

**DATED**

**30 MAY 2018**

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**GRANT AGREEMENT**

between

**DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY**

and

**GREATER LONDON AUTHORITY**

**TABLE OF CONTENTS**

1. INTRODUCTION .....	3
2. DEFINITIONS AND INTERPRETATION.....	3
3. PURPOSE AND SCOPE OF GRANT .....	8
4. PAYMENT OF GRANT .....	8
5. DISPOSAL OF ASSETS, CHANGE OF USE AND ASSIGNMENT.....	9
6. SPENDING CONTROLS – MARKETING, ADVERTISING, COMMUNICATIONS AND CONSULTANCY ..	9
7. WITHHOLDING, SUSPENSION, REDUCTION AND RECOVERY OF GRANT.....	10
8. LOSSES, GIFTS AND SPECIAL PAYMENTS.....	10
9. BORROWING.....	11
10. CHANGES TO THE AUTHORITY'S REQUIREMENTS.....	11
11. ACKNOWLEDGEMENT AND PUBLIC STATEMENTS.....	11
12. TERMINATION .....	12
13. AMENDMENT OR VARIATION OF THE AGREEMENT .....	13
14. CONSEQUENCES OF TERMINATION AND SUPPORT FOR TRANSFER OF RESPONSIBILITY.....	13
15. DISPUTE RESOLUTION .....	13
16. EXIT PLAN .....	13
17. QUARTERLY AND ANNUAL GRANT REVIEW .....	14
18. MONITORING, REPORTING, INTERNAL AUDIT AND ASSURANCES.....	14
19. ACCOUNTS AND RECORDS .....	16
20. FINANCIAL MANAGEMENT .....	17
21. GRANT RECIPIENT PERSONNEL.....	17
22. INTELLECTUAL PROPERTY RIGHTS.....	18
23. INSURANCE.....	18
24. CONFLICTS OF INTEREST AND FINANCIAL OR OTHER IRREGULARITIES .....	19
25. TRANSPARENCY .....	19
26. LEGISLATION, PROCUREMENT REQUIREMENTS AND STATE AID LAW .....	19
27. GOVERNING LAW .....	20
Grant Offer Letter.....	22
ANNEX 1 -The Funded Activities .....	23
ANNEX 2 - Payment Schedule .....	26
ANNEX 3 - Eligible Expenditure schedule (breakdown of forecast grant expenditure).....	27
ANNEX 4 - Agreed Milestones/Outputs, Long Term Outcomes and Key Performance Indicators .....	31

## AGREEMENT- TERMS AND CONDITIONS

### 1. INTRODUCTION

1.1. The following standard terms and conditions apply to organisations receiving financial assistance (a **"Grant Recipient"**) from the **Department for Business, Energy and Industrial Strategy ("the Authority")**. These conditions should be read in conjunction with the Grant Offer Letter issued by the Authority (the **"Offer Letter"**) and appended hereto. The terms and conditions set out in this document, together with the Offer Letter, and accompanying Annexes together comprise the **"Agreement"** pursuant to which financial assistance (in the form of the Grant) is given by the Authority to the Grant Recipient.

1.2. The Grant Recipient should note that:

- i. the Authority has the discretion under section 5 of the Science and Technology Act 1965.
- ii. the Authority is not permitted to pay Grants in advance of need, but Grants will usually be paid post expenditure and provided the Funded Activities have been delivered during the Funding Period;
- iii. no VAT is payable on Grants;
- iv. all references to **"the Financial Year"** refer, unless expressly indicated otherwise, to the Cabinet Office's own financial year, which runs from 1 April to 31 March; and
- v. failure to comply with the conditions of the Agreement may result in the Grant payments being suspended, reduced, reclaimed or withheld, and/or the Grant offer being withdrawn.

### 2. DEFINITIONS AND INTERPRETATION

2.1. In this Agreement the following terms will have the following meanings:

**"Annex/es"** means the annexes attached to this Agreement;

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

**"Background IPRs"** means any Intellectual Property Rights vested in or licensed to the Parties before the Effective Date and/or created by the Parties independently of the Funded Activities;

**"Breach"** means a failure to comply (by act or omission) with any of the Terms and Conditions of the Agreement;

**"Bribery Act"** means the Bribery Act 2010;

**"Confidential information"** means all confidential information (however recorded or preserved) disclosed by a Party or its personnel to another Party and that Party's personnel whether before or after the date of this Agreement, including but not limited to:

- (a) any information that would be regarded as confidential by a reasonable business person relating to:
  - (i) the business, affairs, customers, clients, suppliers or plans of the disclosing Party; and
  - (ii) the operations, processes, product information, know-how, designs, trade secrets or software of the disclosing Party;
- (b) any information developed by the Parties in the course of delivering the Funded Activities; and
- (c) any information derived from any of the above.

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

**"DPA"** means the Data Protection Act 1998;

**"Effective Date"** means the date upon which this Agreement is signed by the Parties.

**"EIR"** means the Environmental Information Regulations 2014;

**"Eligible Expenditure"** means expenditure in relation to the Funded Activities that complies in all respects with the eligibility rules set out in Annex 3 of this Agreement;

**"Exit Plan"** means the plan required allowing for the cessation or transfer of the grant funded activities as set out at clause 16 of this Agreement;

**"Fixed Assets"** means any Asset which consists of land, buildings, plant and equipment acquired, developed, enhanced, constructed or owned by the Grant Recipient in connection with the Funded Activities;

**"FOIA"** means the Freedom of Information Act 2000;

**"Funded Activities"** means the activities set out in Annex 1 of this Agreement and the BEIS Grant Offer Letter;

**"Funded Activity Specific IPRs"**  
means:

- (a) IPRs in or arising out of the Funded Activities, Items provided pursuant to the Agreement and all updates and amendments to the same created or arising during the Funding Period;

- (b) any materials, data and other works of any kind whatsoever created or compiled in the course of the performance of this Agreement in which IPRs may subsist;
- (c) the IPRs in any modifications, updates and developments to the Authority's Background IPRs and modifications, amendments, updates and new releases of the Grant Recipient's Background IPRs which arise specifically in the course of the provision of the services and the performance of the Grant Recipient's obligations under this Agreement;
- (d) any Personal Data provided or available to the Grant Recipient for the purposes of this Agreement; any data, text, drawings, diagrams, images or sounds (together with any database made up of any of these) which are embodied in any electronic, magnetic, optical or tangible or other media, and which are supplied to the Grant Recipient by or on behalf of the Authority; or the Grant Recipient is required to receive, commission, generate, process, store or transmit pursuant to this Agreement; and/or
- (e) any data, text, drawings, diagrams, images or sounds (together with any database made up of any of these) which are embodied in any electronic, magnetic, optical or tangible or other media, and which are supplied to the Grant Recipient by or on behalf of the Authority; or the Grant Recipient is required to receive, commission, generate, process, store or transmit pursuant to this Agreement.

**"Funding Period"** means the period for which the Grant is awarded starting on 1 May 2018 and ending on 1 August 2018;

**"GDPR"** means the General Data Protection Regulation 2016/679

**"Grant"** means the sum or sums of money in **GBP** to be provided to the Grant Recipient in accordance with this Agreement;

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

**"HRA"** means the Human Rights Act 1998;

**"Ineligible Expenditure"** means expenditure which is not Eligible Expenditure as set out in Annex 3 of this Agreement;

**"Information Acts"** means the Data Protection Act 1998, General Data Protection Regulation 2016/679, Freedom of Information Act 2000 and the Environmental Information Regulations 2004;

**"Intellectual Property Rights" or "IPRs" means** copyright, rights related to or affording protection similar to copyright, rights in databases, patents and rights in inventions semiconductor topography rights, trade marks, rights in Internet domain names and website addresses and other rights in trade names, designs, know-how, trade secrets and other rights in Confidential Information which includes guidance, specifications, instructions, toolkits, plans, data, drawings, patterns, software, models and designs, technical specifications, user manuals, operating manuals, process definitions and procedures and any modifications, amendments, updates and new releases of the same;

**"Instalment Period"** means the period referred to in Annex 2;

**"KPIs"** means the Key Performance Indicators set out in Annex 4 of this Agreement;

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

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

**"Material Breach"** means a breach of the Agreement (including an anticipatory breach) which is not minimal or trivial in its consequences;

**"Maximum Sum"** means the maximum amount of the Grant to be provided by the Authority to the Grant Recipient for the Funded Activities;

**"Minimum Requirements of the Scheme"** means the agreed KPIs and Outcomes in addition to the requirements set out in the Annexes, which tailor the Agreement to the particular Funded Activity.

**"Party"** means the Authority or Grant Recipient, and **"Parties"** shall be interpreted accordingly;

**"Personal Data"** has the meaning given to it in the Data Protection Act 1988;

**"Pre-existing IPR"** means all Intellectual Property Rights vested in or licensed to the Parties prior to this Grant award;

**"Procurement Regulations"** means the Public Contracts Regulations 2015, Concession Contracts Regulations 2016, Utilities and Contracts Regulations 2016 and Defence Security Public Contracts Regulations 2011;

**"Prohibited Act"** means:

- (a) directly or indirectly offering, giving or agreeing to give to any servant of the Authority or the Crown any gift or consideration of any kind as an inducement or reward for:
  - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement; or
  - (ii) showing or not showing favour or disfavour to any person in relation to this Agreement;
- (b) committing any offence:
  - (i) under the Bribery Act;
  - (ii) under legislation creating offences in respect of fraudulent acts; or
  - (iii) at common law in respect of fraudulent acts in relation to this Agreement; or
- (c) defrauding or attempting to defraud or conspiring to defraud the Authority or the Crown;

**"Public Accounts Committee"** the select committee of the British House of Commons which is responsible for overseeing government expenditures;

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

**“Remedial Action Plan”** means the agreed remedial plan of action developed by the Supplier and agreed by the Authority to remedy a milestone failure, as set out in clause 12.2 (b);

**“State Aid”** will have the meaning given in Article 107(1) Treaty for the Functioning of the European Union;

**“Terms and Conditions”** means the terms and conditions set out in this Agreement and upon which the Grant is payable;

**“Unspent Monies”** means any monies:

- (a) paid to the Grant Recipient which remain unspent and uncommitted at the end of an Instalment Period; or
- (b) remain unspent and uncommitted at the end of the Financial Year in which the Instalment Period occurs;

**“Working Day”** means any day from Monday to Friday (inclusive) which is not Christmas Day, Good Friday or a statutory bank holiday in England.

2.2. In this Agreement, unless the context otherwise requires:

- 2.2.1. the singular includes the plural and vice versa;
- 2.2.2. reference to a gender includes the other gender and the neuter;
- 2.2.3. references to a person include an individual, company, body corporate, corporation, unincorporated association, firm, partnership or other legal entity or Crown Body;
- 2.2.4. a reference to any Law includes a reference to that Law as amended, extended, consolidated or re-enacted from time to time;
- 2.2.5. the words **"including"**, **"other"**, **"in particular"**, **"for example"** and similar words will not limit the generality of the preceding words and will be construed as if they were immediately followed by the words **"without limitation"**;
- 2.2.6. references to **“writing”** include typing, printing, lithography, photography, display on a screen, electronic and facsimile transmission and other modes of representing or reproducing words in a visible form, and expressions referring to writing will be construed accordingly;
- 2.2.7. references to **“representations”** will be construed as references to present facts, to **“warranties”** as references to present and future facts and to **“undertakings”** as references to obligations under this Agreement;
- 2.2.8. references to **“Clauses”** and **“Annexes”** are, unless otherwise provided, references to the clauses and annexes of this Agreement and references in any Annex to parts, paragraphs and tables are, unless otherwise provided, references to the parts, paragraphs and tables of the Annex in which these references appear; and
- 2.2.9. the headings in this Agreement are for ease of reference only and will not affect the interpretation or construction of this Agreement.

### **3. PURPOSE AND SCOPE OF GRANT**

- 3.1. The Parties acknowledge and agree that nothing in this agreement or the provision of Grant monies gives or is intended to give rise to contractual relations.
- 3.2. The Grant Recipient must use the Grant only for the delivery of the Funded Activities set out in Annex 1 of this Agreement and must not, without the prior written consent of the Authority, make any material changes to the Funded Activities.
- 3.3. The Grant must not be used to support activity which influences or attempts to influence Parliament, Government or political parties, to propagate a religion or belief, or to influence the awarding or renewal of contracts or grants, or to influence legislative or regulatory action.
- 3.4. The Authority makes no commitment to renewing or continuing funding after the term of this Agreement and will not be liable for any additional cost incurred by the Grant Recipient either during or after the Funding Period.
- 3.5. Where the Grant Recipient intends to apply to a third party for other funding for the Funded Activity, it will notify the Authority in advance of its intention to do so and, where such funding is obtained, it will provide the Authority with details of the amount and purpose of that funding.
- 3.6. The Grant Recipient agrees and accepts that it will not apply for duplicate funding in respect of any part of the Funded Activities or any related administration costs that the Authority is funding in full under this Agreement and that it may be prosecuted for fraud should it dishonestly and intentionally make such an application.

### **4. PAYMENT OF GRANT**

- 4.1. The Grant will be paid only in respect of Eligible Expenditure incurred by the Grant Recipient to deliver the Funded Activities.
- 4.2. The Authority will pay the Grant to the Grant Recipient in accordance with Annex 2 of this Agreement (Payment Schedule).
- 4.3. The Grant represents the Maximum Sum the Authority will pay to the Grant Recipient under this Agreement with the actual amount paid by the Grant Recipient in accordance with Annex 2 of this Agreement.
- 4.4. Each Grant claim must be submitted by **the due date set out in the Payment Schedule in Annex 2** together with details of the eligible cost breakdown for the claim based on Annex 3 of this Agreement (Eligible Expenditure) and any other documentation as prescribed by the Authority.
- 4.5. Unless otherwise stated in this Agreement, payment will be made within 30 days of the Authority approving the Grant Recipient's invoice. The Authority will have no liability to the



Grant Recipient for any Losses caused by a delay in the payment of a Grant claim howsoever arising.

- 4.6. The Authority reserves the right not to pay any Grant claims which are not submitted within the period set out in clause 4.4. Incomplete and/or incorrect Grant claims, which include Grant claims without the full supporting documentation, will be returned unpaid.
- 4.7. The Grant Recipient must notify the Authority promptly if at any time it becomes aware that it is unable to make a Grant claim in accordance with clause 4.4.
- 4.8. In the event of the Grant Recipient spending more money on the Funded Activities than originally anticipated under this Agreement, the Authority will not be obliged to increase the Grant amount.
- 4.9. Where the Grant Recipient enters into a contract with a third party in connection with the Funded Activities the Grant Recipient will remain responsible for settling payment in respect of those invoices. Third party invoices must not be submitted to the Authority for payment.
- 4.10. The Authority will not make the first payment of the Grant and/or any subsequent payment of the Grant unless, or until the Authority is satisfied that:
  - i. such Grant payment will be used for Eligible Expenditure; and
  - ii. any previous Grant payments have been used for the Funded Activities or, where there are Unspent Monies, have been repaid to the Authority in accordance with clause 7.5 of this Agreement.

## **5. DISPOSAL OF ASSETS, CHANGE OF USE AND ASSIGNMENT**

- 5.1. The Authority reserves the right to determine the outcome of any Assets created as a result of the Funded Activities or purchased with Grant monies.
- 5.2. The Grant Recipient must seek approval from the Authority if the Grant Recipient or its contractors wish to dispose of, transfer or change the use of any Asset that was acquired or improved with Grant monies and must not sell any Asset below market value without prior written permission from the Authority.
- 5.3. Any proceeds will be surrendered to the Authority in full, unless otherwise agreed by the Authority.
- 5.4. The Grant Recipient may not, without the prior written consent of the Authority, assign, transfer, sub-contract, or in any other way make over to any third party the benefit and/or the burden of this Agreement.

## **6. SPENDING CONTROLS – MARKETING, ADVERTISING, COMMUNICATIONS AND CONSULTANCY**

- 6.1. As part of the government's efficiency and reform programme, public funding for marketing, advertising, communications and consultancy is closely controlled. The Grant Recipient must seek permission from the Authority prior to any proposed expenditure in these areas, either in connection with, or using funding provided, under this Agreement. A complete list of the controlled activities can be found at <https://www.gov.uk/government/publications/cabinet-office-controls>.

- 6.2. The Grant Recipient should provide evidence that any marketing, advertising, communications and consultancy expenditure carried out in connection with, or using funding provided under this Agreement will deliver measurable outcomes that meet government objectives and can secure value for money.

## **7. WITHHOLDING, SUSPENSION, REDUCTION AND RECOVERY OF GRANT**

- 7.1. It is the Authorities intention that the Grant will be paid to the Grant Recipient in full and in accordance with Annex 2 (Payment Schedule) of this Agreement.
- 7.2. Without prejudice to the Authority's other rights and remedies, the Authority may withhold or suspend payment of the Grant and/or require the Grant Recipient to repay any Unspent Monies if any of the events set out in clause 7.7 and clause 12 arise.
- 7.3. If the Grant Recipient fails to comply with any of the Terms and Conditions of this Agreement the Authority may require that all or part of the Grant be repaid.
- 7.4. The Grant Recipient may not retain any portion of the Grant that has not been used by the end of the Financial Year in the Funding Period without the Authorities written permission.
- 7.5. Where all or a proportion of the Grant remains unspent at the end of the Financial Year or as a result of termination or breach of this Agreement all or a proportion of the Unspent Monies, as calculated by the Authority, must be repaid to the Authority within **30 working days** of a request for repayment and must not be carried forward for use in the following Financial Year.
- 7.6. If any amount repayable in accordance with clause 7.5 is not repaid within 30 days of a request for repayment, the Authority reserves the right to unilaterally deduct that amount from any other sum which is due or which may later become due or which may later become due under this Agreement.
- 7.7. If the Grant Recipient is wound up or goes into liquidation, administration, receivership or bankruptcy, or enters into any compromise or other arrangement of its debts with its creditors, the Authority will be entitled to recover any grant money that has not been spent and/or may withhold any further payments. If any of the money is held by the Grant Recipient's contractors, the Grant Recipient must attempt to recover those sums from its contractors.

## **8. LOSSES, GIFTS AND SPECIAL PAYMENTS**

- 8.1. In connection with this Agreement, the Grant Recipient must obtain prior written consent from the Authority before:
- i. writing off any debts or liabilities;
  - ii. offering to make any special payments; and
  - iii. giving any gifts.
- 8.2. The Grant Recipient will keep a record of all gifts, both given and received, in connection with the Grant or any Funded Activity.

## **9. BORROWING**

- 9.1. The Grant Recipient must obtain prior written consent from the Authority before:
- i. borrowing or lending money from any source;
  - ii. charging or agreeing any security over any Asset; and/or
  - iii. giving any guarantee, indemnities or letters of comfort,

that relate to any of the conditions of the Agreement, or have any impact on the Grant Recipient's ability to deliver the Funded Activities set out in the Agreement.

## **10. CHANGES TO THE AUTHORITY'S REQUIREMENTS**

- 10.1. The Authority will notify the Grant Recipient of any changes to their activities which are supported by the Grant.
- 10.2. The Grant Recipient will endeavour to accommodate any changes to the Authority's needs and requirements under this Agreement.

## **11. ACKNOWLEDGEMENT AND PUBLIC STATEMENTS**

- 11.1. The Grant Recipient will acknowledge the Grant in its annual report and accounts, including an acknowledgement of the Authority as the source of the Grant and will show the Grant Recipient's related expenditure as a restricted fund under the Funded Activities in the Grant Recipient's annual accounts.
- 11.2. The Grant Recipient will not publish any material referring to the Funded Activities or the Authority without the prior written agreement of the Authority. The Grant Recipient will acknowledge the support of the Authority in any materials that refer to the Funded Activities and in any written or spoken public presentations about the Funded Activities. Such acknowledgements (where appropriate or as requested by the Authority) will include the Authority's name and logo (or any future name or logo adopted by the Authority) using the templates provided by the Authority from time to time.
- 11.3. Any publicity material for the Funded Activities must refer to the programme under which the Grant was awarded and must feature the Authority's logo. If a third party wishes to use the Authority's logo, the Grant Recipient must first seek permission from the Authority.
- 11.4. In using the Authority's name and logo, the Grant Recipient will comply with all reasonable branding guidelines issued by the Authority from time to time.
- 11.5. The Grant Recipient will comply with all reasonable requests from the Authority to facilitate visits, provide reports, statistics, photographs and case studies that will assist the Authority in its promotional and fundraising activities relating to the Funded Activities.
- 11.6. The Authority consents to the Grant Recipient carrying out any reasonable publicity about the Grant and the Funded Activities as required, from time to time.

## 12. TERMINATION

- 12.1. Either Party may terminate this Agreement at any time by giving at least 3 months written notice to the other Party.
- 12.2. The Authority may by notice in writing to the Grant Recipient terminate this Agreement with immediate effect if any of the following events occur:
- a) The Grant Recipient intends to use, has used in the past, or uses the Grant for purposes other than those for which they have been awarded;
  - b) The Grant Recipient fails to comply with delivery of the milestones set out in Annex 4 of this Agreement, as amended and agreed with the Authority at the annual grant review in accordance with clause 17.2, for more than six (6) consecutive months; and following the implementation of a Remedial Action Plan the Authority considers:
    - (i) that the milestone delivery failure persists;
    - (ii) that the milestone delivery failure has not been remedied to the satisfaction of the Authority; or
    - (iii) the milestone delivery failure reoccurs within a subsequent 6 month period from the date of approval of the Remedial Action Plan;
  - c) the Grant Recipient is, in the reasonable opinion of the Authority, delivering the Funded Activities in a negligent manner;
  - d) the Grant Recipient obtains duplicate funding from a third party for the Funded Activities;
  - e) the Grant Recipient obtains funding from a third party which, in the reasonable opinion of the Authority, undertakes activities that are likely to bring the reputation of the Funded Activities or the Authority into disrepute;
  - f) the Grant Recipient provides the Authority with any materially misleading or inaccurate information;
  - g) the Grant Recipient commits or committed a Prohibited Act;
  - h) the Authority determines (acting reasonably) that any director or employee of the Grant Recipient has:
    - (i) acted dishonestly or negligently at any time during the term of this Agreement and to the detriment of the Authority; or
    - (ii) taken any actions which unfairly bring or are likely to unfairly bring the Authority's name or reputation and/or the Authority into disrepute;
  - i) the Grant Recipient transfers, assigns or novates to any third party, or encumbers in any way, the Grant without the Authority's consent;
  - j) the Grant Recipient ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
  - k) the Grant Recipient becomes insolvent, or it is declared bankrupt, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due;
  - l) the Grant is found to be unlawful State Aid;
  - m) the Grant Recipient commits a Material Breach of the Agreement;
  - n) the Grant Recipient fails to comply with any of the Terms and Conditions set out in the Agreement and fails to rectify such Breach within 30 days of receiving written notice from the Authority detailing the failure.
- 12.3. In the event of a Breach of the Agreement, the Authority may serve a notice on the Grant Recipient requiring remedial action to be taken within a specified period, to allow a Remedial Action Plan to be agreed in writing by the Parties. If the Breach can not be remedied in accordance with the Remedial Action Plan, the failure to remedy the Breach will amount to a Material Breach. Where a Grant Recipient is found to have committed a Material Breach the

Agreement will be terminated with immediate effect on receipt of notice in writing from the Authority.

- 12.4. In the event a change of government or in policy direction, this Agreement may be terminated by the Authority with immediate effect by notice in writing (such notice period as the Authority determines will be reasonable in all the circumstances).

### **13. AMENDMENT OR VARIATION OF THE AGREEMENT**

- 13.1. No amendment or variation to this Agreement will be effective unless it is in writing, agreed and signed by the Representatives on behalf of each of the Parties.

### **14. CONSEQUENCES OF TERMINATION AND SUPPORT FOR TRANSFER OF RESPONSIBILITY**

- 14.1. Nothing in this Agreement will effect any provision of this Grant which is expressly or by implication intended to apply or continue to apply upon termination of this Agreement, for any reason.
- 14.2. If the Authority terminates this Agreement in accordance with clause 12.1 the Authority may pay the Grant Recipient's reasonable costs in respect of the delivery of the Funded Activities performed up to the termination date. Reasonable costs will be identified by the Grant Recipient and will be subject to the Grant Recipient demonstrating that they have taken adequate steps to mitigate their costs. For the avoidance of doubt, the amount of reasonable costs payable will be determined solely by the Authority.
- 14.3. The Authority will not be liable to pay any of the Grant Recipient's costs or those of any sub-contractor or supplier related to any transfer or termination of the employment of any employees engaged in the provision of the Funded Activities prior to the date of termination.
- 14.4. Upon receiving notice of termination from the Authority, the Grant Recipient will review, amend and implement the agreed exit plan or equivalent with the Authority.

### **15. DISPUTE RESOLUTION**

- 15.1. The Parties will use all reasonable endeavours to negotiate in good faith, and settle amicably, any dispute that arises during the continuance of the Agreement.
- 15.2. In the event that a dispute arises as a result of the Agreement, the dispute will be referred in the first instance to the Parties Representatives.
- 15.3. If the dispute cannot be resolved between the authorised points of contact within a maximum of **3 months**, then the matter will be escalated to formal meeting between the Grant Manager of the Authority and the Grant Recipient's Chief Executive (or equivalent).
- 15.4. Without prejudice to any other rights or remedies that the Authority may have, the Authority reserves the right to seek injunctive or other appropriate relief for sufficiently serious, time-critical, actual or anticipated Breach.

### **16. EXIT PLAN**

- 16.1. The Grant Recipient will prepare an Exit Plan within the first three months of the signing of the Offer Letter to allow the cessation or seamless transfer of the Funded Activities.

- 16.2. As part of the Exit Plan, the Authority will jointly agree a plan for communicating with all partners and employees during the exit period, in a way that avoids any detrimental impact on the respective parties' businesses resulting from the closure or transfer, and shares responsibilities between the respective parties.

## **17. QUARTERLY AND ANNUAL GRANT REVIEW**

- 17.1. The Grant will be reviewed quarterly and annually and will take into account the Grant Recipient's delivery (during the Funding Period) of the Funded Activities against the KPIs and/or agreed outputs set out in Annex 4 of this Agreement. As part of the quarterly and annual review the Authority will have regard to the reports produced by the Grant Recipient in accordance with clause 19.1.
- 17.2. Each quarterly and annual review may result in the Authority making recommendations that:
- I. the Funded Activities and Agreement continue in line with existing plans;
  - II. there should be an increase or decrease in Grant funding for the subsequent Financial Year;
  - III. the milestones or KPIs should be re-defined and agreed;
  - IV. the Authority should recover any Unspent Monies;
  - V. the Agreement should be terminated.
- 17.3. The Grant Recipient may make representations to the Authority regarding any recommendations made in accordance with clause 17.2. The Authority is not however obliged to take such representations into account when making its recommendation and any recommendation will be final and at the Authority's absolute discretion.

## **18. MONITORING, REPORTING, INTERNAL AUDIT AND ASSURANCES**

- 18.1. The Grant Recipient must provide the Authority with all reasonable assistance and co-operation in relation to any ad-hoc information requests made by the Authority in relation to the Funded Activities. Without prejudice to these obligations, the Grant Recipient must also provide a report on completion of the Funded Activities on:
- i. the progress made towards achieving the agreed KPIs/milestones and the defined longer term outcomes set out in Annex 4 of this Agreement and where possible will quantify what has been achieved by reference to the Funded Activities' targets; and
  - ii. details of any Assets either acquired or improved using Grant funding.
- 18.2. Where the Grant Recipient has obtained funding from a third party for its delivery of part of the Funded Activities, the Grant Recipient will include the amount of such funding in its financial reports together with details of what that funding has been used for.
- 18.3. The Grant Recipient will permit any person authorised by the Authority such reasonable access to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Grant Recipient's fulfilment of the conditions of this Agreement and will, if so required, provide appropriate oral or written explanations from them.

- 18.4. The Grant Recipient will notify the Authority as soon as reasonably practicable of:
- i. any financial, administrative, managerial difficulties that may hinder or prevent the Grant Recipient from fulfilling its obligations under the Agreement;
  - ii. any actual or potential material failure to meet any of the Terms and Conditions of the Agreement;
  - iii. actual or potential material variations to the Eligible Expenditure agreed in accordance with the Grant offer letter or Annex 4 of this Agreement; and
  - iv. any change in the information on costs (whether actual or estimated) of carrying out the Funded Activities or any event which materially affects the continued accuracy of such information.
- 18.5. The Grant Recipient will represent and undertake that the reports and information it gives pursuant to this clause 18 are accurate and that it has diligently made full and proper enquiry of the matter pertaining to the reports and information given.
- 18.6. Throughout the Grant Period, the Grant Recipient will maintain an internal audit function which will operate in accordance with the International Standards on Auditing (UK and Ireland) in force from time to time.
- 18.7. The Grant Recipient will comply with (and facilitate the Authority's compliance with) all statutory requirements as regards accounts, audit or examination of accounts, annual reports and annual returns applicable to itself and the Authority.
- 18.8. The Grant Recipient will permit (and comply with) any surveys of management controls and systems, including internal audit reviews, as may be required by the Authority.
- 18.9. The Grant Recipient must present the Payment Schedule (Annex 2) and the Eligible Expenditure form (Annex 3) to their external auditors/accountants for certification. The external auditors/accountants' report should state whether, in their opinion, the grant paid to the Grant Recipient, was applied in accordance with the Agreement.
- 18.10. The Grant Recipient's Chief Executive (or equivalent) should ensure that the systems governing the Grant funding are subject to independent review.
- 18.11. The systems in place to govern the Grant funding should be appropriate to the size of Grant Recipient organisation, the level of Grant, risk to the public funds provided and cost of the review. These arrangements may be reviewed by the Authority in line with HM Treasury's Public Sector Internal Audit Standards.
- 18.12. The Grant Recipient (and any person acting on behalf of the same) will at the request of the Authority permit (a) the Comptroller and Auditor General or appointed representatives; and (b) the Authority or its Representatives access at all reasonable times to all documents (including computerised documents and data) and other information as are connected to the Grant payable under this Agreement for the purpose of the Funded Activities.
- 18.13. The documents, data and information referred to in paragraph 18.12 are such which any internal auditors, external auditors, the Authority or the Comptroller and Auditor General or any department or other public body may reasonably require for the purposes of audit or for carrying out examinations into the economy, efficiency and effectiveness with which the Grant Recipient has used the Grant. In particular, the Grant Recipient will retain such information as would be necessary to provide assurance that the Grant Recipient delivered the minimum requirements of the Funded Activities.

- 18.14. Paragraphs 18.12 and 18.13 do not constitute a requirement for the examination, certification or inspection of the accounts of the Grant Recipient or its partners by the Comptroller and Auditor General under section 6(3) of the National Audit Act 1983. The Comptroller and Auditor General will seek access in a measured manner to minimise any burden on the Grant Recipient and will avoid duplication of effort by seeking and sharing information with the Audit Commission, Wales Audit Office or Audit Scotland as appropriate.

## **19. ACCOUNTS AND RECORDS**

- 19.1. The Grant Recipient must provide the following details to the Authority:

- i. before the end of March, June, September and December in each year during the Funded Activities:
  - a. a schedule of the Funded Activities;
  - b. details of Grant spend and outcomes to date;
  - c. forecasted estimates of income (if applicable);
  - d. forecasted estimates of Grant spend and total eligible expenditure on the Funded Activities for each month of the current Financial Year and for each subsequent Financial Year until the end of the Funded Activities;
  - e. forecasted outcomes for the current Financial Year and subsequent Financial Years until the end of the Funded Activities;
  - f. details of any additional, matched funding for delivery of the Funded Activities, other than the Grant, with full details of how it is to be spent.
- ii. before the end of March in each year during the Funded Activities:
  - a. if You have incurred Eligible Expenditure resulting in Grant claims of £500,000 (five hundred thousand pounds) or more in the Financial Year and You have not provided a Reasonable assurance report for claims in the Financial Year: a Reasonable assurance report for the expenditure on the Funded Activities in the Financial Year in accordance with paragraph [18/25] of the Grant Offer Letter;
  - b. details of progress against the KPIs set out in Annex 4 of this Agreement.

- 19.2. The Grant Recipient will provide revised forecasts of income and expenditure:

- i. when these forecasts increase or decrease by more than 15% of the original expenditure forecasts; and/or
- ii. at the request of the Authority.

- 19.3. The Grant Recipient will keep separate, accurate and up-to-date accounts and records of the receipt and expenditure of Grant monies received from the Authority and any income generated from the Funded Activities.

- 19.4. The Grant Recipient will keep all original accounting records relating to the Funded Activities, including invoices, receipts, VAT records, accounts and any other relevant documents relating to the expenditure of the Grant for a period of at least six years following receipt of any Grant monies to which they relate.

- 19.5. Where the Grant funding allows for capital spend, the Grant Recipient must keep a register of fixed assets, including all land and building acquired or improved with Grant funding.



- 19.6. The Grant Recipient will within 5 working days of a request by the Authority, provide the Authority with such further information, explanations and documents as the Authority may reasonably require, in order for the Authority to establish that the Grant has been used properly in accordance with this Agreement.
- 19.7. Where the Grant Recipient is a company registered at Companies House, the Grant Recipient must file their annual return and accounts by the dates specified by Companies House.
- 19.8. Where the Grant Recipient is a registered charity, the Grant Recipient must file their charity annual return by the date specified by the Charity Commissioner.
- 19.9. The Grant Recipient must provide the Authority with copies of their annual return, accounts and charity annual return (as applicable) within five days of filing them at Companies House and/or the Charity Commissioner. If a Grant Recipient fails to comply with clauses 19.7 and 19.8 the Authority may terminate this Agreement or suspend payment of the Grant at the Authority's discretion.

## **20. FINANCIAL MANAGEMENT**

- 20.1. The Grant Recipient will at all times comply with all applicable laws, statutes and regulations relating to anti-bribery and anti-corruption, including but not limited to the Bribery Act.
- 20.2. The Grant Recipient must have a sound administration and audit process, including internal financial controls to safeguard against fraud and theft, and will require that the internal/external auditors report on the adequacy or otherwise of that system. All cases of fraud or theft (whether proven or suspected) relating to the Funded Activities must be notified to the Authority as soon as they are identified. The Authority may then request their referral (which the Grant Recipient is obliged to carry out)
- 20.3. The Grant Recipient must be able to demonstrate that the systems of financial and manpower control, management and organisation will enable the Grant Recipient to meet the Funded Activities and objectives of this Agreement.
- 20.4. The Grant Recipient must comply with the recommendations of the Public Accounts Committee and any other expenditure controls specified by Government.
- 20.5. The Grant Recipient will not transfer, assign, novate or otherwise dispose of the whole or any part of the Grant or this Agreement or any rights under it, to another organisation or individual, unless the Grant Recipient has first entered into an agreement, authorised by the Authority, requiring the Grant Recipient to work with another organisation in delivering the Funded Activities.

## **21. GRANT RECIPIENT PERSONNEL**

- 21.1. The Grant Recipient will seek the Authority's prior written approval before creating or replacing staff in senior posts where they are responsible for delivery of the Funded Activity. The Grant Recipient will appoint replacement staff with appropriate qualifications and experience.

## **22. INTELLECTUAL PROPERTY RIGHTS**

- 22.1. Save as expressly granted elsewhere in this Agreement the Grant Recipient will retain all IPRs that are either:
- I. its Pre-existing IPR; or
  - II. developed during the period of the Grant but are not Funded Activity Specific IPR.
- 22.2. The Authority will retain:
- I. its Pre-existing IPR; and
  - II. Intellectual Property Rights in all reports, materials and other documents produced in whole or in part using Grant funding provided under this Agreement.
- 22.3. Other than as expressly set out in this Agreement, neither Party will have any right to use any of the other Party's names, logos or trade marks on any of its products or services without the other Party's prior written consent.
- 22.4. Any materials produced using funding provided under this Agreement will be made available to the Grant Recipient for use in accordance with the Open Government Licence. The Open Government Licence (OGL) is a simple set of terms and conditions under which information providers in the public sector can license the use and re-use of their information. Provided that the Grant Recipient complies with the terms the Grant Recipient will have permission to use information anywhere in the world. The licence is also non-exclusive which means that the Grant Recipient will not be the only person able to make use of it. The Open Government Licence enables the Grant Recipient to use information for both commercial and non-commercial purposes.
- 22.5. The Authority may freely share any information, know-how, system or process developed during the period of the grant Funded Activities to support similar projects.
- 22.6. Ownership of third party software or other IPR to deliver services will remain with the relevant third party.
- 22.7. The Grant Recipient must ensure that they have obtained the relevant agreement from the Authority before any additions or variations are made to the standard 'off-the-shelf' versions of any third party software and other IPR. The Grant Recipient will obtain and maintain all appropriate licences to use the third party software.

## **23. INSURANCE**

- 23.1. The Grant Recipient will during the term of the Agreement and for 6 years after termination or expiry of this Agreement, ensure that it has and maintains, at all times adequate insurance with an insurer of good repute to cover claims under this Agreement or any other claims or demands which may be brought or made against it by any person suffering any injury damage or loss in connection with this Agreement.
- 23.2. The Grant Recipient will upon request produce to the Authority its policy or policies of insurance or where this is not possible, a certificate of insurance issued by the Grant Recipient's insurance brokers confirming the insurances are in full force and effect together with confirmation that the relevant premiums have been paid.

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

#### **24. CONFLICTS OF INTEREST AND FINANCIAL OR OTHER IRREGULARITIES**

- 24.1. The Grant Recipient must have and will keep in place formal procedures that require the Grant Recipient's Representatives to declare any personal or financial interest in any matter concerning the grant funded activities and if a conflict of interest is identified the individual is to be excluded from any discussion or decision-making relating to the matter concerned.
- 24.2. The Grant Recipient must inform the Authority immediately if there are any grounds for suspecting financial irregularity in the use of the grant, explain what steps are being taken to investigate the irregularity and keep the Authority informed about the progress of the investigation. For these purposes "financial irregularity" includes (but is not limited to) potential fraud or other impropriety, mismanagement, and the use of grant for any purpose other than those stipulated in this Agreement.

#### **25. TRANSPARENCY**

- 25.1. The Authority and the Grant Recipient acknowledge that, except for any information which is exempt from disclosure in accordance with the provisions of the Information Acts, the content of the Agreement is not confidential information.
- 25.2. The Authority will be responsible for determining whether any of the content of the Agreement is exempt from disclosure in accordance with the provisions of the FOIA. The Grant Recipient agrees that the Authority may make any redactions of this Agreement the Authority considers appropriate.
- 25.3. Subject to clause 25.1, with the support of the Grant Recipient, the Authority may publish the Agreement in its entirety (including any agreed changes or redactions) to the general public.

#### **26. LEGISLATION, PROCUREMENT REQUIREMENTS AND STATE AID LAW**

##### ***Legislation***

- 26.1. The Grant Recipient must observe its obligations under FOIA, DPA, EIR and HRA, and under the common law duty of confidentiality, but shall immediately comply with any lawful request by the Authority to share data for the purpose of preventing or detecting crime.
- 26.2. The Grant Recipient hereby acknowledges that the Authority is subject to requirements under the Information Acts. Where requested by the Authority, the Grant Recipient will provide reasonable assistance and cooperation to the Authority to assist the Authority's compliance with its information disclosure obligations.
- 26.3. On request from the Authority, the Grant Recipient will provide the Authority with all such relevant documents and information relating to the Grant Recipient's data protection policies and procedures as the Authority may reasonably require.

- 26.4. The Grant Recipient acknowledges that the Authority, acting in accordance with the codes of practice issued and revised from time to time under FOIA and/or EIR, may disclose information concerning the Grant Recipient and this Agreement either without consulting with the Grant Recipient.
- 26.5. The Authority will take reasonable steps to notify the Grant Recipient of a request for information to the extent that it is permissible and reasonably practical for it to do so but (notwithstanding any other provision in this Agreement) the Authority will be responsible for determining in its absolute discretion whether any information is exempt from disclosure in accordance with the Information Acts.

***Procurement Law, State-aid and Value for Money***

- 26.6. The Grant Recipient will procure that any of its Representatives involved in the Funded Activities will, adopt such policies and procedures that are required in order to ensure that value for money has been obtained in any procurement of goods or services funded by the Grant.
- 26.7. Where the Grant Recipient is a contracting authority within the meaning of the Procurement Regulations the Grant Recipient warrants that it will comply, as necessary, with the applicable procurement laws when procuring goods and services.
- 26.8. Where the Grant Recipient reasonably considers that there is an objective justification for not complying with procurement rules and seeks to rely on such a justification, it will seek prior approval from the Authority, setting out the reasons for non-compliance in a structured business case.
- 26.9. The Grant Recipient will take all reasonable steps to ensure that where any awards are made from the Funded Activities those awards are compatible with State Aid law including requesting such documentation from the award recipients as is necessary to ensure compliance with State Aid law.

**27. GOVERNING LAW**

- 27.1. All notices and other communications in relation to this Agreement must be in writing and in English and given:
- i. to the address and contact details indicated in the Offer Letter; or
  - ii. any address and contact details subsequently notified by the relevant Party.
- 27.2. All notices shall be deemed to have been duly given if personally delivered, on receipt, or if sent by pre-paid registered first class post (provided it is not returned as undelivered to the sender), two working days after posting; and if sent by email, on the date of delivery, unless it is sent after 5pm or on a Saturday, Sunday or public holiday in which case the email shall be deemed to be received on the next working day.
- 27.3. This Agreement will be governed by and construed in accordance with the law of England and the parties irrevocably submit to the exclusive jurisdiction of the English courts.

**SIGNED by:**

  
.....  
**Signature**

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

*Head of Engineering*  
.....  
**Title**  
*30th May 2018*  
.....  
**Date**

**SIGNED by**

.....  
**Signature**

**Lucy Owen  
for and on behalf of the Greater  
London Authority**

**Executive Director**  
**Title**  
.....  
**Date**

**Grant Offer Letter**

*[Please see the Grant Offer Letter]*

## **ANNEX 1 -The Funded Activities**

### **1. Background/purpose of the Grant**

#### **1.1. Background**

Home Response is led by the Greater London Authority (GLA) and inspired by its project partners. This project has identified a specific set of London properties that are suitable for trials of new energy demand side management. The project aims to make use of a range of existing innovative technologies and services that are deployed in households, such as battery storage, and configure them in new ways to unlock the Demand Side Response (DSR) potential. Doing so will cut bills, reduce energy demand and reward domestic energy users for their flexibility.

People have been put at the centre of this approach. The scope of this project has been defined by the need to meet several key goals. These include the provision of fair and affordable pricing for electricity, a low or zero carbon delivery method and the identification of health and wellbeing benefit alongside lowering the overall cost of bills.

The project builds on the underdeveloped opportunities in the field of energy storage and domestic DSR. This includes the development of a first of its kind domestic DSR product developed with one of the UK's leading district network operators (DNO), delivered at community level. The project will also deliver a product that can adapt and fit to National Grid's future needs.

#### **1.2. Purpose of the grant**

Feasibility study which will identify the potential for DSR in a domestic setting and will set out detailed project plans for testing the proposed demand flexibility in a Phase 2 DSR Demonstration (the Phase 2 demonstration projects (up to £1 million grant for each demonstration project; must be completed by 31 December). A key requirement from the demonstration phase is that, once successfully implemented, the DSR solution must be demonstrated and disseminated to communities with similar opportunities for implementing demand flexibility – to help promote further DSR deployment. Dissemination material is expected to be detailed and to include operational information about the DSR solution used.

#### **1.3. Aims and objectives of the Funded Activity**

- (i) Contribute to London being a zero carbon city by 2050
- (ii) Make use of a range of existing innovative technologies and services that are deployed in households, such as battery storage, and configure them in new ways to unlock Demand Side Response (DSR) potential.

- (iii) Development of a first of its kind domestic DSR product developed with one of the UK's leading district network operators (DNO), delivered at community level. The project will also deliver a product that can adapt and fit to National Grid's future needs.
- (iv) Cut bills, reduce energy demand, save carbon emissions and reward domestic energy users for their flexibility.
- (v) Develop clean and smart, integrated energy systems utilising local and renewable energy resources.

## 2. Funded Activities

WP No	Work package name (and lead partner)	Description of work package, including key tasks
WP1	Project Management (GLA)	<ul style="list-style-type: none"> <li>* Manage Delivery of Phase 1 Project Plan (Incl timeline, risks)</li> <li>* Chair project calls and meetings</li> <li>* Establish and manage Consortium Agreement</li> <li>* Manage funding allocation</li> <li>* Coordinate preparation of phase 2 submission</li> </ul>
WP2	Infrastructure (Moixa)  Demonstrate proposed controllable demand (Moixa with input from client user sites & UK Power Networks)	<ul style="list-style-type: none"> <li>* Catalogue client sites &amp; assets</li> <li>* Asset installation plans</li> <li>* Analysis of London and UK housing stock</li> <li>* Review of London and UK Power Network grid constraint hotspots</li> <li>* Network analysis to identify DSO flexibility need</li> <li>* Review with DCC: Feasibility of smart meters (SMETS 2) to enable DSR</li> <li>* Review of peer to peer opportunity for use as part of domestic DSR models</li> <li>* Data and communications needs</li> <li>* Cyber security and privacy</li> </ul>
WP3	Domestic DSR end-to-end solution development (UK Power Networks & Repowering London)	<ul style="list-style-type: none"> <li>* Specification development for phase 2 testing</li> <li>* UKPN to outline blueprint and scope deliverability</li> <li>* Community engagement survey</li> <li>* Community engagement strategy for phase 2</li> <li>* Literature review of national and international innovations and business as usual activities</li> </ul>
WP4	Validate project scale up potential - London and UK (GLA)	<ul style="list-style-type: none"> <li>* Desk top analysis of UK housing stock</li> <li>* Literature review of national and international innovations and business as usual activities</li> </ul>
WP5	WP5: Dissemination & Knowledge Transfer (GLA)	<ul style="list-style-type: none"> <li>* Appoint project advisory board</li> <li>* Generate awareness of Homes Response via</li> </ul>



		<p>London's Smart Energy collaboration community</p> <p>* Phase 2 scoping: Client and Stakeholder mapping / Priority analysis</p> <p>* Phase 2 scoping: Develop communication, dissemination and knowledge transfer strategy</p>
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**ANNEX 2 - Payment Schedule**

<b>Name of grant recipient</b>		Greater London Authority			
<b>Name of project</b>		Home Response			
<b>Grant size requested (£)</b>		22,701.10			
<b>Grant size awarded (£)</b>		22,701.10			
<b>Date</b>		30.04.2018			
<b>Version</b>		1			
<b>Milestone Number</b>	<b>Milestone Name &amp; Description of Outputs</b>	<b>Due</b>	<b>Maximum grant payable</b>	<b>Evidence of achievement to be provided</b>	<b>Verification criterion</b>
1	Functional architecture: Detailed logical and functional end to end DSR system  Building stock analysis  Engagement survey: Engagement of community - domestic DSR providers  Emerging DSR opportunities: determine smart meter, peer-to-peer and Energy for Londoners innovations for phase 2 testing  Phase 2 Proposal: Complete phase 1 feasibility report and phase 2 proposal	27/07/2018	22,701.10	Reporting architecture design  Reporting stock analysis  Reporting completed surveys with analysis of results  Reporting insights for emerging DSR opportunities  Report and Proposal: feasibility report and proposal document (using BEIS templates)	Sufficient content and quality to the reasonable satisfaction of the Authority
<b>Total grant payable:</b>			22,701.10		

**ANNEX 3 - Eligible Expenditure schedule (breakdown of forecast grant expenditure)**

**Part 1**

**The Eligible Costs**

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

- (a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;*
- (b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;*
- (c) costs of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.*
- (d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;*
- (e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project;*

## Part 2

## Summary of proposed expenditure on Grant Funded Activities

Domestic DSR Competition - Finance Form		
<p><b>Instructions:</b> Please provide information where requested on <b>this summary sheet and the six following sheets</b> for the <b>proposed Domestic Demand-Side Response (DSR) project</b> - providing details on the separate sheets for: Labour &amp; Overhead Costs; Material Costs; Capital Equipment; Sub-Contract Costs; Travel &amp; Subsistence; &amp; Other Costs. Additional information can be found for most cells by clicking on the relevant cell. Grey cells generally contain formulas and information should <u>not</u> be entered into these.</p>		
Project Title	Home Response	
Lead Organisation (Project Co-ordinator)	Greater London Authority	
Total Labour Costs	£20,845.44	78%
Total Overhead Costs	£2,486.40	9%
Total Material Costs	£2,500.00	9%
Total Capital Equipment Costs	£0.00	0%
Total Sub Contract Costs	£0.00	0%
Total Travel & Subsistence Costs	£1,000.00	4%
Total Other Costs	£0.00	0%
Total Eligible Project Costs	£26,831.84	
	£22,701.10	85%
Total grant funding claimed for project		



Department for  
Business, Energy  
& Industrial Strategy

### **FURTHER GUIDANCE REGARDING ELIGIBLE EXPENDITURE**

All Eligible Expenditure must be claimed net of VAT and is recoverable from HM Revenue and Customs.

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

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

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

- I. Legal tender is passed to a supplier (or, for wages, to an employee);
- II. A letter is posted to a supplier or employee containing a cheque; or
- III. An electronic instruction is sent to a bank/building society to make a payment to a supplier or employee by direct credit or bank transfer.

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

### **INELIGIBLE EXPENDITURE**

The following costs must be excluded from Eligible Expenditure:

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

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

**ANNEX 4 - Agreed Milestones/Outputs, Long Term Outcomes and Key Performance Indicators**

The Grant Recipient shall achieve the following milestones and deliver progress against the following key performance indicators:

**Agreed Milestones/Outputs**

The agreed milestones are those listed in the Payment Schedule in Annex 2 of this Agreement.

**Key Performance Indicators (KPIs)**

<b>KPIs measured annually or at conclusion of the funded activities if they are completed within a single financial year:</b>
These KPIs are taken from the Portfolio Menu Suite of KPI Performance Metrics for the BEIS Energy Innovation Programme. BEIS will provide detailed guidance on the definition and application of the KPIs for this Competition. The KPIs include but may not be limited to:
KPI 4: Number of new business relationships and collaborations.
KPI 5: Advancement of low carbon solutions
KPI 6i: Financial leverage
KPI 6ii: Follow-on/potential financial leverage
KPI 7i: Reduced energy costs
KPI 7ii: Potential reduced energy costs
KPI 8: Number of products (and potentially services) sold in UK and overseas
KPI 9: Potential CO2 emissions savings

