



Homes
England

Date: 23 November 2021

Our Ref: RFI3626

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

Making homes happen

By Email Only

Information Governance Team
Homes England
Windsor House – 6th Floor
50 Victoria Street
London
SW1H 0TL

Dear [REDACTED]

RE: Request for Information – RFI3626

Thank you for your request for information which was processed in accordance with the Freedom of Information Act 2000 (FOIA).

You requested the following information:

Please send me:

- 1. A copy of the deeds of variation and extension related to the now expired contract entered into between Homes England and Target Servicing, as obligations of that contract are no longer ongoing as of December 2020. If a further extension has been granted extending the contract and the obligations are still ongoing, please provide all deeds of variation and extensions.*
- 2. A copy of the current contract entered into between Homes England and Target Servicing or the replacement Mortgage Administrator if a new administrator was procured by Homes England in place of Target Servicing Limited. Please include any deeds of variation and extensions extensions. If no such Mortgage Administrator has been appointed since December 2020, please confirm so in writing.*
- 3. A copy of any audit ("**Audits**") report by auditors ("**The Auditors**") on behalf of Homes England ("**The Agency**") of the Mortgage Administrator ("**Target Servicing Limited**") as defined in section 11 [page 23 of document / page 31 of PDF] of the "initial contract entered into between the Homes and Communities Agency and Target Servicing" provided in response to FOI request RFI3085'. If no such audit exists as no such audit has ever been conducted, please confirm so in writing.*

Response

We can confirm that we do hold some of the information detailed in your request. We will address each of your points in turn.

- 1. A copy of the deeds of variation and extension related to the now expired contract entered into between Homes England and Target Servicing, as obligations of that contract are no longer ongoing as of December 2020. If a further extension has been granted extending the contract and the obligations are still ongoing, please provide all deeds of variation and extensions.***

Please find attached Annexes A, B, C and D – the Deeds of Variations to the initial contract entered into between Homes and Communities Agency and Target Servicing. Homes England was launched by the Secretary of State on 11 January 2018 and is the trading name of Homes and Communities Agency (the legal entity).

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We have withheld some information contained within the Annexes under the following exemptions:

Section 40 – Personal information

We have redacted information on the grounds that it constitutes third party personal data and therefore engages section 40(2) of the FOIA.

To disclose personal data, such as names, contact details, and signatures could lead to the identification of third parties and would breach one or more of the data protection principles.

Section 40 is an absolute exemption which means that we do not need to consider the public interest in disclosure. Once it is established that the information is personal data of a third party and release would breach one or more of the data protection principles, then the exemption is engaged.

The full text in the legislation can be found on the following link;

<https://www.legislation.gov.uk/ukpga/2000/36/section/40>

Section 43 - Commercial interests

Under section 43(2) Homes England is not obliged to disclose information that would, or would be likely to, prejudice the commercial interests of any party.

Some of the information contained within the Deeds of Variation engage section 43(2) of the FOIA as it is commercial in nature and its release would be likely to prejudice the commercial interests of Homes England and other interested parties to the information.

Homes England has determined that the information identified if released, would be likely to prejudice the successful operation of the existing contract (as extended) and the relationship between the parties. It would also be likely to prejudice effective competition and value for money for procured services.

Section 43 is a qualified exemption. This means that once we have decided that the exemption is engaged, Homes England must carry out a public interest test to assess whether or not it is in the wider public interest for the information to be disclosed.

Arguments in favour of disclosure:

- Homes England acknowledges there is a general public interest in promoting accountability, transparency, public understanding, and involvement in how Homes England undertakes its work and how it spends public money.

Arguments in favour of withholding:

- Homes England and Target Servicing Limited are under an ongoing contractual agreement as the current contract has been extended until November 2022. It would be detrimental to release some details regarding the current extension as there is a high risk that disclosing the information would be likely to prejudice the commercial interests of the third party. The operational and commercial procedures of the third party could be exploited which could result in the ongoing contractual obligations being influenced or otherwise



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prejudiced by competitors or other outside sources. This would not be in the public interest as public funds could be at risk if a procured contractor is unable to fulfil their contractual requirements;

- To disclose information contained within the Deeds of Variation would be likely to affect our ongoing relationship with the third party. There is a high risk that this would damage the performance of the contract if the relationship between Homes England and a supplier were prejudiced. This would not be in the public interest as Homes England may be unable to fulfil our requirements as set out in our strategic plan;
- Homes England believe that if the information were released there would be a high risk that future tenders of a similar nature could be distorted. If the wider public has access to the information, it could be used to exploit the procurement process for profit or other gain. This would not be in the public interest as public funds could be allocated in a way that would not represent good value for money; and
- Homes England has been unable to identify a wider public interest in disclosing the information requested.

Having considered the arguments for and against disclosure of the information, we have concluded that at this time, the balance of the public interest favours non-disclosure.

The full text of the legislation can be found on the following link;

<https://www.legislation.gov.uk/ukpga/2000/36/section/43>

2. A copy of the current contract entered into between Homes England and Target Servicing or the replacement Mortgage Administrator if a new administrator was procured by Homes England in place of Target Servicing Limited. Please include any deeds of variation and extensions extensions. If no such Mortgage Administrator has been appointed since December 2020, please confirm so in writing.

We can advise that following a competitive tender process, Homes England has awarded a contract to EQ Credit Services (EQ) to manage our equity loan administration and digital services for Help to Buy. The contract with the existing provider, Target, will extend in principle until the second half of 2022 to allow for a smooth transition to EQ.

A copy of the current contract Homes England has with our mortgage administrator (Target), as identified in your request (question 3) has been previously published, and is therefore exempt under section 21, exemption where information is available to the applicant elsewhere.

The full text of the legislation can be found on the following link and we have quoted section 21 below for ease.

<https://www.legislation.gov.uk/ukpga/2000/36/section/21>

21 - Information accessible to applicant by other means.

(1) Information which is reasonably accessible to the applicant otherwise than under section 1 is exempt information.

(2) For the purposes of subsection (1)—

- (a) information may be reasonably accessible to the applicant even though it is accessible only on payment, and
- (b) information is to be taken to be reasonably accessible to the applicant if it is information which the public authority or any other person is obliged by or under any enactment to communicate (otherwise than by making the information available for inspection) to members of the public on request, whether free of charge or on payment.



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(3) For the purposes of subsection (1), information which is held by a public authority and does not fall within subsection (2)(b) is not to be regarded as reasonably accessible to the applicant merely because the information is available from the public authority itself on request, unless the information is made available in accordance with the authority's publication scheme and any payment required is specified in, or determined in accordance with, the scheme.

Advice and Assistance

We have a duty to provide advice and assistance in accordance with Section 16 of the FOIA. To comply with this duty we are able to advise that a copy of the initial contract entered into can be accessed via the following link:

[RFI3085 - Target Servicing.pdf \(publishing.service.gov.uk\)](#)

Homes England has considered whether the redactions made to this published version of the contract under Section 43(2) (Commercial Interests) still apply in light of the time passed since this was published, also considering the impact of the Deeds of Variation subsequently entered into. We can confirm that we consider the public interest arguments to still be applicable and continue to conclude that the public interest continues to favour withholding of the redacted information.

3. A copy of any audit ("Audits") report by auditors ("The Auditors") on behalf of Homes England ("The Agency") of the Mortgage Administrator ("Target Servicing Limited") as defined in section 11 [page 23 of document / page 31 of PDF] of the "initial contract entered into between the Homes and Communities Agency and Target Servicing" provided in response to FOI request RFI3085'. If no such audit exists as no such audit has ever been conducted, please confirm so in writing.

We can confirm that we do hold a copy of internal audit reports however, we rely on Section 43 (2) of the FOIA to withhold these documents from disclosure.

Section 43 - Commercial interests

Under section 43(2) Homes England is not obliged to disclose information that would, or would be likely to, prejudice the commercial interests of any party.

The internal audit reports held engage section 43(2) of the FOIA as they are commercial in nature and release would be likely to prejudice the commercial interests of Homes England and other interested parties to the information.

Homes England has identified that the information requested, if released, would be likely to prejudice the successful operation of the existing contract and the relationship between the parties. It would also be likely to prejudice the ability of auditors to carry out effective, rigorous, and impartial assessments.

Section 43 is a qualified exemption. This means that once we have decided that the exemption is engaged, Homes England must carry out a public interest test to assess whether or not it is in the wider public interest for the information to be disclosed.



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Arguments in favour of disclosure:

- Homes England acknowledges there is a general public interest in promoting accountability, transparency, public understanding, and involvement in how Homes England undertakes its work and how it spends public money.
- Homes England acknowledge that there is an interest from the general public and particularly service users of Target in how Homes England assess the performance provided under a contract delivered with public funds.

Arguments in favour of withholding:

- There is a necessity for public authorities to have a 'safe space' in which to assess the compliance with and performance of a commercially procured and paid for contract. The audit reports contain financial and performance appraisals of a commercial product and impact decisions that will directly affect commercial operations of both Homes England and the third party. It is especially necessary that Auditors are able to have a 'safe space' in which to discuss and express honest and impartial views without fear of disclosure. If the information were disclosed, it would harm the ability of auditors to reach frank, independent assessments of spending of public funds. This would not be in the public interest as it would be highly likely to prejudice effective auditing, which would have a direct impact on value for public money being achieved. If audit reports were released to the public domain, it would be likely that such reports were not as complete or transparent as necessary if the authors thought the findings would be disclosed;
- There is a 'chilling effect' argument regarding the release of any audit reports. The chilling effect is that the information contained within the reports relates to a 'live' contract with ongoing obligations on both parties. There is a specific need for Auditors to be able to have free and frank discussions regarding the contract and any information provided to them in order to fully and adequately appraise the performance of that contract. Release of the information would inform third parties of the assessments undertaken which may be likely to result in that third party being unwilling to share information required by Homes England to adequately assess their performance. This would not be in the public interest as it would lead to decisions being made without all available information. It is vital to the effective spending of public money that full transparency exists between public authorities and third parties contracted by them;
- There is also a further 'chilling effect' argument regarding future information of a similar nature if disclosed. Release of audit information outside of the parties to the contract could give rise to concerns from future partners regarding impartiality and confidentiality. Future partners may be unwilling to work with Homes England or other current partners may become dissatisfied if they thought audit reports of their commercial operations would be released to the public. It would be likely to cause partners significant commercial disadvantage in their respective markets if their competitors had access to an appraisal of their services by a public authority. This would significantly harm Homes England's ability to procure services and goods from a competitive market, achieving best value for public funds from the widest possible market. This would not be in the public interest as that loss of Homes England's ability to have open, honest, and frank relationships with third parties would cause material detriment to our place within the housing market; and
- Homes England has been unable to identify a wider public interest in disclosing the information requested.

Having considered the arguments for and against disclosure of the information, we have concluded that at this time, the balance of the public interest favours non-disclosure.

The full text of the legislation can be found on the following link;

<https://www.legislation.gov.uk/ukpga/2000/36/section/43>



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Extension of time to consider the public interest in disclosure

We are aware that our original acknowledgement letter for your request advised our initial response deadline of 26 October 2021. Where a qualified exemption applies to information in scope of a request, a public authority may extend this deadline by a "reasonable period" (usually a further 20 working days) in order to consider the public interest in disclosure of the information. The authority must inform the requestor of this within the original timescale for responding.

As you have stated in your letter of 1 November 2021 regarding other related matters, in this instance, the Information Governance team failed to inform you of the extension required within the statutory timeframe for doing so. The Information Governance team wrote to inform you of the consideration of the public interest on 28 November 2021. This was therefore a failure to comply with section 10 FOIA.

We apologise for this failure. We can advise that Homes England *had* identified the information in scope of your request before the initial response deadline of 26 October and furthermore had also determined that the qualified exemption applied and was in the process of determining the public interest. We apologise that an administrative error resulted in your not being informed of this by the appropriate deadline as set out in the legislation.

Right to Appeal

If you are not happy with the information that has been provided or the way in which your request has been handled you may request an internal review by writing to;

The Information Governance Team
Homes England – 6th Floor
Windsor House
50 Victoria Street
London
SW1H 0TL

Or by email to infogov@homesengland.gov.uk

You may also complain to the Information Commissioner however, the Information Commissioner does usually expect the internal review procedure to be exhausted in the first instance.

The Information Commissioner's details can be found via the following link:

<https://ico.org.uk/>

Please note that the contents of your request and this response are also subject to the Freedom of Information Act 2000. Homes England may be required to disclose your request and our response accordingly.

Yours sincerely,

The Information Governance Team
For Homes England

OFFICIAL

Dated

4 July

2019

Homes and Communities Agency (trading as Homes England)

and

Target Servicing Limited

Supplemental Deed to the Deed of Appointment of Mortgage Administrator

Deed of Variation ("Deed")

Dated 4 July 2019

between

- (1) **Homes and Communities Agency**, trading as Homes England, a body corporate under Section 1 of the Housing and Regeneration Act 2008, of Arpley House, 110 Birchwood Boulevard, Birchwood, Warrington WA3 7QH (including any statutory successor) (**the Agency**); and
- (2) **Target Servicing Limited** (company registration number 05618062) whose registered office is Target House, Cowbridge Road East, Cardiff, CF11 9AU (**the Mortgage Administrator**)

Recitals

- A. The Agency and the Mortgage Administrator have entered into the Deed of appointment of a Mortgage Administrator dated the 18th March 2016 (the "Agreement").
- B. This Deed is supplemental to the Agreement.
- C. The Agency has notified the Mortgage Administrator that it wished to extend the Term of the Agreement to the 31st July 2019 subject to the variation of the terms and conditions hereinafter set out.

Agreed terms

1 Definitions and interpretation

In this Deed the following words and expressions have the meaning specified in the Agreement except when expressly stated to the contrary.

1.1 Interpretation

- 1.1.1 The headings in this Deed are for reference only and do not affect the interpretation or construction of this Deed.
- 1.1.2 Save as varied by this Deed the terms and conditions of the Agreement shall remain in full force and effect.
- 1.1.3 Should there be any conflict between the terms of the Agreement and this Deed the provisions contained in this Deed shall prevail. For the avoidance of doubt this clause 1.1.3 shall not be read as limiting the scope of any rights and/or obligations under the Agreement which overlap, but do not conflict, with rights and obligations under this Agreement.

1.1.4 Any reference to a clause or schedule without further designation shall be a reference to a clause or schedule of this Deed.

2 **Variation to the Agreement**

2.1 The definitions in Clause 1.1. of the Agreement shall be amended as follows:

2.1.1 **Term** the Term of this Agreement shall be from the Commencement Date to the 31st July 2019.

3 **General**

3.1 Each party warrants and undertakes that it has full power and authority to enter into and shall be responsible for its own costs arising in relation to this Deed.

3.2 A party who is not a party to this Deed has no right under the Contracts (Right of Third Parties) Act 1999 to enforce any term of this Deed but this does not affect any right or remedy of a third party which exists, or is available, other than in that Act.

Executed and delivered as a Deed on the date of this document

EXECUTED as a **DEED** by
Target Servicing Limited
in the presence of:

Authorised Signatory

Director **s. 40(2)**

In the presence of the following witness

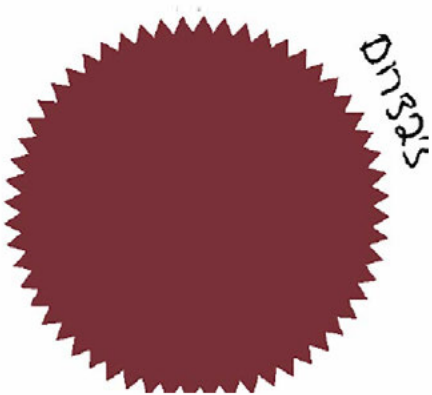
s. 40(2) (signature of witness)
s. 40(2) (full name of witness)

s. 40(2) (address of witness)

The Common Seal of
HOMES AND COMMUNITIES
AGENCY was hereunto affixed
in the presence of:

Authorised Signatory **s. 40(2)**

General Counsel
Legal Services



Dated 16th August 2019

Homes and Communities Agency (trading as Homes England)

and

Target Servicing Limited

Supplemental Deed to the Deed of Appointment of Mortgage Administrator

Deed of Variation ("Deed")

Dated 16th August 2019

between

- (1) **Homes and Communities Agency**, trading as Homes England, a body corporate under Section 1 of the Housing and Regeneration Act 2008, of Arpley House, 110 Birchwood Boulevard, Birchwood, Warrington WA3 7QH (including any statutory successor) (**the Agency**); and
- (2) **Target Servicing Limited** (company registration number 05618062) whose registered office is Imperial House Newport NP10 8JH (**the Mortgage Administrator**)

Recitals

- A. The Agency and the Mortgage Administrator have entered into the Deed of appointment of a Mortgage Administrator dated the 18th March 2016 (the "Agreement").
- B. This Deed is supplemental to the Agreement.
- C. The Agency has notified the Mortgage Administrator that it wished to extend the Term of the Agreement to the 31st August 2019 subject to the variation of the terms and conditions hereinafter set out.

Agreed terms

1 Definitions and interpretation

In this Deed the following words and expressions have the meaning specified in the Agreement except when expressly stated to the contrary.

1.1 Interpretation

- 1.1.1 The headings in this Deed are for reference only and do not affect the interpretation or construction of this Deed.
- 1.1.2 Save as varied by this Deed the terms and conditions of the Agreement shall remain in full force and effect.
- 1.1.3 Should there be any conflict between the terms of the Agreement and this Deed the provisions contained in this Deed shall prevail. For the avoidance of doubt this clause 1.1.3 shall not be read as limiting the scope of any rights and/or obligations under the Agreement which overlap, but do not conflict, with rights and obligations under this Agreement

1.1.4 Any reference to a clause or schedule without further designation shall be a reference to a clause or schedule of this Deed.

2 Variation to the Agreement

2.1 the definitions in Clause 1.1. of the Agreement shall be amended as follows:

2.1.1 **Term** the Term of this Agreement shall be from the Commencement Date to the 31st August 2019.

3 General

3.1 This Deed shall cancel and replace the Deed of Variation dated 4 July 2019 agreed between the parties.

3.2 Each party warrants and undertakes that it has full power and authority to enter into and shall be responsible for its own costs arising in relation to this Deed.

3.3 A party who is not a party to this Deed has no right under the Contracts (Right of Third Parties) Act 1999 to enforce any term of this Deed but this does not affect any right or remedy of a third party which exists, or is available, other than in that Act

Executed and delivered as a Deed on the date of this document

EXECUTED as a DEED by
Target Servicing Limited
in the presence of:

Authorised Signatory

s. 40(2)

Director

In the presence of the following witness:

s. 40(2)

..... (signature of witness)

s. 40(2)

..... (full name of witness)

s. 40(2)

... (address of witness)

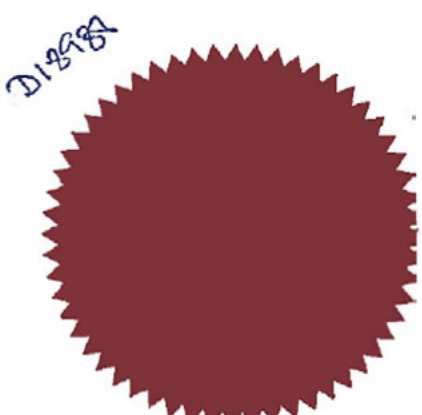
The Common Seal of
HOMES AND COMMUNITIES
AGENCY was hereunto affixed
in the presence of:

)
)
)
)

Authorised Signatory

s. 40(2)

General Counsel
Legal Services





1.41

1.80

1.80

Dated 2019

Homes and Communities Agency (trading as Homes England)

and

Target Servicing Limited

Supplemental Deed to the Deed of Appointment of Mortgage Administrator

Deed of Variation (“Deed”)

Dated

between

- (1) **Homes and Communities Agency**, trading as Homes England, a body corporate under Section 1 of the Housing and Regeneration Act 2008, of Arpley House, 110 Birchwood Boulevard, Birchwood, Warrington WA3 7QH (including any statutory successor) (**the Agency**); and
- (2) **Target Servicing Limited** (company registration number 05618062) whose registered office is at Target House, Cowbridge Road East, Cardiff, CF11 9AU (**the Mortgage Administrator**)

Recitals

- A. The Agency and the Mortgage Administrator have entered into the Deed of appointment of a Mortgage Administrator dated the 18th March 2016 (the “**Agreement**”). The parties have agreed to amend the terms of the Agreement as set out in this Deed.
- B. This Deed is supplemental to the Agreement.
- C. The Agency has notified the Mortgage Administrator that it wished to extend the Term of the Agreement to the 18 December 2020 subject to the variation of the terms and conditions hereinafter set out.

Agreed terms

1 Definitions and interpretation

In this Deed words and expressions shall have the meaning specified in the Agreement except when expressly stated to the contrary.

1.1 Interpretation

- 1.1.1 The headings in this Deed are for reference only and do not affect the interpretation or construction of this Deed.
- 1.1.2 Save as varied by this Deed the terms and conditions of the Agreement shall remain in full force and effect.
- 1.1.3 Should there be any conflict between the terms of the Agreement and this Deed the provisions contained in this Deed shall prevail. For the avoidance of doubt this clause 1.1.3 shall not be read as limiting the scope of any rights and/or obligations under the Agreement which

overlap, but do not conflict, with rights and obligations under this Agreement.

- 1.1.4 Any reference to a clause or schedule without further designation shall be a reference to a clause or schedule of this Deed.

2 Variation to the Agreement

- 2.1 The definitions in Clause 1.1. of the Agreement shall be amended as follows:

- 2.1.1 Delete definition of **Account Charge**
- 2.1.2 Add a new definition: **Change Control Procedure** means the process for the management of changes to this Agreement, including changes to the Services and/or the Equity Mortgages, as set out in Clause 47 and Schedule 11.
- 2.1.3 Add a new definition: **Charge Out Rates** the daily rates of Mortgage Administrator Personnel set out in annex 2 to Schedule 2, as amended from time to time.
- 2.1.4 Add a new definition: **Deed of Variation** means the deed of variation agreed between the parties in accordance with paragraph 3.2. dated 16 October 2019.
- 2.1.5 Amend the definition of: **Default** by deleting subsection (a) and replace with any failure by the Mortgage Administrator to meet the KPIs as set out in the Performance Report and delete subsection (b) and replace with (b) any Material PI Failure.
- 2.1.6 Add a new definition: **Declaration of Trust** means the Declaration of Trust over the Account as annexed as Schedule 5. All references to 'Account Charge' in the Agreement shall be substituted with the defined term "Declaration of Trust".
- 2.1.7 Amend the definition of: **Key Performance Standards** to read 'the Key Performance Indicators and Performance Indicators as listed in Schedule 4.
- 2.1.8 Add a new definition: **Material PI Failure** has the meaning set out in Schedule 4.
- 2.1.9 Delete the definition of **Open Book** and replace it with: **Open Book Data** means transparent and full disclosure of all financial and non-financial information that the Mortgage Administrator is required to keep or disclose under this Agreement including any financial components relating to the Services such as price, profit margins,

central office overheads, site overheads, preliminaries, contingencies and the cost of all materials, goods, equipment, work and service, apportionments of these items with all and any books of accounts, correspondence, agreements, orders, invoices, receipts and other documents available for inspection which is sufficiently detailed to enable the Agency to verify the Mortgage Administrator Fees.'

- 2.1.10 Replace the definition of **Regulator** with: **Regulator** means the Regulator of Social Housing of Level 1 A, City Tower, Piccadilly Plaza, Manchester M1 4BT.
- 2.1.11 Amend the definition of **Standard Fee** s. 43
 [REDACTED]
 [REDACTED].
- 2.1.12 Amend the definition of **Term** to read: "the Term of this Agreement shall be 57 months from the Commencement Date or as otherwise extended under clause 3.2.'
- 2.2 Clause 3.1 of the Agreement shall be deleted and the following substituted: '3.1 This Agreement shall commence on the Commencement Date and unless terminated earlier in accordance with the terms of this Agreement shall continue in force until the date falling 57 months after the Commencement Date (the "**Initial Term**")'.
- 2.3 Clauses 3.2 shall be deleted and the following substituted: '3.2 The Agency (at its sole discretion) may extend the Initial Term by a further period or periods not exceeding in total a further one year by giving the Mortgage Administrator reasonable (in the Agency's opinion) written notice prior to the expiry of the Initial Term. The Mortgage Administrator agrees that nothing in this Agreement shall oblige the Agency to extend the Agreement following the expiry of either the Initial Term or any individual extension period. The Mortgage Administrator further agrees that upon service of any such extension notice, the Agreement shall continue and both the Agency and the Mortgage Administrator shall continue to be bound by its terms for the period of any such extension (subject to any earlier termination in accordance with the terms of this Agreement).'
- 2.4 Sub-clauses 6.1.4.and 6.1.5 of the Agreement shall be deleted and a new subclause 6.1.4 inserted as follows: '6.1.4 it will procure that Elderbridge Limited will fully execute and deliver to the Agency the Declaration of Trust within 28 days of the Deed of Variation and shall be annexed at Schedule 5 to this Agreement.' The remainder of clause 6.1 shall be renumbered accordingly.
- 2.5 Clause 7.2.3 of the Agreement shall be varied to delete the words 'Authorised Representative' and replace with 'Director, Client Development'.

- 2.6 A new Clause 7.2.6 shall be inserted: *'7.2.6 The Performance Report sets out Key Performance Standards to be met by the Mortgage Administrator.'*
- 2.7 Clause 7.3.1 shall be deleted and the following clause substituted *'7.3.1 In the event a Default occurs in respect of the Key Performance Standards, the parties shall follow the procedures set out in Schedule 4'.*
- 2.8 Clause 7.3.2 shall be deleted and the following clause substituted: *'7.3.2 If the Agency (acting reasonably) is not satisfied with the Mortgage Administrator's implementation of the Rectification Plan the Agency shall be entitled to serve a Warning Notice on the Mortgage Administrator.'*
- 2.8 A new clause 7.3.4 shall be inserted: *'7.3.4 If there are more than 2 Warning Notices issued in any consecutive 6 month period and the Agency is not satisfied with the actions proposed by the Mortgage Administrator within 3 weeks of the issue of the Warning Notice then the Warning Notice may be referred to clause 14 of the Agreement and the Agency (at its sole discretion) may take the Required Action or agree that the Mortgage Administrator can take the action that the Agency shall specify as the Required Action in lieu of invoking the Termination provisions in clause 15. Alternatively if the Agency is not satisfied with the actions proposed by the Mortgage Administrator, then the Agency may exercise its termination rights under clause 15.1.2'.*
- 2.9 Clauses 10.1 to 10.5 shall be deleted and the following clauses substituted: *'10.1 The Mortgage Administrator shall comply with the terms of Schedule 10 (Financial Transparency and Open Book Data)'.*
- 2.10 Clause 11 shall be amended as follows:
- 2.10.1 In sub-clause 11.1.1 the following words shall be added *'including any Financial Report provided under Schedule 10 (Financial Transparency and Open Book Data) and the Open Book Data.'*;
- 2.10.2 the reference to Data Protection Act 1998 in sub-clause 11.1.3 shall be replaced with *'Data Protection Act 2018'*;
- 2.10.3 Clause 11.2 shall be amended to read: *'11.2 The Mortgage Administrator shall provide such access and facilities as the Auditors may reasonably require to visit any place where the records maintained under this clause 11 are held and to examine such records, and shall permit such records to be examined and copied by the Auditors (and shall procure such co-operation and assistance from its Sub-contractors) including:*
- 11.2.1 all information reasonably requested by the Agency within the permitted scope of the Audit;*

11.2.2 reasonable access to Mortgage Administration premises used in the performance of the Services;

11.2.3 reasonable access to Mortgage Administrator systems; and

11.2.4 reasonable access to Mortgage Administrator Personnel.

The Agency shall during each Audit comply with those security, premises, systems, facilities, confidentiality and conduct policies and procedures of the Mortgage Administrator as reasonably notified to the Agency in advance of an Audit.

- 2.10.4 *Clause 11.4 shall be amended to read: 'Clause 11.4 The Agency shall share it plans for the timing of Audits with the Mortgage Administrator annually and use its reasonable endeavours to seek co-ordination between the Auditors so as to limit the administrative burden placed on the Mortgage Administrator.'*
- 2.10.5 *A new sub-clause 11.9.4 shall be added: '11.9.4 the Mortgage Administrator has committed a Default, the Agency may (without prejudice to any rights and remedies the Agency may have) require the Mortgage Administrator to correct such Default as soon as reasonably practicable and comply with any agreed remediation plan.'*
- 2.10.6 *A new sub-clause 11.9.5 shall be added: '11.9.5 there is an error in a Financial Report, the Mortgage Administrator shall promptly rectify the error.'*
- 2.11 *Clause 14.1.1(c) shall be amended to read: '14.1.1(c) where the Mortgage Administrator has received 2 Warning Notices in accordance with clause 7.3.4.'*
- 2.12 *Clause 17 shall be deleted and the following clause substituted: '17.1 At the end of the Term or upon termination of this Agreement if earlier the Mortgage Administrator shall provide all assistance reasonably needed to facilitate the smooth transition of the Services to the Agency or any New Provider appointed by the Agency in accordance with Schedule 9 (Exit Management) and the parties shall co-operate to minimise any loss or disruption to the Services, provided that nothing in this clause or Schedule 9 shall oblige the Mortgage Administrator to breach any Applicable Laws.'*
- 2.13 *Clause 18.1 shall be amended to read: '18.1 In consideration of the Mortgage Administrator carrying out its obligations, including the provision of Services under the Agreement, the Agency shall pay the Mortgage Administrator the Standard Fee and Transaction Fees in accordance with the payment profile and the invoicing procedure in Schedule 2. Subject to any charges agreed between the parties for dedicated change resource, for the avoidance of doubt the*

Standard Fee shall be fixed for the Term notwithstanding any increase in call volumes or other engagement with the borrowers in respect of the Equity Mortgages.'

- 2.14 Clause 6 The Account charge. All reference to the 'Account Charge' in the Agreement shall be deleted and substituted by 'Declaration of Trust by the Mortgage Administrator over the Account'. Schedule 5 shall be deleted. Sub Clause 6.1.4 and 6.1.5 of the Agreement shall be deleted and the new subclause 6.1.4 shall be 'The Mortgage Administrator agrees that within 28 days of this Deed it will enter into a Declaration of Trust over the Account and this signed Declaration of Trust shall be annexed at Schedule 5.
- 2.15 Clause 15.1.1 add (c) Critical Service Failure and delete 15.1.6 and insert 15.1.6 there is a default under the Deed of Trust.
- 2.16 clause 25.2.10 shall be inserted: '25.2.10 The Mortgage Administrator shall report incidents to the Agency in accordance with the Disaster Recovery Plan. Any material service disruption (including telephony unavailability) shall be notified to the Agency in accordance with the Disaster Recovery Plan which for the avoidance of doubt includes any material risk event, error, loss (including call failures) impacting the Services, within 2 hours of becoming aware of such incident and will provide a report containing the root cause analysis as soon as reasonably practicable.
- 2.17 Sub-clauses 40.1 to 40.9 shall be deleted and substituted with: '40.1 In respect of the Data Protection Legislation the Mortgage Administrator agrees to and shall comply with the matters set out in Schedule 12 (Data Protection).' Clause 40.10 of the Agreement shall be renumbered 40.2.
- 2.18 A new sub-clause 44.4 shall be inserted: '44.4 The Mortgage Administrator shall submit to the Agency evidence of regular penetration testing of the vulnerability of the Mortgage Administrator's systems that may compromise the network, digital systems, the website or applications of the Mortgage Administrator and if the Agency is not, acting reasonably, satisfied with the results shall institute such reasonable measures as the Agency shall reasonably require (at the Agency's cost) to protect the Agency's data.'
- 2.19 A new clause 47 (Change Control) shall be inserted as follows:
- '47 Change Control**
- 47.1 Notwithstanding any other provision of this Agreement the parties agree that:
- 47.1.1 the Agency may at any time request and the Mortgage Administrator may at any time recommend changes to the

Services in accordance with the provisions set out in Schedule 11 (Change Control Procedure).

- 47.1.2 *except in the case of a request necessitated by a change in Applicable Laws, no party shall be obliged to agree to any requested or recommended change subject to at all times acting reasonably and without delay.*
- 47.1.3 *until such time as any change agreed between the parties pursuant to the Change Control Procedure is completed, the Mortgage Administrator shall, unless otherwise agreed between the parties in writing, continue to provide the Services and to be paid for doing so as if such change had not been requested or recommended.*
- 47.1.4 *without limiting the foregoing, any change in the terms of the Equity Mortgages in a way which shall or is likely to affect the provision of the Services by the Mortgage Administrator, including the sale or supply of any insurance products in conjunction with any of the Equity Mortgages, shall be subject to prior agreement between the parties pursuant to the Change Control Procedure.'*

2.20 A new clause 48 (Governance) shall be inserted as follows:

'48 Governance

- 48.1 *The Mortgage Administrator and the Agency shall comply with the governance procedures set out in Schedule 13 (Governance) to this Agreement.'*

2.21 A new clause 49 (White Labelling) shall be inserted as follows:

'49 Rebranding

- 49.1 *The Mortgage Administrator shall assist the Agency in the rebranding of all aspects of the Services, as agreed between the parties and in contemplation of the rebranding plan annexed as Schedule 16, to ensure the Mortgage Administrator adopts the Help to Buy brand.*

2.22 A new paragraph 5 shall be added to Schedule 2 Charges, as follows:

- 5.1 *On an annual basis the Mortgage Administrator shall provide the Agency with information, in reasonable detail, to verify the scope and cost of the activities undertaken by the Mortgage Administrator in its provision of those aspects of*

*the Services relating to the Transaction Fees (a “**Fee Justification Report**”).*

- 5.2 *Within 30 days of the Agency’s receipt of the Fee Justification Report (or such other time period as may be agreed) the parties shall meet to discuss the same and agree the value of the relevant Transaction Fees payable by the Owners for the following 12 month period. Any changes to the then applicable Transaction Fees shall be managed via the Change Control Procedure.*
- 5.3 *For the avoidance of doubt, the Mortgage Administrator’s Fee Justification Report shall only include details of those aspects of the Services actually provided by the Mortgage Administrator in the previous 12 month period.*
- 5.4 *Within 30 days of the date of the Deed of Variation, the Mortgage Administrator shall provide to the Agency a Fee Justification Report in respect of the Transaction Fee relating to ‘MA carries out debt recovery to HCA instructions. Fee per single loan transaction Core Service area. Following the selection or subsequent change to any third party supplier in respect of the aforementioned service if the fee attributed to the home visit by a third party service provider increases, the Mortgage Administrator may request an increase to the relevant Transaction Fee to cover any additional cost of the third party service provider. The Mortgage Administrator shall provide a Fee Justification Report in support of such a request and any subsequent increase in the fees shall be handled in accordance with the Change Control Procedure.*
- 2.23 The provisions within Annex 3 of this Deed shall be added as a new Annex 2 to Schedule 2 (Mortgage Administrator’s Fees) of the Agreement.
- 2.24 In Schedule 3 Specification paragraph 7.1.5 the following words shall be added.’
and agree the complaints procedure with the Agency within 90 Working Days of the Deed of Variation including (but not limited to) the following:
- 2.24.1 *agreeing the escalation procedures for complaints about the Mortgage Administrator’s Services;*
- 2.24.2 *agreeing the escalation procedures for complaints regarding the Agency, third parties and/or the Equity Mortgages; and*
- 2.24.3 *confirmation that compensation paid by the Mortgage Administrator to the borrowers for failures in the Service delivery by the Mortgage*

Administrator shall not be charged as part of the fees to the Agency nor shall reimbursement be sought from the Agency for such failure’.

- 2.25 Schedule 4 of the Agreement shall be deleted and replaced with Annex 4 of this Deed and renamed ‘Schedule 4 (Performance Standards)’.
- 2.26 Schedule 5 of the Agreement shall be deleted and replaced with the executed Declaration of Trust.
- 2.27 The Disaster Recovery plan attached at Schedule 6 of the Agreement shall be deleted and the Disaster Recovery Plan in Annex 5 of this Deed shall be substituted. s. 43 [REDACTED]
- 2.28 The provisions within Annex 1 of this Deed shall be added as a new Schedule 9 (Exit Management) of the Agreement.
- 2.29 The provisions within Annex 2 of this Deed shall be added as a new Schedule 11 (Change Control Procedure) of the Agreement.
- 2.30 The provisions within Annex 6 of this Deed shall be added as a new Schedule 12 (Data Protection) of the Agreement.
- 2.31 The provisions within Annex 7 of this Deed shall be added as a new Schedule 13 (Governance) of the Agreement.
- 2.32 The provisions within Annex 8 of this Deed shall be added as a new Schedule 10 (Financial Transparency and Open Book Data) of this Agreement.

3 **General**

- 3.1 Each party warrants and undertakes that it has full power and authority to enter into and shall be responsible for its own costs arising in relation to this Deed.

- 3.2 A party who is not a party to this Deed has no right under the Contracts (Right of Third Parties) Act 1999 to enforce any term of this Deed but this does not affect any right or remedy of a third party which exists, or is available, other than in that Act.

- 3.3 This Deed and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

- 3.4 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Deed or its subject matter or formation.

Executed and delivered as a Deed on the date of this document

EXECUTED as a **DEED** by
Target Servicing Limited
in the presence of:

Authorised Signatory

Director

In the presence of the following witness:

..... (signature of witness)

..... (full name of witness)

..... (address of witness)

.....

The Common Seal of)
HOMES AND COMMUNITIES)
AGENCY was hereunto affixed)
in the presence of:)

Authorised Signatory

Annex 1

SCHEDULE 9 – Exit Management

OBLIGATIONS DURING THE TERM TO FACILITATE EXIT

1.1 During the Term, the Mortgage Administrator shall:

- (a) maintain a register (the “Register”) of all:
 - (i) any exclusive assets (the “Assets”) that are clearly marked to identify that they are exclusively used for the provision of the Services under this Agreement;
 - (ii) Sub-contracts and other relevant agreements (including relevant software delivery agreements license’s, maintenance and support agreements and equipment rental and lease agreements) required for the performance of the Services;
 - (iii) License’s (or other resources) required to successfully utilise all data and other property transferred in the manner for which it was created (i.e. whilst a database may be transferred it must be clear that an SQL (or similar) license would be required to utilise the database);
 - (iv) agree the format of the Register with the Agency and at all times keep the Register up to date, in particular in the event that Assets, Sub-contracts or other relevant agreements are added to or removed from the Services.
- (b) The Mortgage Administrator shall be liable for any registers that may be kept and maintained by any Sub-contractor.

1.2 Each party shall appoint a person for the purposes of managing the parties' respective obligations under this Schedule and provide written notification of such appointment to the other party within 6 months of the date of this Agreement. The Mortgage Administrator shall appoint an exit manager 6 months prior to the termination of this Agreement who shall liaise with the Agency nominated exit manager and shall be responsible for ensuring that the Mortgage Administrator and its employees, agents and Sub-contractors comply with this Schedule. The parties' respective exit managers will liaise with one another in relation to all issues relevant to the termination of this Agreement and all matters connected with this Schedule and each party's compliance with it.

2 OBLIGATIONS TO ASSIST ON RE-TENDERING OF SERVICES

2.1 On reasonable notice at any point during the Term, the Mortgage Administrator shall provide to the Agency the following material and information (the “Exit Information”) in order to facilitate the preparation by the Agency of any invitation to tender and/or to facilitate any potential New Provider undertaking due diligence:

- 2.1.1 details of the Service;
- 2.1.2 a copy of the Register, updated by the Mortgage Administrator up to the date of delivery of such Register;

- 2.1.3 an inventory of Agency Data in the Mortgage Administrator's possession or control;
 - 2.1.4 details of any key terms of any third party contracts and licenses, particularly as regards charges, termination, assignment and novation;
 - 2.1.5 a list of on-going and/or threatened disputes in relation to the provision of the Services;
 - 2.1.6 to the extent permitted by applicable Law, all relevant information relating to the Mortgage Administrator's employees required to be provided by the Mortgage Administrator under this Agreement on an anonymised basis until six (6) months prior to expiry or termination is effective at which times names will be provided;
 - 2.1.7 such other material and information as the Agency shall reasonably require, and
 - 2.1.8 the Exit Plan detailing the expected responsibilities of each party.
- 2.2 The Mortgage Administrator acknowledges that the Agency may disclose the Mortgage Administrator's Confidential Information to an actual or prospective mortgage administrator or any third party whom the Agency is considering engaging to the extent that such disclosure is necessary in connection with such engagement (except that the Agency may not under this Paragraph 2.2 disclose any Mortgage Administrator's Confidential Information which is information relating to the Mortgage Administrator's or its Sub-contractors' prices, costs or intellectual property).
- 2.3 The Mortgage Administrator shall:
- 2.3.1 notify the Agency within 5 Working Days of any material change to the Exit Information which may adversely impact upon the potential transfer and/or continuance of any Services and shall consult with the Agency regarding such proposed material changes; and
 - 2.3.2 provide complete updates of the Exit Information on an as-requested basis as soon as reasonably practicable and in any event within 10 Working Days of a request in writing from the Agency.
- 2.4 The Exit Information shall be accurate and complete in all material respects to the best of the Mortgage Administrator's knowledge and the level of detail to be provided by the Mortgage Administrator shall be such as would be reasonably necessary to enable a third party to prepare an informed offer for those Services.

3 EXIT PLAN

- 3.1 At the end of the Term or upon termination if earlier the Mortgage Administrator shall provide all assistance reasonably needed to facilitate the smooth transition of the Services to the Agency or any New Provider appointed by the Agency and the parties shall co-operate to minimise any loss or disruption to the Services.
- 4 The initial actions in respect of the orderly transition of the Services will cover the matters set out in the annex to this Schedule.
- 5 6 months prior to the expiry of the Term, the parties will meet to discuss the final details of the Exit Plan for the transfer of the Services incorporating the matters set out in the Annex to this Schedule and any other matters reasonably required by the Agency to ensure the effective transfer of the Services without disruption to the Service provision. The parties will co-operate

in good faith to ensure that an Exit Plan has been agreed by the parties by no later than 3 months prior the end of the Term.

- 6 Within 60 days after service of a notice of termination by either party the Mortgage Administrator will submit to the Agency for approval (not to be unreasonably withheld) a final detailed summary of the actions it intends to take to achieve an orderly transition of the Services to the Agency in accordance with this Schedule and the Exit Plan will incorporate the matters contained in Annex 1 hereto together with any others matters reasonably required by the Agency.

Annex 1

1. Full account history including;
 - i) All transaction history
 - ii) All account details
 - iii) All communication history (save for telephone calls)
 - iv) All documents reference to the specific accounts
2. All monthly reports to continue in line with contract;
3. Attendance to additional weekly meetings with the Agency and any new provider;
4. Mortgage Administrator to provide its standard off-boarding data schema to the New Provider;
5. Mortgage Administrator to retain staffing numbers until contract ends with an agreed minimum number of operational staff;
6. If requested, at the cost of the Agency, the Mortgage Administrator shall meet the data requirements specified by the Agency or the new provider;
7. Website to be handed over to the Agency to manage if it's not the Agency website;
8. Confirmation that the Trustee will transfer the funds from the Trustee to a bank account nominated by the Agency;
9. the management structure to be employed during both transfer and cessation of the Services;
10. final details of how the Services will transfer to the New Provider or the Agency, including details of the processes, documentation, data transfer, systems migration, security and the segregation of the Agency's technology components from any technology components operated by the Mortgage Administrator or its Sub-contractors (where applicable);
11. a timetable and critical issues for providing the transfer of the Services;
12. procedures to deal with requests made by the Agency pursuant to clause 16 (Consequences of Termination);
13. how each of the issues set out in this Schedule will be addressed to facilitate the transition of the Services from the current Mortgage Administrator to the New Provider or the Agency with the aim of ensuring that there is no disruption to or degradation of the Services during the termination period;
14. NDA's that are required to be signed by parties during this process;
15. A roles and responsibilities matrix identifying all the roles it reasonably believes will need to be undertaken, by the Mortgage Administrator and the Agency or the New Provider in order to successfully transfer the Services;

16. Any limitations or restrictions to the access to any asset, particularly in respect to data held within the cloud or third party infrastructure;
17. Success criteria and test strategies mutually agreed by all parties;
18. Contingency plans in the event that handover is delayed; and
19. Completion and sign-off protocols.
20. With specific regard to data the Exit Plan shall confirm and the Mortgage Administrator shall ensure that:
 - a. all licenses required to undertake any usage of returned software/data are also transferred along with all information required to utilise all returned data effectively;
 - b. if additional licenses are required to utilise data and such licenses are required to be retained by the Mortgage Administrator in order to continue their other business then the Mortgage Administrator shall obtain for the Agency or New Provider as part of the Exit Plan necessary replacement licenses to ensure that the data is immediately usable for the purpose for which it was created. The Agency or New Provider may elect to utilise licenses that it may already hold for this purpose, in which case no such replacement licenses shall be required.

7 TERMINATION OBLIGATIONS

- 7.1 The parties shall comply with all of its obligations contained in the Exit Plan. The Agency shall procure the replacement providers' compliance with the Exit Plan.
- 7.2 Upon termination or expiry (as the case may be) or at the end of the termination period (or earlier if this does not adversely affect the Mortgage Administrator's performance of the Services and its compliance with the other provisions of this Schedule), the Mortgage Administrator shall:
 - (a) cease to use the Agency Data;
 - (b) provide the Agency and/or the New Provider with a complete and uncorrupted version of the Agency Data in its standard schema;
 - (c) erase from any computers, storage devices and storage media that are to be retained or subsequently disposed of by the Mortgage Administrator to such standard reasonably requested by the Agency and promptly certify to the Agency that it has completed such deletion;
 - (d) destroy all physical documentation relating to the operations that are not handed over at the end of the termination period and promptly certify that such destruction has taken place;
 - (e) should the Mortgage Administrator be legally required to retain copies of any data in any form the Mortgage Administrator shall clearly notify the Agency of such data, the reasons for its retention, the manner in which it shall be stored, the term for which it shall be retained, the manner in which it will be destroyed when possible, the means of notification of destruction and confirmation of the control policies under which it will be stored and how any data breaches shall be dealt with during the period the data is retained

- (f) return to the Agency such of the following as is in the Mortgage Administrator's possession or control:
 - (i) all copies of any Agency software or software licensed by the Agency to the Mortgage Administrator under this Agreement;
 - (ii) all materials created by the Mortgage Administrator under this Agreement in which the IPRs are owned by the Agency;
 - (iii) any parts of the digital environment and any other equipment which belongs to the Agency; and
 - (iv) any items that have been on-charged to the Agency, such as consumables;
- (g) At the Agency's cost, provide reasonable access during normal working hours to the Agency or the New Provider for up to 12 months after expiry or termination to:
 - (i) such information relating to the Services as remains in the possession or control of the Mortgage Administrator; and
 - (ii) such members of the Mortgage Administrator staff or Sub contractors as have been involved in the design, development and provision of the Services and who are still employed or contracted by the Mortgage Administrator

7.3 Upon termination or expiry (as the case may be) or at the end of the termination period, each party shall return to the other party (or if requested, destroy or delete) all Confidential Information of the other party and shall certify that it does not retain the other party's Confidential Information save to the extent (and for the limited period) that such information needs to be retained by the party in question for the purposes of providing or receiving any Services or for statutory compliance purposes.

7.4 Except where this Agreement provides otherwise, all licenses, leases and authorisations granted by the Agency to the Mortgage Administrator in relation to the Services shall be terminated with effect from the end of the termination period.

7.5 Any destruction of data or documentation by the Mortgage Administrator must be undertaken to a standard reasonably required by the Agency, and all certification of such action must confirm the method of destruction utilised. The precise destruction requirements will be identified by the Agency when the Exit Plan is enacted and will comply with any appropriate standards in force at the time.

7.6 The Mortgage Administrator shall be wholly responsible for any associated costs of data and documentation destruction provided the Agency's destruction requirements do not unreasonably exceed any industry standards in force at the time.

7.7 The Mortgage Administrator shall bear no liability for the destruction, safe keeping or utilisation of any data or documentation once the Agency or New Provider accepts custodianship of the data or documentation.

7.8 Provided the Mortgage Administrator has been advised of the destruction methodology to be utilised in accordance with 7.5 above the Mortgage Administrator shall be wholly responsible any liability that arises from the Mortgage Administrator's failure to destroy data or

documentation in accordance with the identified standard. Notwithstanding any other time limited liability, this liability will remain in force for a period of 12 months following termination of this Agreement.

7.9 The Mortgage Administrator warrants that any assets (and in the case of data the media upon which any data is provided) to be returned or novated to the Agency or the New Provider shall be;

7.9.1 Free of any encumbrances; and

7.9.2 Free of viruses, malware or similar.

7.10 The Mortgage Administrator shall use reasonable endeavours to procure that any third party owner of any Intellectual Property Rights that are or which may be used to perform the Agreement grants to the Agency or new mortgage administrator a non-exclusive license to use, reproduce, modify, develop and maintain the Intellectual Property Rights in the same.

8 ASSETS, SUB-CONTRACTS AND SOFTWARE

8.1 Following notice of termination of this Agreement until the effective date of termination the Mortgage Administrator shall not, without the Agency's express prior written consent:

8.1.1 terminate, enter into or vary any Sub-contract except to the extent that such change does not or will not affect the provision of Services or the Fees;

8.1.2 (subject to normal maintenance requirements) make material modifications to, or dispose of, any existing assets or acquire any new assets for the Services; or

8.1.3 terminate, enter into or vary any license for software in connection with the Services.

8.2 Within 20 Working Days of receipt of the up-to-date Register provided by the Mortgage Administrator, the Agency shall provide written notice to the Mortgage Administrator setting out:

8.2.3 which, if any, of the third party sub-contracts relating exclusively to the Services the Agency requires to be assigned or novated to the Agency or the New Provider.

8.3 The Mortgage Administrator shall as soon as reasonably practicable assign or procure the novation to the Agency or the New Provider of the transferring contracts. The Mortgage Administrator shall execute such documents and provide such other assistance as the Agency reasonably requires to effect this novation or assignment.

8.4 The Agency shall:

8.4.1 accept assignments from the Mortgage Administrator or join with the Mortgage Administrator in procuring a novation of each transferring contract; and

8.4.2 once a transferring contract is novated or assigned to the Agency, carry out, perform and discharge all the obligations and liabilities created by or arising under that transferring contract and exercise its rights arising under that transferring contract, or as applicable, procure that the New Provider does the same.

9. MORTGAGE ADMINISTRATOR PERSONNEL

9.1 The Agency and Mortgage Administrator agree and acknowledge that in the event of the Mortgage Administrator ceasing to provide the Services or part of them for any reason, the Transfer Regulations may apply.

9.2 The Mortgage Administrator shall not take any step (expressly or implicitly or directly or indirectly by itself or through any other person) to dissuade or discourage any employees engaged in the provision of the Services from transferring their employment to a New

Provider. For the avoidance of doubt, the Mortgage Administrator may take reasonable steps to plan for a scenario whereby any of its employees may not wish to transfer to a New Provider.

9.3 During the termination period, the Mortgage Administrator shall give the New Provider reasonable access to the Mortgage Administrator's personnel to present the case for transferring their employment to the New Provider.

9.4 The Mortgage Administrator shall promptly notify the Agency of any period of notice given by the Mortgage Administrator or received from any person referred to in the staffing information, regardless of when such notice takes effect.

9.5 The Mortgage Administrator shall not for a period of 12 months from the date of transfer re-employ or re-engage or entice any employees, suppliers or Sub-contractors whose employment or engagement is transferred to the New Provider.

9.6 Once the staff affected by any such change have been identified the Mortgage Administrator shall not materially change the staff numbers or knowledge/skills base without the prior consent of the Agency, which shall not be unreasonably withheld.

10. ACCOUNT

10.1 The Mortgage Administrator shall ensure that the Trustee transfer all funds in the Account to an account nominated by the Agency. The deed of Trust shall not be released until all the obligations set out in it have been completed to the reasonable satisfaction of the Agency.

11. FINAL INVOICING

11.1 Fees for Services provided up to and including the date of termination or expiry, for whatever reason, shall be payable to the Mortgage Administrator by the Agency no later than thirty (30) days after such expiry or termination.

12. POST TERMINATION ASSISTANCE

12.1 Follow the termination or expiry of this Agreement, the Agency may request ad-hoc assistance from the Mortgage Administrator, including but not limited to, the provision of historic telephone recordings ("**Post Termination Assistance**").

12.2 the Agency acknowledges and agrees that the Mortgage Administrator shall only be required to provide Post Termination Assistance for such periods that it is obligated to retain Agency data under applicable law.

12.3 Any Post Termination Assistance provided by the Mortgage Administrator shall be charged on a time and materials basis and calculated in accordance with the Mortgage Administrators then current standard daily charge out rates.

Annex 2

SCHEDULE 11

CHANGE CONTROL PROCEDURE

1. DEFINITIONS

In this Schedule the following abbreviations, words and phrases shall have the following meanings, unless the context requires otherwise:

Change Control Form	means the template change control form to be used by the parties when requesting a change to this Agreement or the Services a copy of which is attached at paragraph 3 of this Schedule.
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2. CHANGE CONTROL PROCEDURE

2.1 Either party may raise change control requests (“CCRs”) in writing relating to any changes required to the Services or otherwise to this Agreement. The CCRs shall be raised by an authorised representation of the party concerned who has the authority to raise such CCRs. The CCRs raised shall be subject to the Change Control Procedure set out below:

CCRs raised by the Agency:

- (a) Mortgage Administrator shall enter each CCR into a log which shall be maintained by the Mortgage Administrator and each CCR shall be given a reference number and show the current status of each CCR. The status of each CCR shall be maintained in the log (which shall be reported as part of the governance meetings) as:
 - (i) awaiting estimation or confirmation of estimate;
 - (ii) awaiting approval;
 - (iii) approved; or
 - (iv) rejected.
- (b) The Mortgage Administrator’s account manager shall be responsible for reviewing and responding to the CCR. The Mortgage Administrator’s account manager shall then:
 - (i) propose a solution for the CCR;

- (ii) outline the benefits of the CCR if applicable;
 - (iii) set out an estimate of the costs of completing and implementing the CCR;
 - (iv) advise the Agency of the likely financial, technical and time scale impact of any requested or recommended change; and
 - (v) capture this information on a Change Control Form.
- (c) The Mortgage Administrator shall use reasonable endeavours to complete this Change Control Form within three (3) Business Days of receiving the CCR from the Agency. However, if due to the complexity of the change required, the Mortgage Administrator reasonably believes that the estimate of the costs of the CCR will take more than five (5) days to complete, then the Mortgage Administrator shall inform the Agency of this and shall be allowed an extension to the three (3) Business Day period and shall complete the Change Control Form as soon as is reasonably practicable. Where an extension applies, the Mortgage Administrator shall also provide an estimate of the cost for arriving at the cost estimation of the CCR and shall obtain the Agency's consent to the estimate before commencing work on the Change Control Form.
- (d) The Agency shall use all reasonable endeavours to review the information on the Change Control Form within five (5) Business Days and to reach a decision on whether they will accept or reject the change. If it accepts the change it shall sign the Change Control Form indicating its acceptance and authorising the work to commence. If it rejects the change it shall inform the Mortgage Administrator in writing. If this rejection relates to a CCR that has involved an extension of time for estimation due to its complexity then the Agency shall be liable to pay the Mortgage Administrator for the costs involved in arriving at the estimates.
- (e) When a CCR has been accepted and approved by the Agency, the Mortgage Administrator shall use reasonable endeavours to complete and implement the change in the timescale estimated on the Change Control Form.

CCRs raised by the Mortgage Administrator:

- (f) The Mortgage Administrator shall raise a CCR and log it as set out in paragraph 2.1(a) of this Schedule and then complete a Change Control Form as set out in paragraph 2.1(b) of this Schedule for review by the Agency. The procedure in paragraphs 2.1(d) and 2.1(e) shall then be followed except that if the Agency rejects the CCR, then it shall not be liable

for any costs in arriving at the estimates for completing and implementing the CCR.

- (g) The Mortgage Administrator shall charge and invoice for work carried out on all CCRs (whether raised by the Agency or by the Mortgage Administrator) in accordance with the Charge Out Rates.

3. Commercial Considerations

- 3.1 When assessing the commercial implications and cost estimates of any CCR raised under this Agreement, the parties shall have regard to the extent to which such a CCR contains elements which separately benefit the Mortgage Administrator's business whether in this service or more generally.
- 3.2 If a CCR contains any separate benefit to the Mortgage Administrator, the Mortgage Administrator will, acting reasonably, reduce the cost estimate provided pursuant to paragraph 2(b)iii) to take into account of such separate benefit.

4. CHANGE CONTROL FORM

The template for the Change Control Form is attached below:

CHANGE CONTROL FORM - CHANGE REQUEST

ENSURE **ALL** SECTIONS (*EXCEPT SUMMARY*) OF PART 1 ARE COMPLETED WHEN SUBMITTING CC

PART 1: Change Request Description			
CHANGE CONTROL REF			
Agency			
Priority			
Change Control Title			
Raised by:	Job Title:	Contact No:	Date of Request:

Brief Description of Change Required:
Detailed Requirements:
Exclusions:
Reason for Change:
Proposed Solution:
Impact if Change NOT done:
Benefits:
Date Required by:

SUMMARY					
Department	Name	Effort	Chg out Rate	Cost £	IA Rec'd
			TOTAL		

AGENCY ACCEPTANCE OF COST	
Date	
Comments	
Name of Signatory	
Signature	

Annex 3

Annex 2 to Schedule 2

Charge Out Rates

Role	Daily Rate
Director	s. 43
Senior Consultant, Head of Department, Legal Counsel	s. 43
Project Manager, Consultant	s. 43
Development, Operational Manager	s. 43
Analyst, Programme, Tester	s. 43
Servicing, Operational Staff	s. 43

Annex 4

Schedule 4

Key Performance Standards

This Schedule sets out the mechanism by which service failure will be managed during the Term of this Agreement.

DEFINITIONS IN THIS SCHEDULE

The words and expressions in this Schedule shall, unless specifically stated or the context otherwise requires, have the same meanings as are given to them in clause 1.2 of this Agreement;

Actual Service Volume means the volume of transactions or contacts received by the Mortgage Administrator;

Agency's Authorised Representative shall mean the Agency's Authorised Representative notified to the Mortgage Administrator by the Agency from time to time;

Annual Service Credit Cap means 20% of the total Standard Fees which would be due and payable to the Mortgage Administrator under the terms of this Agreement (prior to the application of any Service Credits) in each year Contract Year;

At Risk Amount means the total amount of money that is at risk of being deducted from the Standard Fees as Service Credits related to each KPI shown both annually and monthly in Appendix 3;

Contract Review Meeting means the regular monthly meetings between the Mortgage Administrator and Homes England to manage and review the Mortgage Administrators performance under this Agreement;

Core Hours Period means the periods of time when the Mortgage Administrator is operating the Service i.e. from 08.00 until 20.00 on a Working Day.

Corrective Action Report means the Mortgage Administrator's report of the remedial action taken in respect of a Minor KPI Failure or any Minor PI Failure;

Critical Service Failure is a Material Default trigger **and** means any of the following events:

- (a) the performance of the Services by the Mortgage Administrator falls below the KPI Service Threshold in respect of the same KPI in any month for any six (6) months within a rolling 12-month period;
- (b) the Mortgage Administrator reaches the Monthly Service Credits Cap six (6) instances in any rolling twelve (12) month period;
- (c) the Annual Service Credit Cap is reached in any 12-month rolling period; or
- (d) there is a Rectification Plan Failure in respect of a Material KPI.

Forecasted Service Volumes means the volume of work that is forecast to be received by the Service over a Service Period, established in advance of the relevant Service Period, taking into account historic data and known future events.

Key Performance Indicator or “KPI” means the key performance indicators identified as KPIs in Appendix 2 to this Schedule (Performance Levels) which term shall for the avoidance of doubt not include Performance Indicators (PIs);

KPI Failure means a failure to meet the Target Performance Level in respect of a Key Performance Indicator;

KPI Service Threshold shall be as measured set out the “Threshold and Target” boxes in Appendices 1 and 2 against the relevant Key Performance Indicator;

Management Information (MI) means the information that the Mortgage Administrator is required to set out in the Performance Monitoring Report and/or the Balanced Scorecard Report as described in Part B of Schedule 4 together with any other management information reasonably requested by Homes England – via the Change Control Procedure.;

Material KPI Failure means any KPI Failure except a Minor KPI Failure;

Material PI Failure is a Default and is as a result of:

- a) failure by the Mortgage Administrator to meet the PI Service Threshold in respect of two or more of the Performance Indicators that are to be reported in that Service Period;
- b) the performance of the Services by the Mortgage Administrator falling below the PI Service Threshold in respect of the same PI for any month for any six (6) months within a rolling 12 month or in two (2) quarters in a rolling 12 month period (where the PI is measured quarterly)

Measurement Period means the period over which the KPI's and PI's are measured as set out in the relevant “Target, Threshold and Period” column in each respective KPI and PI;

Minor KPI Failure shall be as set out against the relevant Key Performance Indicator:

Monthly Performance Report has the meaning given in Clause 3.1 of Part B:

Monthly Service Credit Cap means **twenty** per cent (20%) of the monthly Standard Fee which would be due and payable to the Mortgage Administrator under the terms of this agreement for the month of measurement (prior to the application of Service Credits)

Performance Indicators or “PI” means the performance indicators set out in Appendix 2 of Schedule 4 which term shall for the avoidance of doubt not include Key Performance Indicators (KPIs);

PI Failure means a failure to meet the Target Performance Level in respect of a Performance Indicator;

PI Service Threshold means the percentage target and measurement periods set out in the “Target” and “Threshold Period” columns in each respective PI

Performance Failure means a Material KPI failure or a Minor KPI failure or a PI failure

Rectification Plan means a plan proposed by the Mortgage Administrator to address the impact of, and prevent the reoccurrence of either a Material PI Failure or a Material KPI Failure in substantially the form set out in Schedule 16;

Rectification Plan Failure means:

- a) the Mortgage Administrator failing to submit or resubmit a draft Rectification Plan to the Agency within the timescales specified; or
- b) the Agency (acting reasonably) rejecting three drafts of the same Rectification Plan submitted by the Mortgage Administrator; or
- c) the Mortgage Administrator failing to rectify a Material PI Failure or a Material KPI Failure within the timescales set out in the Rectification Plan;

Repeat KPI Failure has the meaning given in clause 4 of Part A;

Service Credits means Service Credits payable by the Mortgage Administrator to the Agency in respect of one (1) or more KPI Failures;

Service Improvement Plan means the action plan to improve the customer experience and aligned with Agency key priorities and metrics in respect of the Services (as amended from time to time) which is produced by the Agency and shared with the Mortgage Administrator which contains actions to be adopted via the Change Control Procedure as part of the service improvement for the delivery of the Services;

Service Period means a calendar month;

Target Performance Level means the target minimum level of performance for a Key Performance, or Performance Indicator which is required by the Agency, as set out in Schedule 4 (Performance Levels) and its Appendices;

PART A – PERFORMANCE LEVELS

PRINCIPLES

1. The objectives of the KPI's, PI's and Service Credits are to:
 - 1.1. ensure that the Services delivered are of a consistently high quality to meet the requirements of the Agency under this Agreement;
 - 1.2. provide a mechanism whereby reputational damage and financial loss to the Agency due to the Mortgage Administrator's failure is recorded;
 - 1.3. incentivise the Mortgage Administrator to meet the KPI's and PI's identified within Appendix 2 to this schedule and remedy Performance Failure within a reasonably appropriate time;
 - 1.4. provide a mechanism that will allow for termination and remedy in the event of a Critical Service Failure.
2. This Schedule 4 sets out the mechanism by which Performance Failures will be managed.
 - 2.1. Performance will be measured through the use of KPIs and PIs and the provision of Management Information. KPI's shall be subject to the Service Credits in the event of a KPI Failure. PIs are designed to monitor a wider scope of the Mortgage Administrator's performance and although persistent failure will lead to the Mortgage Administrator being required to take steps to rectify the failure, they shall not trigger any Service Credits.
 - 2.2. Appendix 1 and 2 sets out the Key Performance Indicators and Performance Indicators which shall be used to measure the performance of the Services carried out by the Mortgage Administrator.
 - 2.3. The Mortgage Administrator shall monitor its performance against each Key Performance Indicator and Performance Indicator and shall send the Agency a Monthly Performance Report detailing the level of services delivered against each KPI and PI for that month and cumulative for the year to date.
 - 2.4. Service Credits shall accrue for any KPI Failure and shall be calculated by reference to the At Risk Amount and the Monthly Service Credit Cap. The Service Credits shall be deducted from the Standard Fees in accordance with the worked example in Appendix 3.
 - 2.5. Failure to achieve a Target Performance Level (whether a KPI or PI) shall result in the Mortgage Administrator having to produce either (a) in relation to a Minor KPI Failure, or a PI Failure, a Corrective Action Report as part of the Monthly Performance Report or, (b) if there has been a Material PI Failure or a Material KPI Failure, a Rectification Plan. For the avoidance of doubt the Mortgage Administrator cannot charge the Agency any fee for producing a Corrective Action Report or a Rectification Plan.
 - 2.6. For a period of three months following the occurrence of any of the following:
 - 2.6.1. The agreement of any new Service Level Proposal for a new KPI or PI;
 - 2.6.2. The date of implementation of any new service,

a baseline performance will be measured during a period of three months in order to establish the correct level for the KPI or PI. The following will not apply in the first 3 months following the occurrence of 2.6.1 and 2.6.2 of this Clause 2.6:

 - Service Credits;

- Default notice;
- Rectification Plan
- Corrective Action Report.

For the avoidance of doubt, this clause 2.6 does not apply to KPIs and PI's in existence prior to the date of the Deed of Variation.

3. SERVICE CREDITS

- 3.1. If the level of performance of the Mortgage Administrator during a Service Period achieves the Target Performance Level in respect of a Key Performance Indicator then no Service Credits deductions shall be made in respect of that Key Performance Indicator.
- 3.2. If the level of performance of the Mortgage Administrator during a Service Period is below the Target Performance Level in respect of a Key Performance Indicator Service Credits shall accrue and deductions will be made from the Standard Fee. Each KPI is weighted by reference to the At-Risk Amount.
- 3.3. Service Credit deductions will be made within any one Measurement Period and deducted from the Standard Fee for the relevant Service Period on the basis of the weightings and calculations within Appendix 1 and 3. The amount in Service Credits deducted increases by the fixed increment shown against the relevant KPI in Appendix 1 for each category (minor, serious, severe).
- 3.4. The liability of the Mortgage Administrator in respect of Service Credits shall be subject to the Monthly and Annual Service Credit Cap. For the avoidance of doubt, the operation of the various Service Credit caps shall not affect the continued monitoring of performance. Service Credits are a reduction of the Service Charges payable in respect of the relevant Services to reflect the performance failure and the reduced value of the Services actually received and are stated exclusive of VAT.
- 3.5. The value of the Service Credit deduction that shall accrue to the Mortgage Administrator in respect of each KPI Failure shall depend on the weighting of the KPI and the severity of the Performance Failure.
- 3.6. A further category of failure is a Critical Service Failure which constitutes Material Default giving rise to the Agency being entitled to terminate this agreement in relation to that part of the Service or to the Agreement as a whole.
- 3.7. A worked example of the weighting and modelling of the Service Credit values associated with the individual KPIs is provided within Appendix 3.

4. REPEAT KPI FAILURES

- 4.1. If a KPI Failure occurs in respect of the same Key Performance Indicator in any two consecutive Measurement Periods, the second and any subsequent such KPI Failure shall be a "Repeat KPI Failure".
- 4.2. For a Repeat KPI Failure, the monthly At Risk Amount shall be doubled, subject to the applicable of the Service Credit Cap. The doubling only occurs once in a sequence of consecutive KPI Failures. If there are three consecutive Repeat KPI Failures, the At Risk Amount shall not be trebled but will remain at the level that applied to the second consecutive

failure. The At Risk Amount only returns to its original level when the Mortgage Administrator achieves the Target Performance Level during a subsequent Service Period.

- 4.3. A Repeat Failure KPI deduction shall not be made when the causes identified within a Rectification Plan have been addressed and rectified and the repeat failure is as a result of a different identified cause.

5. FORECASTING AND UNFORESEEN EVENTS

- 5.1. For the purposes of this paragraph 5, medium range forecasts shall mean a monthly forecast over a period of 3 months to 1 year, and long-range forecasts shall mean a monthly forecast over a period of 1 to 5 years.
- 5.2. The Agency shall, on a quarterly basis, provide the Mortgage Administrator with forecasted numbers for the book, redemptions and arrears.
- 5.3. Taking into account of the information provided by the Agency pursuant to paragraph 6.1 above, the Mortgage Administrator shall create a 12-month base long-range forecast that shall be issued to the Agency, which will be known as the annual Forecasted Service Volumes, for calls, Average Handling Time (AHT) by call type, multi-skilling factor, Shrinkage and the associated FTE requirement for the service, taking into account known peaks in demand based on historical trends, seasonality and anticipated events. The Agency and the Mortgage Administrator shall agree the resource planning driver inputs as part of the forecasting process that will be agreed from time to time.
- 5.4. Target shall generate a schedule of shift patterns using industry standard methodology to ensure the closest possible match of staff required to meet the forecasted level of demand and service.
- 5.5. A restated forecast (medium range) shall be prepared each quarter and again monthly to highlight any changes to the long range forecasted volumes or resourcing requirements (which shall be reviewed and signed off by the Parties during the monthly Contract Review Meetings. The medium range forecast will cover a rolling three month period.
- 5.6. If the actual Service volumes in any Service Period exceed the medium range Forecasted Service Volumes for that Service Period by more than ten per cent (10%) ("**Spike in Demand**"), then the Parties have agreed that any failure to meet the relevant KPI or PI for that Service Period will be disregarded for the purpose of cumulative Service Credits, and such failure shall not constitute a breach by the Mortgage Administrator of this Agreement.
- 5.7. If any Spike in Demand is likely to continue for more than one Service Period, the Mortgage Administrator shall provide to the Agency written details of the nature of the Spike in Demand, services affected, the date of occurrence and its likely duration. When providing such information to the Agency, the Mortgage Administrator shall set out whether the particular Spike in Demand was caused or contributed to by: (i) attrition; (ii) a lack of multi skilling; or (iii) average handling times, and in each case, the extent to which the Mortgage Administrator was responsible or whether the occurrence was outside the reasonable control of the Mortgage Administrator. In addition, the Mortgage Administrator shall provide proposals of how to mitigate the lower Service levels to meet the agreed KPI or PI target which may include amending processes or additional resources (including overtime) required or estimated to be required by the Mortgage Administrator, and the Parties shall use reasonable endeavours to agree the appropriate response in accordance with the Change Control Procedure; or,.
- 5.8. In the event that the Agency, acting reasonably, does not agree with the basis upon which the Mortgage Administrator is seeking relief from service credits, the Agency shall notify the Mortgage Administrator of the reasons that it does not agree and the Agency and the

Mortgage Administrator shall work together in good faith to resolve the basis of disagreement. The application of Service Credits that may apply, were the relief not to be granted, shall be suspended until such time as the disagreement has been resolved, utilising the Dispute Resolution Procedure, and if the Parties agree that the Mortgage Administrator is not entitled to relief, this shall be applicable on a retrospective basis.

PART B - PERFORMANCE MONITORING AND PERFORMANCE REVIEW

1. The Mortgage Administrator shall provide all reasonable assistance to enable the Agency to monitor the Mortgage Administrator's performance of its obligations under this Agreement. This will be supported by the Assurance process in Appendix 4.
2. In addition to Performance Monitoring, the Mortgage Administrator shall promptly respond to any request from the Agency for appropriate information to respond to Ministers, press enquiries, Freedom of information requests, Subject Access Requests or litigation matters or such other requests which is reasonably available to the Mortgage Administrator or could reasonably be considered to facilitate the monitoring of the Mortgage Administrator's performance in the compliance with this Agreement.
3. Within ten (10) Working Days of the end of each Service Period, the Mortgage Administrator shall provide:
 - 3.1. a Monthly Performance Report to the Agency's Authorised Representative which assesses the Mortgage Administrator's compliance with the Specification, performance against each of the Key Performance Indicators and Performance Indicators as is more particularly described in Paragraph 5.3 (the "**Monthly Performance Report**"); and
 - 3.2. a report to the Agency's Head of Equity Loan Administration which summarises the Mortgage Administrator's performance over the relevant Service Period as more particularly described in Paragraph 5.5 (the "**Balanced Scorecard Report**").

3.3. The Monthly Performance Report

- 3.3.1. The Monthly Performance Report shall be in such format as agreed between the Parties from time to time and contain, as a minimum, the following information:
 - (a) Key Performance Indicators (KPIs), agreed Management Information for each Key Performance Indicator, Performance Indicators (PIs) and any required supporting Management Information, the actual performance achieved over the previous rolling 12 month period including performance against the Target Performance Level specified for each KPI and PI in Appendix 2 to this schedule;
 - (b) a summary of all Performance Failures that occurred during the Service Period;
 - (c) the severity level of each KPI Failure which occurred during the Service Period and whether each PI Failure which occurred during the Service Period fell below the PI Service Threshold;
 - (d) Corrective Action Reports for Minor KPI Failures;
 - (e) which Performance Failures remain outstanding and progress in resolving them;

- (f) for any Material KPI Failures or Material PI Failures occurring during the Service Period, the cause of the relevant KPI Failure or PI Failure and the proposed action to be taken subject to Agency approval under either a Corrective Action Report or a Rectification Plan, as applicable, to remedy the performance and reduce the likelihood of future recurrence;
- (i) the status of any outstanding previous approved Rectification Plan processes including a summary of the Mortgage Administrator's progress in implementing that Rectification Plan; and
- (g) the Service Credits to be applied, indicating the KPI Failure(s) to which the Service Credits relate;
- (h) relevant particulars of any other aspects of the Mortgage Administrator's performance which fail to meet the requirements of this Agreement including the details of any further significant issues surrounding performance of the Services and ways in which such issues have been addressed;
- (i) details of Service Improvement initiatives delivered against the Service Improvement Plan during the Service Period and those due for delivery in the next period
- (j) Review of Forecasted Service Volumes against the actual Services delivered and consider any proposal to reforecast where significant Spikes in Demand are experienced as agreed by both parties
- (k) such other details as the Agency may reasonably require from time to time

3.4. Information in respect of previous Service Periods

- (l) a rolling total of the number of Performance Failures that have occurred over the past twelve (12) Service Periods;
- (m) the amount of Service Credits that have been incurred by the Mortgage Administrator over the past twelve (12) Service Periods;

3.5. **Balanced Scorecard Report**

3.5.1. The Balanced Scorecard Report shall be presented in the form of a dashboard in the template annexed as Appendix 7 and, as a minimum, shall contain a high-level summary of the Mortgage Administrator's performance over the relevant Service Period, including details as required which may include the following:

- (a) financial indicators;
- (b) Summary of the Target Performance Levels achieved (KPI, PI and MI);
- (c) Strategic performance measures and behavioral indicators as detailed in the benchmark Standards
- (d) performance of Sub-contractors;
- (e) Summary of progress against any Internal Audit plan provided by the Agency to the Mortgage Administrator from time to time; and
- (f) Summary of progress against any Risk and Issues provided by the Agency to the Mortgage Administrator from time to time;

- 3.6. The Performance Report and the Balanced Scorecard Report shall be signed off by the Mortgage Administrator's Account Director as being correct to the best of their knowledge and belief prior to sending to the Agency Authorised Representative.

4. PERFORMANCE RECORDS

- 4.1. The Mortgage Administrator shall keep appropriate data and records in relation to the performance of the Services for the duration of the Agreement and provide prompt access to such records to the Agency upon the Agency's reasonable request. The records and data of the Mortgage Administrator shall be available for inspection by the Agency its Internal Audit and Risk Officers and/or its nominee at any reasonable time upon reasonable notice and the Agency and/or its nominee may make copies of any such records and documents without incurring additional charges from the Mortgage Administrator.
- 4.2. In addition to the requirement in Paragraph 2.1, the Mortgage Administrator shall provide to the Agency such access to raw data for all services provided, supporting documentation and data as the Agency may reasonably require in order to verify the level of the performance of the Mortgage Administrator and the calculations of the amount of Service Credits for any specified period. The Agency's access to such raw data shall be provided through an agreed data feed, the implementation of which shall be managed via the Change Control Procedure.
- 4.3. The Mortgage Administrator shall ensure that the Monthly Performance Report, the Balanced Scorecard Report and any variations or amendments thereto, any reports and summaries produced in accordance with this Schedule and any other document or record reasonably required by the Agency are available to the Agency via an agreed platform/data feed, the implementation of which shall be managed via the Change Control Procedure.

APPENDIX 1 - Key Performance Indicators Summary

KPI	Weighting	Description	Minor	Serious	Severe	Critical Service Failure Threshold	Frequency
KPI1	10.0%	% Calls Answered	<79.99% - 75.00%	<74.99% - 70.00%	<69.99% - 65.00%	<65.00% in any month for any six months within a rolling 12 month period	Monthly
KPI2	10.0%	% Emails Responded to in 3 Working Days	<94.99% - 90.00%	<89.99% - 80.00%	<79.99% - 75.00%	<75.00% in any month for any six months within a rolling 12 month period	Monthly
KPI3	30%	% Redemption Funds Accurately Allocated and Match Completion Statement	<97.99% - 95.00%	<94.99% - 93.00%	<92.99 - 90.00%	<90.00% in any month for any six months within a rolling 12 month period	Monthly
KPI4	10%	% Agreed Reports and Data Delivered on Time and Accurate	<99.99% - 98.00%	<97.99% - 97.00%	<96.99 - 95.00%	<95.00% in any month for any three months within a rolling 12 month period	Monthly
KPI5	15%	% Key Controls that Operate Effectively	<97.99% - 97.00%	<96.99 - 96.00%	<95.99% - 95.00%	<95.00% in any month for any six months within a rolling 12 month period	Monthly
KPI6	25%	% Calls that meet Homes England's Quality Standards	<84.99% - 80.00%	<79.99% - 75.00%	<74.99% - 70.00%	<70.00% in any month for any six months within a rolling 12 month period	Monthly

All monthly frequency (each a Service Period)

* A Minor Failure attracts one third of the At Risk Amount for the KPI in question for the relevant month. A Serious Failure attracts two thirds of the At Risk Amount for the KPI in question for the relevant month and a Severe Failure attracts the whole of the At Risk Amount for the KPI in question for the relevant month.

Appendix 2: KPI Method Statements

Reference	KPI 1			
Title	% Calls Answered			
Definition	The percentage of calls that are answered in the Mortgage Administrator Contact Centre.			
Purpose	To maintain a good standard of service to customers by answering a predefined percentage of calls within 20 seconds each business day (Monday to Friday between 8am and 8pm)			
System used to capture data	[TBC] or such other system as the Mortgage Administrator may elect to use from time to time.			
Scaling				
Target	Minor	Serious	Severe	Threshold
80%	79.99 – 75.00%	74.99 – 70.00%	69.99 – 65.00% -	<65% in any month for any 6 months within rolling 12 month period
Calculation				
Numerator: Total monthly number of calls offered that are answered within 20 seconds (After Threshold)				
Denominator: Total monthly number of calls offered				
Formula (Numerator/Denominator) x 100				
Calls received on all lines between Monday to Friday 08:00 – 20:00 After Threshold means: duration (in seconds) that the call has been waiting following the interactive Voice Response (IVR) Message.				
Associated PI's				
Ref	Description	Monitoring Frequency	Target	Threshold
PI 1	% Calls Answered	Monthly	>=95%	in any month for any 6 months within a rolling 12 month period
PI 2	Average Speed to Answer Total Waiting Time for Answered Calls / Total Number of Answered Calls	Monthly	<50 Seconds	In any month for any 6 months within a rolling 12 month period
PI 3	Efficiency: % Staff who are Multi-Skilled across all front-line service For the purposes of this PI 3, 'Multi-Skilled' shall mean agents who, following the completion of a 3 month	Monthly	>75%	In any month for any 6 months within a rolling 12 month period

	competency period, are capable of taking all call types and completing all admin work. This shall be demonstrated through a monthly skills matrix attestation.			
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Reference	KPI 2			
Title	% E-mails Responded to in 3 Working Days			
Definition	The percentage of e-mails that are answered in the Mortgage Administrator Contact Centre.			
Purpose	To maintain a good standard of service to customers by responding to a predefined percentage of e-mails within a set number of Working Days			
System used to capture data	Outlook or such other system as the Mortgage Administrator may elect to use from time to time.			
Scaling				
Target	Minor	Serious	Severe	Threshold
95.00%	94.99% - 90.00%	89.99% - 80.00%	79.99% - 75.00%	<75.00% in any month for any 6 months within a rolling 12 month period
Calculation				
Numerator: Total Number of Emails Responded to in three (3) Working Days Denominator: Total Number of Emails Received into the Help to Buy Agent inbox in the Service Period. Formula: (Numerator/Denominator) x 100 Where day of receipt is day 0 E-mails received into target.hca@targetgroup.com (subject to change) inbox				
Associated PI's				
Ref	Description	Monitoring Frequency	Target	Threshold
PI 1	% Emails Responded To in 5 Working Days (Report on all emails that breach this timescales)	Monthly	98%	In any month for any 6 months within a rolling 12 month period
P1 2	% Letters Responded To in 5 Working Days. (Report on all letters that breach this	Monthly	98%	In any month for any 6 months within a rolling 12 month period

	timescale along with an explanation)			
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Reference	KPI 3			
Title	100% of Redemption Funds accurately Allocated and Match Completion Statement of redemption monies			
Definition	The percentage of redemption funds received that are allocated to the account matching the completion statement (excluding other payments on the completion statement).			
Purpose	To follow the redemption process and only allocate correct redemption funds to accounts. Once funds are received, they are checked against the completion statement at which point they are allocated if correct or returned to sender if incorrect.			
System used to capture data	[TBC] or such other system as the Mortgage Administrator may elect to use from time to time.			
Scaling				
Target	Minor	Serious	Severe	Threshold
98%	97.99% - 95.00%	94.99% - 93.00%	92.99% - 90.00%	<90.00% In any month for any 6 months within a rolling 12 month period
Calculation				
Numerator: % Redemption funds received by the Mortgage Administrator that are accurately validated against the completion statement.				
Denominator: Total Redemption Funds received that appear on the completion statement				
Formula: (Numerator/Denominator) x 100				
Allocated funds are matched against funds due.				
Funds received during the last 4 days of a particular month shall not be included in the calculation unless the Mortgage Administrator has allocated such funds.				
Associated PI's				
Ref	Description	Monitoring Frequency	Target	Threshold
PI 1	% Funds received allocated to the correct account within 5 Working Days of receipt.	Monthly	100%	In any month for any 6 months within a rolling 12 month period
PI 2	% Unmatched funds returned to Solicitor within Fourteen (14) working days of receipt	Monthly	100%	In any month for any 6 months within a rolling 12 month period
PI 3	% attempts to contact eligible customers by letter to set up a Direct Debit for accounts	Monthly	98%	In any month for any 6 months within a rolling 12 month period

	created since April 2013 that are Interest Fee Bearing.			
PI 4	% attempts to contact eligible customers by letter to set up a Direct Debits for accounts created since Sept 2016 in respect of Management Fees.	Monthly	98%	In any month for any 6 months within a rolling 12 month period
PI 5	% attempts to contact eligible Customers in arrears by letter to set up a Payment Plan or Shortfall Agreement.	Monthly	98%	In any month for any 6 months within a rolling 12 month period

Reference	KPI 4			
Title	% Agreed Reports and Data delivered on time and Accurate			
Definition	Mortgage Administrator provides reports at agreed timeframes set out in the internal Target reporting schedule. All reports are checked by the Mortgage Administrator for accuracy and validated before submission to the Agency			
Purpose	To ensure accurate reports are provided to Homes England on time to allow for reconciliation & analysis.			
System used to capture data	[TBC] or such other system as the Mortgage Administrator may elect to use from time to time.			
Scaling				
Target	Minor	Serious	Severe	Threshold
100%	99.99% - 98.00%	97.99% - 97.00%	96.99% - 95.00%	<95.00% in any month for any 6 months within a rolling 12 month period
Calculation				
Numerator: All reports provided to Homes England (within the reporting matrix) that are delivered on time and are accurate Denominator: All reports provided (within the reporting matrix) Numerator/Denominator x 100 <ul style="list-style-type: none">Accurate means that the reports are factually correct, without mistakes (save cosmetic errors) and signed off by the Account Director as suchDelivered on time means the report is received by Homes England by within the agreed time period and no later.Reporting matrix means the list of agreed reports that are required by Homes England from time to time				
As soon as reasonably practicable following the date of the Deed of Variation, the parties shall work together in good faith to specify, develop and implement the reports required to support				

the new Performance Standards and associated commitments within this schedule, with the exception of the Balanced Scorecard as specified in Appendix 7.

Reference	KPI 5			
Title	% of Key Controls that Operate Effectively			
Definition	Ensure that all key controls are operating effectively and that they deliver assurance with conformity to the requirements in the 'Assurance Schedule' in Appendix 4			
Purpose	To provide assurance that a high-quality standard of service is consistently provided across all functions and operations and key controls are effective.			
System used to capture data	Heat map template in the Assurance Schedule in Appendix 4 to this Schedule 2 or such other system as the Mortgage Administrator may elect to use from time to time.			
Scaling				
Target	Minor	Serious	Severe	Threshold
98.00%	97.99% - 97.00%	96.99% - 96.00%	95.99% - 95.00%	<95.00% in any month for any 6 months within a rolling 12 month period
Calculation				
<p>The underlying error rate of all key controls that are assessed. – Where a control has not operated as intended this is a fail.</p> <p>Numerator: The total number of times controls operated effectively</p> <p>Denominator: The total number of times controls operated.</p> <p>Formula: (Numerator/Denominator) x100</p> <p>This is assessed on both a per control, and aggregated total of controls basis.</p> <p>e.g.</p> <p>Per control basis:</p> <p>Control 1: 100 instances tested, 2 did not operate effectively (failed), 98 operated effectively (passed); overall rate = 98%</p> <p>And</p> <p>Control 2: 100 instances tested, 0 did not operate effectively (failed), 100 operated effectively (passed); overall rate = 100%</p> <p>Aggregated: Control 1 + Control 2 overall 200 tested, 198 operated effectively; overall rate = (198/200) x100 = 99%</p> <p>The Agency shall provide the results of the audit of the testing prior to the next MSR</p>				

Associated PI's				
Ref	Description	Monitoring Frequency	Target	Threshold
	None			

Reference	KPI 6			
Tit	% Calls that meet Homes England's Quality Standards			
Definition	<p>The number of Mortgage Administrator's calls achieving the pass mark based on a minimum of 4 (four) assessments per month for each FTE. For the avoidance of doubt part time Advisors must have a minimum of 2 quality assessments per month.</p> <p>Calls are scored using the Mortgage Administrator's quality monitoring framework against set criteria to include compliance, advice and guidance, questioning, resolution, customer service and data entry.</p>			
Purpose	To ensure a high-quality service is provided to Homes England and provide consistent evaluation of the quality of the contact centre customer transactions.			
System used to capture data	[Excel] or such other system as the Mortgage Administrator may elect to use from time to time.			
Scaling				
Target	Minor	Serious	Severe	Threshold
85.00%	84.99% - 80.00%	79.99% - 75.00%	74.99% - 70.00%	<70.00% in any month for any 6 months within a rolling 12 month period
Calculation				
<p>Numerator: Total number of calls achieving the pass mark</p> <p>Denominator: The total number of calls reviewed in a month – based on minimum volumes per FTE</p> <p>Formula: (Numerator/Denominator) x 100</p> <p>Calls will be selected based on predetermined days and times of the week – specified by Homes England which may change each month.</p> <p>Calls will be scored against the Mortgage Administrator's standard scoring mechanism.</p> <p>Calls will be audited to achieve an agreed final score.</p>				

See Appendix for outline of key principles for Quality Assurance and the Quality Framework				
Associated PI's				
Ref	Description	Monitoring Frequency	Target	Threshold
PI 1	Number of customer satisfaction feedback responses requested	Monthly	>5% of Call Volume	in any month for any 6 months within a rolling 12 month period
PI 2	Percentage of callers who rate the service provided by the advisor as 'good' or equivalent. (upon implementation of an agreed solution)	Monthly	80%	in any month for any 6 months within a rolling 12 month period
P1 3	<p>Complaint relating to Customer Services Resolved within 28 days</p> <p>Complaint relating to Customer Services means:</p> <p>Any complaint caused by the customer service provided by Target- this will include anything that is influenced by Mortgage Administrator and /or their Personnel. This will include:</p> <ul style="list-style-type: none"> • Incorrect or incomplete information provided; • Follow up not done; • Call back not made; • Quality of call handling was not to the required standard <p>and does not include complaints which have been caused by the Agency's policies and procedures and any delays caused by the Agency, any unforeseen trends and change of policy by the Agency leading to complaints. This will also exclude complaints which are a combination of the Mortgage Administrator</p>	Monthly	100%	in any month for any 6 months within a rolling 12 month period

	caused and Agency caused factors.			
PI 4	All other complaints to be Resolved to within 56 days	quarterly	98%	in any month for any 6 months within a rolling 12 month period
PI 5	% Complaints Acknowledged within 5 Working Days Acknowledged means: Personalised responses not an automated email	Monthly	100%	in any month for any 6 months within a rolling 12 month period

NOTE; Add Quality Framework to align with scripts for call handlers (to be confirmed within 3 months)

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Appendix 4: Assurance Schedule for KPI 5

BACKGROUND

The Mortgage Administrator will be required to provide regular assurance, as defined in this schedule, to the Agency.

On a monthly basis it will provide assurance to the Agency that key controls and bespoke to the Agency processes are operating effectively. On a quarterly basis, it will evidence the veracity of the production of this assurance.

A yearly ISAE3402, consisting of both the generic tests under the standard and additional bespoke elements, commissioned for the Agency (at the Agency's cost), by the Mortgage Administrator and performed by an independent body ('KPMG').

GENERAL REQUIREMENTS

- The Agency anticipates that it will continue to require the Mortgage Administrator to make available its premises, systems and records for the Agency to undertake its own assurance at a frequency not to be more than once per month.
- The Mortgage Administrator retains the responsibility for identifying and implementing improvements that are required as a result of assurance regardless of the source of identification.
- The Mortgage Administrator will provide action plans, track progress against these plans and report formally on its progress against these actions plans on a regular basis, not less than once per month.
- The Agency retains the right to make amendments to these assurance requirements from time to time.

SPECIFIC REQUIREMENTS

This assurance will consist of:

1. YEARLY REQUIREMENTS

a. ISAE 3402

- **What:** The provision of a bespoke KPMG ISAE3402 audit that covers all generic requirements, plus an assessment of all bespoke controls that the Mortgage Administrator operates with respect to the Help to Buy Product.
- **Why:** To assess the overall control environment and effectiveness of the Mortgage Administrator per accepted international standards.
- **When:** Yearly, reported in advance of the Agency's year end (end March) to inform year-end accounting.
- **How:** Through the Mortgage Administrator's retained auditors.

b. Mortgage Administrator's audit and compliance monitoring plans

- **What:** The dissemination of the Mortgage Administrator's yearly audit and compliance monitoring plans to the agency. Highlighting where scheduled assurance and oversight is directly relevant to the services provided to the Agency.

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- **Why:** To assess the overall assurance and oversight of the control environment and effectiveness that the Mortgage Administrator undertakes.
- **When:** Yearly, after formal sign off through the Mortgage Administrator's governance process and upon any material updates to either plan.
- **How:** Through the Mortgage Administrator's existing processes.

2. MONTHLY REQUIREMENTS

a. Heatmap

- **What:** In a format agreed between the Parties, a report of the effectiveness, in percentage terms, of all key controls across the service the Mortgage Administrator provides to the Client. With commentary outlining the findings of the assurance and a supporting action plan for resolution where improvements are required.
- **Why:** To assess the effectiveness of key controls on a regular basis.
- **When:** Once per calendar month on a calendar month basis, no later than five working days from the end of the preceding calendar month
- **How:** Through automated and/or manual testing of the effectiveness of controls by the Mortgage Administrator. A sample of 10%.

b. Process assurance – redemptions

- **What:** In a format specified by the Agency, assurance of the effectiveness, in percentage terms, of the redemptions processes that the Mortgage Administrator provides to the Agency. With commentary outlining the findings of the assurance and a supporting action plan for resolution where improvements are required.
- **Why:** To assess the accuracy of key processes and their associated controls; including the reliability of financial receipts.
- **When:** Once per calendar month on a calendar month basis, no later than five working days from the end of the preceding calendar month
- **How:** Through automated and/or manual testing of the effectiveness of controls, and the accuracy of processes by the Mortgage Administrator. A sample of 10%.

c. Letter and email assurance

- **What:** Assurance that letters and emails sent by Target to customers are a) compliant with Homes England policy, b) are aligned with Homes England's brand c) take an appropriate tone of voice, d) are factually correct and fully address the customers' enquiry and e) deliver appropriate customer outcomes. Reviewers will provide commentary outlining the findings of the assurance and a supporting action plan for resolution where improvements are required.
- **Why:** To evidence that letters and emails are accurate, consistent and aligned with Homes England's requirements.
- **When:** Once per quarter, no later than fifteen working days from the end of the preceding quarter.

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How: Through review of a sample of the assurance provided in the previous month by Target's assurance activity.

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3. QUARTERLY REQUIREMENTS

a. Heatmap production assurance

- **What:** Assurance on the production of the Heatmap assurance (2.a). With commentary outlining the findings of the assurance and a supporting action plan for resolution where improvements are required.
- **Why:** To evidence that the creation of regular assurance is accurate and consistent.
- **When:** Once per quarter, no later than fifteen working days from the end of the preceding quarter.
- **How:** Through automated and/or manual reconciliation of the production of the assurance, following specific examples. A sample of 10% of the assurance provided in the previous quarter by (2.a).

b. Redemptions production assurance

- **What:** Assurance on the production of the redemptions assurance (2.b). With commentary outlining the findings of the assurance and a supporting action plan for resolution where improvements are required.
- **Why:** To evidence that the creation of regular assurance is accurate and consistent.
- **When:** Once per quarter, no later than fifteen working days from the end of the preceding quarter.
- **How:** Through automated and/or manual reconciliation of the production of the assurance, following specific examples. A sample of 10% of the assurance provided in the previous quarter by (2.b).

SUPPORTING DOCUMENTATION

1. Heatmap template
TA_001 Target Assurance Heatmap
2. Guidance on how to produce the heatmap
TA_002 Target Heatmap for Monthly Control Checks

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3. How to produce the 'heatmap production assurance'
TA_003 Target Heatmap Assurance Production Assurance
 4. Redemptions template
TA_004 Target Redemption Audit Scorecard Summary
 5. How to populate the redemptions template
TA_005 Target Redemption Scorecard
 6. How to produce the redemptions production assurance
TA_006 Target Redemption Production Assurance
 7. A design of how the feedback loop operates and what we expect in terms of action plans
TA_007 Feedback Cycle
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PROCESS	Process1	Process2	Process3	Process4	Process5	Process6	Process7	Process8	Process9	Process10	Process11	Process12	Process13	Process14	Process15	
CONTROL	100.00	93.00	95.00	95.00	99.00	90.00	100.00	97.00	95.00	93.00	91.00	99.00	91.00	100.00	91.00	Processes (to be determined by MA)
PC1	96.00	100.00	96.00	94.00	96.00	100.00	96.00	99.00	90.00	91.00	95.00	93.00	97.00	91.00	99.00	
PC2	92.00	95.00	100.00	100.00	92.00	94.00	91.00	93.00	96.00	99.00	90.00	92.00	94.00	95.00	94.00	
PC3	94.00	97.00	95.00		98.00	91.00	90.00	96.00	90.00	92.00	92.00	90.00	94.00	94.00	99.00	
PC4	99.00	13.00	96.00		92.00	94.00	95.00	93.00	97.00	94.00	28.00	95.00	94.00	92.00	97.00	
PC5	90.00	99.00	92.00		98.00	93.00	90.00	98.00	91.00	99.00	99.00	100.00	92.00	91.00	91.00	
PC6	95.00	99.00	96.00		96.00	96.00	99.00	94.00	95.00	99.00	96.00	93.00	91.00	100.00	92.00	
PC7	91.00	90.00	99.00		96.00	99.00	92.00	92.00	95.00	95.00	96.00	91.00	90.00	91.00	97.00	
PC8	99.00		93.00		93.00	93.00	96.00	91.00	93.00	93.00	99.00	95.00	95.00	96.00	96.00	
PC9	100.00		91.00		95.00	94.00	98.00	97.00	99.00	93.00	96.00	94.00	96.00	94.00	97.00	
PC10	93.00		96.00		74.00	90.00	90.00	93.00	90.00	90.00	90.00	90.00	96.00	99.00	93.00	
DC1	94.00	92.00	92.00	90.00	92.00	98.00	96.00	100.00	92.00	93.00	95.00	97.00	91.00	100.00	54.00	Example area of focus for remediation.
DC2	100.00	90.00	98.00	99.00	94.00	93.00		95.00	99.00	98.00	93.00	99.00	97.00	95.00	52.00	
DC3	93.00	99.00	93.00	96.00	94.00	100.00		92.00	91.00	97.00	92.00	90.00	98.00	98.00	81.00	
DC4	97.00	91.00	98.00	91.00	96.00	93.00		98.00	90.00	92.00	97.00	99.00	95.00	94.00	65.00	
DC5		92.00		94.00	95.00	94.00		90.00	91.00	98.00	91.00	98.00	95.00	94.00	98.00	
DC6		98.00	99.00		97.00	97.00		91.00	90.00	100.00	95.00	95.00	94.00	98.00	95.00	
DC7		100.00	94.00		100.00	93.00		93.00	96.00	92.00	90.00	69.00	96.00	99.00	63.00	
DC8		96.00	90.00		91.00	96.00		93.00	93.00	98.00	90.00	93.00	95.00	93.00	93.00	
DC9		93.00	95.00		90.00	97.00		96.00	96.00	96.00	98.00	93.00	93.00	100.00	93.00	
DC10		91.00	100.00		98.00	90.00		91.00	92.00	93.00	97.00	99.00	95.00	93.00	100.00	

<75% Effective

75% to 98% Effective

98% + Effective

Not applicable

Example area of focus for remediation.

Detective Controls (per process work that has been undertaken by MA)

Preventative Controls (per process work that has been undertaken by MA)

HTB Compliance & Assurance
TA_002 Heatmap of control checks



ASSURANCE OBJECTIVE

For Target Group to create a monthly Heatmap. This report is used to determine the effectiveness, in percentage terms, of all key controls across the service the mortgage administrator provides to Homes England.

PROCESS ACTIVITIES

- 1: Complete a Heatmap on a monthly basis based on all key controls across the service the mortgage administrator provides to Homes England.
- 2: Provide commentary outlining reasons for control failures which falls below 98% effective
- 3: Outline action plan for resolution where improvements are required, progress will feature at the monthly service review meetings
- 4: Provide Heatmap to Homes England no later than five working days from the end of the preceding calendar month



ASSURANCE OBJECTIVE

For Target Group to provide assurance on the production of the Heatmap (TA_001), with commentary, to evidence that the creation of regular assurance is accurate and consistent. Outlining the findings of the assurance and a supporting action plan for resolution where improvements are required.

PROCESS ACTIVITIES

- 1: Once per quarter, (no later than fifteen working days from the end of the preceding quarter) provide a report detailing the evidence based on the last quarters’ assurance Heatmaps.
- 2: Select a 10% sample of the schemes used in the production of the Heatmaps and provide evidence against each of the controls tested.
- 3: Results and action plan / progress will be discussed at the quarterly assurance forum.



4. Redemptions template

TA _004 Target Redemption Audit Scorecard Summary

Audit summary Redemption - (Month) 2019						
Audit Item	Total samples	Total checked	Correct	Incorrect	% Correct & Checked	Incorrect %
Is the correct market valuation (< 3 months old) recorded?	#REF!	0			#DIV/0!	#DIV/0!
Where not - have extensions been provided?	#REF!	0			#DIV/0!	#DIV/0!
Where extension applies - is there an accurate desk top valuation on file?	#REF!	0			#DIV/0!	#DIV/0!
Has the redemption figure been correctly populated on the letter?	#REF!	0			#DIV/0!	#DIV/0!
Has the daily rate of interest been correctly calculated?	#REF!	0			#DIV/0!	#DIV/0!
Has the arrears sum been correctly reflected?	#REF!	0			#DIV/0!	#DIV/0!
Exchange Stage	#REF!	0	0	0	#DIV/0!	#DIV/0!
Accurate undertakings on file?	#REF!	0			#DIV/0!	#DIV/0!
Does undertaking match ATC details?	#REF!	0			#DIV/0!	#DIV/0!
Has the solicitor calculated daily rate total correctly?	#REF!	0			#DIV/0!	#DIV/0!
Where not, has the ATC been updated to current position?	#REF!	0			#DIV/0!	#DIV/0!
Completion Stage	#REF!	0	0	0	#DIV/0!	#DIV/0!
Correct Transaction type recorded?	#REF!	0			#DIV/0!	#DIV/0!
Has the correct percentage redeemed been recorded?	#REF!	0			#DIV/0!	#DIV/0!
Completion statement on file?	#REF!	0			#DIV/0!	#DIV/0!
Completion date recorded on system?	#REF!	0			#DIV/0!	#DIV/0!
Does completion date match ATC?	#REF!	0			#DIV/0!	#DIV/0!
Where date has changed from ATC the monies received reflect the difference accurately?	#REF!	0			#DIV/0!	#DIV/0!
Is the transaction date recorded correctly?	#REF!	0			#DIV/0!	#DIV/0!
Did monies received match ATC or new calc based on actual completion?	#REF!	0			#DIV/0!	#DIV/0!
If different - is amount within £100 tolerance?	#REF!	0			#DIV/0!	#DIV/0!
If outside has money been returned to solicitor?	#REF!	0			#DIV/0!	#DIV/0!
If there was an outstanding mortgage balance which reduced our share, was it recorded correctly?	#REF!	0			#DIV/0!	#DIV/0!
	#REF!	0	0	0	#DIV/0!	#DIV/0!
	#REF!	0	0	0	#DIV/0!	#DIV/0!

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TA_005 Redemptions monthly scorecard



ASSURANCE OBJECTIVE

For Target Group to create a monthly audit scorecard for the provision of redemptions assurance. The scorecard will document the sample checked against Target Group systems, assessing the accuracy of key processes and their associated controls; including the reliability of financial receipts. Confirming the records held are accurate and in accordance with Homes England and HTB requirements.

PROCESS ACTIVITIES

- 1: Obtain the current month redemption report, and create an audit sample for use in the scorecard.
- 2: Verify redemption data through automated and/or manual testing of the effectiveness of controls, and the accuracy of processes by the mortgage administrator. A sample of 10%.
- 3: Outline action plan for resolution where improvements are required, progress will feature at the monthly service review meetings.
- 4: Provide scorecard to Homes England no later than five working days from the end of the preceding calendar month.



HTB Compliance & Assurance

TA_006 Redemptions Assurance and Commentary (production assurance)



ASSURANCE OBJECTIVE

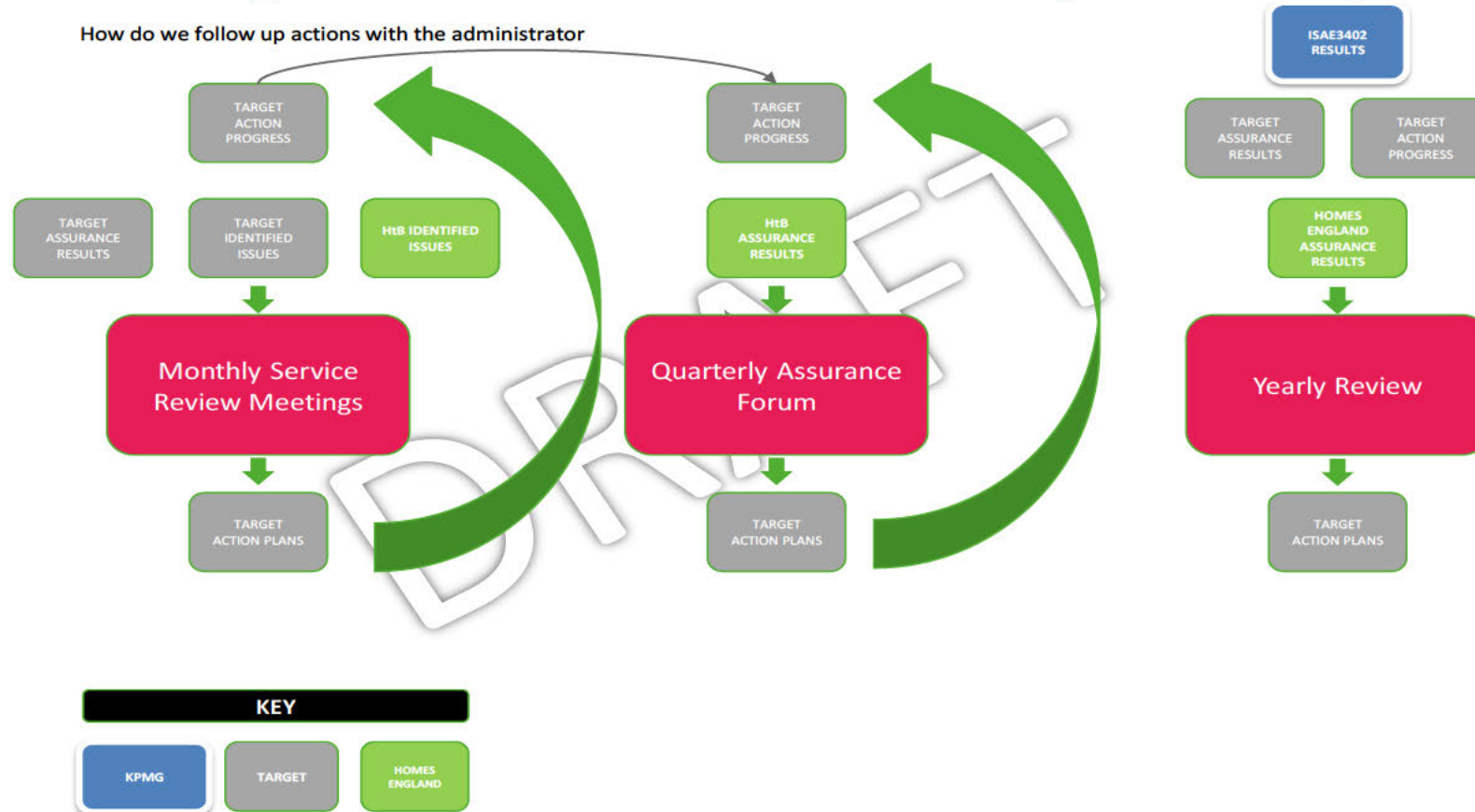
For Target Group to provide assurance on the production of the redemptions assurance (TA-005), with commentary outlining the findings of the assurance and a supporting action plan for resolution where improvements are required. To evidence that the creation of regular assurance is accurate and consistent

ASSURANCE REQUIREMENTS

- 1: Once per quarter, (no later than fifteen working days from the end of the preceding quarter) provide a report detailing the evidence based on the last quarters’ assurance scorecards.
- 2: Select a 10% sample of the schemes used in the production of the scorecards and provide evidence against each of the controls tested.
- 3: Results and action plan / progress will be discussed at the quarterly assurance forum.



TA_007 Future Assurance – feedback and management follow up



Appendix 5 Quality Assurance Key Principles

Quality Assurance Key Principles (Linked to KPI 6)

Overall Approach

Homes England's Quality Assurance Principles sets out, at a high level, our preferred approach to quality assurance of customer interactions and the responsibilities placed on the Mortgage Administrator to ensure there is consistent monitoring, evaluation and continuous improvement in the quality of enquiry handling across all enquiry types and contact channels in the Help to Buy Customer Services Centre to minimise risk and ensure that customers achieve fair and consistent outcomes, in line with Homes England's Benchmarking Standards.

Key Principles:

- 85% of calls monitored achieve a pass based on assessing 4 calls per agent per month using the agreed scorecard.
- There is an agreed approach for evaluating case and call handling performance that includes but not limited to:
 - A quality monitoring template that addresses and correctly measures performance in relation to the following indicators:
 - Compliance e.g. with scripts or call guides, DPA/GDPR, complaint or FOI processes, terms and conditions of Equity Loan, process, benchmark standards;
 - Data Capture e.g. Customer telephone number and email address, accurate record of enquiry and accurate and secure transmission of data / information to third party
 - Account Review and appropriate next steps taken e.g. DD in place, recovery of outstanding fees (in line with agreed process)
 - Information and guidance provided e.g. did the advisor understand the nature of their enquiry and was the customer provided with accurate information or guidance relating to their enquiry or was the call escalated appropriately
 - Enquiry Resolution e.g. did the advisor provide the correct next steps to the customer in line with agreed process/procedure
 - General customer service skills e.g. listening skills, call control, appropriate language, no jargon etc...
 - Homes England audit of quality scores in line with scoring methodology outlined in the quality monitoring template
 - Agreed methodology for selecting calls for Homes England to audit
 - Agreed processes for addressing variations in Mortgage Administrator scores and Homes England's Audit of the calls
 - Accurate data and insight on quality monitoring results and outcomes produced monthly
 - Action Plan to address poor performance reviewed monthly
- Homes England to select enquiry types for review based on risk and will include but not limited to:
 - Predetermined days and times of the week which may change monthly

- Selection of additional enquiry types to ensure that these are reviewed in proportion to volumes received monthly or to respond to specific quality issues raised by Homes England
 - Specific focus on enquiry types in relation to specific feedback or complaints
- Agreed process and timescales for feedback and coaching for staff who have not achieved the quality pass mark
- Agreed process for addressing persistent failure to achieve pass mark e.g. performance improvement plan (including removal from enquiry handling until agreed mitigation has been implemented and performance improved)

Agreed process for addressing over or under scoring of enquiries – ensuring alignment with the process.

Appendix 6 Calibration Principles for Quality Assurance

Principles for Auditing Calls

In line with the Quality Assurance Principles agreed by the Mortgage Administrator, this document provides an outline of how the Audit exercise shall be carried out by the Agency as part of the quality assurance process in line with KPI6.

Selecting Enquiry Types for Audit

The Agency shall select calls based on enquiry types for Audit based on risk and will include but not limited to:

- 4 calls per agent per month (2 calls for part time staff) (3 calls from quality assessor, 1 call from Team Leader)
- Predetermined days and times of the week which may change monthly
- Selection of additional enquiry types to ensure that these are reviewed in proportion to volumes received monthly or to respond to specific quality issues raised by Homes England
- Specific focus on enquiry types in relation to specific feedback or complaints

Agency Audit

The Mortgage Administrator shall provide to the Agency a selection of contacts for calibration that meet the criteria provided by the Agency for the Service Period. These contacts will be shared with the Agency weekly for calls reviewed by the Mortgage Administrator from the previous week.

The volume of Audits carried out by the Agency shall be dependent upon the previous months quality

Severity Level	Severity Level	Volume of Contacts to be Audited
Target Level Achieved	85%	10%
Minor Failure	84.99% - 80.00%	15%
Serious Failure	79.99% - 70.00%	20%
Severe Failure	69.99% - 65.00%	25%
Below Threshold / In Rectification / Repeat Failure	< 65.00%	50%

results (see table below).

From implementation of the new Quality Framework, the Agency shall assume the Severity Level for quality to be 'Serious' and assess 20% of the Mortgage Administrators' reviewed calls. For the avoidance of doubt, all calls (i.e. 4 calls per Executive per month) reviewed by the Mortgage Administrator for the Service Period shall be sent to the Agency who will select a random sample of calls from which the percentage will be obtained.

The Agency shall Audit calls in line with the scoring methodology in the quality monitoring template independently from the scores awarded by the Mortgage Administrator.

- Contacts will be marked using the agreed scoring methodology;
- In assessing contacts, the Auditor shall refer to the Quality Scorecard guidance notes to ensure that results are consistently applied;
- Calls shall be listened to once, as the Executive had that one chance to get it right. This will avoid an unrealistic expectation of Executive, reduce the time to complete the Audit and provide a fair view of what was achievable within a call.

- If, as a result of the Audit, it is identified that data has been recorded incorrectly then the Agency will expect the Mortgage Administrator to amend the notes or information in the appropriate system to ensure there is of an accurate record of that customer interaction

Once the Audit has been carried out, the scores from both parties shall be shared via Huddle and formally discussed at a scheduled meeting between both parties.

Where, as a result of the Audit carried out by the Agency, there is any variation of scores that moves a reviewed call from a pass (or Pass with Opportunities for Improvement) to a fail or vice-versa, a call Calibration Session shall take place. The purpose of the Calibration Session is to improve the standardisation of the quality assessment and confirm the final pass rate for each call and overall pass rate for the KPI. This session will be attended by representatives from both parties and will be formally documented.

An action log will be maintained along with notes detailing the reasons for any changes in pass rate and justification for the overall pass rate.

The Mortgage Administrator will provide a formal response to the results as part of the Monthly Contract Review Meetings which will be submitted to the Agency within ten working days of the end of each month. It shall include all agreed Management Information including:

- Accurate data and insight on quality monitoring results and outcomes produced monthly
- Remediation Plan that addresses poor performance
- Agreed process and timescales for feedback and coaching for staff who have not achieved a pass (trended)
- Agreed process for addressing persistent failure to achieve a pass e.g. Remediation Plan, performance improvement plan (including removal from enquiry handling until agreed mitigation has been implemented and performance improved)
- Agreed process for addressing over or under scoring of calls – ensuring alignment with the process.

Improvements to the Quality Scorecard

The Quality Management Framework and guidelines shall be reviewed and agreed by the Agency and the Mortgage Administrator at least annually. In addition, the guidelines shall be reviewed as a result of the introduction of a new policy or process.

During the initial 3 month embedding period, amendments to the QMF and/or supporting guidance may be suggested to improve clarity in the interpretation of questions /guidance or proposed improvements following calibration sessions or other feedback.

Appendix 7 Balanced Score Card



Homes England
Balanced Scorecard V

Annex 5

Schedule 6

Disaster Recovery Plan



Annex 6

Schedule 12

Data Protection

1 Definitions

1.1 For the purposes of this Schedule the following words and expressions shall have the following meanings:

- 1.1.1 **"Data Controller"** **"Data Processor"**, **"Data Subject"**, **"Personal Data"**, **"Personal Data Breach"**, **"Data Protection Officer"** and **"Processing"** shall have the meanings ascribed to them in the Data Protection Legislation as amended or re-enacted from time to time and "Process" and "Processed" shall be interpreted pursuant to the definition of "Processing";
- 1.1.2 **Data Protection Impact Assessment** means an assessment by the Data Controller of the impact of the envisaged Processing on the protection of Personal Data;
- 1.1.3 **Data Protection Legislation means** all Applicable Law relating to data protection, the processing of Personal Data and privacy, including the Data Protection Act 2018; the GDPR; the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as may be amended by the proposed Regulation on Privacy and Electronic Communications); and any legislation that, in respect of the United Kingdom and, as a consequence of the United Kingdom leaving the European Union. replaces or converts into domestic law the GDPR, the proposed Regulation on Privacy and Electronic Communications or any other law relating to data protection, the processing of personal data and privacy.
- 1.1.4 **GDPR** means General Data Protection Regulation (EU) 2016/679 of the European Parliament.
- 1.1.5 **Protective Measures** means 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 such measures adopted by it;
- 1.1.6 **Shared Data** has the meaning set out in paragraph 2.2.
- 1.1.7 **Sub-processor** means any third party appointed by the Mortgage Administrator to process Personal Data on behalf of the Agency under this Agreement.

2 General PROVISIONS

Compliance with Data Protection Legislation

- 2.1 The Mortgage Administrator undertakes that in the performance of the Services under this Agreement and in particular the Processing of Shared Data and any other Personal Data collected from or about Data Subjects in relation to its activities under this Agreement, it will at all times comply with the provisions of the Data Protection Legislation applicable to Data Processors.
-

The Agency as Data Controller, the Mortgage Administrator as Data Processor

- 2.2 The parties acknowledge and agree that the Agency is the Data Controller in respect of Personal Data which is Processed by the Mortgage Administrator on behalf of the Agency in the performance of the Services under this Agreement including without limitation the Agency's Personal Data as set out in Annex 1 to this Schedule 12 (the "Shared Data"), and that the Mortgage Administrator is a Data Processor.

Cooperation between parties each acting as a Data Controller

- 2.3 Should circumstances arise where the Mortgage Administrator constitutes a Data Controller under the Data Protection Legislation in respect of the Shared Data, the parties agree that they shall each remain responsible for their own compliance with Data Protection Legislation.
- 2.4 The Mortgage Administrator agrees that in the circumstances set out in clause 2.3 it shall provide such reasonable assistance as the Agency may require in connection with the Shared Data, including but not limited to, in respect of dealing with requests made by individuals to exercise their rights in respect of the Shared Data under articles 15, 16, 17, 18, 20 and 21 of the GDPR, the preparation of Data Protection Impact Assessments, audits, inspections and consultations with the Information Commissioners Office or other Regulatory Bodies.

Subject matter, nature and purpose of Processing and categories

- 2.5 Annex 1 sets out the scope, nature and purpose of the Processing of Shared Data by the parties, the duration of the Processing and the types of Shared Data and categories of Data Subject.
- 2.6 The parties agree that the Agency will be responsible for preparing the Fair Processing Notice (the Privacy Notice') in respect of the Shared Data. The Mortgage Administrator will send the Fair Processing Notice in appropriate communications it is sending out to applicable Data Subjects in accordance with Articles 13 and 14 GDPR and the written instructions of the Agency, subject to the Agency reserving the right to make changes to any privacy notices communicated to Data Subjects in relation to the Processing of their Personal Data under or in connection with the Services in accordance with the Change Control Procedure.

Nominated point of contact

- 2.7 The Mortgage Administrator shall appoint, identify and notify the Agency in writing of an individual within its organisation authorised to respond to enquiries from the Agency concerning the Mortgage Administrator Processing of the Shared Data and will respond to all enquiries from the Agency relating to such Shared Data promptly and in any event within the timescales set out in this Agreement.

3 TERMS APPLICABLE TO THE PROCESSING OF SHARED DATA BY THE MORTGAGE ADMINISTRATOR ON BEHALF OF THE AGENCY

- 3.1 This paragraph 3 applies to the Processing of Shared Data on behalf of the Agency by the Mortgage Administrator in the performance of the Services under this Agreement, in respect of which it is a Data Processor.
- 3.2 Nothing in this clause 3 will prohibit the Mortgage Administrator in complying with its own obligations as a Data Controller under the Data Protection Legislation to the extent such obligations arise in respect of Personal Data it Processes in respect of which it is a Data Controller (such as the Personal Data of its employees).

Data Protection Impact Assessments

- 3.3 The Mortgage Administrator shall provide all reasonable assistance to the Agency in the preparation of any Data Protection Impact Assessment reasonably requested by the Agency prior to commencing any Processing of the Shared Data. Such assistance may, at the discretion of the Agency, include:
- 3.3.1 a systematic description of the envisaged Processing operations and the purpose of the Processing;
 - 3.3.2 an assessment of the necessity and proportionality of the Processing operations in relation to the Services;
 - 3.3.3 an assessment of the risks to the rights and freedoms of Data Subjects; and
 - 3.3.4 the measures envisaged to address the risks, including safeguards, security measures and mechanisms to ensure the protection of the Shared Data.

Registrations, notifications, consents and compliance with Data Protection Legislation

- 3.4 The Mortgage Administrator warrants and represents that, in its capacity as Data Processor, it has obtained (and shall maintain for the duration of the Agreement) all necessary registrations, notifications and consents required by the Data Protection Legislation to process Personal Data for the purposes of performing its obligations under this Agreement and shall retain complete records of the same.
- 3.5 The Mortgage Administrator undertakes that it will at all times comply with the provisions of the Data Protection Legislation applicable to a Data Processor.
- 3.6 The Mortgage Administrator shall only process Shared Data on behalf of the Agency in accordance with the documented instructions of the Agency (such documented instructions include, without limitation, the terms of the Agreement) unless the Mortgage Administrator is required to do otherwise by Applicable Law or any Regulatory Body and where the Mortgage Administrator is relying on such requirements as the basis for Processing the Shared Data, the Mortgage Administrator shall promptly notify the Agency of this before performing the Processing unless such requirements prohibit the Mortgage Administrator from so notifying the Agency.
- 3.7 Without limitation to the generality of the foregoing, the Mortgage Administrator shall ensure that it holds appropriate consent from Data Subjects which complies with the Data Protection Legislation and any guidance issued by the Information Commissioner's Office before engaging in any direct marketing to such Data Subjects (in connection with the Performance of the Services under the Principal Agreement). The Mortgage Administrator must ensure that it advises Data Subjects that they are free to withdraw consent to receive direct marketing at any time and provides appropriate means for Data Subjects to withdraw any such consent and maintains complete and accurate records of the same.
- 3.8 The Mortgage Administrator shall notify the Agency immediately if it considers that any of the Agency's instructions infringe the Data Protection Legislation.

Protective measures

- 3.9 The Mortgage Administrator shall at all material times have in place and maintain Protective Measures to assure a level of security appropriate to the risk to the security of Shared Data against a Personal Data Breach having taken into account the:

- 3.9.1 nature of the data to be protected;
 - 3.9.2 harm that might result from a Personal Data Breach;
 - 3.9.3 state of technological development; and
 - 3.9.4 cost of implementing any measures
- 3.10 The Mortgage Administrator shall on a reasonable request provide a written description of the Protective Measures employed by the Mortgage Administrator for Processing the Shared Data (within the reasonable timescales required by the Agency).

Appointment of Sub-processors and data sharing

- 3.11 The Mortgage Administrator shall not engage any Sub-processors in respect of the Shared Data without:
- 3.11.1 prior written authorisation from the Agency and ensuring compliance with any conditions attached to that consent;
 - 3.11.2 entering into a written contract with the Sub-processor which includes obligations no less onerous than those set out in this paragraph 3;
 - 3.11.3 providing the Agency with such information regarding the Sub-processor as the Agency may reasonably require.
- 3.12 In the event that the Agency provides the Mortgage Administrator with a general written authorisation in respect of the use of Sub-processors, the Mortgage Administrator must inform the Agency in writing of any intended changes concerning the addition or replacement of such Sub-processors, with at least 4 weeks' notice, giving the Agency the opportunity to object to such changes.
- 3.13 The Mortgage Administrator undertakes not to disclose or transfer any Shared Data in respect of which it is acting as a Data Processor to any third party without the prior written consent of the Agency save that the Mortgage Administrator shall be entitled to disclose the Shared Data to the Mortgage Administrator Personnel to whom such disclosure is reasonably necessary in order for the Mortgage Administrator to carry out the Services, or to the extent required by Applicable Law or under a court order subject always to compliance with paragraph 3.6.
- 3.14 The parties agree that any Sub-Processors which are already at the date of this Agreement engaged by the Mortgage Administrator as subcontractors in relation to the Services shall be deemed to have the consent of the Agency.

Duty of confidentiality

- 3.15 In respect of the Mortgage Administrator's Personnel, the Mortgage Administrator shall:
- 3.15.1 take reasonable steps to ensure the reliability and integrity of any of the Mortgage Administrator Personnel who have access to the Shared Data;
 - 3.15.2 ensure that all the Mortgage Administrator Personnel required to access the Shared Data are informed of the confidential nature of the Shared Data, have provided a confidentiality undertaking to the Mortgage Administrator or any Sub-processor in relation to the same and comply with the obligations set out in this paragraph 3;

- 3.15.3 ensure that none of the Mortgage Administrator Personnel publish, disclose or divulge any of the Shared Data to any third party unless directed in writing to do so by the Agency or as otherwise permitted by this Agreement;
- 3.15.4 ensure that the Mortgage Administrator Personnel have undertaken adequate training in the law relating to the use, care, protection and handling of Personal Data and are aware of their obligations and those of the Mortgage Administrator under the Data Protection Legislation and this Agreement; and
- 3.15.5 ensure that the Mortgage Administrator Personnel do not process the Shared Data except in accordance with the Agreement or any written instructions of the Agency.

Transfers outside of the European Economic Area

- 3.16 The Mortgage Administrator shall not Process Shared Data outside the European Economic Area (the "EEA") without the prior written consent of the Agency and, where the Agency consents to a transfer, shall ensure:
 - 3.16.1 the Mortgage Administrator has provided appropriate safeguards in relation to the transfer of the Shared Data (whether in accordance with Article 46 GDPR or Article 37 of the Law Enforcement Directive (Directive (EU) 2016/680)) as reasonably determined by the Agency;
 - 3.16.2 the Data Subject has enforceable rights and effective legal remedies in relation to such Shared Data;
 - 3.16.3 the Mortgage Administrator complies with its obligations under the Data Protection Legislation by providing an adequate level of protection to any Shared Data that is transferred (or, if it is not so bound, use reasonable endeavours to assist the Agency in meeting its obligations); and
 - 3.16.4 it complies with any reasonable instructions notified to it by the Agency in relation to the Processing of Shared Data which is transferred outside of the EEA.

Compliance with legal obligations, regulators and requests from Data Subjects

- 3.17 The Mortgage Administrator agrees to use all reasonable efforts to assist the Agency to comply with such obligations as are imposed on the Agency by the Data Protection Legislation in respect of the Shared Data, including:
 - 3.17.1 taking into account the nature of the Processing, assisting the Agency by appropriate technical and organisational measures, insofar as this is possible, for the fulfilment of the Agency's obligation to respond to requests for exercising Data Subjects' rights laid down in Chapter III of the GDPR; this shall include notifying and forwarding to the Agency as soon as reasonably practicable any request received from a Data Subject to exercise any rights relating to their use of the Shared Data pursuant to articles 15, 16, 17, 18, 20 and 21 of the GDPR; and
 - 3.17.2 assisting the Agency in ensuring compliance with its obligations pursuant to Articles 32 to 36 of the GDPR taking into account the nature of the Processing and the information available to the Mortgage Administrator.
- 3.18 Without limitation to the generality of the foregoing, the Mortgage Administrator shall, in respect of Shared Data in relation to which it acts as a Data Processor:

- 3.18.1 co-operate with the Agency to ensure and demonstrate that the Mortgage Administrator has appropriate Protective Measures in place to assist the Agency to comply with any requests from Data Subjects to exercise their rights under Data Protection Legislation;
- 3.18.2 notify the Agency as soon as reasonably practicable if it receives, in respect of the Shared Data:
- (a) a Data Subject Access Request (or purported Data Subject Access Request);
 - (b) a request to rectify, block or erase any Shared Data;
 - (c) any communication from the Information Commissioner or any other Regulatory Body in connection with Shared Data processed under the Agreement, to the extent permitted by Applicable Law and/or regulation;
 - (d) any other complaint, communication or request relating to the Agency's obligations under the Data Protection Legislation pertaining to the Shared Data to the extent permitted by Applicable Law and/or regulation;
 - (e) a request from and third party for disclosure of the Shared Data where compliance with such request is required or purported to be required by Applicable Law;

and take no further steps in relation to the same until such time that it receives written instructions to do so from the Agency. The Mortgage Administrator's obligation to notify under this paragraph shall include the provision of further information to the Agency in phases, as details become available;

- 3.18.3 taking into account the nature of the Processing, the Mortgage Administrator shall provide the Agency with full assistance in relation to either the Mortgage Administrator's or the Agency's obligations under Data Protection Legislation in respect of any complaint, communication or request made pursuant to paragraph 3.16.2 (and in so far as possible within the timescales reasonably required by the Agency) including by promptly providing the Agency;
- (a) with full details and copies of the complaint, communication or request;
 - (b) with such assistance as is reasonably requested to enable the Agency to comply with a Data Subject Access Request within the relevant timescales set out in the Data Protection Legislation;
 - (c) at its request, with any Shared Data it holds in relation to a Data Subject; and
 - (d) with such assistance as is reasonably requested by the Agency, including, without limitation, in relation to any request from the Information Commissioner's Office, or any consultation by the Agency with the Information Commissioner's Office.

Personal Data Breaches

- 3.19 In the circumstances where the Mortgage Administrator becomes aware of any Personal Data Breach in respect of the Shared Data, the Mortgage Administrator shall:

- 3.19.1 record the details of the suspected incident in a security incident log and undertake an initial investigation immediately into the suspected incident;
-

- 3.19.2 notify the Agency of the suspected incident and the findings of the Mortgage Administrator's initial investigation (based on the information available at the time) without undue delay after becoming aware of that event, and in any event within 24 hours of becoming so aware;
 - 3.19.3 provide the Agency with any additional information that subsequently becomes available following the Mortgage Administrator's initial investigation;
 - 3.19.4 assist the Agency to comply with its obligations to notify any Personal Data Breach that affects any Shared Data to the Information Commissioner's Office and/or any affected individuals in accordance with Articles 33 and 34 of GDPR;
 - 3.19.5 fully co-operate with the Agency in the course of any investigation into a Personal Data Breach undertaken by the Agency and any subsequent corrective actions arising therefrom, including any report to and investigation by the Information Commissioner's Office and/or notification to any affected Data Subjects as required by the Data Protection Legislation; and
 - 3.19.6 implement any measures which are reasonably necessary and/or requested by the Agency to restore the security and integrity of any compromised Shared Data.
- 3.20 Provided the Personal Data Breach results from a breach of the Mortgage Administrator's obligations under this Agreement, take all steps at its own cost and expense to recover, restore and repair all affected Shared Data and where a Personal Data Breach does not result from a breach of the Mortgage Administrator's obligations under the Agreement the Agency shall pay the Mortgage Administrator's reasonable costs of complying with paragraph 3.17 of this Schedule.

Record keeping and audit rights

- 3.21 The Mortgage Administrator shall maintain complete and accurate records and information to demonstrate its compliance with the Data Protection Legislation and its obligations under the Agreement in accordance with Schedule 12.
- 3.22 In accordance with and subject to Clause 11 of the Agreement, the Mortgage Administrator shall allow the Agency (and or its designated auditors) to audit the Mortgage Administrator's compliance with the Data Protection Legislation and the requirements of this paragraph 3 on reasonable notice and/or, at the Agency's request, provide the Agency with evidence of the Mortgage Administrator's compliance with the obligations under the Data Protection Legislation and/or this paragraph 3 and the Agreement.

Return or deletion of Shared Data at the Agency's request

- 3.23 the Mortgage Administrator undertakes to act upon the written instructions from the Agency in relation to the secure deletion or return to the Agency of Shared Data in respect of which it is a Data Processor on behalf of the Agency at the termination or expiry of the Agreement or at such time that the Mortgage Administrator no longer requires access to relevant Shared Data for the purposes of performing its obligations under the Agreement, unless the Mortgage Administrator is required by Law to retain such Shared Data.

Amendments to clause 3: introduction of standard clauses or updates to guidance

- 3.24 The Agency may, in accordance with the Change Control Procedure, revise paragraph 3 of this schedule by replacing it with any applicable controller to processor standard clauses or similar terms forming part of an applicable certification scheme.
- 3.25 The Mortgage Administrator and the Agency agree to take account of:
-

3.26 (a) any guidance issued by the Information Commissioner's Office; and/ or

(b) any standard data transfer clauses, and implement the same within this Agreement via the Change Control Procedure without charge to the Agency.

For the avoidance of doubt, if the changes above are required due to changes in Data Protection Legislation then it is agreed that the Mortgage Administrator will not charge any fee for the changes made under the Change Control procedure.

ANNEX 1 – SHARED DATA

Subject matter	Performance of the Services as detailed in the Specification of the Agreement	
Duration	The duration of the Agreement (or such other duration as shall be specified in writing between the parties) until and unless the Agency exercises any rights to require the restriction or termination of Processing.	
Nature and purpose of the Processing	<p>The use of Shared Data is for the provision of the Services and the purposes of communications between the parties and with Data Subjects in relation to the delivery of the Specification.</p> <p>Including: collection, recording, organisation, structuring, storage, adaptation, alteration, retrieval, consultation, disclosure by transmission and dissemination.</p>	
Categories of Data Subjects	Owners, members of the public, and to a limited extent employees of the Agency Developers, solicitors, surveyors and valuers and other service providers.	
Type of Personal Data i.e. any information relating to an identified or identifiable person and categories of Data Subject	The Shared Data may comprise the following types of Personal Data:	
	Demographic data	name, gender, date of birth, age, nationality, marital status, details about residential status and home ownership
	Contact details	home/work landline phone number, personal/work mobile, home/work postal address, personal/work email address, together with the details of any persons acting on behalf of the Data Subject.
	Financial data	bank account number, debit card number, details of income and expenditure, credit score, information obtained from credit reference and fraud prevention agencies, employment data, information in relation to any first charge mortgages.
	Digital identifiers	IP address, MAC address, X/Y geographic coordinate, meta data (and similar data collected when Data Subjects use websites operated by the Agency and/or the Mortgage Administrator)
	Special category personal data	Limited data where the Data Subject has provided their consent, either to enable adaption to meet their specific needs or assess their particular risks, or for equality and diversity monitoring purposes.

Annex 7

Schedule 13

Governance

1. Introduction

- 1.1. This schedule sets out the engagement structure between the Agency ("**Homes England**" or "**HE**") and the Mortgage Administrator ("**Target**" or "**TSL**") and the supporting terms of reference for each meeting during the term of this Agreement. It also identifies the objectives and remit of different boards required to oversee the governance arrangements
- 1.2. The governance arrangements will be reviewed at least annually, with all changes approved by the:
- Client Director – TSL
 - Director of Client Operations or Head of Client Operations (as a delegate)
 - Head of Mortgage Administration – Homes England
 - Director- Help to Buy – Homes England

2. Establishment of Boards

- 2.1. Both parties shall ensure that appropriate resource is made available on a regular basis such that the aims, objectives and specific provisions of this Agreement can be fully realised. Boards shall be established by Homes England under this Agreement on which both the Mortgage Administrator and Homes England shall be represented.
- 2.2. The Terms of Reference for each of the Boards are included in Appendices as set out below:
- 2.2.1. Fortnightly Governance Meetings
- Service Improvement Board – Appendix 1
- 2.2.2. Monthly Governance Meetings:
- Contract Review Meeting –Appendix 2
 - Finance Board –Appendix 3
 - Complaints Board - Appendix 4

- 2.2.3. Compliance and Assurance Board –Appendix 5
- 2.2.4. Quarterly Governance Meetings:
 - Strategic Review (QSR) –Appendix 6

3. Board Structure and Representation

3.1. The Appendices to this schedule describe in relation to each Board the:

- 3.1.1. Objectives / purpose of each Board;
- 3.1.2. Scope and Exclusions
- 3.1.3. Home England's members of that Board;
- 3.1.4. Mortgage Administrator's members of that Board;
- 3.1.5. frequency that the Board shall meet (unless otherwise agreed between the parties);
- 3.1.6. location of the Board's meetings; and
- 3.1.7. planned start date by which the Board shall be established.
- 3.1.8. Supporting Material & MI Required

3.2. In the event that either party wishes to replace any Board Member position, that party shall notify the other in writing of the proposed change for agreement by the other party (such agreement not to be unreasonably withheld or delayed).

3.3. Each party shall ensure that its Board Members shall make all reasonable efforts to attend Board meetings at which that Board Member's attendance is required. If any Board Member is not able to attend a Board meeting, that person shall use all reasonable endeavors to ensure that:

- 3.3.1. a delegate attends the relevant Board meeting in his/her place who (wherever possible) is properly briefed and prepared; and
- 3.3.2. he/she is debriefed by such delegate after the Board Meeting.

3.4. A chairperson for each Board shall be appointed by Homes England for each Board as identified in the Appendices. The chairperson shall be responsible for:

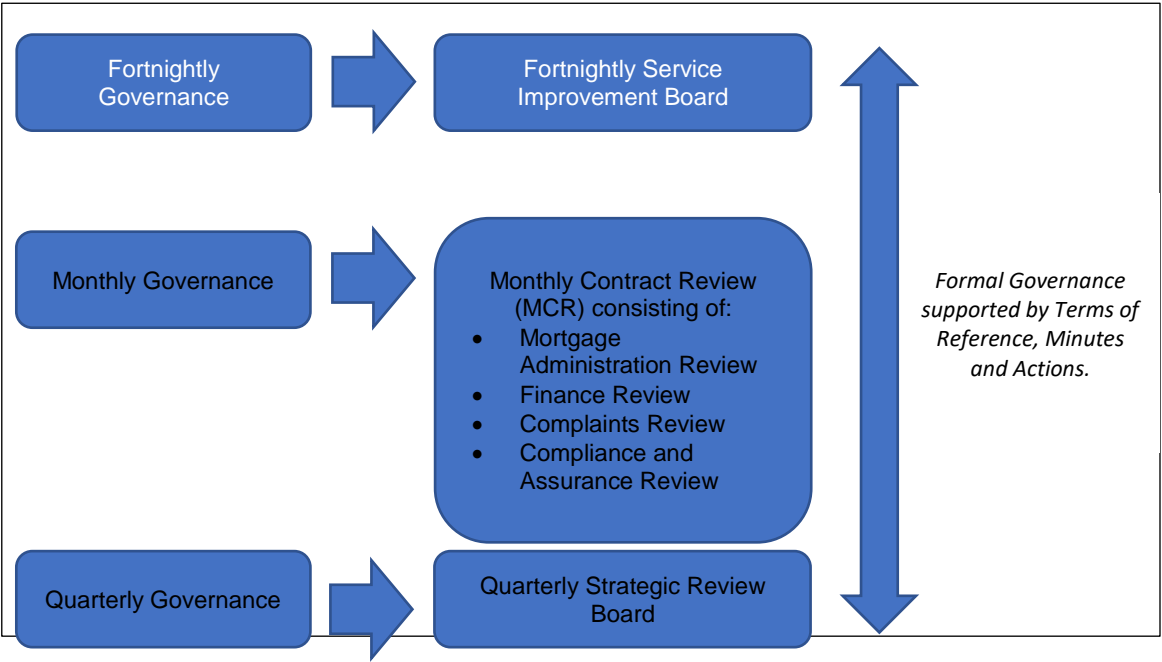
- 3.4.1. scheduling Board meetings and notifying attendees;
- 3.4.2. setting the agenda for Board meetings and circulating to all attendees in advance of such meeting, ensuring all necessary documents requiring discussion or comment are included in the board pack and distributing the

- supporting material and MI within the required timescales set out within the terms of reference
 - 3.4.3. chairing the Board meetings and guiding the meeting according to the agenda and time available.
 - 3.4.4. ensuring notes of proceedings (minutes) and an action log of the meeting are completed and issued as per the terms of reference for each meeting.
 - 3.4.5. monitoring the progress of any follow up tasks and activities agreed to be carried out following Board meetings; and
 - 3.4.6. ensuring notes of proceedings (minutes) and action logs for Board meetings are recorded and circulated to all Board meeting participants as per terms of reference for each meeting;
 - 3.4.7. amending the action log with any amendments suggested and agreed by the attendees.
- 3.5. Board meetings shall be quorate as long as at least two representatives from each party are present.
- 3.6. The parties shall ensure, as far as reasonably practicable, that all Boards shall as soon as reasonably practicable resolve the issues and achieve the objectives placed before them, ensuring all discussion items end with a decision, action or definite outcome. Each party shall use reasonable endeavors to ensure that Board Members are empowered to make relevant decisions or have access to empowered individuals for decisions to be made to achieve this.
- 3.7. Board meetings shall be quorate in line with the terms of reference for each Board Meeting.

3.8. Governance Structure

The diagram below sets out the governance structure:





Appendix 1: Fortnightly Service Improvement Board – Terms of Reference

OBJECTIVES

The purpose of the Service Improvement Board is to ensure that Homes England and Target Group are aligned in strategic approach across all aspects of the Programme scope. In addition, Board members will consider any internal/external factors/issues that may impact the Programme and the relevant deliverables. They shall:

- Agree Programme goals.
- Set Programme priorities and make priority calls across the work-streams in the Programme where necessary.
- Monitor progress against the agreed plans and review the change pipeline.
- Provide an escalation point for decisions that cannot be taken within the remit of individual work-stream or project boards.
- Ensure that Programme delivery and operational risks arising from the work of the Programme are properly assessed and mitigated or accepted.
- Ensure that there are adequate management controls within the Programme, including agreed Acceptance Criteria.
- Ensure that the core team structure and skillsets match the requirements of the pipeline.

SCOPE OF REVIEW

To review and update the Service Improvement Plan and pipeline projects with a focus on:

- Review of Project Pipeline
- Progress against key project deliverables
- Risk, Issues and Challenges
- Decisions and Actions required
- Forward Plan (two-week look forward) – Key focus areas
- Core Team Structure / Utilisation

REVIEW TIMING

The review will take place fortnightly with dates as agreed by both parties

KEY CONTACTS/ ATTENDEES

Attendees:

- s. 40(2) – Homes England Head of Mortgage Administration
- s. 40(2) – Chair - Homes England Senior Manager Mortgage Administration
- Homes England Mortgage Administration Manager
- Target Programme Lead
- Target Project Manager

QUOROM – The meeting can only go ahead if at least 2 of the named attendees are in attendance from both Homes England and TSL (4 in total).

DELEGATED AUTHORITY - Each attendee may (occasionally/as an exception) nominate a deputy by giving the chairperson advance notice.

MINUTES AND ACTIONS

- Actions and minutes are required and should be produced and circulated within 5 working days of the date of the meeting.
- Actions and minutes to be circulated to all required and optional attendees.

SUPPORTING MATERIAL & MI REQUIRED

- Service Improvement Project Plan
- Service Improvement Pipeline
- Core Team Structure / Utilisation

Appendix 2: Contract Review Meeting – Terms of Reference

OBJECTIVES

The Contract Review Meeting shall be responsible for the executive management of the Services and have the following terms of reference:

- a) Be accountable for comprehensive oversight of the services and for the senior management operational relationship between the parties
- b) Receive updates on contract performance against service requirements, receive performance analytics, business intelligence and trend data analysis and act as the key vehicle for dealing with Business As Usual (BAU) performance
- c) Receive and decide upon contract performance and deploy contractual measures as may be required
- d) Consider the impact of emerging business and performance analytics and recommend appropriate course of action
- e) Deal with prioritisation of resources
- f) Consider and resolve disputes in the first instance, escalating to the Strategic Review Board if required.

SCOPE OF REVIEW

To review the Monthly Performance Report, and Balanced Scorecard and MI packs and provide updates from Target and Homes England Operations teams with a focus on KPI's and PI's – linking to Customer Experience (CX). Assess the design and effectiveness of key controls and raise any challenges from the previous month.

Key Topics:

- Performance against KPI's/PI's – incl. Corrective Action/Rectification & Service Credits and formal sign off of agreed performance against KPI's/PI's in the monthly immediately preceding the previous month (e.g. formal sign-off of performance in month 1 shall occur in the Contract Review Meeting in month 3)
- Continuous Service Improvement Initiatives
- Staff Attrition / New Starters / Training
- Review of Balanced Scorecard and MI Packs
- Key Risks/Issues from previous month

- Agree & sign off Forecasts for the next month and review Service Volumes vs. Forecasts for the next Quarter

REVIEW TIMING

The review will take place no later than working day 15 of each month unless by exception and agreed by both parties

KEY CONTACTS/ ATTENDEES

Attendees:

- s. 40(2) – Chair - Homes England Senior Manager Mortgage Administration
- Homes England Mortgage Administration Manager
- s. 40(2) Target Servicing Operations Manager
- s. 40(2) – Target Account Manager

Optional Attendees:

- s. 40(2) – Homes England Head of Mortgage Administration
- s. 40(2) – Target Account Director

QUOROM – The meeting can only go ahead if at least 2 of the named attendees are in attendance from both Homes England and TSL (4 in total).

DELEGATED AUTHORITY - Each attendee may (occasionally/as an exception) nominate a deputy by giving the chairperson advance notice.

MINUTES AND ACTIONS

- Actions and minutes are required and should be produced and circulated within 5 working days of the date of the meeting.
- Actions and minutes to be circulated to all required and optional attendees.

SUPPORTING MATERIAL & MI REQUIRED

- Monthly Service Report
 - KPI/PIs
-

- Balanced Scorecard
- Service Improvement Plan
- Operational Risk / Issues Log
- Volume Forecasts

Appendix 3: Finance Review – Terms of Reference

REVIEW OBJECTIVE

To provide assurance against the monthly finance reports, ensuring Homes England's expressed requirements are captured, also providing an opportunity to raise queries/risks when appropriate.

SCOPE OF REVIEW

To discuss output from the previous month's financial reports and assess the design and effectiveness of these reports.

The review will link into the assurance work conducted on the portfolio and the reporting KPI.

Key risks:

- Incomplete or inaccurate reporting leads to misalignment of forecasted income due and/or received by Homes England.

SCOPE EXCLUSIONS

No non-financial reports provided by the Mortgage Administrator or across HTB will be included in this review.

REVIEW TIMING

The review will take place no later than working day 15 of each month unless by exception and agreed by both parties

KEY CONTACTS

Attendees:

- s. 40(2) – Chair -Homes England Senior Manager Mortgage Administration
 - Homes England Mortgage Administration Manager representative
 - s. 40(2) - Homes England Senior Manager, Finance
 - s. 40(2) – Homes England Manager, Finance
-

- s. 40(2) – Target Director of Financial Advisory
- s. 40(2) - Target Account Manager

Optional Attendees:

- s. 40(2) – Target Account Director
- s. 40(2) - Homes England Interim **Head of Mortgage Administration**
- s. 40(2) – Homes England Head of Help to Buy Accounting

QUOROM – The meeting can only go ahead if at least 2 of the named attendees are in attendance from both Homes England and TSL (4 in total). The meeting should not go ahead if the respective Finance Representatives are not in attendance.

DELEGATED AUTHORITY - Each attendee may (occasionally/as an exception) nominate a deputy by giving the chairperson advance notice.

MINUTES AND ACTIONS

- Actions and minutes are required and should be produced and circulated within 5 working days of the date of the meeting.
- Actions and minutes to be circulated to all required and optional attendees.

SUPPORTING MATERIAL & MI REQUIRED

- Monthly Financial Reports:
 - Arrears Balances Report
 - Loan Level Data Cut Report
 - Monthly Portfolio Reconciliation Reports (MPRR)
 - Monthly Bank Reconciliation Report
 - Monthly Trial Balance Report
 - Unallocated Cash Report
 - Open Book Review
 - Any other financial reports that are agreed from time to time

Appendix 4: Complaints Review – Terms of Reference

REVIEW OBJECTIVE

To provide assurance on the monthly complaints report, identifying key trends and root cause analysis giving both parties the opportunity to raise queries/risks and identify ways to enhance the customer journey where appropriate.

SCOPE OF REVIEW

This review will contribute to providing both organisations the opportunity to discuss any output from the previous month's complaints report.

Key Focus metrics:

- Volumes of Complaints
- Response rates
- Description of Complaints
- Trend Analysis

SCOPE EXCLUSIONS

None

REVIEW TIMING

The review will commence in September 2019 and each month thereafter.

KEY CONTACTS/ ATTENDEES

Attendees:

- s. 40(2) – Homes England Senior Manager Mortgage Administration
- s. 40(2) - Homes England Manager, HT Complaints
- s. 40(2) – Head of Customer Experience
- s. 40(2) – Target Servicing Operations Manager
- s. 40(2) – Target Account Manager – Chair

Optional Attendees:

- s. 40(2) – Target Account Director
- s. 40(2) – Target Head of Servicing Operations
- s. 40(2) – Homes England Interim **Head of Mortgage Administration**
- s. 40(2) – Homes England Head of Help to Buy Relationship Management

QUORUM – The meeting can only go ahead if at least 2 of the named attendees are in attendance from both Homes England and TSL (2 in total).

DELEGATED AUTHORITY - Each attendee may (occasionally/as an exception) nominate a deputy by giving the chairperson advance notice.

MINUTES AND ACTIONS

- Actions and minutes are required and should be produced and circulated within 5 working days of the date of the meeting.
- Actions and minutes to be circulated to all required and optional attendees.

SUPPORTING MATERIAL & MI

- Complaints Report
- Root Cause Analysis
- Any other complaints report that is agreed from time to time

Appendix 5: Compliance & Assurance Board - Terms of Reference

ASSURANCE OBJECTIVE

To provide assurance on the adequacy and effectiveness of the controls in place to mitigate the risks in relation management of the equity loan book.

This review will test compliance against the key stages of the GRR approved policies (redemptions with and without house sale & Staircasing), and assess the design and effectiveness of key controls

Identify and manage risks relating to the performance of the services.

- a) Provide assurance that risks are being effectively managed across the Services;
- b) Identify issues to be reported;
- c) Accept or reject new risks proposed for inclusion in the Risk Register;
- d) Ratify or refuse requests to close risks on the Risk Register; and
- e) Identify risks relating to or arising out of the performance of the Services and provisional owners of these risks.

SCOPE

This review will outline findings from Homes England’s previous quarter’s assurance testing together with Targets second line monthly testing. Providing an open forum for discussing key points and agreeing actions.

The scope of work will provide assurance on the key issues identified as part of the Help to Buy operational improvements in relation to the Mortgage Administrator incorporating checks against:

- Compliance against approved policies
- Compliance against redemptions calculations process, ensuring income that becomes due is received accordingly

EXCLUSIONS

None

REVIEW TIMING

Monthly reviews will commence in August 2019

KEY CONTACTS/ ATTENDEES

Required Attendees

- s. 40(2) – Homes England Senior Manager Mortgage Administration
- Homes England Mortgage Administration Manager representative
- Homes England Compliance & Assurance representative
- s. 40(2) – Target Servicing Operations Manager
- s. 40(2) – Target Account Manager – Chair
- Target Compliance Representative (TBA)

Optional Attendees:

- s. 40(2) – Target Account Director
- s. 40(2) – Target Head of Servicing Operations
- s. 40(2) – Homes England Interim **Head of Mortgage Administration**
- s. 40(2) – Homes England Head of Compliance and Assurance

QUORUM – The meeting can only go ahead if at least 2 of the named attendees are in attendance from both Homes England and TSL (4 in total). This meeting should not go ahead if either Target or HE's Assurance Representative is not in attendance.

DELEGATED AUTHORITY - Each attendee may (occasionally/as an exception) nominate a deputy by giving the chairperson advance notice.

MINUTES AND ACTIONS

- Actions and minutes are required and should be produced and circulated within 5 working days of the date of the meeting.
- Actions and minutes to be circulated to all required and optional attendees.

SUPPORTING MATERIAL & MI

- Findings from Homes England's assurance testing
- Target's monthly Compliance report #
- Any other report agreed by the parties from time to time

Appendix 6: Strategic Review Board - Terms of Reference

OBJECTIVE

To provide Executive and strategic direction between both parties and ensure overall success of the relationship under the contractual agreement.

- a) Provide senior level guidance, leadership and strategy for the overall delivery of the Services;
- b) Be the point of escalation for the Boards
- c) Ensure this agreement is operated throughout the Term in a manner which optimises the value for money and operational benefit derived by Homes England and the commercial benefit derived by the Mortgage Administrator;
- d) Decisions on policy changes and significant service adjustments;
- e) Set outcomes for service delivery and review performance against outcomes and operational benefits ensuring value for money;
- f) Responsibility for the scrutiny and audit of the delivery of all services associated with the contract;
- g) Providing decisions on the growth, expansion and reduction or service adjustment of the contract and to invoke (if circumstances were to lead to it) termination;

SCOPE

The strategic review will cover the following on a quarterly basis:

- account performance, including any changes made to Services during the month or anticipated in subsequent months
- Service improvement and cost saving proposals,
- Emerging market trends likely to impact portfolio profiles
- performance including: Service Level achievement against agreed metrics; quality of the Services; targets for improvement and operational risks
- budgets and spend
- existing strategies and the consideration of new strategies
- Open book financial review

REVIEW TIMING

Every Month commencing September 2019.

ATTENDEES

Target:

- s. 40(2) – Account Director – Chair
- s. 40(2) – Client Services Director
- s. 40(2) – Servicing Operations Director
- s. 40(2) – Head of Servicing Operations

Target Optional:

- s. 40(2) – Chief Financial Officer
- s. 40(2) – Compliance Director

Homes England:

- s. 40(2) - Interim **Head of Mortgage Administration**
- s. 40(2) – Interim Director, Help To Buy
- s. 40(2) - Interim Head of Financial Reporting
- s. 40(2) - Deputy CRO and GM Land, Risk
- Further attendees TBA

QUORUM – The meeting can only go ahead if at least 3 of the named required attendees are in attendance from both Homes England and TSL (6 in total).

DELEGATED AUTHORITY - Each attendee may (occasionally/as an exception) nominate a deputy by giving the chairperson advance notice.

Actions and Minutes

- Actions and minutes are required and should be produced and circulated within 5 working days of the date of the meeting.
- Actions and minutes to be circulated to all required and optional attendees.

SUPPORTING DOCUMENTATION

- Papers relating to the agenda to be circulated in advance of the meeting

Annex 8

Schedule 14

Financial Transparency and Open Book Data

1. Financial Transparency Objectives

The Mortgage Administrator acknowledges that the provisions of this Schedule are designed (inter alia) to facilitate, and the Mortgage Administrator shall co-operate with the Agency in order to achieve, the following objectives

1.1. Understanding the fees payable under the Agreement by the Agency:

- 1.1.1. for the Agency to understand any payment sought from it by the Mortgage Administrator including an analysis of the cost items, overhead recoveries (where relevant), time spent by Mortgage Administrator Personnel in providing the Services and the Mortgage Administrator profit margin in respect of the Services

1.2. Agreeing the impact of Change through the Change Control Procedure

- 1.2.1. for both parties to agree the quantitative impact of any Changes that affect ongoing costs and to identify how these could be mitigated and/or reflected in the Mortgage Administrator's charges;
- 1.2.2. for both parties to be able to review, address issues with and re-forecast progress in relation to the provision of the Services;

1.3. Continuous Improvement

- 1.3.1. for the Agency and the Mortgage Administrator to work together collaboratively with ideas for efficiency and service improvements; and
- 1.3.2. to enable the Agency to demonstrate that it is achieving value for money for the tax payer relative to current market prices.

2. Open Book Data

2.1. During the Term, and for a period of 12 months following the end of the Term, the Mortgage Administrator shall:

- 2.1.1. maintain and provide the Open Book Data as outlined in Appendix A to this Schedule 10; and
- 2.1.2. disclose and allow the Agency and / or the Audit Agents access to the Open Book Data as required in accordance with clause 11 of this Agreement.

3. Financial Records and Accounts

3.1. The Mortgage Administrator shall, on a quarterly basis and otherwise in accordance with the audit rights set out in clause 11 of this Agreement, make available in a timely manner to the Agency where required in connection with this Agreement or the Services the Open Book Data and/or Records.

3.2. The Mortgage Administrator shall at all times:

- 3.2.1. maintain a full record of particulars of all the income received and expenditure incurred by the Mortgage Administrator in respect of the Equity Mortgages;
- 3.2.2. when required to do so by the Agency, provide a summary of any of the income and expenditure referred to in clause 3.2.1 as the Agency may require to enable it to monitor the performance by the Mortgage Administrator of its obligations under this Agreement; and
- 3.2.3. provide such facilities as the Agency may require for its representatives to visit any place where the records are held and examine the records maintained under this condition.

3.3. Compliance with the above shall require the Mortgage Administrator to keep books of account in accordance with generally accepted accountancy practice with respect to the Services showing in detail:

- 3.3.1. full particulars of the costs of performing the Services;
- 3.3.2. a summary of the costs referred to in clause 3.2, including details of any funds held by Mortgage Administrator specifically to cover such costs;
- 3.3.3. administrative overheads where directly attributed or where apportioned on a pro rata basis;
- 3.3.4. full particulars of funds held in the Account on behalf of the Agency and/or a Developer respectively in relation to any Equity Mortgage covered by the Services;
- 3.3.5. a full record of all incidents relating to health, safety and security which occur during the term of this Agreement; and
- 3.3.6. such other records relating to the Services as the Agency may reasonably require and the Mortgage Administrator can reasonably provide having regard to the cost to Mortgage Administrator of maintaining and providing such records.

and the Mortgage Administrator shall have the books of account evidencing the items listed in this condition available for inspection by the Agency (and any person appointed pursuant to the Dispute Resolution Procedure to determine a dispute or otherwise authorised by the Agency) upon reasonable notice in accordance with clause , and shall submit a report of these to the Agency as and when requested.

3.4. On the expiry of this Agreement or (if earlier) upon termination thereof, the Mortgage Administrator shall if requested to do so deliver up to the Agency (or as the Agency directs) all the Records and Open Book Data relating to the Services which it has in its possession, custody or control.

3.5. The Mortgage Administrator must for a period of 10 (ten) years from the from expiry or termination of this Agreement (howsoever caused) or such period as is agreed in writing between the Parties from time to time retain all of the data, documents, materials and accounts referred to in this clause 10 and the Mortgage Administrator may retain such data, documents, materials and accounts in electronic form only.

4. Financial Report

4.1. The Mortgage Administrator shall provide during the Term the following financial reports in the format set out in Appendix A to this Schedule 10 to the Agency, in the frequency specified below

Financial Report	When to be provided
Quarterly Report	Within 15 Working Days of the end of each quarter
Annual Report	Within 1 month of the end of the Contract year to which that report relates
Final Reconciliation Report	Within 6 months after the end of the Term

5. The Mortgage Administrator shall provide to the Agency the Financial Reports in the same software package (e.g. Microsoft Excel), layout and format as the blank template which has been issued by the Agency to the Mortgage Administrator for the purposes of this Agreement. The Agency shall be entitled to modify the template for any Financial Report in accordance with the Change Control Procedure.

6. A copy of each Financial Report shall be held by both the Agency and the Mortgage Administrator. If there is a Dispute regarding a Financial Report, the parties shall comply with the Dispute Resolution Procedure.

7. Each Financial Report shall:

- 7.1. be completed by the Mortgage Administrator using reasonable skill and care;
- 7.2. incorporate and use the same defined terms as are used in this Agreement;
- 7.3. quote all monetary values in pounds sterling;
- 7.4. quote all cost items incurred as exclusive of any VAT; and
- 7.5. quote all cost items incurred and charges based on current prices.

8. Each Annual Contract Report and the Final Reconciliation Report shall be certified by the Mortgage Administrator's Chief Financial Officer (or equivalent as agreed in writing by the Agency in advance of issue of the relevant Financial Report), as:

- 8.1. being accurate and not misleading regarding the data and related narrative;
- 8.2. having been prepared in conformity with generally accepted accounting principles within the United Kingdom;
- 8.3. being a true and fair reflection of the information included within the Mortgage Administrator's management and statutory accounts; and
- 8.4. compliant with the requirements of clause 7.

9. The Mortgage Administrator shall:

- 9.1. ensure that each Annual Contract Report is a true and fair reflection of the cost items incurred and Mortgage Administrator profit margin forecast by the Mortgage Administrator in respect of the Services;
- 9.2. the Final Reconciliation Report is a true and fair reflection of the cost items incurred in respect of the Services.

10. If the Mortgage Administrator becomes aware of the occurrence, or the likelihood of the future occurrence, of an event which will or may have a material effect on the following:

- 10.1. the cost items incurred (or those forecast to be incurred) by the Mortgage Administrator in respect of the Services; and/or
- 10.2. the forecast charges for the Services for the remainder of the Term

the Mortgage Administrator shall, as soon as practicable, notify the Agency in writing of the event in question detailing the actual or anticipated effect.

11. Discussion of Quarterly Financial Reports and Final Reconciliation Report

- 11.1. Following the delivery by the Mortgage Administrator of each Quarterly Financial Report, the parties shall discuss its contents within the next quarterly strategic review meeting. The Financial Representative shall attend the meeting.
- 11.2. Following the delivery by the Mortgage Administrator of the Final Reconciliation Report, the parties shall meet to discuss its contents within 10 Working Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting.

Appendix A

	Unit Cost Including on-costs	No of FTE	FY 1920	FY 2021	Total
Contact Volumes and FTE Parameters					
Actual Call Volumes					
Actual Email Volumes					
Actual Administrative Volumes					
Actual Volumes Other					
Actual FTE					
Actual Transaction Fees					
Direct Staff Costs (inc Dedicated Management, Account Overhead Costs, Benefits)					
Other - Account Overheads					
Staff - Dedicated Account Manager					
Indirect Staff Costs					
IT Costs					
EBITDA					

Annex 9

Schedule 15

Rebranding Plan



Homes England
Rebranding High Level

Annex 10

Schedule 16

Rectification Plan



KPI PI Rectification
Plan Template v0.3 v0

Dated ¹⁸ December 2020

Homes and Communities Agency (trading as Homes England)
and
Target Servicing Limited

Supplemental Deed to the Deed of Appointment of Mortgage Administrator

Second Deed of Variation ("Deed")

Dated *18th* December 2020

Between

- (1) Homes and Communities Agency, trading as Homes England, a body corporate under Section 1 of the Housing and Regeneration Act 2008, of One Friargate, Coventry CV1 2GN (including any statutory successor) (the **Agency**); and
- (2) Target Servicing Limited (company registration number 05618062) whose registered office is Cowbridge Road East, Cardiff, CF11 9AU (the **Mortgage Administrator**)

Recitals

- A. The Agency and the Mortgage Administrator have entered into the Deed of appointment of a Mortgage Administrator dated the 18th March 2016, subsequently extended and varied in a supplemental deed dated 16 October 2019 (the **Agreement**).
- B. This Deed is supplemental to the Agreement.
- C. The Agency has notified the Mortgage Administrator that it wished to extend the Term of the Agreement to the 18th November 2021 subject to the variation of the terms and conditions hereinafter set out.

Agreed terms

1 Definitions and interpretation

In this Deed the following words and expressions have the meaning specified in the Agreement except when expressly stated to the contrary.

1.1 Interpretation

- 1.1.1 The headings in this Deed are for reference only and do not affect the interpretation or construction of this Deed.
- 1.1.2 Save as varied by this Deed the terms and conditions of the Agreement shall remain in full force and effect.

1.1.3 Should there be any conflict between the terms of the Agreement and this Deed the provisions contained in this Deed shall prevail. For the avoidance of doubt this clause 1.1.3 shall not be read as limiting the scope of any rights and/or obligations under the Agreement which overlap, but do not conflict, with rights and obligations under this Deed.

1.1.4 Any reference to a clause or schedule without further designation shall be a reference to a clause or schedule of this Agreement.

2 Variation to the Agreement

2.1 The following definition shall be added to Clause 1.1 (*Definitions*) of the Agreement after Account Date:

"Affiliate" in respect of a party, each and any subsidiary or holding company of that party and each and any subsidiary of a holding company of that party from time to time (subsidiary and holding company having the meaning given in section 1159 of the Companies Act 2006).

2.2 Clause 3.1 of the Agreement shall be deleted and substituted with the following:

3.1 This Agreement shall commence on the Commencement Date and unless terminated earlier in accordance with the terms of this Agreement shall continue in force until the 18th November 2021 ("the Term").

2.3 Clauses 3.2 shall be deleted and substituted with the following substituted:

3.2 The Agency (at its sole discretion) may extend the Term by a further period of up to one year by giving the Mortgage Administrator reasonable (in the Agency's opinion) written notice prior to the expiry of the Term. The Mortgage Administrator agrees that nothing in this Agreement shall oblige the Agency to extend the Agreement following the expiry of either the Term or any individual extension period. The Mortgage Administrator further agrees that upon service of any such extension notice, the Agreement shall continue and both the Agency and the Mortgage Administrator shall continue to be bound by its terms for the period of any such extension (subject to any earlier termination in accordance with the terms of this Agreement).

2.4 Clause 26.2 shall be deleted in its entirety and replaced with the following:

26.2 the Mortgage Administrator shall not be permitted to employ subcontractors (except in the case of Affiliates) for the execution of any of the Mortgage Administrator's obligations hereunder without the Agency's prior written consent, which shall not be unreasonably withheld or delayed.

2.5 In Schedule 3 (*Specification*) the words "9am – 5pm" shall be deleted in paragraphs 1.1 and 1.2 and replaced with "8am - 8pm":

2.6 In Schedule 3 (*Specification*) the following new paragraph shall be inserted after paragraph 2.1.5:

2.1.6 *The Agency intends to migrate content from www.myfirsthome.org.uk to the GOV.UK website by 18 November 2021 (or such other date as the Agency shall determine and notify to the Mortgage Administrator) (**Website Migration Date**). From the Website Migration Date the Mortgage Administrator will setup redirects, the process of which shall be agreed by the parties via the Change Control Procedure, from www.myfirsthome.org.uk to the GOV.UK until the termination of this Agreement.*

2.7 In Schedule 3 (*Specification*) paragraph 7.1.5 shall be deleted in its entirety and replaced with the following:

7.1.5 *Operate a formal managed complaints procedure which shall be agreed with the Agency via the Change Control Procedure which shall include the escalation process for complaints about the Mortgage Administrator's Services, escalation procedures regarding the Agency, third parties and/or the Equity Mortgages.*

2.8 In Schedule 3 (*Specification*) after paragraph 7.1.8 the following new paragraph shall be inserted:

7.1.9 *Operate and implement an ex gratia process on the basis agreed with the Agency via the Change Control Procedure.*

2.9 In Schedule 4 (*Performance Standards*), the definition of Material PI Failure shall be deleted and replaced with the following:

Material PI Failure *is a Default and is as a result of the performance of the Services by the Mortgage Administrator falling below the PI Service Threshold in respect of the same PI for any month for any six (6) months within a rolling 12 month or in two (2) quarters in a rolling 12 month period (where the PI is measured quarterly).*

2.10 The definition of Sub-processor in paragraph 1.1.8 of Schedule 12 shall include the following addition at the end "and shall include Affiliates".

2.11 The following wording shall be inserted after paragraph 3.11.3 of Schedule 12:

For the avoidance of doubt, sub-paragraphs 3.11.1 to 3.11.3 above shall apply in the case of Affiliates. No Processing of the Shared Data may take place outside the United Kingdom (U.K) without the prior written consent of the Agency.

2.12 The following paragraph shall be inserted between paragraph 3.11 and 3.12 to Schedule 12:

3.11A *Notwithstanding anything in clause 47 or Schedule 11 of this Agreement (Change Control Procedure) the Agency shall be under no obligation to act reasonably in respect of an application for consent to appoint a Sub-processor, nor to provide reasons for refusal or the imposition of any conditions, nor to respond to such request within the timescales (if any) that would otherwise have been required under the Change Control Procedure.*

3.11B *The approval by the Agency of a Sub-processor or a general written authorisation in respect of the use of Sub-processors does not constitute:*

3.11B.1 *a consent to transfer or Process Shared Data outside the (U.K). Where such transfer or Processing by the Sub-processor is intended, a separate additional consent to the transfer or Processing of the Shared Data outside the U.K must also be obtained;*

3.11B.2 *a consent to the approved Sub-processor engaging a Sub-sub-processor, and a term prohibiting the appointment of a Sub-sub-processor shall be deemed to be included as a condition of any such consent unless the contrary is expressly stated in the consent.*

3 Effective Date

The amendments to the Agreement made by this Deed take effect from and include the date of this Deed.

4 Continuation

4.1 The terms of the Agreement continue in effect as amended by this Deed.

4.2 This Deed does not release any party to it from any breaches of the Agreement existing at the date of this Deed.

5 General

- 5.1 Each party warrants and undertakes that it has full power and authority to enter into and shall be responsible for its own costs arising in relation to this Deed.
- 5.2 A party who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed but this does not affect any right or remedy of a third party which exists, or is available, other than in that Act.
- 5.3 This Deed and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.
- 5.4 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Deed or its subject matter or formation.
- 5.5 The Parties have executed this Deed as a deed and it is delivered on the date set out at the beginning of this Deed.

Executed and delivered as a Deed on the date of this document.

EXECUTED as a DEED by

Target Servicing Limited

in the presence of:

Authorised Signatory

s. 40(2)

Director

In the presence of the following witness:

s. 40(2)

.. (signature of witness)
.. (full name of witness)
.. (address of witness)

The Common Seal of)
HOMES AND COMMUNITIES)
AGENCY was hereunto affixed)
in the presence of:)



Authorised Signatory

s. 40(2)

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