to submit a proposal.

All completed application forms and required attachments (such as the costing/project plan/risk assessment excel template) must be submitted electronically to [GreenHomeFinance@ricardo.com](mailto:GreenHomeFinance@ricardo.com) by 17.00 on 14 October 2019.

As part of the assessment process BEIS may request applicants to further clarify elements of their application during October 2019. Applicants will be informed of the outcome of the assessment by November 2019.

Feedback to applicants, including unsuccessful applicants, will be provided. BEIS's decision on project funding is final.

*Further information:* Completed application forms should be submitted electronically in pdf format and emailed. The maximum size email you can send is 10MB. 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 '**GHFIF** (name of lead applicant) – email x of xx'.

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

All answers should be contained within the application form. Any appendices that support the answers in the application form must be appended to the end of the form. 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 be used to help finalise the assessment of projects which receive very similar assessment scores. The application form must list all appendices and supporting documents.

Any applications or supporting documentation received after the application deadline

will not be considered.

*Note:* Nothing in this funding call requires BEIS to award any applicant a grant of any particular amount or on any particular terms. BEIS reserves the right not to award any grants, 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.

BEIS also reserves the right to offer a larger or smaller sum of money to applicants depending on the range and quality of bids received.

## 7.2 Timescales

The following table outlines the indicative steps within the GHFIF competition, from initial applications to final projects.

Milestone	Planned completion date
Competition launch	19 <sup>th</sup> August 2019
Deadline for questions from applicants.	9 <sup>th</sup> September 2019
Deadline by which BEIS will respond to all applicants' questions	13 <sup>th</sup> September 2019
Deadline for expressions of interest	26 <sup>th</sup> September 2019
Deadline for submission of proposals	14 <sup>th</sup> October 2019
Project selection and grants awarded	November 2019
Final report from participants	31 <sup>st</sup> March 2021

## 7.3 Assessment Criteria and Scoring Methodology

Applications will be logged, and an acknowledgement email will be issued providing a unique reference number for your application within two days of the closing date. This reference number should be used in all communications with BEIS about your application. All applications will be checked for eligibility. Only those that are considered to be eligible will be fully assessed.

All eligible proposals will be assessed in relation to the following criteria.

Criteria	Weighting	Sub-criteria
Addressing the competition	15%	Credibility of the chosen approach, and ability to achieve the competition objectives as defined in section 3 of this guidance.

Criteria	Weighting	Sub-criteria
<b>objectives (45%)</b>	10%	Degree of innovation of the proposal, and the market gap it is filling including the added value compared to existing activities.
	15%	Saleability of the financial product, including number of agreements bidders expect to enter into by March 2021, the overall size of the market for the proposed product and the quality of evidence provided to underpin these assertions.
	5%	Quality and credibility of the plan for continued operation of the product or service after March 2021
<b>Deliverability (25%)</b>	15%	Appropriateness and credibility of the project work plan, milestones and deliverables.
	5%	Appropriateness of project management structure and partners roles.
	5%	Detailed understanding of the project risks and their management
<b>Dissemination (5%)</b>	5%	Detailed plans to disseminate the learnings from the project
<b>Skills and expertise (10%)</b>	5%	Evidence of track record of project delivery
	5%	Capacity, experience and capability of the proposed project team members
<b>Costs (15%)</b>	15%	Credibility, appropriateness and robustness of detailed project costing, including justification of the costs and leverage of other funding sources.

## Scoring Methodology

Applications will be scored against each of the criteria above, according to the extent to which they meet the requirements of the competition. The meaning of each score is outlined in the table below.

The total score will be calculated by applying the weighting set against each criterion, outlined above; the maximum number of marks possible will be 500 and this will be converted to a percentage. In order to be eligible for funding, projects must score a minimum total weighted score of 60%. Should any bidder score 1 in any of the criteria, they will be excluded from the competition.

The sub-criteria in the table above notes that proposals will be assessed for appropriateness and credibility. While BEIS does not intend to provide a precise definition of these terms in relation to each individual criteria, an appropriate, credible proposal would include one where:

- the individual steps and elements are shown to have been worked through with comfortable timelines and contingencies, with all foreseeable risks clearly identified and managed, and all contributions from consortia members already secured, or with a clear, step by step plan presented for how they will be

secured.

A less credible proposal would include one where:

- specific steps are proposed to be delivered at an accelerated pace with no clear plan for how that acceleration will be managed without compromising the project, or where the support of a contributor/consortia member has not yet been secured, with no clear plan for how their participation will be secured and no contingency set out.

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.

Funding will be awarded to the highest-ranking proposals; however, where several applications suggest the same or a similar approach, BEIS may also choose to allocate the budget to lower scoring projects proposing different approaches to develop and test a wider range of potential solutions.

Score	Description
1	Not Satisfactory: Proposal contains significant shortcomings and does not meet the required standard
2	Partially Satisfactory: Proposal partially meets the required standard, with one or more moderate weaknesses or gaps
3	Satisfactory: Proposal mostly meets the required standard, with one or more minor weaknesses or gaps.
4	Good: Proposal meets the required standard, with moderate levels of assurance
5	Excellent: Proposal fully meets the required standard with high levels of assurance

The assessment of proposals will be based only on the information which is explicitly contained within your application. You must not assume that the assessment team has any prior knowledge of your organisation or its work.

### **Bid Clarification**

After reviewing and evaluating the written proposals, BEIS may decide to hold clarification meetings with suppliers during October / November 2019.

## 8 Project Plans, Finances and Financial Viability

### 8.1 Project Plans

Bidders should provide a detailed project plan that demonstrates to BEIS their ability to deliver the project in line with the competition timescales. Plans should include:

- Product development activities;
- Internal Credit Committee approvals;
- Homeowner engagement/recruitment;
- Monitoring of the impacts on the pilot participants;
- Reporting as outlined in section 6.

### 8.2 Delivering Value for Money

Ensuring Value for Money (VfM) is a critical objective of this project reflecting the obligation on BEIS to ensure it is spending taxpayer's money as effectively and efficiently as possible. We have therefore designed the assessment criteria and process for the competition to assess the VfM of each project and ensure overall VfM for the programme can be assured as far as possible.

VfM means three key things to BEIS: firstly, whether an individual project delivers value for money (interpreted as delivering net economic benefits to the UK); secondly, whether the suite of successful bids offer sufficient diversity (because funding two very similar projects would not offer best VfM at a project level even if they offered best and second best VfM individually); thirdly, whether a project provides additionality (as we do not wish to fund activity that would happen anyway).

BEIS will evaluate the VfM of each application through the combined assessment of the expected project benefits and the justification for the money the application bids for.

### 8.3 Financial information

Applicants are requested to provide a fixed price budget for the work. A detailed cost breakdown is required to enable assessment of the robustness of the proposed budget. A template is provided in the application form.

Financial information should include costs for both phases of the project, detailing labour (including manpower rates), material and capital equipment costs, and any travel and subsistence requirements.

Please note:

- The total value of the competition is £4.63m, although BEIS may allocate less than the total budget depending on the quality of the applications.
- The number of projects funded will depend on the range of solutions proposed and the quality of the proposals.

- Grant funding under this Competition is only available until 31 March 2021. All major project activities, including dissemination, reporting and grant claims for product development activities need to be completed by this date.
- All costs should be provided excluding VAT, though where VAT applies, bidders should specify the amount.
- All budgets should be in British pounds sterling.
- Applicants should include all match-funding arrangements with other donors so that BEIS' contribution can be seen as part of any wider project financing.

Applicants should outline and disaggregate any intermediary transaction costs where your organisation is sub-contracting to partners.

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.

#### 8.4 Financial viability

The Delivery Contractor appointed by 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.

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

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. BEIS will also need to undertake checks whether the applicant is a 'company in financial distress' for state aid purposes.

BEIS will not make payments in advance of need and typically makes payments in arrears on satisfactory completion of agreed milestones and deliverables. 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.

Unithdrawn



## 9 Notification and Publication of Results

### 9.1 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 Contract Offer (see Annex 3). Details of all awards will be published on Contracts Finder in line with Public Contract Regulations (PCR). Unsuccessful applicants will be provided feedback at the same time.

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.

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, as noted above, 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 before doing so.

### 9.2 Publication of results

BEIS also wishes to publicise details of the award recipients. Therefore, on or after issuing a grant award, 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.



### 9.3 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 technical assessors and the Competition Board. No additional feedback will be provided and there will be no further discussion on the application. BEIS's decision on project funding is final.

## 10 Monitoring, Reporting, Evaluation, Key Performance Indicators and Intellectual Property Requirements

### 10.1 Monitoring

Each project will be allocated a Monitoring Officer at the point of notification.

Applicants will undertake their own project monitoring with the support of their Monitoring Officer. Applicants are expected to provide reports on their project's progress. The narrative reporting will be as follows:

- A monthly narrative of progress, including an update on any identified issues or risks to delivery (due by the 15<sup>th</sup> of the following month)
- A quarterly formal progress report, financial forecast, and update of the project plan and risk register (due by the 15<sup>th</sup> of the following month at the end of each quarter),
- A final financial and narrative report within 30 days of the end of the project and by end of March 2021.

The Monitoring Officer will review all reports and will address any issues in these and contact projects accordingly. They will be the first point of contact for projects for any project reporting, milestone claims and issue escalation. Any changes to schedules or project plans will need to be discussed with BEIS and applicants should expect significant interaction with the team during the project.

### 10.2 Milestone payments

Payments will be only made by BEIS after an agreement has been signed between the applicant and BEIS. Further details on payments and financial requirements will be provided by BEIS as part of any funding agreement. These will include the requirement for detailed statements of expenditure and requests for funds in a specified format.

Payments will be made on a milestone basis upon receipt of a detailed statement of expenditure. They will be subject to satisfactory progress against the project's work plan.

Applicants must satisfy the due diligence, financial and organisational checks required prior to receiving public funds.

BEIS recognises the importance of remaining flexible and pragmatic throughout project implementation and will consider changes to ensure the most effective use of funds. Approval from BEIS should be sought for changes to the overall impact and outcome of projects and any significant changes in outputs. Requesting a significant change may necessitate a re-examination of project purpose or implementation. BEIS must approve any changes that require the movement of more than 10% of the total budget between budget lines. An updated work plan and budget may also be needed when requesting changes.

Milestone claims must be invoiced in time to be processed by 31<sup>st</sup> March 2021. If circumstances outside the control of the project occur which impact on delivering the expected outputs, the project must inform their Monitoring Officer as soon as possible. The Monitoring Officer will consult with BEIS to determine the best course of action.

Funds should be claimed against evidence of expenditure usually in the form of a receipted invoice accompanied by evidence or copies of work undertaken. A claim form will be issued with your letter of offer. After each stage of work is completed you will be expected to complete and submit a claim form. Claims should be submitted to the Monitoring Officer for processing and will be paid within 30 working days of a complete and satisfactory claim being received. Finance is released against work carried out rather than a lump sum on approval.

### 10.3 Knowledge Sharing & Evaluation Requirements

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

**Knowledge sharing:** effective dissemination and knowledge sharing are key requirements of this Competition. We will expect Applicants to share useful data, lessons learned and experience through relevant industry forums and with relevant BEIS policy teams.

**Evaluation of the scheme:** Successful applicants will be expected to participate in an evaluation of the scheme during and after final grant payments, to assess the impact of the competition including value for money. This will involve gathering a mixture of quantitative information (measured through KPIs) and qualitative data (e.g. participant interviews). Importantly, rather than only measuring the impact of the competition, we want to understand how the projects are being delivered in practice, what was successful and not successful, and how can performance be improved in any future rollout, and any future role for government support. BEIS will appoint an evaluation partner later in 2019.

### 10.4 Key Performance Indicators

The Grant Recipient will be required to build in project data collection and reporting requirements for all relevant BEIS Energy Innovation Portfolio KPI Performance Metrics – using the Project Data Collection and Reporting Template and the Standard Methodology Guidance. Project teams will be required to complete the Template at the start and finalise it at the end of the project (reviewing periodically), for all relevant KPIs. Upon completion, project teams will return the Template to the BEIS Project Officer who will review and quality assure the contents.

KPIs for each project will be selected from, but may not be limited to, the BEIS Energy Innovation Portfolio KPI Performance Metrics detailed below.

KPI 3	Number (and size) of Organisations supported to deliver project (Lead Partner and Other Organisations as named on grant offer)
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

## 10.5 Intellectual Property

Organisations interested in taking part in the GHFIF Competition should note that BEIS does not reserve the R&D results exclusively for its own use and suppliers will retain the intellectual property generated from the project and will be expected to identify and protect patentable knowledge within five 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 grant price.

BEIS requires a UK wide, irrevocable, royalty-free, non-exclusive licence, together with the right to grant sub-licences, to use or publish information, data, results, outcomes or conclusions which are created in performing the project, for its internal non-commercial purposes.

The proposed arrangements for intellectual property rights and exploitation of IPR are set out in the Model Grant Agreement for this Competition in Annex 2 of these Guidance Notes.

## 10.6 Ownership of Equipment

Chosen suppliers will retain responsibility and ownership for the technologies and related equipment developed and used during the delivery of the projects.

## 11 Confidentiality and Freedom of Information

If 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, 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.

## 12 Privacy Notice

This notice sets out how we will use your personal data, and your rights. It is made under Articles 13 and/or 14 of the General Data Protection Regulation (GDPR).

### **YOUR DATA**

We will process the following personal data:

Names and contact details of employees involved in preparing and submitting the bid; Names and contact details of employees proposed to be involved in delivery of the grant;

Names, contact details, age, qualifications and experience of employees whose CVs are submitted as part of the bid.

#### *Purpose*

We are processing your personal data for the purposes of the tender exercise described within the remainder of this Invitation to Tender, or in the event of legal challenge to such tender exercise.

#### *Legal basis of processing*

The legal basis for processing your personal data is processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the data controller, such as the exercise of a function of the Crown, a Minister of the Crown, or a government department; the exercise of a function conferred on a person by an enactment; the exercise of a function of either House of Parliament; or the administration of justice.

#### *Recipients*

Your personal data will be shared by us with other Government Departments or public authorities where necessary as part of the tender exercise. We may share your data if we are required to do so by law, for example by court order or to prevent fraud or other crime.

#### *Retention*

All tenders will be retained for a period of 6 years from the date of contract expiry, unless the contract is entered into as a deed in which case it will be kept for a period of 12 years from the date of contract expiry.

### **YOUR RIGHTS**

You have the right to request information about how your personal data are processed, and to request a copy of that personal data.

You have the right to request that any inaccuracies in your personal data are rectified without delay.

You have the right to request that any incomplete personal data are completed, including by means of a supplementary statement.

You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.

You have the right in certain circumstances (for example, where accuracy is contested) to request that the processing of your personal data is restricted.

You have the right to object to the processing of your personal data where it is processed for direct marketing purposes.

You have the right to object to the processing of your personal data.

## **INTERNATIONAL TRANSFERS**

Your personal data will not be processed outside the European Union.

## **COMPLAINTS**

If you consider that your personal data has been misused or mishandled, you may make a complaint to the Information Commissioner, who is an independent regulator. The Information Commissioner can be contacted at:

Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF

0303 123 1113

casework@ico.org.uk

Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

## **CONTACT DETAILS**

The data controller for your personal data is the Department for Business, Energy & Industrial Strategy (BEIS).

You can contact the BEIS Data Protection Officer at: BEIS Data Protection Officer, Department for Business, Energy and Industrial Strategy, 1 Victoria Street, London SW1H 0ET. Email: [dataprotection@beis.gov.uk](mailto:dataprotection@beis.gov.uk).

## Appendix 1 – Eligible Expenditure

### A.1.1 Eligible expenditure

#### **Directly incurred costs:**

These are costs that are specific to the project that will be charged to the project as the amount actually spent, fully supported by an audit record justification of a claim. They comprise:

- Labour costs for all those contributing to the project broken down by individual;
- Material costs (including consumables specific to the project);
- Capital equipment costs;
- Sub-contract costs;
- Travel and subsistence.

#### **Indirect costs:**

Indirect costs should be charged in proportion to the amount of effort deployed on the project. Applicants should calculate them, using their own cost rates. They may include:

- General office and basic laboratory consumables;
- Library services / learning resources;
- Typing / secretarial;
- Finance, personnel, public relations and departmental services;
- Central and distributed computing;
- Overheads.

### A.1.2 Ineligible expenditure

Under no circumstances can costs for the following items be claimed:

- Commercialisation activities
- Profit (i.e. applicants should not include profit for themselves or the other project team members within indirect costs or include it as a separate project cost)
- Protection of IPR
- For activities of a political or exclusively religious nature;
- In respect of costs reimbursed or to be reimbursed by funding from other public authorities or from the private sector;



- In connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money);
- To cover interest payments (including service charge payments for finance leases);
- For the giving of gifts to individuals, other than promotional items with a value no more than £10 a year to any one individual;
- For entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
- To pay statutory fines, criminal fines or penalties; or
- In respect of VAT that you are able to claim from HM Revenue and Customs.
- In connection with the development of elements of a business model or solution that are outside the scope of this Competition.
- The development of new technologies in a research or piloting manner.

## Appendix 2 – Mandatory Exclusion Grounds

### Mandatory Exclusion Grounds

#### **Public Contract Regulations 2015 R57(1), (2) and (3)**

#### **Public Contract Directives 2014/24/EU Article 57(1)**

#### **Participation in a criminal organisation**

Participation offence as defined by section 45 of the Serious Crime Act 2015

Conspiracy within the meaning of

- section 1 or 1A of the Criminal Law Act 1977 or
- article 9 or 9A of the Criminal Attempts and Conspiracy (Northern Ireland) Order 1983

where that conspiracy relates to participation in a criminal organisation as defined in Article 2 of Council Framework Decision 2008/841/JHA on the fight against organised crime;

#### **Corruption**

Corruption within the meaning of section 1(2) of the Public Bodies Corrupt Practices Act 1889 or section 1 of the Prevention of Corruption Act 1906;

The common law offence of bribery;

Bribery within the meaning of sections 1, 2 or 6 of the Bribery Act 2010, or section 113 of the Representation of the People Act 1983;

#### **Fraud**

Any of the following offences, where the offence relates to fraud affecting the European Communities' financial interests as defined by Article 1 of the convention on the protection of the financial interests of the European Communities:

- the common law offence of cheating the Revenue;
- the common law offence of conspiracy to defraud;
- fraud or theft within the meaning of the Theft Act 1968, the Theft Act (Northern Ireland) 1969, the Theft Act 1978 or the Theft (Northern Ireland) Order 1978;
- fraudulent trading within the meaning of section 458 of the Companies Act 1985, article 451 of the Companies (Northern Ireland) Order 1986 or section 993 of the Companies Act 2006;
- fraudulent evasion within the meaning of section 170 of the Customs and Excise Management Act 1979 or section 72 of the Value Added Tax Act 1994;
- an offence in connection with taxation in the European Union within the meaning of section 71 of the Criminal Justice Act 1993;
- destroying, defacing or concealing of documents or procuring the execution of a valuable security within the meaning of section 20 of the Theft Act 1968 or section 19 of the Theft Act (Northern Ireland) 1969;
- fraud within the meaning of section 2, 3 or 4 of the Fraud Act 2006;

- the possession of articles for use in frauds within the meaning of section 6 of the Fraud Act 2006, or the making, adapting, supplying or offering to supply articles for use in frauds within the meaning of section 7 of that Act;

### **Terrorist offences or offences linked to terrorist activities**

Any offence:

- listed in section 41 of the Counter Terrorism Act 2008;
- listed in schedule 2 to that Act where the court has determined that there is a terrorist connection;
- under sections 44 to 46 of the Serious Crime Act 2007 which relates to an offence covered by the previous two points;

### **Money laundering or terrorist financing**

Money laundering within the meaning of sections 340(11) and 415 of the Proceeds of Crime Act 2002

An offence in connection with the proceeds of criminal conduct within the meaning of section 93A, 93B or 93C of the Criminal Justice Act 1988 or article 45, 46 or 47 of the Proceeds of Crime (Northern Ireland) Order 1996

### **Child labour and other forms of trafficking human beings**

An offence under section 4 of the Asylum and Immigration (Treatment of Claimants etc.) Act 2004;

An offence under section 59A of the Sexual Offences Act 2003

An offence under section 71 of the Coroners and Justice Act 2009;

An offence in connection with the proceeds of drug trafficking within the meaning of section 49, 50 or 51 of the Drug Trafficking Act 1994

An offence under section 2 or section 4 of the Modern Slavery Act 2015

### **Non-payment of tax and social security contributions**

Breach of obligations relating to the payment of taxes or social security contributions that has been established by a judicial or administrative decision.

Where any tax returns submitted on or after 1 October 2012 have been found to be incorrect as a result of:

- HMRC successfully challenging the potential supplier under the General Anti – Abuse Rule (GAAR) or the “Halifax” abuse principle; or
- a tax authority in a jurisdiction in which the potential supplier is established successfully challenging it under any tax rules or legislation that have an effect equivalent or similar to the GAAR or “Halifax” abuse principle;
- a failure to notify, or failure of an avoidance scheme which the supplier is or was involved in, under the Disclosure of Tax Avoidance Scheme rules (DOTAS) or any equivalent or similar regime in a jurisdiction in which the supplier is established

### **Other offences**

Any other offence within the meaning of Article 57(1) of the Directive as defined by the law of any jurisdiction outside England, Wales and Northern Ireland

Any other offence within the meaning of Article 57(1) of the Directive created after 26<sup>th</sup> February 2015 in England, Wales or Northern Ireland

Discretionary exclusion grounds

### **Obligations in the field of environment, social and labour law.**

Where an organisation has violated applicable obligations in the fields of environmental, social and labour law established by EU law, national law, collective agreements or by the international environmental, social and labour law provisions listed in Annex X to the Directive (see copy below) as amended from time to time; including the following:-

- Where the organisation or any of its Directors or Executive Officers has been in receipt of enforcement/remedial orders in relation to the Health and Safety Executive (or equivalent body) in the last 3 years.
- In the last three years, where the organisation has had a complaint upheld following an investigation by the Equality and Human Rights Commission or its predecessors (or a comparable body in any jurisdiction other than the UK), on grounds of alleged unlawful discrimination.
- In the last three years, where any finding of unlawful discrimination has been made against the organisation by an Employment Tribunal, an Employment Appeal Tribunal or any other court (or incomparable proceedings in any jurisdiction other than the UK).
- Where the organisation has been in breach of section 15 of the Immigration, Asylum, and Nationality Act 2006;
- Where the organisation has a conviction under section 21 of the Immigration, Asylum, and Nationality Act 2006;
- Where the organisation has been in breach of the National Minimum Wage Act 1998.

### **Bankruptcy, insolvency**

Bankrupt or is the subject of insolvency or winding-up proceedings, where the organisation's assets are being administered by a liquidator or by the court, where it is in an arrangement with creditors, where its business activities are suspended or it is in any analogous situation arising from a similar procedure under the laws and regulations of any State;

### **Grave professional misconduct**

Guilty of grave professional misconduct

### **Distortion of competition**

Entered into agreements with other economic operators aimed at distorting competition

### **Conflict of interest**

Aware of any conflict of interest within the meaning of regulation 24 due to the participation in the bidding procedure

### **Been involved in the preparation of the bidding procedure.**

### **Prior performance issues**

Shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract, a prior contract with a contracting entity, or a prior concession contract, which led to early termination of that prior contract, damages or other comparable sanctions.

### **Misrepresentation and undue influence**

The organisation has influenced the decision-making process of the grant funding authority to obtain confidential information that may confer upon the organisation undue advantages in the bidding procedure, or to negligently provided misleading information that may have a material influence on decisions concerning exclusion, selection or award.

Additional exclusion grounds

**Breach of obligations relating to the payment of taxes or social security contributions.**

### **ANNEX X Extract from Public Procurement Directive 2014/24/EU**

#### **LIST OF INTERNATIONAL SOCIAL AND ENVIRONMENTAL CONVENTIONS REFERRED TO IN ARTICLE 18(2) —**

- ILO Convention 87 on Freedom of Association and the Protection of the Right to Organise;
- ILO Convention 98 on the Right to Organise and Collective Bargaining;
- ILO Convention 29 on Forced Labour;
- ILO Convention 105 on the Abolition of Forced Labour;
- ILO Convention 138 on Minimum Age;
- ILO Convention 111 on Discrimination (Employment and Occupation);
- ILO Convention 100 on Equal Remuneration;
- ILO Convention 182 on Worst Forms of Child Labour;
- Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention);
- Stockholm Convention on Persistent Organic Pollutants (Stockholm POPs Convention)
- Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO) (The PIC Convention) Rotterdam, 10 September 1998, and its 3 regional Protocols.

### **Consequences of misrepresentation**

A serious misrepresentation which induces a grant funding authority to enter into an agreement may have the following consequences for the signatory that made the misrepresentation:-

- The potential supplier may be excluded from bidding for grants for three years, under regulation 57(8)(h)(i) of the PCR 2015;
- The grant funding authority may sue the supplier for damages and may rescind the contract under the Misrepresentation Act 1967.
- If fraud, or fraudulent intent, can be proved, the potential supplier or the responsible officers of the potential supplier may be prosecuted and convicted of the offence of

fraud by false representation under s.2 of the Fraud Act 2006, which can carry a sentence of up to 10 years or a fine (or both).

- If there is a conviction, then the company must be excluded from bidding for five years under reg. 57(1) of the PCR (subject to self-cleaning).

## Appendix 3 – Undertaking in Difficulty Definition

The definition of an 'undertaking in difficulty' set out below is taken from the General Block Exemption Regulation 2014<sup>14</sup>:

(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.

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<sup>14</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014R0651-20170710&from=EN>

## Appendix 4 – Draft Grant Agreement terms and Conditions

DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

and

[THE GRANT RECIPIENT]

**DRAFT GRANT FUNDING AGREEMENT FOR GREEN HOME FINANCE INNOVATION  
FUND**



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

**Between:**

- (1) DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY acting on behalf of the Crown whose principal address is at 1 Victoria Street, Westminster, London, SW1H 0ET, United Kingdom (the “**Authority**”)
- (2) [INSERT THE NAME OF THE GRANT RECIPIENT], [COMPANIES HOUSE REGISTRATION NUMBER, IF A COMPANY] whose principal address is at [ADDRESS] (the “**Grant Recipient**”).

**In relation to:**

**Project Name: Green Home Finance Innovation Fund**

**Project Number: [ insert BEIS/SICE project ref. no.]**

**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 Offer Letter.
- B. The Authority ran a competition for grant applications in respect of the **Green Home Finance Innovation Fund**
- C. The Grant Recipient was successful under that competition and the Authority awarded it a grant to deliver [description of project activities and key deliverables]
- 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 delivery of the Funded Activities.
- 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 a grant making body to the 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]**;

**Conditions Subsequent** means any of the Conditions Subsequent described as such and set out in paragraph X of the Grant Offer Letter;

**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.

**Contracted Parties** means the organisations from time to time contracted by the Authority and any sub-contractors engaged by the Contracted Parties for the monitoring and evaluation of the Funded Activities and for the provision of incubation support for recipients of Grant.

**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 Annex 1 Part A Grant Offer Letter;

**Grant Offer Letter** means the letter the Authority issued to the Grant Recipient dated XX, a copy of which is set out in Annex 1 Part A;

**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;

**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);

**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, byelaw, 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 3 of this Grant Funding Agreement;

**Milestone Period** means the period between the start of this Grant Funding Agreement and the first Milestone, or between any previous and subsequent Milestone set out in Annex 3, as applicable;

**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 25.5 to 25.12;

**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 exist 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:

- (i) the singular includes the plural and vice versa;
- (ii) reference to a gender includes the other gender and the neuter;
- (iii) references to a person include an individual, company, body corporate, corporation, unincorporated association, firm, partnership or other legal entity or Crown Body;
- (iv) a reference to any Law includes a reference to that Law as amended, extended, consolidated or re-enacted from time to time;
- (v) 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";
- (vi) 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;
- (vii) 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;
- (viii) 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
- (ix) 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:

2.3.1.1. Annex 1 Part A – The Authority's Grant Offer Letter;

2.3.1.2. the Conditions set out within this Grant Funding Agreement (including for the avoidance of doubt Annexes 2-10);

2.3.1.3. Annex 1 Part B – The Grant Recipient's Grant Application.

## CONDITIONS

### 3. DURATION AND PURPOSE OF THE GRANT

3.1. The Grant Term starts on XX November 2019 (the **Commencement Date**) and ends on 31 March 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 2019] but where this has not been possible, that they start no later than one (1) month 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 three (3) months 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. The Grant Recipient agrees that the Maximum Sum is the amount agreed as the GBP value, at the Commencement Date.
- 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 3.
- 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 25.3.9 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 5 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 has not previously obtained, is not currently in receipt of, and it will not apply for or obtain Duplicate Funding in respect of any part of the Funded Activities;
- 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:
- (i) The Grant Recipient will use the Grant payment for Eligible Expenditure only; and

- (ii) 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 together with a completed copy of the information required by Annex 5 of this Grant Funding Agreement, and any other documentation as requested by the Authority from time to time, on or after the relevant Milestone Period as set out in Annex 3 of the Grant Funding Agreement, and in any event within 5 working days of the relevant Milestone Period.
- 4.11. Unless otherwise stated in these Conditions, payment of the Grant Claim will be made within 30 days of the Authority approving the Grant Recipient's Grant Claim. Time for payment of the Grant Claim will not be of the essence.
- 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 immediately or within 10 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 Working Days of the Authority's request for repayment.

## **5. ELIGIBLE AND INELIGIBLE EXPENDITURE**

- 5.1. The Authority will only pay 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. giving evidence to Parliamentary Select Committees;
  - 5.2.2. attending meetings with government ministers or civil servants to discuss the progress of a taxpayer funded grant scheme;
  - 5.2.3. 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);

- 5.2.4. 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
- 5.2.5. 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 (other than those Assets that are used for delivery of the Funded Activity);
  - 5.4.9. the acquisition or improvement of Assets by the Grant Recipient (unless the Grant is explicitly for capital use – this will be stipulated in the Grant Offer Letter);
  - 5.4.10. liabilities incurred before the commencement of the Grant Funding Agreement unless agreed in writing by the Authority; and
  - 5.4.11. Costs associated with securing intellectual property arising from or associated with this project.

## **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 Annexes 2, 3 and 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.
- 7.1.1. The Grant Recipient shall continually monitor and evaluate the results and development of the Funded Activities and permit the Authority and its Contracted Parties to do the same in accordance with the KPI Reporting Table in Annex 6 of the Grant Funding Agreement. This monitoring and evaluation shall include continued reporting on the KPI Performance Metrics in accordance with Annex 6 of the Grant Funding Agreement.
  - 7.1.2. The Grant Recipient shall provide access to evidence and information for the purposes of evaluation and learning in relation to energy innovation policy. This may include, but is not limited to, being interviewed as part of an evaluation, participating in a learning workshop, completing surveys and responding to requests for data made by the Authority or its Contracted Parties.
  - 7.1.3. The Grant Recipient shall complete KPI Performance Metrics as set out in Annex 6 of the Grant Funding Agreement in accordance with the timelines set out in the KPI Reporting Table in Annex 6.
- 7.2. The Grant Recipient shall provide the Authority and the Contracted Parties 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:
- 7.2.1. Provide the authority with an annual report on the progress made towards achieving the agreed outputs, KPIs and the defined longer term outputs set out in Annex 6 of the Grant Funding Agreement. Where possible, the report will quantify what has been achieved by reference to the Funded Activities' targets; and
  - 7.2.2. quarterly reports before the end of March, June, September and December in each year during the Funding Term and annual reports before the end of March in each year during the Funding Term, the content of the reports including, but not limited to, the following:
    - (i) Grant spend to date and outputs; and

- (ii) Forecasted estimates of Grant spend and total eligible expenditure on the Funded Activities for each month of the current Financial Year and for each subsequent Financial Year until the end of the Funding Term.

7.2.3 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 or by the Contracted Parties 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 Funding 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 Funded Activities agreed in accordance with the Grant Offer Letter or Annexes 2, 3 and 6 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. 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:
- 8.1.1. a reasonable assurance report within the timescales set out in paragraph 8.2 below, from an independent and appropriately qualified accountant in the form in Schedule 1 of the Grant Offer Letter, as specified in paragraph 8.2; and
  - 8.1.2. the Grant Recipient's most recent annual accounts showing (wherever possible) that the Grant is clearly segregated, and such accounts must be clearly audited unless the Grant Recipient has demonstrated a valid legal exemption to the satisfaction of the Authority from the obligation to produce annual audited accounts.
- 8.2. The Grant Recipient will provide a reasonable assurance report:
- 8.2.1. Where the Grant is £100,000 or more, within one month of the end of each Financial Year, in respect of Funded Activities of that Financial Year, except in the Financial Year of the final Milestone; and

8.2.2. In any event within one month of submission of the final Milestone, in respect of all Funded Activities of the Grant.

- 8.3. Where a reasonable assurance report is required, the Grant Recipient must engage the relevant accountant on the terms in Schedule 2 of the Grant Offer Letter. The documentation in Schedules 1 to 2 of the Grant Offer Letter 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). The Grant Recipient must not materially modify those terms and conditions without the prior consent in writing of the Secretary of State.
- 8.4. Where a reasonable assurance report is required in accordance with this paragraph 8, the Grant Recipient is responsible for paying the independent accountant's fees.
- 8.5. The Authority may, at any time during and up to ten 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.
- 8.6. 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.
- 8.7. The Grant Recipient shall maintain a record of internal financial controls and procedures and provide the Authority with a copy if requested.

#### **Retention of documents**

- 8.8. 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 Funding Period, and retain all accounting records relating to that expenditure and income for a period of ten years from the date on which the Funding Period ends.
- 8.9. 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.
- 8.10. The Grant Recipient will promptly provide revised forecasts of income and expenditure:
  - 8.10.1. when these forecasts increase or decrease by more than 15 % of the original expenditure forecasts; and/or
  - 8.10.2. at the request of the Authority.
- 8.11. 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.
- 8.12. 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.
- 8.13. 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, 8.9, 8.10, 8.11, and (if relevant) 8.12 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, counter terrorist financing or any other impropriety, 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. The Authority shall require that the Contracted Parties do not disclose any Confidential Information to any third party without the prior written consent of the Authority and that the Contracted Parties comply with the following requirements:

- 11.4.1. To the extent that it is necessary and approved by the Authority for the Contracted Parties to disclose Confidential Information to their staff, agents and sub-contractors, they shall ensure that such staff, agents and sub-contractors are subject to the same or equivalent obligations as the Contracted Parties in respect of all Confidential Information;
- 11.4.2. The obligations in this Condition 11.4 shall continue to apply after the expiry or termination of this Grant Funding Agreement;
- 11.4.3. The Contracted Parties shall not handle or examine any document or thing bearing a Government security classification higher than "Official" other than in a Government establishment and they shall not remove any such document or thing from such Government establishment without the prior written consent of the Authority;
- 11.4.4. The Contracted Parties shall not communicate with representatives of the general or technical press, radio, television or other communications media with regard to this Grant Funding Agreement and related matters unless previously agreed in writing by the Authority; and
- 11.4.5. The Contracted Parties shall not make use of this Grant Funding Agreement or any related Confidential Information otherwise than for the purposes of carrying out the required services related to this Grant Funding Agreement under its contract with the Authority unless previously agreed in writing by the Authority.

11.5. 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.
- 14.2. The Parties agree that for the purposes of the Data Protection Legislation the Grant Recipient is a Data Controller and the Authority is a Data Controller unless otherwise specified in Annex 8 of these Conditions.



- 14.3. The Grant Recipient agrees that it is the Controller of any Personal Data processed by it pursuant to the Funded Activities and shall comply with the provisions set out in this paragraph 14 and Part 3 of Annex 8.
- 14.4. To the extent that the Grant Recipient and the Authority share any Personal Data for the purposes of this Grant Funding Agreement, the Parties accept that they are each a separate independent Controller in respect of such Personal Data. Each Party:
- (i) shall comply with the applicable Data Protection Legislation in respect of their processing of such Personal Data;
  - (ii) will be individually and separately responsible for its own compliance; and
  - (iii) do not and will not Process any Personal Data as Joint Controllers.
- 14.5. Each Party shall, with respect to its processing of Personal Data as Independent Controller, implement and maintain appropriate technical and organisational measures to ensure a level of security appropriate to that risk, including, as appropriate, the measures referred to in Article 32(1)(a), (b), (c) and (d) of the GDPR, and the measures shall, at a minimum, comply with the requirements of the Data Protection Legislation, including Article 32 of the GDPR.

#### **Public Procurement**

- 14.6. 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.
- 14.7. 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**

- 14.8. The Grant Recipient will make sure the Funded Activities are structured so they are compatible with State Aid Law.
- 14.9. The Grant Recipient will maintain appropriate records of compliance with the State Aid Law and will 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.
- 14.10. The Grant is awarded under the EU State Aid General Block Exemption Regulation ("GBER")<sup>15</sup>, Article 25 (Aid for research and development projects), and is subject to the conditions in Annex 10 Part 2 of Schedule 1 of these Conditions.

### **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 deliverables] as detailed in Annex 6, for the purpose of supporting other projects.
- 15.3. Consistent with the good management of Intellectual Property Rights and the continued agreement of the Authority, the Grant Recipient shall use its best endeavours to:
- 15.3.1. promote the dissemination of the IPR Materials; and

<sup>15</sup> 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).

15.3.2. once the Grant Recipient has performed the Funded Activities to the satisfaction of the Authority, Commercially Exploit any IPR Material to generate either capital or revenue or both.

15.4. If, within three years of its creation, any IPR Material has not been commercially exploited by the Grant Recipient, the Grant Recipient shall, if requested by the Authority, assign the IPR Material to the Authority, at no cost.

15.5. The Grant Recipient shall not transfer ownership of the IPR Material without the consent of the Authority.

15.6. If, within three years of its creation, any IPR Material has not been commercially exploited by the Grant Recipient, the Authority may, at its absolute discretion, require the Grant Recipient to provide a non-exclusive irrevocable and royalty-free, sub-licensable, worldwide licence of the IPR Material to third parties nominated by the Authority. Should the Authority choose to exercise its discretion under this clause, it will notify the Grant Recipient in accordance with clause 3.

15.7. Ownership of Third Party software or other IPR necessary to deliver Funded Activities will remain with the relevant Third Party.

15.8. 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 £ 10,000.00, wholly or partly using the Grant provided under the Grant Funding Agreement. Where the cost of purchasing or improving the Fixed Asset(s) [and/or Major Assets] exceeds £ 100,000.00, prior written approval must be obtained from the Authority and the Asset should be recorded on the fixed asset register.

17.1.1. For the avoidance of doubt, IPR developed during the Funding Period is not considered to be an Asset subject to this condition 17.

17.2. The Grant may be used for the depreciation of any Assets that are used for delivery of the Funded Activity and only in accordance with Annex 5 of this Grant Funding Agreement.

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 as long as it reasonably considers it necessary following the 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 gifts
- in 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 consents 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 0 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 0 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 one (1) month 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 fails to achieve all of the Conditions Subsequent by the Longstop Date]; ***This clause is only applicable if Conditions Subsequent are included within the Grant Offer Letter and Annex 3***

- 25.3.4. the Grant Recipient uses the Grant for ineligible expenditure;
- 25.3.5. 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 Annexes 2, 3 and 6 of these Conditions;
- 25.3.6. the Grant Recipient fails to:
- (i) submit an adequate Remedial Action Plan to the Authority following a request by the Authority pursuant to paragraph 6.2.4; or
  - (ii) improve delivery of the Funded Activity in accordance with the Remedial Action Plan approved by the Authority;
- 25.3.7. 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);
- 25.3.8. the Grant Recipient fails to declare Duplicate Funding;
- 25.3.9. 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;
- 25.3.10. 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;
- 25.3.11. 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;
- 25.3.12. 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;
  - (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; or
  - (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;
- 25.3.13. The Grant Recipient breaches the Code of Conduct for Grant Recipients (the **Code of Conduct, which can be found at: <https://www.gov.uk/government/publications/supplier-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 0 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
- (i) 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 three (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 9 of these Conditions.

26.2. The Grant Recipient shall provide the Authority with a grant closure report, commercial progress report (if applicable), and a reasonable assurance report, in the format required by the Authority within one (1) month of the final milestone as set out in Annex 3 of the Grant Funding Agreement. The Authority will not provide any Grant after 31 March 2021.

#### **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 three (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.

28.3. Subject to condition 28.1, the Grant Recipient's total aggregate liability to the Authority, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, arising under or in connection with the Funded Activities, the Grant and the Grant Funding Agreement shall be limited to £[double total project cost].

## 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** <https://www.gov.uk/government/publications/supplier-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:  
[insert authorised  
signatory's  
name]

.....  
Signature

for and on behalf of the Department for  
Business, Energy and Industrial Strategy  
(BEIS)

.....  
Title  
  
.....  
Date

SIGNED by  
[insert authorised  
signatory's  
name]

.....  
Signature

for and on behalf of [insert name of  
Recipient]

.....  
Title  
  
.....  
Date

Withdrawn

Withdrawn

## 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			

## ANNEX 3 – MILESTONES AND PAYMENT INSTALMENTS: DEADLINES, INFORMATION AND EVIDENCE REQUIRED

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

Work Package Number	Milestone Number	Milestone Name & Description of Outputs	Conditions Subsequent*	Due Date for Milestone and Condition(s) Subsequent (if any)	Maximum grant payable & percentage of Grant total	Match Funding & Grant Intensity [per consortium member]	Evidence of achievement to be provided for Milestone	Verification criterion / Additional Notes
<b>Example</b> (please delete when)	1	Initial Design Complete. Initial product	15/11/2019	Not applicable	£80,000 (16% - i.e. maximum	Lead Partner: £40,000; £80,000 (50%)	- Copy of design specification document;	To the quality and satisfaction of the Secretary

completing table): WP1 (work package references should match those used in Annex 2 of the Grant Funding Agreement)		design specification completed and signed off as fit for purpose by technical advisory group and design authority			total grant is £500,000)	Partner X: £30,000; £75,000 (40%)  Partner Y: £10,000 £10,000 (100%)	- Copy of design approval confirmation by technical advisory group and design authority	of State

Approved Match Funding

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

ANNEX 4 – GRANT RECIPIENT’S BANK DETAILS

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.

<b>Part 1: Grant recipient details</b>	
Name of Main Grant Holder	Address of Grant Holder
<div></div>	<div></div>
Grant Determination number	
<div></div>	Postcode:
Grant name	Contact telephone number
<div></div>	<div></div>
<b>Part 2: Bank details</b>	
Bank / Building Society name	Account name
<div></div>	<div></div>
Branch name	Account number
<div></div>	<div></div>
Bank sort code	Account type
<div></div> - <div></div> - <div></div>	<div></div>
Building Society roll number	Branch address
<div></div>	Postcode:
<div></div>	<div></div>
<b>Part 3: Address for remittance advice</b>	
Choose one method only	Postal address (if different from Part 1)
Send our remittance advice by post <input type="checkbox"/>	Postcode
Send our remittance advice via email	<div></div>

#### 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

Position in the organisation

Signature

Date

--	--	--	--	--

Name

Position in the organisation

Signature

Date

--	--	--	--	--

#### 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

Signature (the person who signed the agreement)

Date

--	--	--	--	--

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.



## 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 31 of the Grant Offer 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.**

### 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 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.
- XV. Costs associated with securing intellectual property arising from or associated with this project

Grant Intensities Table

Summary of project finance

Organisation	Total eligible cost incurred by organisation [£]	Proposed BEIS grant [£ and %]	Organisation's own contribution [£ and %]	Source of organisation's contribution	Nature of organisation's contribution	Grant Notes
					e.g. cash [this <b>cannot</b> include any ineligible expenditure such as in kind contribution]	e.g. Large enterprise experimental development with collaboration uplift: 40%  If relevant, any Economic and non-economic activities should be separated and listed separately
Total						

## ANNEX 6 – AGREED OUTPUTS 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 [high level, generic description of project activity – text taken from the Competition Guidance Notes may be suitable]. The final outputs from this Project will be:

- [Insert Deliverables specified in Competition Guidance Notes]

### Key Performance Indicators (KPIs)

BEIS conducts independent evaluations of many of its programmes. The Grant Recipient will be required to collaborate in reasonable evaluation activities, including, but not limited to, completing questionnaires or surveys, participating in interviews and workshops, communicating the learnings from the project, providing costs/sales data and elaboration of any of the measures covered in the below KPIs.

BEIS requires all grant recipients under the Energy Innovation Portfolio to report on KPIs to provide a consistent approach to report evidence to track and measure key outputs, outcomes and impacts. Grant recipients will be required to complete the Project Data Collection and Reporting Template (to be supplied by BEIS) at the start of the project and to finalise it at the end of the project. Upon completion, successful applicants will return the template to the BEIS Project Officer who will review, and quality assure it. KPIs should be reviewed periodically during the BEIS-funded project duration, in addition to the data collection times stipulated in the table below.

We require the following information at the following time points:

KPI	KPI description	Project initiation	Frequency during Project Delivery	Project Closure	After project closure
KPI 1	Number of energy innovation projects supported and/or signed up for support	Completed by BEIS project officer			
KPI 2	Number of projects that have successfully met objectives	Completed by BEIS project officer			
KPI 3	Number (and size) of Organisations supported to deliver project (Lead Partner and Other Organisations as named on grant offer/contract)	Completed by BEIS project officer			
KPI 4	Number of active Business Relationships and Collaborations supported (Formal and Informal, Overall and New)	Completed by BEIS project officer			
KPI 5i	Initial Financial Leverage from the private sector to deliver project				
5ii	Follow-on Funding to take project further				

	forward				
KPI 6i A	Increased Energy Efficiency/ Reduced Energy Demand				
6i B	Potential Increased Energy Efficiency up to 2032				
KPI 7	Number of finance products (and services) sold in UK				
KPI 8	Potential Reduction in Carbon Emissions Savings of Project up to 2032				

KPIs are defined as follows:

- **KPI 1:**
  - Number of Energy Innovation projects (funded by the Energy Innovation Portfolio) delivered and completed
- **KPI 2:**
  - Number of projects funded by the Energy Innovation Portfolio that have successfully met outputs/ delivered against what they intended to.
- **KPI 3:**
  - **Lead partner** delivering the project as named on the Contract or Grant: name, employee headcount and number of jobs supported within the organisation to deliver the project.
  - **Other organisations** involved in delivering the project as named on the Contract or Grant.: name, employee headcount and number of jobs supported within the organisation to deliver the project. This does not include sub-contractors.
  - This information should be repeated for each organisation listed
- **KPI 4:**
  - **Formal relationships and collaborations:**
    - These are companies or organisations brought on board in a formal contractual capacity (including those in receipt of monetary payment) to deliver the project e.g. a sub-contractor.
    - Number of formal business relationships e.g. subcontractor. For each relationship, organisation or company name and type of formal relationship.
  - **Informal relationships and collaborations:**
    - Informal relationships and collaborations are defined as not being contractual but brought on board in an advisory capacity to deliver the project. Examples include academic collaborations, such as via an advisory group, or collaborations with companies in the supply chain. This should include those worked with for a substantive/ significant or on-going period and not just a one-off contribution
    - Number of informal business relationships e.g. subcontractor. For each relationship, organisation or company name and type of formal relationship
  - **New Business or Collaborations** relate to newly formed formal or informal relationships (that did not previous exist with other work/ projects) to deliver the project.
- **KPI 5i:**
  - Amount of BEIS Energy Innovation Portfolio Funding (£m)
  - Amount of private investment (£m)
  - Private investment source
  - The funding relates only to the BEIS-funded project
- **KPI 5ii:**
  - Amount of follow-on funding raised because of the BEIS-funded project (£m)
  - to consumers, as a result of reduced usage/ enhanced performance/ increased energy efficiency, (compared to counterfactual).
- **KPI 6:**

- **A:** Increased Energy Efficiency/ Reduced Energy Demand
- **B:** Potential Increased Energy Efficiency up to 2032
- **KPI 7:**
  - **UK:** Number of products and services sold and product/service price (£).
- **KPI 8:**
  - Carbon emissions (tCO<sub>2</sub>e) and an explanation of how this has been achieved
  - Calculation of potential benefits in 2032
  - Alternative approaches are available where above data is not available

At project initiation, your BEIS Project Officer will provide further details about the calculation of these KPIs and assist with the initial completion and measurement of these KPIs.

The KPIs should be reported to your BEIS Project Officer at the times specified above, who will then review, and quality assure it.

## ANNEX 7 – CONTACT DETAILS

The main departmental contact in connection with the Grant is:

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

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

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

## ANNEX 8 – DATA PROTECTION PROVISIONS

### Part 1: DATA PROTECTION LEGISLATION PARAGRAPH DEFINITIONS:

**Breach, Data Protection Officer and Data Subject**, take the meaning given in the GDPR.

**Data Protection Impact Assessment**: an assessment by the Controller of the impact of the envisaged processing on the protection of Personal Data.

**Data Loss Event**: any event that results, or may result, in unauthorised access to Personal Data held by the Processor under these Conditions, and/or actual or potential loss and/or destruction of Personal Data in breach of these Conditions, including any Personal Data Breach.

**Data Subject Request**: a request made by, or on behalf of, a Data Subject in accordance with rights granted pursuant to the Data Protection Legislation to access their Personal Data.

**GDPR**: the General Data Protection Regulation (*Regulation (EU) 2016/679*).

**LED**: Law Enforcement Directive (*Directive (EU) 2016/680*).

**Processor Personnel**: means all directors, officers, employees, agents, consultants and Recipients of the Processor and/or of any Sub-Processor engaged in the performance of its obligations under these Conditions.

**Protective Measures**: appropriate technical and organisational measures which may include: pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly assessing and evaluating the effectiveness of the such measures adopted by it including the adoption of any measures and standards relating to the protection of Personal Data which the Authority communicates to the Grant Recipient from time to time.

**Sub-processor**: any Third Party appointed to process Personal Data on behalf of that Processor related to these Conditions.



## ANNEX 8

### Part 2: Annex for Independent Controller

1. The Parties acknowledge that for the purpose of Data Protection Legislation the Grant Recipient is the Controller of any Personal Data processed by it pursuant to the Funded Activities. To the extent that the Grant Recipient and the Authority share any Personal Data for the purposes specified in paragraph 0, the Parties acknowledge that they are each separate independent Controllers in respect of such data.
2. The Grant Recipient shall (and shall procure that any of its Representatives shall) adhere to all applicable provisions of the Data Protection Legislation and not put the Authority in breach of the Data Protection Legislation.
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.
4. Subject to clause 6(b), the Grant Recipient agrees that the Authority and its Representatives may use Personal Data which the Grant Recipient provides about its staff and partners involved in the Funded Activities to exercise the Authority's rights under this Agreement and or to administer the Grant or associated activities. Furthermore, the Authority agrees that the Grant Recipient and its Representatives may use Personal Data which the Authority provides about its staff involved in the Funded Activities to manage its relationship with the Authority.
5. The Grant Recipient agrees that the Authority may share details of the Grant, including the name of the Grant Recipient's organisation, with the UK Government [and that these details may appear on the Government Grants Information System database which is available for search by other funders.
6. The Authority and the Grant Recipient shall:
  - (a) ensure that the provision of Personal Data to the other party is in compliance with the Data Protection Legislation (including by ensuring all required fair processing information has been given to affected Data Subjects); and
  - (b) ensure that it only shares Personal Data with the other party to the extent required in connection with Funded Activity.
7. Where a Party (the "**Data Receiving Party**") receives a request by any Data Subject to exercise any of their rights under the Data Protection Legislation in relation to the Personal Data shared pursuant to this Agreement:
  - 7.1. the other Party shall provide any information and/or assistance as reasonably requested by the Data Receiving Party to help it respond to the request or correspondence, at the Data Receiving Party's cost; or
  - 7.2. where the request or correspondence is directed to the other party and/or relates to the other party's Processing of the Personal Data, the Data Receiving Party will:
    - (j) promptly, and in any event within five (5) Working Days of receipt of the request or correspondence, inform the other party that it has received the same and shall forward such request or correspondence to the other party; and
    - (k) provide any information and/or assistance as reasonably requested by the other party to help it respond to the request or correspondence in the timeframes specified by Data Protection Legislation.
8. Each party shall promptly notify the other party upon it becoming aware of any Personal Data Breach relating to Personal Data provided by the other party pursuant to this Agreement and shall:
  - 8.1. do all such things as reasonably necessary to assist the other Party in mitigating the effects of the Data Breach;
  - 8.2. implement any measures necessary to restore the security of any compromised Personal Data;
  - 8.3. work with the other Party to make any required notifications to the Information Commissioner's Office and affected Data Subjects in accordance with the Data Protection Legislation (including the timeframes set out therein); and
  - 8.4. not do anything which may damage the reputation of the other Party or that party's relationship with the relevant Data Subjects, save as required by Law.

9. Without limiting any other provision of this Annex 8, Part 2, each of the Parties shall, on request, provide such information and assistance as is reasonably requested by the other Party to assist the other Party in complying with the Data Protection Legislation in respect of the Personal Data.
10. Authority and the Grant Recipient shall not retain or process Personal Data for longer than is necessary to perform the respective obligations under this Agreement Grant Recipient will notify the Authority of any change to its constitution, legal form, membership structure (if applicable) or ownership, and of any complaint or investigation by any regulatory body or the police into its activities or those of its staff or officers or volunteers.

Unitholder

## **ANNEX 9 - 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 Funding Period 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.

## ANNEX 10 - STATE AID

### Part 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 the Grant Recipient 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 the Grant Recipient 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 the Grant Recipient’s 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 or EU institution, 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 the Grant Recipient’s 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)].
4. 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 the Authority that the Grant Recipient has complied with the aid intensity requirements and that the Grant Recipient has sufficient match funding in place.]

### Part 2

#### General conditions

4. 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 are not entitled to the Grant or any payment of it if the Grant Recipient is, or becomes, subject to a recovery order following a previous Commission decision declaring any aid illegal and incompatible with the internal market<sup>16</sup>;
- c) The Grant Recipient confirms that the Grant Recipient 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 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 has 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 consents 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 agreement and the GBER are fulfilled;
- i) such records shall be maintained for 10 years following the granting of the aid and shall be made available to the Commission within a period of 20 working days if requested;
- j) The Authority may (without qualifying the generality of Our monitoring rights under this letter) 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.]

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<sup>16</sup> This does not apply to aid schemes making good the damage caused by certain natural disasters