

HOME UPGRADE GRANT PHASE 2 (HUG 2) GRANT ALLOCATION

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE SECRETARY OF STATE FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

And

Wiltshire Council

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Definitions

In this Memorandum of Understanding (MoU) the following terms will have the following meanings:

"Administration & Ancillary (A&A)" means the use of the Grant to fund administrative costs and ancillary works to support delivery to off gas grid homes under HUG 2. Examples of what spend could be included in the administration and ancillary budget can be found in the HUG 2 Guidance document.

"The Applicant" means a Local Authority, Net-Zero Hub, or Consortium applying to the HUG 2 scheme. 'Local Authorities' are defined by Section 33 of the Local Government Act (2003) <https://www.legislation.gov.uk/ukpga/2003/26/contents>

"The Authority" means BEIS and any contractor or organisation appointed by BEIS to act on its behalf in connection with HUG 2.

"Batch" means a group of homes assessed in line with the latest PAS standards (currently 2035:2019), with measures designed by a Retrofit Coordinator, awaiting installation of measures.

"Batch application" means an application to the Authority for approval and release of funds to install measures on a Batch.

"Batch process" means the process of submitting a batch application, the assessment of that application by the Authority, and the approval and release of funds by the Authority.

"BEIS" means the Secretary of State for Business, Energy, and Industrial Strategy.

"BEIS Delivery Agent" means an organisation the Authority may appoint to oversee the management of a BEIS Delivery Partner, or the HUG 2 scheme in conjunction with or on behalf of BEIS, and other contracts or arrangements related to HUG 2, which could include Technical Assistance Facility and Monitoring and Evaluation. BEIS may delegate powers to the BEIS Delivery Agent to act in conjunction with or on behalf of BEIS.

"BEIS Delivery Partner" means an organisation the Authority may appoint to oversee the management and delivery of HUG 2 projects. BEIS or any BEIS Delivery Agent may delegate powers to the BEIS Delivery Partner to act in conjunction with or on behalf of BEIS or any BEIS Delivery Agent.

"Consortium" means a group of Local Authorities (or Net Zero Hubs) working together to deliver the Proposal set out in **Annex 6** under the leadership of the Grant Recipient.

"Data Capture Portal" refers to the Data Capture Portal(s) used by the Authority for Data Collection. This portal will capture data submissions from the Grant Recipient on a monthly basis to submit their monthly data submission (including Key Performance Indicators (KPIs)), Property and Installed measures data for HUG 2.

"Delivery Assurance Check" will check adequate progress has been made against plans submitted in the Outline Application Stage. These checks will focus on how the project has been

resourced and if contractors have been procured and are in place to deliver upgrades, along with any revised delivery forecasts and project plans. The Grant Recipient must pass this check to start the delivery of batches. These checks will begin from 1st April 2023.

“Deposit Payment” refers to a specified portion of the Upfront Payment which is awarded to a Grant Recipient upon provision of a successful outline application. A Deposit Payment will automatically be made to the Grant Recipient after the start of financial years 2023/24 and 2024/25, unless the Grant Recipient has not applied for and been awarded funding for the given financial year. This Deposit Payment will be 10% of the total funding requested and allocated for the given financial year. The Deposit Payment is designed to give the Grant Recipient reassurance to start upgrades immediately for an approved Batch of homes during the weeks whilst BEIS funding is transferred to the Grant Recipient’s bank account.

“Eligible Installer” means installers that are currently trading, hold appropriate certification for the measures to be installed, and are registered with TrustMark¹.

Eligible Installers must have the appropriate certifications for the Eligible Measures that they are installing on behalf of the Grant Recipient. All Eligible Measures must be installed in accordance with the latest PAS standards (currently 2035:2019). PAS 2035:2019 requires that all energy efficiency measures installed must be compliant with the latest PAS standards (currently 2030:2019), and as such are delivered by installers who are PAS 2030:2019 certified for these measures. Where a low-carbon heating measure is installed, the installer must also be MCS certified² for that measure.

The Authority expects all contractors to work safely following Government Guidance.

“Eligible Expenditure” means payments by the Grant Recipient during the Funding Period for the purposes of delivering the Proposal which comply in all respects with the rules set out in **paragraphs 25 to 38** (Scope of Activity) of this MoU and the intended purpose (**paragraph 15**).

“Eligible Household” means a household which meets the low income eligibility requirements (as specified in the HUG 2 Guidance Document) and to which Eligible Measures may be delivered on behalf of the Grant Recipient as set out in the Proposal. In summary, this includes: households receiving measures have been verified as low income and have a combined household annual income of no more than **£31,000** gross, before housing costs and where benefits are not counted towards this figure (as specified in the HUG 2 Guidance Document) or through application of ECO4 Flex Routes 1 and 2, alternative methodologies for demonstrating fuel poverty can be utilised to verify these eligibility criteria (as specified in the HUG 2 Guidance Document); or a household living in a more economically deprived area as defined by the Indices of Multiple Deprivation Income Deciles 1-3. Eligible Lower Layer Super Output Areas (LSOAs) are set out in the HUG 2 Guidance Document in the form of eligible postcodes.

Eligible households must live in a domestic dwelling in England with an EPC Rating of D, E, F or G that is off gas grid for heating purposes or live in an off gas grid park home, where this has been demonstrated as appropriate in terms of energy performance equivalence, to which Eligible Measures may be delivered on behalf of the Grant Recipient as set out in the Proposal.

¹ Or a scheme that the Secretary of State is satisfied is equivalent.

² Or a scheme that the Secretary of State is satisfied is equivalent.

“Eligible Measures” are any energy efficiency and heating measures compatible with the latest version of the Reduced data Standard Assessment Procedure (RdSAP) that will help improve EPC band D, E, F or G rated homes. See section 3.3 of the HUG 2 Guidance Document for further details. This includes, but is not limited to, energy efficiency measures (such as wall, loft, and underfloor insulation) and low carbon heating technologies. This is with the exception of installing or repairing heating systems fuelled by fossil fuels, the replacement of an existing fossil fuel-based heating system with another fossil fuel-based heating system, or the installation of a renewable or hybrid heating system to work alongside a fossil-fuel based system. Heating systems wholly or partly fuelled by fossil fuels are not Eligible Measures. The Authority may amend the list of Eligible Measures by reasonable notice in writing, to take into account changes to RdSAP, for example to align with SAP 10.2.

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

“Final Report” refers to the last report submitted under HUG 2. It should consist of the project closure letter, signed declaration and final monthly report.

“Funded Activities” refers to any activity that is delivered via the Grant Funding provided under HUG 2.

“Funding Period” is the period for which the Grant is awarded to, ending **31 March 2025**. The conditions for extension are outlined in **paragraph 23**.

“The Grant” is the capital funding agreed, in principle, to be made available by BEIS to the Grant Recipient under this MoU to deliver HUG 2 as stated in **paragraphs 16 to 24**. The Grant comprises Upfront Payments that are agreed to be paid (subject to the terms of this MoU) and payments that are drawn down upon, through provision of successful batch applications. This capital funding is inclusive of A&A.

‘the Grant Recipient’ means the Local Authority that signs this agreement. In the case of a Consortium or Net Zero Hub the Grant Recipient refers to the lead Local Authority that signs on behalf of the Consortium or Net Zero Hub.

“Homes in Progress” means the number of homes where onsite work has begun. A home is defined as being in progress when the first piece of physical work done onsite to install the first of the planned measures occurs. E.g. When the scaffolding goes up in order to install external wall insulation, or when a trench is first dug in order to install a ground source heat pump.

“HUG 2 Guidance Document” means the document published by the Authority entitled Home Upgrade Grant Phase 2 Guidance, including any update to that document published by the Authority from time to time. The HUG 2 Guidance document can be found here <https://www.gov.uk/government/publications/home-upgrade-grant-phase-2>.

“Monthly Report” has the meaning given to it in **paragraphs 114**.

“Mobilisation Payment” refers to a specified portion of the Upfront Payment. The Mobilisation Payment can be used for both administrative costs and ancillary works (A&A) and capital expenses

each financial year that are necessary ahead of retrofitting homes with measures. This includes resourcing, procurement, specialist advice, searching for eligible homes, signing up households, validating homes, assessing homes, and agreeing a measures package in line with the PAS standards. This should constitute all A&A expenses plus some capital expenses required pre-delivery, such as PAS assessment costs. A 20% Mobilisation Payment will be paid to the Grant Recipient at the start of financial years 2023/24 and 2024/25, unless the Grant Recipient has not applied for and been awarded funding for the given financial year.

“**MoU exit**” refers to expiry or termination of this MoU. For further information, please refer to the Termination and Scheme Exit section.

“**Outline application**” means an application made by a Grant Recipient which details their proposal at the outline application stage. Subject to the terms of this MoU, successful outline applications will receive funding in principle for their Proposal and initial funding for project mobilisation, resourcing, and signing up and assessing homes. To draw down subsequent payments of the funding in principle, the Grant Recipient will need to be successful at Delivery Assurance Check and then Batch Application Stage.

“**The Parties**” means BEIS and the Grant Recipient together collectively.

“**Project Completion**” means that the agreed number of homes set out in the Proposal have been upgraded, and meet the key requirements on quality set out in the HUG 2 Guidance Document (EPC F-G homes have been improved to at least band D and E-D homes have been improved to band C, or evidence has been provided to show a fabric first and value for money approach has been taken where the EPC aspirations cannot be met within the cost caps). If the funding amount is below the in-principal Grant figure approved by the Authority, the LA will need to evidence that homes have met the above requirements on quality for the project to be considered completed.

“**Project Board**” means a board or other collection of persons performing governance functions for HUG 2 within the Authority.

“**Programme Board**” means a board or other collection of persons performing governance functions for HUG 2 within the Authority and across other Government Departments as required.

“**Proposal**” means the Grant Recipient application set out in **Annex 6** (as varied by any addendum to this MoU approved by the Authority in accordance with the terms of this MoU).

“**Remediation Plan**” means a plan which outlines a fault or issue, and the actions proposed for agreement to remedy this. The remediation plan should include as a minimum: detail of the material fault, risk or issue, including cause; detail of steps or actions proposed for remedy; detail of steps or actions to prevent recurrence; timelines for action and resolution of proposal; intended outcome.

“**Recovery Plan**” means a plan which outlines the steps for return or recovery of funds either from a contractor or consortium member to the Grant Recipient, or from the Grant Recipient to the Authority.

“**Retrofit Assessor**” is the individual who will be responsible to undertake a survey of the dwellings, incorporating RdSAP data collection, a detailed floor plan, condition survey and occupancy assessment.

“Retrofit Co-ordinator” is the individual who will be responsible for overseeing the assessment of dwellings as well as the subsequent specification, monitoring, and evaluation of energy efficiency measures in accordance with the latest PAS standards (currently 2035). Their job is to ensure PAS compliance (currently PAS 2035) and ensure quality is maintained throughout the project.

“the Scheme” means the grant scheme established by the Authority known as Home Upgrade Grant Phase 2 (“HUG 2”)

“Services” are the services the Grant Recipient is expected to procure for delivery under HUG 2.

“Spend” means any Capital, Administration or Ancillary funding committed and accrued to an Eligible Expenditure, as long as such activity is due for completion within the Funding Period. The Grant Recipient must also spend all funding within the same financial year that it is transferred to their bank account from the Authority, and should not request more funding than can be reasonably spent within the same financial year that it is transferred.

“Technical Assistance Facility” (TAF) is a support service for Grant Recipients. TAF provides Grant Recipients with guidance and support to enable them to identify eligible HUG 2 housing stock and accordingly design and mobilise a ‘best in class’ retrofit programmes. TAF support for HUG 2 is known as the Home Upgrade Hub.

“Upfront Payment” is the collective term for both the Mobilisation Payment and the Deposit Payment.

Purpose

1. To establish the way the Parties to this MoU will work together to deliver HUG 2 in England.
2. To clarify the roles and responsibilities of the Parties to this MoU.
3. The Parties to this MoU are:
 - (1) The Secretary of State for Business, Energy, and Industrial Strategy known as “BEIS”.
 - (2) Wiltshire Council known as “the Grant Recipient”.
 - (3) BEIS and the Grant Recipient are known together collectively as “the Parties”.
4. BEIS has decided to grant capital funding through HUG 2 to the Grant Recipient. The Grant Recipient has committed to spend such funds to deliver Eligible Measures to Eligible Households, using Eligible Installers.
5. The Parties wish to record their understanding regarding the Grant funding which are detailed in this MoU.

Background

6. HUG 2 is an opportunity for Local Authorities to apply for grant funding to provide energy efficiency and low carbon heating upgrades to low income households living in the worst performing, off gas grid homes in England.
7. HUG 2 will provide funding for Eligible Measures (energy efficiency and low carbon heating) to be installed to improve the energy performance off gas grid homes in England.
8. HUG 2 will allocate funding to Grant Recipients via a Challenge Fund, transitioning away from the Competition model used in the [Sustainable Warmth Competition](#).
9. The Applicant will be assessed against a set of criteria, outlined in the HUG 2 Guidance Document and Outline application form, and a degree of funding will be awarded provided the minimum requirements of the assessment are met. This is intended to ensure all qualifying LAs can receive funding and deliver the broadest possible coverage of participants into the scheme, provided the eligibility criteria are met.
10. The Challenge Fund is comprised of two distinct application stages, Outline and Batch, with The Applicant submitting application forms at each stage. Between these two application stages there will be a Delivery Assurance Check to ensure projects are ready to start the delivery of batches. The Applicant will need to pass both application stages and the Delivery Assurance Check to progress to the next stage. The Outline Application will form **Annex 6** of this document. The Technical Assistance Facility (TAF) will be available with active support for Applicants and Grant Recipients up to the Delivery Assurance Check. Thereafter there will be no active support from TAF, but the library of TAF support (accessible via the Home Upgrade Hub website) will be available for Grant Recipient to draw upon if needed until the conclusion of the scheme.
11. Applicants were invited to make an Outline application from 29 September 2022 offering Applicants the opportunity to apply for funding. Upon approval of an outline application the

Applicant will be awarded funding in principle for their proposal and will be allocated a 20% Mobilisation Payment at the start of Financial Years 2023/24 and 2024/25 to resource, procure, mobilise, and sign up, verify, and assess eligible homes and households to agree a package of measures. The Authority will also work with Grant Recipients to facilitate early delivery, including funding for mobilisation in the latter parts of financial year 2022/23 (February and/or March) where possible.

12. The Grant Recipient will be required to successfully pass the Delivery Assurance Check to update on their resourcing and procurement progress and evidence they are ready to begin delivery before they can start submitting batch applications to draw down further funding from the in-principle Grant and begin upgrades. As part of the Delivery Assurance Check, the Grant Recipient will be given the opportunity to reduce their forecast number of homes estimate, provided at outline application stage if they feel this is necessary. If the revision represents a reduction of 10% or less against the estimate at Outline Application stage, the change will be examined via a streamlined change request process. Otherwise, a longer change request process will be triggered as part of the Delivery Assurance Check, and the Authority will either approve or reject accordingly.
13. If the Delivery Assurance Check is passed successfully, the Grant Recipient will be able to submit batch applications and draw down upon the funding in principle to fund the upgrades. Upgrades delivered through HUG 2 should be completed by the delivery deadline of **31 March 2025**.
14. More information on the Challenge Fund can be found in **Annex 12** of this Memorandum of Understanding - Challenge Fund Supportive Information, and in the supporting HUG 2 Guidance Document.

Outcomes

15. The primary purpose of HUG 2 is to raise the energy efficiency rating of low income and low EPC rated homes (those with D, E, F or G) off the gas grid. This funding will also support low income households with the transition to low-carbon heating. The Parties expect HUG 2 to result in the following outcomes:
 - (1) Tackle fuel poverty by increasing low income homes' energy efficiency rating while reducing their energy bills – a key principle of the 2021 fuel poverty strategy; Sustainable Warmth: Protecting Vulnerable Households in England.
 - (2) Deliver cost effective carbon savings to carbon budgets and progress towards the UK's target for net zero by 2050.
 - (3) Deploy low carbon heating, supporting the transition away from fossil fuel-based heating and supporting supply chain growth of the clean heating sector.
 - (4) Support clean growth and ensure homes are thermally comfortable, efficient, with a reduced impact on the environment and well-adapted to climate change.
 - (5) Support economic resilience and a green recovery in response to the economic impacts of Covid-19.
 - (6) Deliver better quality, safer, greener homes in levelling-up and rural areas.

The Grant

16. The Authority agrees in principle to grant the Grant Recipient capital funding of HUG 2 of up to the value of £3,622,500.00 (“the Grant”) to deliver the outcomes in line with their Proposal.
17. Under the auspices of this MOU, the Grant Recipient can draw down on a Theoretical Spend Limit of up to £7,205,882.35, subject to remaining within the HUG 2 cost caps for the archetypes treated and remaining within the number of homes approved by the Authority.
18. On the condition that the Authority grants explicit written permission, the Grant Recipient can exceed the total number of homes by up to 20% under the auspices of this MOU, if delivery performance is in line or exceeding delivery forecasts and there is funding available.
19. The Grant includes an Upfront Payment for every financial year of the Funding Period, to the total of £1,086,750.00 (£534,060.00 for 2023/24, and £552,690.00 for 2024/25). The first Upfront Payment is subject to the Grant Recipient providing the documentation and information in accordance with **paragraph 9**. The Grant includes further Upfront Payments allocated for subsequent financial years of delivery over the Funding Period, subject to continued compliance with this MoU. Subsequent batch payments which draw down on ‘the Grant’ are dependent upon the successful passing of Delivery Assurance Check and the submission of successful batch applications.
20. The Authority will issue the MoU for signing and the Grant Recipient is to provide the Authority with the documentation and information listed in Table 9 (under Documents to be provided). The Grant Recipient will be given **20 working days** from the date of issue to have the MoU signed and sent back to the Authority.
21. For financial year 2022/23, the Authority’s transfer of the Upfront Payment is expected to take up to 35 days following the agreed deadline for the receipt of the signed MoU and documentation and information listed in Table 9. For financial years 2023/24 and 2024/25, the Authority intends to pay the first Upfront Payment within 30 calendar days following the agreed deadline for the receipt of the signed documentation and information listed in Table 9. If receipt of the fully completed MoU is delayed, this will delay payment. Further details on the payment schedule can be found in the Payment Model section. Payments will be suspended or withheld if the Authority considers the payment will not be transferred to the Grant Recipient and used in the financial year for which the payment was allocated.
22. The Grant is made available for use during the Funding Period. All works and Trustmark lodgements must be completed during this period, unless an extension has been otherwise agreed.
23. The Authority may alter the duration of the Funding Period by reasonable notice in writing. Any request by the Grant Recipient for an extension to the Funding Period (i.e., beyond 31 March 2025) should be made no later than 3 months before the end of the Funding Period (i.e., by 31 Dec 2024).
24. The Grant Recipient will ensure that any public communications it issues about HUG 2 or the Proposal are not misleading as to the extent to which they are funded by BEIS.

Scope of activity

25. The Grant Recipient will use the Grant in accordance with the provisions of this MoU to only incur Eligible Expenditure. The Grant Recipient is responsible for ensuring the Proposal meets the criteria as stated. The Grant Recipient is responsible for ensuring that the criteria for Eligible measures, households and installers are met.
26. In delivering the Proposal and approved batches, Eligible Expenditure are payments properly incurred in relation to:
- (1) A recipient who is an 'Eligible Household'; and
 - (2) Installation of 'Eligible Measures'; and
 - (3) Completed by an 'Eligible Installer'; and
 - (4) Installation is completed during the 'Funding Period'.
27. Cost of upgrades for off the gas grid homes:
The average cost caps of upgrades will be on a sliding scale according to the property characteristics as set out below. There are distinct cost caps for energy efficiency measures and low carbon heating per household. Where housing is owner occupied (private homeowners), no household contribution towards the costs of the upgrade will be required. Where a property is rented to tenant(s) by a private landlord, the landlord will be required to fund at least one third of the cost of upgrades, with the remaining costs provided by HUG 2 funding transferred to the Grant Recipient up to the respective total cost caps outlined below. Where a property is rented to tenant(s) by a social landlord, the landlord will be required to fund at least half of the cost of the upgrades, with the remaining costs provided by HUG 2 funding up to the respective total cost caps outlined below. The Authority may amend the cost caps during the Funding Period by reasonable notice in writing in order to respond to market conditions or other considerations

Energy efficiency cost cap		
Archetype	Cavity wall	Solid wall
Flat	£3k	£9k
Mid-terrace	£8k	£15k
End of terrace/semi/detached	£12k	£24k

Clean heat cost cap	
Archetype	Amount
Flat	£5k
Mid-terrace	£14k
End of terrace/semi/detached	

Table 1 HUG 2 cost caps based on property characteristics

28. The Grant Recipient is able to average spending across homes that fall within the same cost cap bracket. This allows for maximising the number of treatable homes and streamlining delivery. The average spend per cost cap bracket must at all times remain below the relevant

cost cap threshold to avoid the batch application being rejected due to breaching cost cap rules. A batch application may breach these cost cap thresholds if cumulatively the average spending across all previously approved batches plus the submitted batch application remains below all cost cap thresholds.

29. Where the Grant includes capital funding, accounting standards permit, in certain circumstances, the capitalisation of costs incurred when delivering the capital assets for the Proposal (for example, Administrative and Ancillary). The Grant Recipient will keep Admin and Ancillary costs at, or below 15% of the total HUG 2 funding provided by the Authority (this does not include any extra Mobilisation Payment that may be transferred in the latter part of financial year 2022/23).
30. The Grant Recipient will only use Eligible Installers.
31. In delivering the Proposal, the Grant Recipient will use the Grant in accordance with the provisions of this MoU and abide by the following expectations:
 - 31.1. The Grant Recipient will aspire to raise each properties' EPC by the required minimum level (EPC bands F&G to D, EPC bands E-D to C). In cases where this is not possible within the cost caps, LAs should evidence that they have taken a fabric first and value for money approach to upgrades.
 - 31.2. The Grant Recipient will consider a Space Heating Demand target of 90kWh/m2/year
 - 31.3. Ensuring households are aware that low carbon heat is available to all technically suitable properties, and that clear advice is given on bill impacts.
 - 31.4. The Authority mandates that the final decision to install low carbon heat rests solely with the household.
32. Households connected to the mains gas grid for heating purposes are not eligible, including where the primary heating source of a mains gas boiler is broken, and the secondary heating source is electricity.
33. The Grant Recipient will ensure that landlords within the private rented sector will contribute at least 33% (one third) towards the cost of upgrading homes.
34. The Grant Recipient will only consider landlords within the private rented sector eligible when they own 4 or fewer rental properties and if they complete a subsidy declaration, which declares that they will remain within the Minimal Financial Assistance limits if their rental property is retrofitted under HUG 2.

Energy efficiency cost cap for the Private Rented Sector						
Archetype	Cavity wall			Solid wall		
	Grant	Landlord contribution	Total	Grant	Landlord Contribution	Total
Flat	£2k	£1k	£3k	£6k	£3k	£9k
Mid-terrace	£5.33k	£2.67k	£8k	£10k	£5k	£15k
End of terrace/ semi/detached	£8k	£4k	£12k	£16k	£8k	£24k

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Clean heat cost cap the Private Rented Sector			
Archetype	Amount		
	Grant	Landlord contribution	Total
Flat	£3.33k	£1.67k	£5k
Mid-terrace	£9.33k	£4.67k	£14k
End of terrace/semi/detached			

Table 2 HUG 2 cost caps for homes in the Private Rented Sector

35. The Grant Recipient will limit the proportion of park homes treated to a maximum of 10% of the total homes upgraded.
36. The Grant Recipient will limit the proportion of social housing homes treated to a maximum of 10% of the total homes upgraded and will treat them solely for in-fill purposes.
37. The Grant Recipient will ensure that landlords within the Social Rented Sector will contribute at least 50% (half) towards the towards the cost of upgrading homes.

Energy efficiency cost cap for Social Housing						
Archetype	Cavity wall			Solid wall		
	Grant	Landlord contribution	Total	Grant	Landlord Contribution	Total
Flat	£1.5	£1.5	£3k	£4.5k	£4.5k	£9k
Mid-terrace	£4k	£4k	£8k	£7.5k	£7.5k	£15k
End of terrace/semi/detached	£6k	£6k	£12k	£12k	£12k	£24k

Clean heat cost cap for Social Housing			
Archetype	Amount		
	Grant	Landlord contribution	Total
Flat	£2.5k	£2.5k	£5k
Mid-terrace	£7k	£7k	£14k
End of terrace/semi/detached			

Table 3 HUG 2 cost caps for homes Social Rented Sector

38. Without prejudice to any other provisions of this MoU, the Grant Recipient will not use the Grant for the following purposes:
 - (1) For the provision of measures which are not Eligible Measures
 - (2) For the funding of measures which are not installed by Eligible Installers.
 - (3) To fund the provision of any lending to third parties.
 - (4) Paid for lobbying, which means using the Grant to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity; or attempting to influence legislative or regulatory action;
 - (5) using the Grant to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the grant;

- (6) To replace funding for an existing project, including any staff costs for an existing project and any projects to deliver statutory obligations, although the Grant may be used to extend the geographical coverage, scope or scale of an existing project (and for additional staff costs attributable to the extension of the project).
- (7) Use for activities of a political or religious nature.
- (8) Use in respect of costs reimbursed or to be reimbursed by funding from public authorities or from the private sector.
- (9) Use in connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money).
- (10) Use to cover interest payments (including service charge payments for finance leases).
- (11) Use for entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations).
- (12) Gifts
- (13) Liabilities incurred prior to the start of the grant funding period
- (14) Payments for unfair dismissal or other compensation
- (15) Bad debts to related parties
- (16) Payments for works or activities which the grant recipient, or any member of their Partnership has a statutory duty to undertake, or that are fully funded by other sources.
- (17) Use to pay statutory fines, criminal fines or penalties.
- (18) Use to pay for eligible costs incurred before the date of signature of this MoU by the parties; or
- (19) Use in respect of Value Added Tax (VAT) that the Grant Recipient is able to reclaim from HM Revenue and Customs.

Value Added Tax

39. Eligible Expenditure consists of payments by the grant recipient during the funding period for the purposes of the Project. Eligible Expenditure is net of VAT recoverable by the Grant Recipient from HM Revenue & Customs, and gross of irrecoverable VAT. This means that all grants are outside the scope of VAT. For clarity, this means that BEIS and Grant Recipients will not pay VAT upon the transfer of grant funds, however VAT is applicable on goods purchased with grant funding. As Grant Recipients are able to recover VAT from HMRC, BEIS do not expect VAT to be included in their proposals as to avoid grant payments being used for VAT, which is later recovered by the Grant Recipient. VAT costs will not be included in the grant allocation, unless specified by the Grant Recipient in their application. In some instances, VAT costs will be incurred by a third-party, where materials, goods or services are purchased on behalf of the Grant Recipient where the nature of these contracts mean that the Grant Recipient is unable to recover VAT.

Use of Third-Party Delivery Partners (Grant Recipient)

40. Where the Grant Recipient is not directly responsible for delivery and instead chooses to provide funding to a third-party delivery partner (e.g., other Local Authorities or Suppliers), the Grant Recipient will ensure that funding provided:
- (1) Addresses the primary objectives of HUG 2 targeted at low income and low EPC rated households off-the-gas-grid.
 - (2) Is deliverable within the timescales set out for the Funding Period.

- (3) Addresses value for money regarding the total number of homes upgraded by measure and the total administrative and management costs which will be borne by the third party.
 - (4) Identifies and implements any additional value-adding elements which are aligned to the overall objectives of HUG 2.
 - (5) Is reported in line with the KPIs and reporting arrangements as set out in this MoU.
 - (6) (In the case of Consortia or Net Zero Hubs) is distributed using appropriate considerations to the extent of delivery across all areas within its consortium, and the opportunities for participation by all the LAs, including those who may be less experienced and/or capable.
 - (7) Includes provision for the return of funding under the circumstances set out in this MoU.
41. Where the Grant Recipient provides any funding to third parties for activities undertaken during the Funding Period, it will ensure that the provisions within this MoU are included in any arrangement with these third parties.
 42. The Grant Recipient is expected to work with these third parties to ensure that key risks are identified and managed in line with the processes outlined in **paragraph 133 to 137**.
 43. In the event of use of Consortia, the Authority acknowledges that it may not be appropriate to implement commercial contractual arrangements between the Grant Recipient and other public bodies. However, the Grant Recipient will implement ways in which other public bodies' performance during the Funding Period can be appropriately managed such that the Grant will be redistributed from third parties who are poorly performing or slow to deliver to those which are meeting their performance and delivery targets.
 44. The Grant Recipient acknowledges that it is responsible for the performance and relationship management of any of its contractors or its other third parties (including any Consortium members or Net Zero Hub members where applicable). The Authority may request attendance of such a third party at the monthly (or otherwise arranged) meeting in the case of poor performance or noted risk, including risk of fraud.

Use of Third-Party Delivery Partners (The Authority)

45. BEIS may appoint third-party organisations, including a BEIS Delivery Agent and a BEIS Delivery Partner, to act in conjunction with or on its behalf in management of the scheme. Grant Recipients will be required to work collaboratively with all organisations working on BEIS' behalf. Within the application guidance, FAQs and document definitions, references to the Authority refer not just to BEIS but also to any third-party organisations that act on BEIS' behalf and are appointed by BEIS in connection with HUG 2. BEIS will notify the Grant Recipient in writing to reflect any redistribution of functions following an appointment of any third-party organisations.

Consortia and Net Zero Hubs

46. The Grant Recipient acknowledges that it is responsible for the performance and management of any Consortia / Net Zero Hub members that it signs this agreement on behalf of.
47. The Grant Recipient acknowledges that it is responsible for the disbursement of funds between the Consortia / Net Zero Hub members that it signs this agreement on behalf of per an agreement held between the members.

48. The Grant Recipient will ensure that all Consortia / Net Zero Hub members use the funding in a manner that complies with the requirements of this MoU. Furthermore, the Grant Recipient is required to carry out such actions in connection with this MoU as are necessary in order to enable compliance with this MoU.
49. The Grant Recipient agrees to provide the Authority with necessary documentation on the governance structure, management, and reporting mechanisms for the Consortia / Net Zero Hubs within 10 working days of signing this MoU. Should the Governance structure change, the Grant Recipient is responsible for providing up to date information to the Authority as soon as reasonably practical.
50. The Grant Recipient agrees to ensure that all contact information held by the Authority for the lead point of contact of each Consortium / Net Zero Hub member is kept up to date. Should this change, the Grant Recipient is responsible for providing up to date information to the Authority as soon as reasonably practical.
51. The Grant Recipient is responsible for managing disputes within the Consortia / Net Zero Hubs. Any issues that may affect the delivery of the Proposal should be reported to the Authority in the monthly reporting and raised in meetings.
52. This document represents an agreement between the Authority and the Grant Recipient (on behalf of the Consortium / Net Zero Hub). Where a Consortium / Net Zero Hub member seeks to exit the Consortium / Net Zero Hub this member is no longer eligible to deliver under this scheme, unless by signed agreement with the Authority. The Grant Recipient will inform the Authority of any change of membership and, where applicable, the Grant Recipient may be required to submit a change request. Where applicable the Grant Recipient may be required to facilitate return of un-spent funds from the leaving party.
53. The Grant Recipient will implement ways in which other Consortium / Net Zero Hub members performance during the Funding Period can be appropriately managed such that the Grant will be redistributed from parties who are poorly performing or slow to deliver to those which are meeting their performance and delivery targets.

Interaction with other Funding

54. Funding Grant Recipients receive from HUG 2 cannot be blended with other government schemes such as the Energy Company Obligation (ECO), Boiler Upgrade Scheme (BUS), Local Authority Delivery (LAD) or the Social Housing Decarbonisation Fund schemes (SHDF) for the same individual measure, although it is possible for installations to be undertaken for the same property where the installation measures are not the same. For example, a contractor delivering support to a household may be funded through HUG 2 to install a heat pump and funded separately by another energy efficiency scheme to install solid wall insulation (as long as that is permitted by the rules of the other energy efficiency scheme).
55. However, HUG 1 treated households will only be eligible to receive low carbon heat under HUG 2, and only if low carbon heat was not received under HUG 1 (the households only received energy efficiency measures). The Grant Recipient will be required to check that the household did not receive low carbon heating under HUG 1, and that the household still meets all other eligibility requirements.

56. HUG 2 is grant funding from public funds, therefore, for the purposes of the Renewable Heat Incentive (RHI) any HUG 2 grant funding for low carbon heating would be deducted from RHI payments as per the RHI rules on grant funding. As the domestic RHI closed to new applications in March 2022 this will only be relevant when a Grant Recipient proposed to connect a property to an existing RHI installation such as an accredited district heating network. Grant Recipients should be aware of RHI rules, including that to be eligible for RHI the household must have made some financial contribution toward the cost of purchasing or installing their heating system. For details, please refer to: <https://www.gov.uk/domestic-renewable-heat-incentive>
57. The Grant Recipient will introduce controls to ensure households are not in receipt of HUG 2 funding and other government schemes, apart from the RHI, on the same measure and must be able to distinguish the benefits accrued from the HUG funded measures from measures funded from other government schemes. The Authority may request details of these controls. The Grant Recipient should make the necessary information on introduced controls available.
58. The Grant Recipient can, however, blend funding they receive from HUG 2 with third party finance or local authority budgets to deliver additional support to communities.
59. The Grant Recipient shall ensure that the same measure installed in the same property is not claimed for under different schemes. Further information on the Grant Recipient's expected controls relating to blending can be found in the supporting application Guidance Document.

Subsidy Control

60. The Grant Recipient acknowledges that it will ensure that the Grant and use of it does not breach any applicable subsidy control regime. Please refer to the Guidance Document.
61. To minimise the risk that a court of competent jurisdiction requires grant funding to be repaid, the Grant Recipient will:
 - 61.1. Comply with any applicable subsidy control regime in its use of the Grant and its delivery of the Proposal.
 - 61.2. Obtain and retain all declarations and information as may be required to enable both the Grant Recipient and the Authority to comply with any applicable subsidy control regime, and to provide copies of such declarations and information to the Authority when required to do so.

Procurement and other benefits to third parties

62. The Grant Recipient will, in delivering the Proposal:
 - (1) Comply with all relevant requirements of UK law relating to public procurement in force and applicable from time to time. The Grant Recipient will give due consideration to the use of Small & Medium Enterprises (SMEs) within the supply chain and ensure contracting and sub-contracting opportunities are advertised as such to encourage participation of SME and local supply chains. BEIS has its own SME action plan, which can be found using the following link:
<https://www.gov.uk/government/publications/beis-small-and-medium-enterprises-sme-action-plan>

If, during the lifetime of this scheme, a new or revised SME action plan is implemented then the Authority will make this available to the Grant Recipient. The Grant Recipient will give due consideration to any new or revised action plan.

- (2) When conducting procurement activities, the Grant Recipient will comply with the obligations under the Equality Act 2010 and its associated Public Sector Equality Duty.
- (3) The Grant Recipient will comply with the Local Government Transparency Code 2015.
- (4) The Grant Recipient will comply with reporting and escalation requirements for noted or arising Conflict of Interest. Where applicable a management strategy will be agreed between the Grant Recipient and the Authority.
- (5) The Grant Recipient will comply with reporting and escalation requirements for Fraud.

Code of Conduct for Grant Recipients

63. The Grant Recipient acknowledges that by signing this MoU it agrees to take account of the Code of Conduct for Grant Recipients, which includes ensuring that the Grant Recipient and its delivery partners and contractors undertake their duties in a manner consistent with the principles set out in the Code of Conduct.
64. The Grant Recipient shall immediately notify the Authority if it becomes aware of any actual or suspected breaches of the principles outlined in the Code of Conduct.
65. The Grant Recipient acknowledges that a breach of the Code of Conduct or a failure to notify the Authority of an actual or suspected breach of the Code of Conduct may result in the Authority suspending the Grant funding, terminating the MoU and taking action to recover some or all of the funds paid to the Grant Recipient, if the issue is not resolved through discussions with the Grant Recipient or if the breach is sufficiently grave.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/754555/2018-11-06_Code_of_Conduct_for_Grant_Recipients.pdf

Supply chain management expectations

66. The Grant Recipient acknowledges that when managing its supply chain, it should expect its suppliers and subcontractors to meet the standards set out in the Government Supplier Code of Conduct on best practice expectations referenced below and be able to demonstrate such **(Annex 13)**
 - 66.1. The Grant Recipient acknowledges that it may need to provide the Authority with information on its supply chain and management strategy in the case of an audit or spot-check. The Grant Recipient will comply with the expectations for Record Keeping, Data Protection, and Audit (**paragraphs 185-191**) for supply chain information. The Grant Recipient will assist with and / or provide information to the Authority in the case of an audit exercise or supply chain health check.
 - 66.2. Breaches of the Supplier Code of Conduct, whether by the Grant Recipient or its supply chain, should be reported to the Authority. Issues will be managed on a case-by-case basis and escalated where required in line with the escalation process outlined in **paragraphs 216-218**.

Prompt payment

67. In delivering the Proposal, the Grant Recipient will, unless the Authority agrees otherwise in writing, pay the person from whom any goods, works or services are purchased within **30 calendar days** of receiving a valid undisputed invoice from that contractor.
- 67.1. The Grant Recipient will also ensure this payment timeline is included within any sub-contract arrangements of the contractor.
68. The Grant Recipient will ensure that where it uses third-party delivery partners, that the funding provided is also paid within **30 calendar days** of receiving a valid undisputed invoice from that contractor, or from receiving an acceptable proposal from a public body.
- 68.1. The Grant Recipient will ensure that these payment timelines are included within any sub-contractors of the third parties.
- 68.2. Breaches of these Prompt Payment requirements, whether by the Grant Recipient or its supply chain, should be reported to the Authority. Issues will be managed on a case-by-case basis and escalated where required in line with the escalation process outlined in **paragraphs 216-218**.

Modern slavery, child labour and inhumane treatment

69. The Grant Recipient acknowledges throughout the Grant period of delivery that it should maintain its own policies and procedures to ensure its compliance with the Modern Slavery Act 2015 and include in its contracts with its suppliers and subcontractors' anti-slavery and human trafficking provisions. The Grant Recipient is responsible for monitoring modern slavery compliance within its supply chain and, where applicable, working with the supplier to implement any action plans to improve compliance.
- 69.1. The Grant Recipient will check that suppliers and subcontractors hold a suitable modern slavery policy and escalate any risks to the Authority in line with the process outlined in **paragraphs 216-218 (Issues Escalation)**.
- 69.2. The Grant Recipient is encouraged to complete the Modern Slavery Self-Assessment Tool (MSAT). The Grant Recipient will encourage suppliers to complete the Modern Slavery Assessment Tool and work with the supplier to address any gaps identified. Suppliers receiving over £200,000 in funding over the lifetime of the scheme are required to complete the MSAT. The Authority may amend this MSAT value threshold at any time by reasonable notice in writing. The Grant Recipient shall keep a record of any risks and inform the Authority. This self-assessment tool should be updated annually where applicable. This self-assessment tool may not be applicable to SMEs or sole traders – where it is not applicable the Grant Recipient should still monitor and record and risks of Modern Slavery. Please see this link to the Modern Slavery Self-Assessment tool: <https://supplierregistration.cabinetoffice.gov.uk/msat>
70. If the Grant Recipient becomes aware of any concerns that any part of the supply chain may have breached the Modern Slavery Act 2015 then this must be reported within the Risk Management procedure and the Authority be informed immediately. The Grant Recipient will make available all necessary materials to comply with BEIS and wider government reporting requirements for modern slavery.
- 70.1. The Grant Recipient will assist with and supply the relevant information for the purposes of audit or investigation to the Authority. The Grant Recipient is expected to share with the Authority any annual reporting on modern slavery.

- 70.2. Where modern slavery has been detected or is in high risk of occurrence, the Authority may request a recovery plan and / or exit or otherwise terminate this MoU. The Grant Recipient may be required to return any remaining funding - please refer to **paragraph 75 to 81**. Please refer to **paragraphs 176 to 184**, Termination and Exit, for details.

Safeguarding

71. The Grant Recipient is expected to have adequate policy for safeguarding responsibilities and to ensure that all suppliers or other third parties that interact with residents, occupants of social housing or homeowners meet the requirements specified by the policy. Safeguarding concerns should be recorded on the risk register and discussed in the monthly meetings.
72. The Grant Recipient is responsible for updating and monitoring their safeguarding policy under the scheme.

Commercial use of the grant

73. The Grant Recipient will not use the Grant, or any asset financed wholly or partly by it, to generate revenue or make a capital gain, except to the extent agreed as part of the Proposal. If the Grant Recipient does so, it will:
- (1) Inform the Authority immediately and in writing; and
 - (2) Agree that the Grant may be reduced by the amount of that revenue or gain (as the case may be).

Access to overall grant amount

74. Funding in principle being accessible to the Grant Recipient is conditional on funding being available under the scheme and a successful submission of a batch application to the Authority.
- (1) The Authority must receive Full Business Case approval for HUG 2 from PIC and TAP committees in order for this MoU to be valid beyond 2022/23 and HUG 2 funding to be made available to Grant Recipients beyond 2022/23.
 - (2) In the unlikely instance where the Authority considers there to be a risk that there will be insufficient funding available to honour all funding in principle awards for all Grant Recipients, the remaining funding available to projects will be awarded to batches submitted and approved first.
 - (3) In this instance, the Authority reserves the right to suspend or terminate the batch process and therefore the ability of a Grant Recipient to draw down on funding in principle, even if they are successfully delivering.
 - (4) The Authority reserves the right to reject batches or no longer fund a Grant Recipient if the project is deemed completed (the full number of homes forecasted have been upgraded, and all meet the key requirements on quality set out in the Guidance of EPC F-G homes being improved to at least band D and E-D homes to band C). Given the in-principle Grant is calculated using an average cost per home of £18,000, the funding amount to complete a project may be above or below the in principle Grant amount. If the funding amount is above the Grant figure, the Authority may determine there will be a risk of insufficient funding being available to honour all other funding in principle awards to all Grant Recipients if further funding is drawn down by the Grant Recipient in question.
 - (5) In instances where the Authority is confident that it can honour all other funding in principle awards it may encourage a Grant Recipient to draw down further funding

following a project being officially deemed completed as defined above to upgrade further batches of homes.

Grant withdrawal and repayment

75. In accordance with the following paragraphs, it is the understanding of the Parties that the Authority may request the Grant Recipient to repay all, or any proportion of, the Grant, together with interest (calculated in accordance with **paragraph 79**).
76. The Grant Recipient accepts that the Authority may exercise these rights where the Authority:
- (1) Is required to cease grant funding or to recover all, or any proportion, of the Grant or any other amount by virtue of a decision of a court or other competent authority.
 - (2) Has reasonable grounds to consider that the payment of the Grant, or the Grant Recipient's use of it, contravenes any requirement of law, in particular (but without limitation) law relating to subsidy control; or
 - (3) Has reasonable grounds to consider that the Grant was irregularly obtained or spent in a way that does not meet the HUG 2 outcomes or other requirements referred to in **paragraphs 25 to 38**.
 - (4) Has reasonable grounds to consider that corrective action by the Grant Recipient is either not suitable or timely in the implementation and the conditions in **paragraph 117** are met.
 - (5) Has identified that funds will not be spent, either within the funding period or the relevant financial year. In this instance the Grant Recipient agrees to return identified underspend.
 - (6) Has reasonable grounds to consider that the Grant Recipient is failing to improve delivery of the Funded Activities in accordance with a remediation plan agreed with the Authority.
 - (7) Has reasonable grounds to consider that the Grant Recipient is delivering the Funded Activities in a negligent manner (including but not limited to failing to prevent or report actual or anticipated fraud or corruption, or breach of obligation).
 - (8) Has given notice to terminate this MoU pursuant according to **paragraph 183** (termination on reasonable notice). In this instance the Grant Recipient should return all unspent funding received. Where the Grant Recipient has agreements in place at the time of termination, the Authority will take reasonable steps to agree an approach to the calculation and timing of the amounts to be returned.
77. When exercising these rights, the Authority will notify the Grant Recipient of the grounds concerned and as far as possible, consider the Grant Recipient's response made within any reasonable timeframe required by the Authority.
78. A decision by the Authority to ask the Grant Recipient to repay the Grant will be communicated by letter, and the Grant Recipient will make that repayment within **30 calendar days** of the date of that letter or within any later reasonable timeframe agreed by the Authority in writing.
79. Where the Authority requests repayment under **clauses 76.1-76.4**, interest will be calculated from the date of the Grant payment, unless otherwise agreed, in accordance with:
- (1) the retail prices index over the relevant period (that index being taken as 0% for any period during which the index is negative); or
 - (2) any other rate required by law in the circumstances if it is higher.
80. Where the Grant Recipient does not make the relevant payment within the timeframe specified in **paragraph 78**, interest on the outstanding sum (inclusive of any interest already charged under **paragraph 79**) will accrue, after that deadline, at the statutory rate of interest under

Section 6 of the Late Payment of Commercial Debts (Interest) Act 1998 or any other rate required by law in the circumstances if it is higher).

81. Should the Authority not exercise their options under **paragraph 76** or delay in doing so, this will not constitute a waiver of those options unless the Authority confirms such a waiver in writing. Furthermore, any such written waiver will not be taken as a precedent for any other, or subsequent, circumstances.

Suspension

82. The Authority may suspend payment or delivery of the Grant where:
- (1) One of the grounds in **paragraph 76** arises.
 - (2) The Authority has reasonable cause to believe that one of those grounds may have arisen, or is likely to arise; or
 - (3) One of the provisions of this MoU is not met by the Grant Recipient or the Grant Recipient is considered to be in breach of its obligations under the terms of this MoU.
83. In the case of any suspension, unless the Authority confirms a contrary agreement in writing:
- (1) The Grant Recipient will continue to deliver the Funded Activities already initiated in line with the requirements of this MoU including Grant Recipient deadlines occurring during the period of suspension; but
 - (2) The Grant Recipient will not make any further use of the Grant to initiate any additional Funded Activities until the Authority has authorised continued use of the Grant in writing.
 - (3) The Grant Recipient will abide by the reporting, modern slavery, fraud and all other obligations under the terms of this MoU during this period.
84. The Grant Recipient will inform the Authority immediately in writing, if it has any concerns that any of the grounds in **paragraph 76** might arise.

Agreed use of underspend

85. The Grant Recipient will endeavour to spend funding received within each financial year in that same financial year to deliver the Proposal. Any amount not spent by the end of a given financial year will be agreed between the Grant Recipient and the Authority and returned to the Authority within 30 calendar days one month following the end of each financial year. The Authority intends to ensure continuity of delivery from one financial year to another within the Funding Period by transferring any relevant funds for the new financial year within the first 10 working days of that year.
86. In the event that the Grant Recipient considers that it will not be able to use, or does not use, all the Grant to secure delivery of the Proposal by the end of the Funding Period:
- (1) The Parties will work together to consider alternative delivery options in line with the expected outcomes of HUG 2.
 - (2) The Authority reserves the right to grant an extension to the Funding Period, should the Grant Recipient provide a request in writing to do so as per **paragraph 23**.
 - (3) If the Parties are unable to reach an agreement described in sub-paragraph (1), the Grant Recipient agrees to submit a Final Report and promptly repay the unspent Grant that it has received and, in any event, no later than **30 calendar days** after the Final Reporting date (25 days after the end of the Funding Period), unless otherwise agreed.

87. The Grant Recipient may not retain any part of the Grant not spent on Funded Activities in line with the obligations in this MoU without the Authority’s prior written permission.

Acknowledgement of Payment

88. The Grant Recipient will confirm with the Authority that payment has been received. The Grant Recipient will acknowledge receipt of payment from the Authority within 5 working days of notification of receipt of funds unless otherwise agreed.
89. Where the Grant Recipient is required to return payment or funds the Grant Recipient agrees to follow the procedure for receipt of return as outlined in **paragraphs 75-81**.

Payment Model

90. The Financial Year Payment Schedule to the Grant Recipient will align with the following:
91. At the beginning of each financial year the Grant Recipient may receive an Upfront Payment which may be inclusive of a Mobilisation Payment and a Deposit Payment.
92. In financial year 2023/24 the Upfront Payment will be 30% of financial year spend. This will consist of a 10% Deposit Payment and a 20% Mobilisation Payment, both of which will be transferred to the Grant Recipient.
93. In financial year 2024/25 the Upfront Payment will be 30% of financial year spend. This will consist of a 10% Deposit Payment and a 20% Mobilisation Payment, both of which will be transferred to the Grant Recipient.
94. The Authority will also work will Grant Recipients to facilitate early delivery, including funding for mobilisation in the latter parts of financial year 2022/23 (February and/or March) where possible.
95. This is illustrated in the table below:

Financial Year	Mobilisation Payment	Deposit Payment	% FY spend
22/23	Any funding allocated for 22/23 is utilised for mobilisation	No Deposit Payment as delivery has not started	100% of total FY spend
23/24	20% of FY spend, transferred automatically	10% of FY spend, transferred automatically	30% of total FY spend
24/25	20% of FY spend, transferred automatically	10% of FY spend, transferred automatically	30% of total FY spend

Table 4

96. The Batch Payment process will align with the following:

97. At Outline Application stage (and potentially revised figures agreed during the Delivery Assurance Check stage) the Grant Recipient will submit a total number of homes to be upgraded each financial year. The Grant Recipient will also provide details of expected mobilisation spend.
98. Based upon this submission, the Authority will calculate the total value of the in-principle Grant and the amounts of that Grant allocated for each financial year of the Funding Period.
99. If the Grant Recipient receives approval for their Outline Application, then subject to compliance with the requirements of this MoU, they will receive the first Mobilisation Payment and can begin setting up their project.
100. Following approval of their Outline Application, the Grant Recipient can proceed to the Delivery Assurance Check. These checks can begin from 1 April 2023. If the Delivery Assurance Check is not passed, then no further payment will be made until they have been approved.
101. Delivery Assurance Checks may not be approved after October 2024 and all materials must be submitted and approved prior to this date. Grant Recipients should ensure the Delivery Assurance Check is completed as soon as they are able to begin batch delivery to maximise the length of their delivery window, and to avoid escalations and triggers should they fall behind on their monthly project delivery forecasts due to taking too long to pass their Delivery Assurance Check.
102. Following approval of Delivery Assurance Check, the Grant Recipient will progress to the Batch Application stage, where they will be able to submit batch applications to retrofit groups of homes and draw down funding from the in-principle Grant amount if the batch is approved. The Grant Recipient is encouraged to submit its first Batch Application simultaneously with the completion of the Delivery Assurance Check. When submitting a Batch Application, the Grant Recipient submits the number, types and tenures of homes to be retrofitted, along with the measure costs and costs per home. Before a batch application is submitted, all homes (and households) within the batch must have been validated as eligible, assessed in line with the latest PAS standards (currently 2035), and have a package of measures agreed by a Retrofit Coordinator. If the Batch Application is approved the Authority will make a payment to the Grant recipient. If the Batch Application is rejected, no payment will be made for that batch. The Grant Recipient will need to submit a new Batch application for approval. The Authority will support the Grant Recipient to re-submit the batch application.
103. The Batch Payment will be made within 4-8 weeks of a batch being approved. However, the Grant Recipient can begin work immediately once a batch has been approved, by utilising the Deposit Payment.
104. The Deposit Payment should be fully replenished each time a Batch Payment is received. However, when the Grant Recipient approaches the end of each Financial Year it should plan for the Deposit Payment to be fully spent and work with the Authority to substitute an equivalent portion of batch payments for this Deposit Payment. This will ensure in-year spend requirements are being realised and that no Deposit Payment underspend is required to be returned to the Authority. The deposit payment can also be used to cover any additional pre-delivery PAS assessment costs if the mobilisation payment has been exhausted.

105. The Authority reserves the right to freeze the batch process if a Grant Recipient is underperforming and is not committing a large proportion of the funding already transferred for previous batches to the delivery of upgrades. Freezing the batch process will mean that a Grant Recipient cannot submit further batch applications for approval and draw down further funding. The Authority can unfreeze the batch process if it considers a Grant Recipient to subsequently be delivering appropriately.
106. In the last 3 months of the 2023/24 financial year, the Authority will calculate how much funding a Grant Recipient has used against the forecasted projections. The Authority may reduce batch payments for two reasons: if the Grant Recipient has unused Upfront Payments that can be drawn on or, to apportion payments across financial years to ensure that the available HUG 2 funding across all projects for each financial year is not exceeded. Funding will not be carried over financial years and should be spent within the allocated financial year. If the Grant Recipient's forecasted projections do not reduce batch payments accordingly, a change request must be submitted to update the delivery forecast, this request will follow the change management process and approval is not guaranteed.
107. The Authority may require the return of any unspent funding at the end of the financial year, as required, in line with **paragraphs 85-87**.
108. The Grant Recipient is expected to work with the Authority to substitute unspent funding for an equivalent portion of batch payments due to be received later that financial year.
109. The Grant Recipient will state at batch application if delivery of a batch will cross financial years, and how much funding is estimated to be spent in the following financial year. In those instances, the batch payment will be split in two by the Authority (the first payment will be received upon batch approval and the second will be received at the start of the next financial year) to ensure in-year spend requirements are met.
110. The Authority reserves the right to amend the Grant Recipient's Admin and Ancillary funding in line with any change that affects the overall capital value of the Grant.
111. No batch applications can be submitted after December 2024. However, the Authority reserves the right to extend the Funding Period (as specified in **paragraph 23**). In such an instance, the Grant Recipient may continue to submit batch applications until the newly specified close of the batch application stage.
112. The Grant Recipient must retain evidence of invoices and costs paid, and provide access to the Authority, on request, for any audit or spot-checks.

Governance

113. The Grant Recipient will sign a Grant Determination Letter at the start of each financial year (of which the first is provided in **Annex 2**) to allow for prompt payment to occur within that financial year under the Local Government Act 2003. The Authority will then countersign and ensure prompt payment to the agreed amounts and conditions set out in this MoU.
114. On a monthly basis, the Grant Recipient will provide a report to the Authority, covering the period from the first to last day of the month, on or before the **10th working day** of the

subsequent month (the “Monthly Report”). For example, the report covering the delivery period of **1 - 31 May 2023** will be required to be submitted by the **10th working day of June 2023**. This will need to include inputs as required from Local Authorities within the Grant Recipient’s consortium, where applicable. The Grant Recipient will provide:

- 114.1. The data points specified in the Monthly Reporting document (**see Annex 7 for the data requirements of this document**) including an update of the Grant Recipient’s progress against each Key Performance Indicator (KPI); and
 - 114.2. the top 5 risks, issues (**Annex 4**), basic information surrounding any incidents of fraud/loss, or prevented fraud or loss (as set out in the monthly reporting template) and information on the number of homes that work is being conducted on (Homes in Progress) per batch; and
 - 114.3. any items the Grant Recipient wishes to bring to the attention of the Authority, such as lessons learned, good news stories, indicate potential escalations (though any escalation will be taken through the official escalation process).
115. Should the Authority identify a variation in the Grant Recipient’s performance against their targets stipulated in the forecasts (including KPIs), or the Delivery Confidence Assessment (DCA) identifies that the Grant Recipients performance is scored Amber or Red (detailed in **paragraphs 156 and 157**), the Authority will escalate according to the processes in **paragraphs 216-218** and may request a remediation and/or recovery plan from the Grant Recipient detailing the interventions required to recover the project(s).
116. The Authority will determine if the interventions detailed in the remediation or recovery plan provide confidence of project recovery. The Authority and the Grant Recipient will jointly agree a timescale to implement the interventions. If necessary, the Authority and Grant Recipient will agree to implement additional actions to address areas of concern.
117. Should the Grant Recipient:
- (1) need to action interventions to ensure the forecasts and KPIs are being met, and then fail to see the project(s) recover, or
 - (2) need to action interventions to ensure improved confidence in the project, and then fail to see the project(s) recover, or
 - (3) fail to report any of the agreed information relating to fraud, or
 - (4) fail to implement the interventions necessary regarding corrective action on fraud,
- this may be escalated, and the Authority may recommend freezing batch submissions, approvals, and/or payments; diverting forecasted payments; pausing further disbursement of funds; or activating a recovery plan to claw back funds provided, if the corrective action is either not suitable or timely in the implementation, as per **paragraph 116**. Please note, further information concerning escalations to the Authority are detailed in **paragraphs 216-218**.
118. The Authority will seek to have a regular monthly meeting with the Grant Recipient to discuss the progress of delivery and any issues arising from the Monthly Report. The Authority will issue the agenda to the Grant Recipient in reasonable time prior to the meeting and will circulate minutes and relevant actions to the Grant Recipient from these meetings to allow the Grant Recipient to action them as soon as possible. At a minimum, the Grant Recipient will provide everything listed in **paragraph 114** to the Authority.

119. The Authority and the Grant Recipient may agree to schedule ad-hoc meetings outside of the monthly meetings. These requests will be considered on a case-by-case basis and reasonable notice will be provided. The party that proposes any meeting outside of the monthly meetings will issue the agenda within reasonable time prior to the meeting.
120. The Grant Recipient shall report the status of grants annually as part of their annual report and resource accounting requirements.

Change requests

121. The Authority expects the Grant Recipient to do all they can to deliver against the agreed forecast set out in their approved Outline application (or a revised forecast if it is submitted and agreed). If the Grant Recipient is unable to deliver according to the delivery plan stipulated in their application and agreed to by the Authority, or if there is any other deviation from this MoU, they must notify the Authority via their allocated Point of Contact as soon as possible by using the change request process as set out by the Authority. Further details of the process including relevant guidance and templates will be shared by the Authority prior to the close of the last application round. A formal change request must be submitted as soon as possible and no later than **3 months** before the end of the Funding Period.
122. When submitting a change request the Grant Recipient must follow a fabric-first approach when considering installation of measures, and any installations proposed should follow the recommendations of the Retrofit Coordinator.
123. Instances where the Grant recipient must submit a change request after first successful batch submission are (but are not limited to):
 - (1) A reduction or increase to the total number of forecasted homes to retrofit
 - (2) A reduction or increase in the total Capital or A&A funding required to retrofit the homes
 - (3) Changes to an approved batch application (scope, delivery time, or cost)
 - (4) Changes to the delivery forecast across the delivery period (moving forecasted homes between financial years)
 - (5) Changes to the composition of a Consortium or changing an individual project into a Consortium
124. The Grant Recipient can revise downwards the 'forecasted number of homes to be upgraded' figure in the Outline application at the Delivery Assurance Check, if desired. The details of this process are outlined in **paragraph 12**. The Grant Recipient will not be able to increase their forecast number of homes to be upgraded figure at this stage but may wish to submit a change request at a later stage during the Funding Period once the Grant Recipient can evidence strong delivery performance on the ground. Any additional changes during the Delivery Assurance Check period may require the submission of a change request at the request of the Authority.
125. The Authority will endeavour to respond to the change request within **10 working days**, from the date the request is submitted. The Authority's decision on whether to approve or reject the change request is separate to this anticipated timeline and may be dependent on whether the changes are significant or complex. For example, if the issue is outside key tolerances and must be escalated further through the Authority, this may result in a longer turnaround time.

- 126. No change request will be effective unless it is agreed in writing and signed by the Authority. This does not prevent either Party making reasonable changes in relation to the administrative arrangements in the MoU (such as contact details) by reasonable notice in writing to the other Party, without such agreement in writing signed by both Parties.
- 127. If the approved change request shows that the Grant Recipient will not be able to utilise the allotted grant funding, even with a remediation plan, then the Grant Recipient will work with the Authority to identify any resulting underspend, agree a recovery plan and facilitate the prompt return of that underspend to the Authority.
- 128. The Authority reserves the right to reject a change request.

Change Request Process

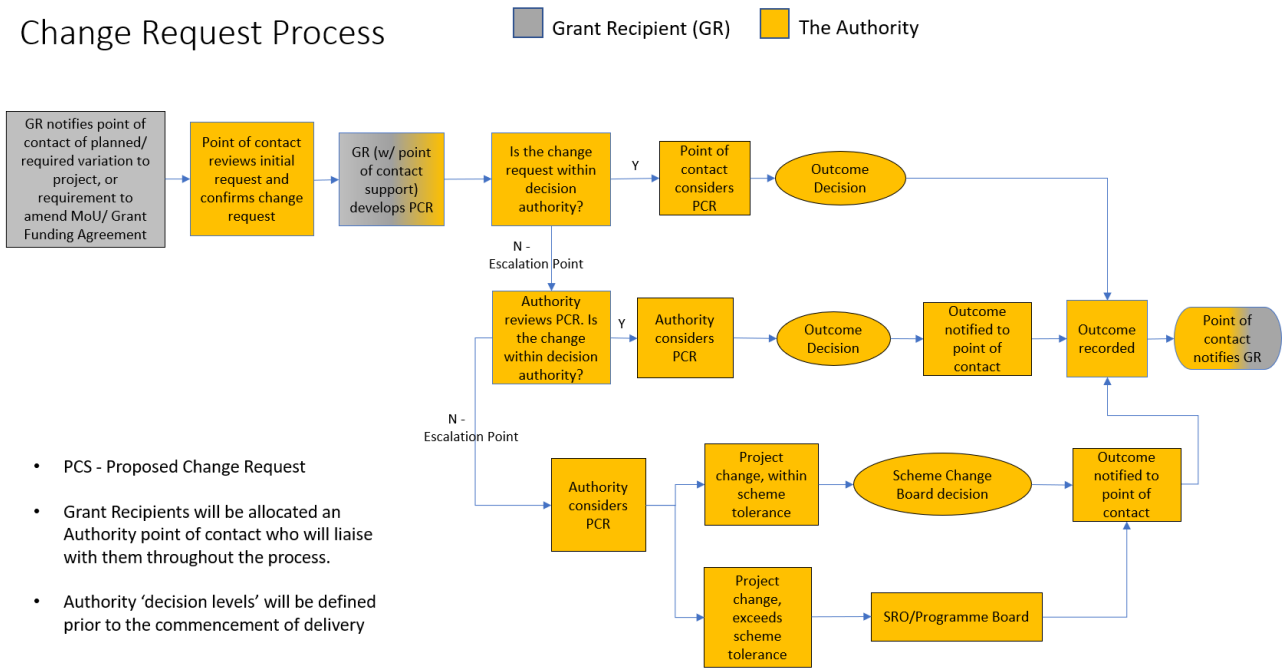


Figure 1 Example of Change Management Process.

MoU Addendums and Variations

- 129. Following approval by the Authority of a submitted Batch application, the application will be automatically included as an addendum to the Proposal in **Annex 6** to this MoU and will thereby become part of this MoU. The Authority may approve Outline applications and Delivery Assurance Check on a conditional basis subject to requirements for further action to provide assurance to the Authority that the Grant Recipient can successfully deliver what has been forecast. Any conditions imposed by the Authority as part of the approval of an application will also automatically form part of this MoU, as an addendum to the Proposal in **Annex 6**. The Grant Recipient is expected to address and action these conditions as soon as reasonably practical. The Authority reserves the right to require that these have been actioned prior to approval of further applications. The commitments in these approved applications will also inform performance monitoring.

130. Where a change request has been agreed by the Authority this change request will be added to this MoU as an addendum. The Grant Recipient agrees that the agreed change requests will be attached to this MoU and form part of the signed agreement between the Grant Recipient and the Authority.
131. Except where otherwise expressly stated in this MoU, no other variation or change to this MoU will be effective unless it is agreed in writing and signed by both Parties.
132. Should there be any dispute between the Authority and Grant Recipient about the delivery profile the Grant Recipient should be adhering to, the Parties should refer to the last approved addendum or variation to the MoU.

Risk management

133. The Grant Recipient agrees to provide assurance that risks in relation to the Proposal have been identified and mitigated. The Grant Recipient will complete the Risk Register in **Annex 4** to be discussed as part of regular monthly meetings with the Authority.
134. In providing assurance about the management of risks, the Grant Recipient will identify risks and issues which arise from its own activities and those which arise from third parties, including those delivering measures or services under the scheme and those referring potential scheme recipients or otherwise publicising the scheme. The Grant Recipient will also provide an action plan on how they will mitigate these risks and issues and subsequently provide regular progress updates on their management.
135. As part of the Monthly Report, the Grant Recipient will report the status of the risks and issues identified within the Reporting and whether any new risks or issues have emerged. The Grant Recipient will share both the risks it is managing, and risks raised by Local Authorities or any other third-party delivery partners.
136. As soon as it becomes apparent to the Grant Recipient or the Authority that a risk will significantly impact on the delivery of the Proposal, the Grant Recipient will notify the Point of Contact, and provide a remediation plan, with input from the Authority and work through the recommendations to address the concerns.
137. Where the Authority feels that a risk is not being appropriately managed or resolved the Authority reserves the right to escalate risk management issues in line with the strategy in the Issues section (**paragraphs 216-218**).

Fraud and Error

138. As part of the delivery of the Proposal, the Grant Recipient will be responsible for carrying out or arranging the reasonable ongoing due diligence to ensure that installers, measures and households meet the scheme's eligibility criteria, controlling, monitoring, reporting, as well as managing any specific cases of suspected or identified fraud or error.
139. This should include, but not be limited to:
 - 139.1. Identifying, managing and limiting fraud risks.
 - 139.2. Implementing controls to deter, prevent and detect these risks.

- 139.3. Implementing and maintaining a fraud management plan that sets out how cases of suspected fraud or error will be investigated and resolved, including for instance sanctions, recovery of debt and/or prosecutions as appropriate and appropriate risk management development.
- 139.4. The use of existing tools and checks available to the Authority and the Grant Recipients for example Cabinet Office Spotlight and BEIS Previous Measures Checker.
140. The Authority recommends that Grant Recipients administer a fraud hotline by several communications channels and make data provided available to the Authority in line with audit requirements.
141. The Grant Recipient is required to have a named point of contact of appropriate seniority responsible for fraud risk management of funding provided through HUG 2.
142. The Authority has specified that all Grant Recipients funded through HUG 2 should, as a minimum, have a robust Fraud Risk Assessment (FRA) in place before the funding is granted, with an explanation of mitigating counter fraud actions for each material risk identified, to provide assurance about the management of fraud risks. The Grant Recipient agrees to provide a completed FRA to the Authority on return of a signed MoU for approved applications for November '22 deadline and as part of the outline assessment for the January '23 deadline.
143. The Grant Recipient is required to regularly review and maintain the FRA (and make this available to the Authority on request) and implement changes to fraud controls as needed to address our evolving understanding of the fraud risk, e.g., from operational findings, shared insights, intelligence received, etc. The Grant Recipient should update the FRA no less than on a monthly basis, and additionally in instances of significant detection or prevention.
144. The Grant Recipient should also provide the Authority with a clear Fraud Management Plan (FMP) detailing standard operating procedures to counter fraud for the below, as part of the DAC process, before the commencement of batch delivery:
- 144.1. how controls identified in the FRA/FMP are to be implemented;
 - 144.2. how suspected fraud/error will be referred/escalated, investigated (including case triage, evidence gathering, outcome determination) and case resolution;
 - 144.3. how appeals against decisions will be managed;
 - 144.4. what sanctions will be taken where decisions are upheld/not challenged;
 - 144.5. how debt will be recovered; and prosecutions pursued if appropriate.
145. The Grant Recipient will be required to produce monthly fraud/error management performance reports to the Authority including number and types of cases raised; levels of fraud/error prevented, fraud/error detected; debt raised/recovered; admin/corrective action taken; prosecution initiated. For clarity, where an installer, homeowner, etc provides incorrect information that would gain extra funding they are otherwise not entitled to, if the intent is not known or knowable on balance of probability, then it would reasonably be classed as error, but if on balance the falsehood was likely intentional then it is classed as fraud.
146. The Grant Recipient will be expected to participate fully in assurance reviews/audits commissioned by the Authority. This may include access to data and records and requests for site visits on public or private property to verify and validate the investment, outcomes and

benefits of the Grants. The Authority may also expect to be invited for participation, observation and be provided with visibility of documents and data from audits initiated directly by the Grant Recipients.

147. The Grant Recipient will undertake/participate as required in residual fraud measurement exercise(s) to assess effectiveness of fraud controls.
148. The Grant Recipient will share with the Authority any annual fraud reporting related to the scheme on request.
149. The Authority reserves the right to ask for a recovery plan in instances of significant fraud risk, or instances of significant fraud/error, to be agreed by the Authority. The Grant Recipient will work with the Authority to resolve any issues and manage risk of fraud in line with the approved plan. A requested recovery plan must be submitted for approval within 10 working days of receipt of a request.
 - 149.1. The Authority reserves the right to halt payment or terminate the MoU, in line with the outlined processes, in cases of significant risk or concern. The Grant Recipient agrees and accepts that it may become ineligible for Grant support and may be required to repay all or part of the Grant if it engages in tax evasion or aggressive tax avoidance in the opinion of Her Majesty's Revenue and Customs.
150. In accordance with **paragraphs 114**, incidents of fraud/error will continue to be reported monthly throughout the Funding Period.

Performance Management

151. During the Funding Period, the Grant Recipient will provide information to the Authority in their Monthly Reporting submission in relation to the KPI targets described in table 5.
152. To measure performance against KPIs, the Authority will assess performance levels against the monthly target forecast taken from the Outline application or the Delivery Assurance Check (if a revised forecast was submitted and agreed) and given by the Grant Recipient as a benchmark in accordance with the levels set out in the table below (**table 5**). All forecasted figures against the KPIs will be reviewed to consider risks around deliverability. Where a revised figure has been approved via the change management process, this figure will be used.
153. All KPIs should reflect the figures of the reporting month and should be provided to the Authority within **10 working days** of reporting month end. If the Grant Recipient fails to do this, then the following reminders will be sent and escalated:
 - 153.1. **First Reminder (1 Working Day late)** – The Authority will alert the Grant Recipient via email to submit the information.
 - 153.2. **Second Reminder (2 Working Days late)** – The Authority will alert the Grant Recipient via a call and email to submit the information.
 - 153.3. **Third Reminder – Escalated (3 Working Days Late)** – Email from the Authority's Project Director to Grant Recipient's CEO to explain that monthly reports have not been submitted in a timely fashion as agreed within the MoU, seeking explanation and date when the information will be forthcoming.

153.4. Fourth and Final Reminder – Further Escalated (5 or More Working Days Late) –

Email from Senior Responsible Owner (SRO) to Grant Recipient's CEO to explain that monthly reports have still not been submitted in a timely fashion as agreed within the MoU, seeking explanation, date when the information will be forthcoming and any other actions.

KPI	KPI type	Description	Data and Reporting	Performance Rating	Level
1a	Eligibility	The number of validated homes (dwelling and household are eligible to receive measures) that have signed up to receive measures within the 1-month period, relative to project forecast.	Grant recipient responsibilities: To provide monthly report using a Monthly Reporting Template (published on gov.uk).	1.) Green (acceptable): ≤ 10% variation	
				2.) Amber (action required): 11% - 40% variation	
				3.) Red (at risk): ≥ 41% - 100% variation	
1b	Eligibility	The cumulative number of validated homes (dwelling and household are eligible to receive measures) that have signed up to receive measures, relative to project forecast.	Grant recipient responsibilities: To provide monthly report using the Monthly Reporting Template (published on gov.uk). The Authority responsibilities: To calculate the cumulative figure to date once received data from LA. To compare actual to forecast and analyse data.	1.) Green (acceptable): ≤ 10% variation	
				2.) Amber (action required): 11% - 40% variation	
				3.) Red (at risk): ≥ 41% - 100% variation	
2a	Delivery	The number of validated homes within the 1-month period that have been assessed (both PAS 2035 risk assessment and dwelling assessment), had upgrades designed, agreed to by all parties (household, Grant Recipient, and retrofit coordinator), and coordinated by a retrofit coordinator, relative to project forecast.	Grant recipient responsibilities: To provide monthly report using a Monthly Reporting Template (published on gov.uk).	1.) Green (acceptable): ≤ 10% variation	
				2.) Amber (action required): 11% - 40% variation	
				3.) Red (at risk): ≥ 41% - 100% variation	
2b	Delivery	The cumulative number of validated homes that have been assessed (both PAS 2035 risk assessment and dwelling assessment), had upgrades designed, agreed to by all parties, and coordinated by a retrofit coordinator, relative to project forecast.	Grant recipient responsibilities: To provide monthly report using a Monthly Reporting Template (published on gov.uk). The Authority responsibilities: To calculate the cumulative figure to date once received data from LA. To compare actual to forecast and analyse data.	1.) Green (acceptable): ≤ 10% variation	
				2.) Amber (action required): 11% - 40% variation	
				3.) Red (at risk): ≥ 41% - 100% variation	
3a	Delivery	The number of homes within the 1-month period with the installation of	Grant recipient responsibilities: To provide monthly report using	1.) Green (acceptable): ≤ 10% variation	

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		all measures completed and signed off by the supplier's operational manager or equivalent, relative to project forecast.	a Monthly Reporting Template (published on gov.uk).	2.) Amber (action required): 11% - 40% variation 3.) Red (at risk): ≥ 41% - 100% variation
3b	Delivery	The cumulative number of homes with the installation of all measures completed and signed off by the supplier's operational manager or equivalent, relative to project forecast.	Grant recipient responsibilities: To provide monthly report using a Monthly Reporting Template (published on gov.uk). The Authority responsibilities: To calculate the cumulative figure to date once received data from LA. To compare actual to forecast and analyse data.	1.) Green (acceptable): ≤ 10% variation 2.) Amber (action required): 11% - 40% variation 3.) Red (at risk): ≥ 41% - 100% variation
4	Reporting	Submission of the monthly Performance Monitoring Data Report to the Authority by the agreed deadline.	Grant recipient responsibilities: To provide monthly report using a Monthly Reporting Template (published on gov.uk). The Authority responsibilities: To calculate the days late.	1.) Green (acceptable) – 0 days 2.) Amber (action required) – 1 – 2 days 3.) Red (at risk) – 3 days +
5a	Spend	Total Admin and Ancillary spend including counter fraud performance, relative to the project forecast.	Grant recipient responsibilities: To provide monthly report using a Monthly Reporting Template (published on gov.uk).	1.) Green (acceptable): ≤ 5% variation 2.) Amber (action required): 6% - 15% variation 3.) Red (at risk): ≥ 16% variation
5b	Spend	Total Capital spend, relative to the project forecast.	Grant recipient responsibilities: To provide monthly report using a Monthly Reporting Template (published on gov.uk).	1.) Green (acceptable): ≤ 5% variation, OR >5% variation either way but homes completed (3b) KPI is green 2.) Amber (action required): 6% - 15% variation, OR >15% variation either way but homes completed (3b) KPI is amber. 3.) Red (at risk): ≥ 16% variation, OR homes completed (3b) KPI is red.

Table 5: Key Performance Indicators

154. The Authority reserves the right to amend the KPIs during the lifetime of the scheme and will inform the Grant Recipient of any changes. The Grant Recipient agrees to submit the relevant data (to be outlined) if the Authority makes an amendment to the KPIs. Reasonable notice will be given to the Grant Recipient if any changes are made to the KPIs.

155. The cadence of monthly meetings and generation of the Delivery Confidence Assessment (DCA) may be subject to change by the Authority. The Authority will notify the Grant Recipient of any changes to the meeting schedule.
156. The Authority intends to conduct a monthly meeting with the Grant Recipient to support and assess the performance of the Grant Recipient. The Grant Recipient will provide an update on delivering the outcomes for the Funding Period in line with their applications and this MoU. The Authority will produce a DCA, based on the information from monthly data reporting, KPIs and information collected during monthly meetings in accordance with **paragraph 114**. If the monthly assessment shows the Grant Recipient is underperforming against forecasts, or risks or issues are present that warrant further action to be taken, then the escalation process for performance management may be triggered. Under certain circumstances, the forecasted batch payments may be diverted, and/or the batch submissions, approvals, and payments may be frozen and/or the Grant Recipient will work with the Authority on recovery of funds to identify any resulting underspend or misuse of funds and facilitate the prompt return of funds to the Authority.
157. The Authority intends to generate the DCA each month, and will assess the project delivery confidence through five individual categories:
- (1) KPI delivery
 - (2) Commercial assurance
 - (3) Internal resourcing
 - (4) Risk
 - (5) Stakeholder relationship

The Authority will assess the Grant Recipient performance against each of the five categories, and allocate a green, amber, or red rating to each. The rationale used by the Authority to determine the rating for each category is provided in **table 6**. These will be used by the Authority to produce an overall green, amber or red score for the DCA for that specific month. The categories have different weightings, and consequently, have different relative impacts upon the overall DCA rating. The weightings against the categories that will make up the DCA can be found in **table 7**.

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Category	3	2	1
5. KPI Delivery	Grant Recipient is attaining green on all or almost all KPIs (≥5 KPIs) (≤10% variance permitted), forecast and actuals match up. There is no delay, and it is likely that the project will meet its objectives.	Grant Recipient is unlikely to meet its forecasted delivery target or spend or deliver on time. Most KPIs (3-4) are amber (11-40% variance) with some KPIs slipping into red (≥40% variance).	Grant Recipient is significantly delayed, and it is very unlikely the project will meet its objectives, they are significantly behind on all KPIs, and the project has little to no chance of meeting its aims. Most KPIs (≥5) are red (≥40% variance).
5. Commercial assurance	There is no indication of future cause for concern. The Grant Recipient is confident in their contracts, suppliers, and supply chain. They are confident they will deliver to meet their financial year forecasts.	There are some commercial concerns around the project which may not be currently reflected by the KPIs. These have likely also picked up in the risks and issues management plan, and could mean that it is unlikely the project will deliver to meet their forecasts.	It is highly unlikely the project will deliver to meet their forecasts. There are numerous significant upcoming commercial issues with the project which the Grant Recipient does not have capability to resolve.
5. Internal resourcing	Grant Recipient is sufficiently resourced to deliver as agreed. If there are changes to personnel (particularly the resource required as part of HUG 2), the Grant Recipient is taking steps to prevent this from impacting delivery.	Grant Recipient may be hiring new staff to fill vacancies or regularly have staff on leave. This may cause delays to operations (including reporting) and may impact delivery.	The Grant Recipient is severely under-resourced and/or do not have the required FTE specified by the Authority. The lack of resource is having a significant negative impact on delivery. The Grant Recipient are unable to acquire resources to rectify this in the short-medium term.
4. Risk	The Grant Recipient has conducted a competent risk assessment and these risks do not pose an immediate threat to delivery or pose a risk to future delivery. If there are risks, the Grant Recipient has appropriate management plans in place.	The Grant Recipient has identified a few risks which may or may not pose an imminent threat to delivery and/or pose a risk to future delivery. They have an adequate risk management plan in place already and are taking steps towards mitigation. Most key risks were identified by the Grant Recipient, but they may have failed to identify some key project risks.	There is one or more risks that pose an immediate threat to planned delivery. The Grant Recipient may not have reported these risks themselves. The Grant Recipient has not been able to provide satisfactory mitigations (if any) or a management plan for these risks. The Authority's Point of Contact has little confidence that the Grant Recipient has sufficient short, medium, or long-term risk planning.
5. Stakeholder relationship	Stakeholder relationship established with Grant Recipient and good engagement is taking place. Grant Recipients are upfront in disclosing issues and setbacks and there is evidence of good lines of communication between the Authority, the Grant Recipient, consortium members and suppliers/third parties.	Grant Recipient may be slow to reply, unresponsive to emails, but this is not having a significant impact on delivery. They still attend monthly meetings and provide the Authority with updates on the progress they have made. They can sometimes relay communications between the Authority and third parties when necessary.	Grant Recipient is very unresponsive and does not generally engage with the Authority's Point of Contact. They often miss meetings and do not respond to emails or calls from the Authority. The Grant Recipient has been evasive and does not disclose issues on the project, they may be deceitful and often provide misinformation to the Authority intentionally or otherwise.

Table 6: Delivery Confidence Assessment matrix

1. KPI Delivery	2. Commercial assurance	3. Internal resourcing	4. Risk	5. Stakeholder relationship	Total
40%	25%	10%	15%	10%	100%

Table 7: Delivery Confidence Assessment weighting

- 158. The Authority reserves the right to modify the HUG 2 DCA categories or weightings illustrated in table 6 and 7 at any time. The Authority will communicate any change to the DCA and DCA weighting strategy a minimum of one month prior to any change coming into effect.
- 159. The Authority will aim to communicate the result of the DCA to the Grant Recipient within 1 week of the monthly meeting. If required, a meeting between the Grant Recipient and the Authority should take place as soon as reasonably practical to discuss the DCA result and any resulting actions.
- 160. Any remediation, recovery, or other plan to improve delivery must be agreed between the Parties as soon as reasonably practicable, and in any event before the end of the Funding Period.
- 161. The Authority expects that the Grant Recipient should institute any actions from any remediation plan or otherwise as soon as possible to provide assurance to the Authority and bring performance in line with forecasts.
- 162. The Authority may request further information from the Grant Recipient to support the development of the DCA and/or the monthly report.
- 163. The Authority may escalate, where appropriate, risks that are highlighted by the DCA.

Performance Management – Triggers and Escalations

- 164. The Authority reserves the right to modify the HUG 2 trigger and escalation strategy at any time. The Authority will communicate any change to at least one month prior to any change coming into effect.

KPI Triggers

- 165. If KPIs indicate underperformance against forecasts due to exceeding the maximum acceptable variation as stated in the Performance Level Ratings in Table 5, the Grant Recipient will be required to discuss the reasons for the underperformance with the Authority at the subsequent monthly meeting and provide proposals for its improvement. Consistent underperformance will result in the following triggers:
 - 165.1. If any or multiple KPIs 1a, 2a, 3a, 5a, 5b remain amber rated for a period of 3 consecutive months, the Authority will assess delivery to determine whether improvement is likely and may request either a remediation plan and/or a recovery plan.
 - 165.2. If any or multiple KPIs 1a, 2a, 3a, 5a, 5b remain red rated for a period of 2 consecutive months, the Authority will assess delivery to determine if any improvement is likely and may request either a remediation plan and/or a recovery plan.
 - 165.3. In the event that the Grant Recipient receives 2 red ratings for KPI 4 within any 4-month period, the Authority will request a remediation and/or recovery plan.

- 165.4. In the event of 4 or more red KPIs in any given month, the Grant Recipient will be put into a remediation and/or recovery plan, at the discretion of the Authority.
- 165.5. In the event of 5 or more amber KPIs in any given month, the Grant Recipient will be expected to review the reasons for the underperformance and discuss these with the Authority at the subsequent monthly meeting.
- 165.6. If, the first batch submission has been approved and the Grant Recipient does not spend any Capital, or commit any Capital spend after 3 months, the Authority will request a remediation plan and may redistribute forecasted funds for that financial year (proportionate to the time and forecasted spend left for that financial year).
- 165.7. Considering the housing stock submitted as part of the batch process, if the proportion of inactive spend (defined as the total funds allocated minus total funds spent, divided by the total funds allocated) is $\geq 40\%$ and the Grant Recipient has had two consecutive amber ratings for Batch delivery KPI, the Authority may request a remediation plan and may freeze batch submissions, approvals, and payments.
166. If the Authority's overall DCA assessment indicates underperformance, the Grant Recipient will be required to discuss the reasons for the underperformance with the Authority at the subsequent monthly meeting and provide proposals for its improvement. Consistent underperformance will result in the following triggers:
- 166.1. If the overall DCA rating remains amber for a period of 3 consecutive months, the Authority will assess delivery to determine whether improvement is likely and may request a remediation plan.
- 166.2. If the overall DCA rating remains red for a period of 2 consecutive months, the Authority will assess delivery to determine whether improvement is likely and may request a remediation plan.
- 166.3. If the overall DCA rating remains red for a period of 4 consecutive months, the Authority will assess delivery to determine whether improvement is likely and may consider initiating a recovery plan
167. Grant Recipient non-attendance at 2 consecutive monthly meetings will result in an escalation by the Authority and may result in a request for a remediation plan.
168. Remediation and recovery plans will be assessed on a specific and case by case basis and will be agreed between both Parties.
169. The Authority reserves the right to request a remediation plan if it is deemed by the Authority that delivery performance is irregular or erratic, even if the triggers defined in **paragraphs 165-167** are not breached.
170. The Authority may at its sole discretion waive the requirement for a remediation plan, such as in instances whereby triggers are breached but KPI performance has demonstrated acceptable improvement.
171. In any instances whereby the Grant Recipient is achieving the minimum performance standards, it may be appropriate to consider whether the Grant Recipient can deliver more than the current forecast. If so:

- 171.1. The Grant Recipient may approach the Authority through the scheduled monthly meeting or other means, with any proposal to deliver more than is included within their forecast if current performance is adequate
- 171.2. The Authority may approach the Grant Recipient to discuss whether the Grant Recipient can deliver more than is included within the current forecast.
- 171.3. The Grant Recipient must provide the Authority with a proposed delivery forecast to illustrate the additional homes to be upgraded if they intend to increase their delivery from the existing forecast. The Authority will make an assessment and communicate the result with the Grant Recipient. If agreed, the Grant Recipient must submit a Change Request.
172. If the Grant Recipient is placed into a remediation plan, and the Authority determines during that period that the remediation plan will not provide the necessary results, the Authority may consider and take further action, such as diverting forecasted funds from the Grant Recipient; freezing batch submissions, approvals, and payments; and requiring return of funds previously transferred to the Grant Recipient.
173. The Authority reserves the right to allocate a consultant, selected by the Authority, to support the Grant Recipient during, or during part of, the scheme, if required. The Grant Recipient will work with the consultant and make available all relevant materials.
174. The Authority reserves the right to amend the trigger strategy set out above when managing performance across financial years.
175. In-year spend rules mean that a Grant Recipient must return underspend to the Authority at the end of the financial year. To ensure that Grant Recipients performance management is reflective of current delivery, not weighted based on the past financial year's performance, the Authority will institute the following procedure:
- (1) The DCA rating(s) of the last three months of the previous financial year will be considered by the Authority in the creation of the DCA in the first two months of the next financial year.
 - (2) Grant Recipients will be given a DCA rating based on their performance for the first month of the financial year, but no triggers will be attached to that month's performance. However, as standard, the Authority is expected to consider past performance as part of this assessment.
 - (3) From the second month of the financial year thereafter, triggers will restart and will be based around the performance in that financial year. However, past performance will be considered by the Authority.

Termination and Scheme Exit

176. The Authority reserves the right to update the process for MoU exit to accommodate any reasonable change in documentation or process and will communicate this to the Grant Recipient as soon as reasonably practical.
177. The Grant Recipient is expected to take part in any final meetings with the Authority prior to MoU Exit as part of performance management, project closing procedures, or otherwise.

178. Following MoU Exit, the Grant Recipient is expected to comply with all obligations with regards to audit, data, record keeping and any other residual or legislative obligations within this MoU.
179. The Grant Recipient will comply with all obligations for return of unspent or requested funds, in accordance with the provisions of this MoU.
180. The Grant Recipient must comply with all reporting requirement up to and including the month of MoU exit and submit any Final Reports, to be submitted 25 days after the Funding Period, or within 1 month of MoU Exit, whichever comes first.
- 180.1. At project closure, the Authority will provide the Grant Recipient a project closure letter. This document provides a method for Grant Recipients to return their Signed Declaration as required under this MoU, Appendix 2 (Grant Determination Letter), Part B of the Grant Determination Letter. Once the final audits of the project are complete, the Chief Executive and Chief Internal Auditor must sign the letter confirming the statements included in this section and return the signed copy to the Authority.
- 180.2. Where the Authority requires the Grant Recipient to prepare an Exit Plan as preparation for MoU Exit and/or the cessation of the Funded Activities, the Grant Recipient shall prepare an Exit Plan within 1 month of the request by the Authority, for agreement prior to MoU Exit. The Grant Recipient is expected to comply with the obligations set out between **paragraph 176 and 180.1**. Further details of the process including relevant guidance and templates will be shared by the Authority at a later date.
181. If the Grant Recipient wishes to terminate this MoU, this request must be escalated through the process outlined in the Issue Escalation section.
182. The Authority may terminate this MoU if the Grant Recipient breaches any of the obligations of this MoU in a material respect. The Authority may also terminate this MoU if the Authority has reasonable grounds to consider that the Grant Recipient is failing to improve delivery of the Funded Activities in accordance with a remediation plan agreed with the Authority (per **paragraphs 115-117**), has unreasonably failed to provide or agree to a suitable remediation plan, or is in breach of the scope of eligible activity under HUG 2.
183. Without prejudice to the preceding paragraph and any other provisions of this MoU, the Authority may terminate this MoU for any reason by reasonable notice in writing and require return of any unspent funding.
184. Without prejudice to any other provisions of this MoU, the Authority may suspend or terminate the Delivery Assurance Check, the batch application process and/or the payment and delivery of the Grant, for any reason by reasonable notice in writing. Where possible, the Authority will consult with the Grant Recipient and have regard to the impacts on the Grant Recipient before triggering suspension or termination.

Monitoring, evaluation and audit

185. The Grant Recipient will support all activities in relation to monitoring, evaluation and audit – including any necessary or random spot-checks. The Grant Recipient will:
- (1) Respond fully, truthfully and promptly to any enquiries the Authority, or the Comptroller and Auditor General, or their representatives, may make about the Proposal or the use of the Grant and provide any information and evidence reasonably requested, including

- by providing a statement of usage of the Grant (at such times, and in such form, as they may reasonably specify).
- (2) Allow the Authority, the Comptroller and Auditor General, and their representatives, access to all relevant documents and records, and reasonable access for inspecting any relevant site.
 - (3) Where requested, ensure that any information or evidence provided to the Authority, the Comptroller and Auditor General, or their representatives, is audited by an identified and independent reporting accountant or otherwise confirmed or verified by a person of such other relevant expertise as they may reasonably specify; and
 - (4) Give reasonable assistance to the Authority to carry out work in connection with the Grant throughout delivery of the Proposal and up to two years after completion of the Proposal, for example as part of the Authority's ongoing monitoring and evaluation commitments.
 - (5) Cooperate with the Authority on related evaluation projects (e.g., the Social Housing Decarbonisation Fund (SHDF), the Sustainable Warmth Competition, the Smart Meter Enabled Thermal Efficiency Ratings (SMETER) Innovation Programme) and cooperate with the Authority's appointed advisers.
 - (6) Provide a monthly report to the Authority via the secure Data Capture Portal, containing a text description of that month's overall delivery progress, risk and issues encountered, required fraud information, evidence of due diligence to manage them, information on the number of homes that work is being conducted on (Homes in Progress) and data on progress against each KPI (see **paragraph 114**).
 - (7) Provide monthly record-level management information data on the status and characteristics of each installation delivered via the same platform. Please see **Annex 7** for the data requirements of this template.
 - (8) Include these data collection requirements in all relevant contracts with installers and delivery partners, ensuring they understand and accept them. Make available Template Privacy Notice between Grant Recipients and Household (see **Annex 5**) to all data subjects, prior to the collection of data, to support compliance with data processing transparency requirements.
 - (9) Agree and sign a standardised Data Sharing Agreement (DSA) (provided separately) between the Grant Recipient and the Authority prior to the transfer of the above data. This will include but is not limited to fraud and error data, debt recovery and if necessary, prosecution.
 - (10) Demonstrate sufficient staffing resource in funding applications to manage the above requirements to an effective level of quality and maintain this level of resource for the full project duration.
 - (11) Provide the Authority with any audit reporting conducted by the Grant Recipient, or an appointed external party, or audit materials produced in relation to the grant spend or use. The Grant Recipient must notify the Authority of any audit activity conducted, including timeline and purpose.

Record keeping

186. The Authority and the Grant Recipient will keep for **10 years**, records relating to any spending funded (or defrayed) by the Grant. Such records should indicate:

- (1) The identity of any third party concerned and their business.
- (2) The amounts any third party has been given.
- (3) The purpose for which the money was spent.

- (4) Evidence that contracts have been awarded in accordance with public procurement law where they are required to be; and
 - (5) Details of and information relating to any significant sub-contracting by the Authority.
 - (6) Details of any fraud cases including number and types of cases raised; levels of fraud/error prevented, fraud/error detected; debt raised/recovered; admin/corrective action taken; prosecution initiated.
187. The Grant Recipient shall retain all invoices, receipts, accounting records and any other documentation (including but not limited to, correspondence) relating to the Eligible Expenditure; income generated by the Funded Activities during the Funding Period for a period of 10 years from the date on which the Funding Period ends.
188. The Grant Recipient shall ensure that all its sub-contractors follow appropriate measures for record keeping for activity relating to the Funded Activities.
189. The Grant Recipient shall ensure that records pertaining to quality compliance and / or risk assessments are retained for a period of 10 years.
190. The Grant Recipient will comply with the outlined record requirements for fraud and retain these records for a period of 10 years. The Grant Recipient will manage record keeping and will provide access to records in the case of audit in line with **paragraphs 185 and 186**.

Data protection

191. In so far as it is possible to do so in accordance with the Data Protection Act 2018, the UK General Data Protection Regulation (UK GDPR) and the Market Research Society Code regarding the collection and use of personal data for research and statistical purposes and all other law, the Grant Recipient agrees to collect information for evaluation and reporting purposes (referred to below as “the Information”) in a way which:
- (1) Allows it to share the Information with the Authority, in accordance with the principles set out in the Data Sharing Agreement (DSA) (provided separately) and as referenced in the Monitoring, Evaluation and Audit section of this MoU.
 - (2) Allows the Authority to share the Information with any of its research or evaluation service providers or other Government Departments who have an interest in this information, under a Data Sharing Agreement.
 - (3) Allows the Authority to use the Information for research and statistical purposes (this does not include publishing the Information in a way that identifies individual households) provided always that the Authority complies with the provisions of the Data Protection Act 2018 and UK GDPR.
 - (4) Allows the Authority to keep names and contact details of scheme participants on file for use in required official communications and audit activities (see the Participant privacy notice in **Annex 9**).
 - (5) Allows the Authority to keep names and contact details of the local authority and its delivery partners on file for use in the in-house CRM system to enable better relationship management (see Privacy Notice in **Annex 5**).

Freedom of information

192. The Parties may be obliged to disclose information relating to HUG 2, the Grant, and the Proposal under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 or under another requirement of law.
193. The Parties will assist and cooperate with each other as reasonably requested to facilitate compliance with those requirements. If a Party receives a request for the disclosure of information relating to the other Party in connection with HUG 2, that Party will promptly inform the other Party, unless doing so would breach a legal obligation.
194. In the event that the Authority provides information in response to a request for information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, the Authority may make that response publicly available for the purposes of transparency.

Intellectual property

195. In undertaking the Proposal, the Grant Recipient will not infringe the intellectual property rights of any third party.
196. Where the Proposal gives rise to the generation of any intellectual property, the Grant Recipient will not subsequently seek to make profit from the use of such intellectual property, for example through charging for licences.
197. Unless otherwise agreed by the Authority, the Grant Recipient grants the Authority a non-exclusive royalty free perpetual licence to use and sub-licence any intellectual property created whilst delivering the Proposal.
198. The Grant Recipient agrees to grant a non-exclusive royalty free perpetual license to use and sub-license all reporting, monitoring and application data or data related to the scheme that has been funded through provision of the Grant. Where the Grant Recipient creates data, learning material or technical systems in relation to the scheme or scheme delivery the Grant Recipient agrees to grant the Authority access to these materials and grants the Authority with a non-exclusive royalty free perpetual license to use and sub-licence.

Compliance with the law

199. The Grant Recipient will comply with all laws and regulatory requirements when delivering the Proposal (including, without limitation, compliance with all laws and regulatory requirements relating to public procurement, bribery, modern slavery, and subsidy control).
200. In signing this MoU, the Grant Recipient confirms that use of the Grant for the purpose of the Proposal and in accordance with the MoU is in compliance with all laws and regulatory requirements.

Anti-discrimination

201. The Grant Recipient will comply with the requirements of the Equality Act 2010 and avoid any unlawful discrimination.

Responsibility for employees, contractors, agents and partners

202. The Grant Recipient will ensure that its employees, contractors, agents, partners and other local authorities or organisations it works with in delivering the Proposal (whether as part of a Consortium or not) comply with the commitments and principles set out in the MoU and will be responsible for any failure by them to meet those commitments and principles.

Warranties

203. The Grant Recipient warrants that:

- (1) It has full capacity and authority to deliver the Proposal and to enter into this MoU.
- (2) It will obtain any consents necessary to undertake the Proposal.
- (3) The information and evidence in its Proposal remains true, complete and accurate, and that its circumstances have not materially changed since submitting its Proposal.
- (4) If upon submitting a batch application the circumstances have materially changed since submitting its Proposal, the Grant Recipient warrants that it will inform the Authority.
- (5) It does not know of the existence of any circumstances which might materially and adversely impact on its ability to undertake the Proposal or observe the provisions and principles of this MoU.
- (6) If the Grant Recipient chooses to use electronic signing, then this will be done through secure means only.
- (7) It accepts the provisions and principles of this MoU and application requirements and will comply with the necessary change control procedures in the event of any change of circumstance.

Limitation of liability

204. The Grant Recipient confirms that the Authority's liability to the Grant Recipient is limited to payment of the Grant (subject to the Grant Recipient meeting the commitments and principles of the MoU and its Annexes and to the Authority's rights set out therein). The Grant Recipient remains entirely responsible for its risks and liabilities in undertaking the Proposal, and the Authority will have no liability for any consequence, direct or indirect, that may arise through the Grant Recipient's undertaking of the Proposal or its use of the Grant or through the exercise of any of the Authority's rights set out in this MoU (or any failure to exercise such rights). For the avoidance of doubt, the Authority will not be liable to pay any of the Grant Recipient's costs or those of any contractor/supplier of the Grant Recipient related to any transfer or termination of employment of any employees engaged in the provision of the Funded Activities.

Insurance

205. The Grant Recipient will ensure that it has and maintains, adequate insurance with an insurer of good repute to cover any claims or demands which may be brought or made against it by any person suffering any injury damage or loss in connection with the Funded Activities or this MoU.

206. 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 that the relevant premiums have been paid.

Marketing

207. The Authority will inform the Grant Recipient when public communication materials and marketing for scheme milestones and delivery take place and may request Ministerial quotes. Where necessary, the Authority will engage with the Grant Recipient's press team for quotes to be used in communication materials.
208. The Grant Recipient agrees that the Authority may publicise in the press, or via any other medium, details of the Grant received, as well as Funded Activities. Where applicable, figures will be confirmed with the Grant Recipient before publication.
209. 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 other events relating to the Funded Activities.

Case Studies

210. The Grant Recipient will comply with all reasonable requests from the Authority to provide Case Studies on the delivery of measures across the lifetime of the scheme.
211. The Grant Recipient agrees that any Case Studies provided may be used in public facing promotional activities by the Authority, as outlined in **paragraph 207 to 209** and that the Authority can retain these materials for internal and external learning purposes.
212. Where required, the Authority will obtain permission from the Grant Recipient to share these Case Studies with wider Applicants.

Further funding

213. The Authority is under no obligation to provide the Grant Recipient with any further funding in respect of the Proposal or for any other purpose. Performance under this MoU may be considered in decisions relating to use, return or redistribution of underspend or the distribution of further funding.

Conflict of Interest

214. Conflicts of Interest should be included in the risk register for the project. The Grant Recipient is expected to report any current or arising conflict of interest to the Authority as it arises over the lifetime of the scheme and to manage these conflicts.
215. The Grant Recipient may be required by the Authority, to agree steps to manage conflict of interest. Where instances of conflict of interest cannot be managed the Authority may request a remediation plan, any residual issues will be managed on a case-by-case basis and may be escalated in line with the processes outlined in this MoU.

Issue Escalations

216. The Grant Recipient is expected to escalate issues to the Authority throughout the project lifecycle and is not expected to reserve escalations solely for the monthly meeting.

217. If the Authority or the Grant Recipient has any issues, concerns or complaints about HUG 2, or any matter in this MoU, that Party will notify the other Party and both Parties will then seek to resolve the issue by a process of consultation as soon as reasonably practical. If the issue cannot be resolved within **21 calendar days**, the matter will be escalated to the senior management teams of both Parties, which will decide on the appropriate course of action to take. If the matter cannot be resolved by the senior management teams within **60 calendar days**, the Parties will consider mediation as an alternative dispute resolution process.
218. If a Party receives legal claims made by a supplier or any other person in relation to HUG 2, that Party will promptly inform the Point of Contact (or its nominated representatives) of the matter.

Business Continuity and Disaster Recovery

219. In the case of national disaster, extraordinary, or extenuating national circumstances which impact the delivery of the Grant Recipient, the Grant Recipient may be requested to submit a remediation or a recovery plan, or may be asked to submit a change request within an agreed and reasonable timeframe. Any plan or change request shall be agreed with the Authority. The Grant Recipient shall ensure that any plan should incorporate or adhere to the relevant national guidelines as applicable at the time of submission, or as specified by the Authority. The Authority may follow the performance escalation strategy as outlined in **paragraphs 164-175** should there be a need to escalate during this period.
220. The Grant Recipient may be requested to update the risk register and to notify the Authority to work through the recommendations to address the concerns.

Dispute Resolution

221. The Authority will provide a point of contact for the Grant Recipient. The Grant Recipient may refer to this point of contact should any disputes arise. Details on the point of contact, process, and anticipated timeframes will be shared by the Authority prior to Batch Delivery. The Authority will inform the Grant Recipient of any changes to this process.
222. The Grant Recipient is responsible for managing consortia disputes and should inform the Authority of any issues that may affect performance under the scheme.

Further Requirements

223. The Grant Recipient will need to ensure that they are registered as a supplier on the Jaggaer system within 10 days of signing the MoU on the request of the Authority. The Jaggaer system is a central pipeline tool used by the Authority and will be used to create a record of this agreement with the Department. Jaggaer records are internal.
<https://beisgroup.ukp.app.jaggaer.com/esop/ogc-host/public/beisgroup/web/login.jst?VISITORID=1fe2a30d-3ad3-4c58-8eff-cfd22fc2bbd6&ncp=1644416375065.36391-1>

References

224. In this MoU references to legislation are to that legislation as amended or re-enacted from time to time (including any amendment or re-enactment having taken place before the date of this MoU).

Notice and communications

225. The Grant Recipient will be able to contact the Authority using the following email address:

hug.project@beis.gov.uk

226. The Grant Recipient's contacts for the Authority are detailed below. Other contacts will be added. If any updates are made, the Grant Recipient will be notified as soon as reasonably practical.

Name	Organisation	Role	Email address

Table 8

227. The Authority will use the contact details for the Grant Recipient as provided in the Outline Application unless the Authority is notified of updates by the Grant Recipient. The Grant Recipient will notify the Authority of any updates as soon as reasonably practicable.

Assignment

228. The Grant Recipient will not assign or otherwise transfer to any other person the benefit of the Grant or any other benefit arising by virtue of this MoU without the approval in writing of the Authority.

Status of MoU

229. This MoU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the Parties from this MoU. The Parties do, however, enter the MoU intending to honour all their commitments under it.

230. Nothing in this MoU is intended to, or shall be deemed to, establish any partnership, joint venture, or relationship of employment between the Parties, constitute either party as the agent of the other Party, nor authorise either of the Parties to make or enter any commitments for or on behalf of the other party. Accordingly, the Grant Recipient will not hold itself out as having any such relationship with the Authority.

Signed for and on behalf of BEIS.

Signature:

Name:

Shaun Garvey

Position:

Deputy Director, Net Zero Buildings, Domestic, Department for Business, Energy & Industrial Strategy

Date:

Signed for and on behalf of the Grant Recipient.

Signature:

[]

Name:

[]

Position:

[]

Date:

[]

Documents to be provided

Table 9: Documentation to be provided by the Grant Recipient before the Grant will be released and once the Grant Recipients have been notified that their Outline applications have been successful.

What must be provided?	Annex	Other information
A signed copy of this MoU	This document	
A signed copy of the Section 151 or Section 73 Officer declaration	Annex 1	
A signed copy of the Section 31 Grant Determination Notice for Financial Year 2023/24 (by 17/03/2023 at the latest) covering the relevant financial year	Annex 2	
A completed and signed Grant Claim Form including Bank Details (AP1A Form)	Annex 3	
A completed Fraud Risk Assessment (FRA)		Hosted on gov.uk
Fraud Management Plan (FMP) (prior to Batch Delivery)		To be provided by the Grant Recipient
A completed and signed copy of the Data Sharing Agreement		Provided with the MoU
A completed Oracle LA Registration Set-up Form	Annex 11	

Table 10: Additional documentation to be completed or acknowledged by the Grant Recipient as required.

Additional documentation	Annex
A signed copy of the Section 31 Grant Determination Notice for Financial Year 2024/25 covering the relevant financial year (dates of return to be provided)	Annex 2
A completed Risk Register	Annex 4
Template Privacy Notice between Applicant and Household	Annex 5
Approved Application Proposal (From the Grant Recipient's submission and approved through the Assessment Stage of the Outline application process)	Annex 6
Monitoring and Evaluation Data Dictionary template	Annex 7
Privacy Notice between the Authority and Applicant	Annex 8
Scheme Participant Privacy notice guidance	Annex 9
Change Request Form	Annex 10
Challenge Fund Supportive Information	Annex 12
BEIS Supplier Code of Conduct	Annex 13

Annex 1: Section 151 or Section 73 Officer Declaration

In my position as the Section 151 or Section 73 Officer for Wiltshire Council I confirm that:

- a) Wiltshire Council will accept the grant funding that has been offered through the Home Upgrade Grant Phase 2.
- b) The information and evidence pertaining to this grant claim is complete, true and accurate.
- c) Wiltshire Council will ensure the delivery of the Services in accordance with the terms of the Proposal; and
- d) Wiltshire Council will comply with the provisions of the Memorandum of Understanding in connection with its delivery of the Proposal.

Signature:

[]

Name:

[]

Position:

[]

Date:

[]

Annex 2: Grant Determination

DETERMINATION (2023/24):

The Secretary of State for Business, Energy & Industrial Strategy (“the Secretary of State”), in exercise of the powers conferred by section 31 of the Local Government Act 2003, makes the following determination:

Citation

1) This determination may be cited as the Home Upgrade Grant Phase 2 Determination (2023/24)

Purpose of the grant

2) The purpose of the grant is to provide support to Local Authorities in England towards expenditure lawfully incurred or to be incurred by them.

Determination

3) The Secretary of State determines as the Local Authority to which grant is to be paid and the amount of grant to be paid, the Grant Recipient and the amounts set out in Part A.

Grant conditions

4) Pursuant to section 31(3) and 31(4) of the Local Government Act 2003, the Secretary of State determines that the grant will be paid subject to the conditions in Part B.

Treasury consent

5) Before making this determination in relation to Local Authorities in England, the Secretary of State obtained the consent of the Treasury.

Signed by authority of the Secretary of State for Business, Energy & Industrial Strategy

Shaun Garvey

Deputy Director, Net Zero Buildings, Domestic, Department for Business, Energy & Industrial Strategy

Part A of the Grant Determination

Grant Recipient to which grant is to be paid	Amount of grant to be paid.
Wiltshire Council	£1,780,200.00

Part B of the Grant Determination

GRANT CONDITIONS

1. Grant paid to a Grant Recipient under this determination may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

2. The Chief Executive and Chief Internal Auditor of each of the recipient Local Authorities are required to sign and return to the Team Leader of the Net Zero Buildings, Domestic Division of the Department for Business Energy and Industrial Strategy a declaration, to be received no later than 1st May 2024 in the following terms:

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Home Upgrade Grant Phase 2 Determination No. _____ have been complied with”.

3. If a Grant Recipient fails to comply with any of the conditions and requirements of **paragraphs 1 and 2**, the Secretary of State may-

(a) reduce, suspend, or withhold grant; or

(b) by notification in writing to the Grant Recipient, require the repayment of the whole or any part of the grant.

4. Any sum notified by the Secretary of State under **paragraph 3 (b)** shall immediately become repayable to the Secretary of State.

Chief Executive Name: [_____]

Chief Executive Signature: [_____]

Date: [_____]

Chief Internal Auditor Name: [_____]

Chief Internal Auditor Signature: [_____]

Date: [_____]

Annex 3: Grant Claim Form

REQUESTER DETAILS	
Grant Recipient	Wiltshire Council
Bank Details	[]
Purchase Order Number	[]
Contact Name	[]
Telephone Number	[]
Email Address	[]

CLAIM DETAILS	
Home Upgrade Grant Phase 2 Total to be Claimed	£1,780,200.00
Date of Claim	[]
Claims may include VAT that the authority is not able to reclaim from HM Revenue & Customs or not likely to become able to claim.	

SECTION 6: SENIOR LOCAL AUTHORITY OFFICER'S DECLARATION
<p>I confirm that I have considered the Grant Recipient's Proposal (included as Annex 6 of the MoU) against which this Grant claim is made, as well as the principles set out in the Memorandum of Understanding for HUG 2, and that:</p> <p>a. The information and evidence pertaining to this Grant claim is complete, true and accurate.</p> <p>b. We will comply with the principles set out in the Memorandum of Understanding.</p> <p>Signed: []</p> <p>Printed name: []</p> <p>Position: []</p> <p>Date: []</p>

Annex 4: Risk Register

RISK MANAGEMENT

This annex consists of

- a. A risk rating matrix to assist with scoring risks; and
- b. An explanation of the risk rating colours.

RISK REGISTER

A risk register template (**Annex 4**) will be provided, where the Grant Recipient will log all risks and issues it believes are relevant to the performance of the Grant Recipient and its commitment to the scheme. This is to be returned with the Grant Recipient signature of the Memorandum of Understanding. The Grant Recipient will then update their designated Point of Contacts of their top 5 risks and issues through the monthly reporting template.



HUG 2 Risk Register

Risks																			Other		
Risk 1: Risk/Issue Descriptio	Risk 1: Risk Category	Risk 1: Mitigation Action	Risk 1: RAG Rating	Risk 2: Risk/Issue Descriptio	Risk 2: Risk Category	Risk 2: Mitigation Action	Risk 2: RAG Rating	Risk 3: Risk/Issue Descriptio	Risk 3: Risk Category	Risk 3: Mitigation Action	Risk 3: RAG Rating	Risk 4: Risk/Issue Descriptio	Risk 4: Risk Category	Risk 4: Mitigation Action	Risk 4: RAG Rating	Risk 5: Risk/Issue Descriptio	Risk 5: Risk Category	Risk 5: Mitigation Action	Risk 5: RAG Rating	Is there any additional information you wish to highlight?	Good News Stories

Below are the column titles within the Risk Register.

Risk	Risk 1: Risk/Issue Description	Tell us about the top 5 risks and issues affecting your project. We analyse these responses across the entirety of schemes and support mitigation where we can.
	Risk 1: Risk Category	
	Risk 1: Mitigation Action	
	Risk 1: RAG Rating	
	Risk 2: Risk Category	
	Risk 2: Mitigation Action	
	Risk 2: RAG Rating	
	Risk 3: Risk/Issue Description	
	Risk 3: Risk Category	
	Risk 3: Mitigation Action	
	Risk 3: RAG Rating	
	Risk 4: Risk/Issue Description	
	Risk 4: Risk Category	
	Risk 4: Mitigation Action	
	Risk 4: RAG Rating	
	Risk 5: Risk/Issue Description	
	Risk 5: Risk Category	
Risk 5: Mitigation Action		
Risk 5: RAG Rating		
Other	Is there any additional information you wish to bring to our attention?	Please include any additional information you would like us to be aware of including any lessons learned.
	Good News Stories	We are always looking for Good News Stories to share with the ministers and even the wider public. If you have a Good News Story to share please include it here. If not, please leave blank.

RISK RATING MATRIX

RAG rating is demonstrated in the following grid set out in departmental guidance:

		PROBABILITY				
		Very Low	Low	Medium	High	Very High
SEVERITY	Very High	Orange	Orange	Red	Red	Red
	High	Light Green	Orange	Orange	Red	Red
	Medium	Green	Light Green	Orange	Orange	Orange
	Low	Green	Green	Light Green	Light Green	Light Green
	Very Low	Green	Green	Green	Green	Green

KEY REFERENCE

- Red = Red
- Orange = Amber/Red
- Light Green = Amber/Green
- Green = Green



Annex 5: Template Privacy Notice for installers, householders and landlords

This notice sets out how the Department for Business, Energy and Industrial Strategy (BEIS) will use your personal data relating to the Home Upgrade Grant Phase 2 (HUG 2) and your rights. It is made under Articles 13 and/or 14 of the UK General Data Protection Regulation (GDPR).

This notice relates to data collected under the scheme operated by Wiltshire Council which is funded by the BEIS HUG 2 scheme.

YOUR DATA

The data

Wiltshire Council will share your data with BEIS, or with a contractor or organisation appointed by BEIS to act on its behalf in connection with the HUG 2 scheme (BEIS delivery partners/agents).

BEIS and/or BEIS delivery partners/agents will process the following personal data:

Householders and landlords applying for, or receiving energy efficiency or low-carbon heating installations under the Scheme:

- Postal address and details of the property applying for, or receiving the energy efficiency or low-carbon heating installation(s) under the Scheme
- Household income status, benefit receipt status, home ownership or tenure status and any other scheme eligibility information
- Details about the installation(s) applied for or installed at the property under the Scheme, including type, size and cost and installer details
- Scheme awarded grant amount and any financial contribution you or others have made towards the installation(s) under the Scheme
- Customer referral source or customer source for initial awareness of the scheme
- Other scheme participation information, such as the local authority, scheme reference number, unique property reference, property type and characteristics including EPC rating
- Information of previous access to government grant schemes
- Your name, contact postal address, email address and (optional) phone number

Installers:

- Your name, contact business address, email address and phone number
- Trustmark/MCS accreditation details and any other relevant certification information
- Business information, including name, type of business and number of employees
- Details of installations delivered under the Scheme, including type, size and cost and details of the properties at which the installations are installed
- Whether directly contracted or sub-contracted to install installations under the Scheme

Purpose

The purposes for which BEIS and/or BEIS delivery partners/agents are processing your personal data is to support the delivery and administration of the scheme. This includes the assessment of applications by the local authority for the funding of installations at the property, monitoring the use of the BEIS funding and creating a record of installations.

BEIS and its delivery partners/agents obtain your personal data from the Local Authority. Data may also be obtained from Trustmark, from Ofgem, from other government departments and from other organisations administering central or local government schemes that support energy efficiency or low-carbon heating measures.

Delivery and administration of the scheme may require linking of your data to other datasets held by BEIS and/or BEIS delivery partners/agents.

BEIS will be conducting an evaluation of the scheme. This may include you being contacted by BEIS or its delivery partners/agents to take part in further research. Where the research involves processing of personal data in addition to that already collected for delivery of the scheme, you will be given the opportunity to opt-in to that research at the point of contact.

Your data may also be used for statistical, research, audit and fraud prevention purposes.

Legal basis of processing

The legal basis for processing your personal data is: **Public task**

Processing is necessary for the performance of a task carried out in the public interest. The specific public task is the delivery, administration, audit and evaluation of the Scheme, as well as statistical, research and fraud prevention purposes relating to the Scheme. HUG 2 is a government funded scheme aiming to improve the energy performance of off gas grid homes in England rated at EPC Band D, E, F or G. The Government funding is provided to Local Authorities who set up arrangements for consumer engagement and the delivery of installations in homes.

Recipients

Your personal data will be shared with:

- BEIS and its delivery partners/agents for delivery, administration, audit and evaluation of the Scheme, statistical, research and fraud prevention purposes.
- Ofgem and other organisations administering other central and local government schemes that support energy efficiency or low-carbon heating measures. This is to prevent the duplication of support or other breach of scheme rules.

Your personal data may be shared with Trustmark for the purpose of upholding installation standards under the Scheme. Your personal data may also be shared with other Government departments such as HM Treasury and the Department for Levelling Up, Housing, and Communities, where necessary.

We may share your data if we are required to do so by law, for example by court order or to prevent fraud or other crime.

Personal data shared may be stored on the BEIS's IT infrastructure and may therefore also be shared with BEIS's data processors Microsoft and Amazon Web Services. This means your data may be transferred and stored securely outside the UK or European Economic Area. Where that is the case, it will be subject to equivalent legal protection through the use of Model Contract Clauses.

Retention

Your personal data will be stored securely by BEIS for a maximum period of 25 years following the close of the scheme but not longer than required.

Your rights

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

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

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

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

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

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

Contact details

Once your personal data has been shared with BEIS or with its delivery partners/agents, BEIS will become a data controller for that personal data. If you wish to make a request associated with any of the rights listed above and in relation to personal data shared with BEIS or with BEIS delivery partners/agents, you may contact BEIS using the following contact details.

You can contact the BEIS Data Protection Officer at:

BEIS Data Protection Officer
Department for Business, Energy, and Industrial Strategy
1 Victoria Street
London
SW1H 0ET
Email: dataprotection@beis.gov.uk

Complaints

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

The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
0303 123 1113
Email: casework@ico.org.uk

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

Annex 6: Approved Outline Application Proposal

The original HUG 2 Outline Application submitted forms part of the MoU. Please refer to the attached document Hug-2-outline-application-form Wiltshire Council signed.

The screenshots below set out the cost of the project, delivery forecast, and modelling data.

Section 6: Delivery Forecast

<p>At Outline Application Stage, we request a forecast of the number of homes your project will upgrade overall. This estimate will become the baseline for the 'Homes Upgraded' Key Performance Indicator, and will be used to monitor the number of homes your project upgrades during the Batch Application phase. This forecast will also be used to estimate your project costs.</p> <p>We recognise that this forecast is an initial estimate and a more accurate figure may be provided once projects have been mobilised. Therefore, applicants will have the opportunity to provide a new forecast (and rebaseline this project estimate) between the Outline and Batch Application stages, provided this is between a 0%-10% range of the original estimate. If the new forecast falls outside this range, you will need to submit a Change Request.</p>	<p>6A. Projected forecast of total number of homes to be upgraded</p>	<p>175</p>
<p>Based on your project's forecast number of homes upgraded, we have produced an estimate of the capital costs for your project. This estimate has been calculated by multiplying your forecast from Question 6A (Projected forecast of total number of homes to be upgraded) by the average cost of upgrading a HUG eligible property (£18,000). This estimate will be used to set funding in principle ranges, as part of the MoU.</p> <p>Capital cost estimates have been produced for you, in advance of batches of ready to retrofit homes being submitted. Please note, during the Batch Phase we anticipate project capital costs will vary from the estimate provided.</p>	<p>Estimated Capital cost of project</p>	<p>£3,150,000</p>
<p>Based on your project's Estimated Capital Cost, we have calculated your A&A allowance. This estimate is based on the 15% additional allowance each project is entitled to, on top of its Capital costs.</p>	<p>Estimated Admin and Ancillary cost of project</p>	<p>£472,500</p>
<p>Based upon your answers to Questions 6A, BEIS have estimated your total project cost.</p> <p>Provided you pass the Outline Application Stage, you will receive some of this funding as an upfront payment. Furthermore, provided you pass the Delivery Assurance checks and submit compliant batches thereafter, you will be able to draw down on these funds throughout the delivery of the project.</p> <p>Please note if your Outline application is successful, BEIS may adjust this cost based upon an assessment of your delivery plans. This assessment will inform the level of funding in principle available to you, specified as part of the MoU.</p>	<p>Estimated total cost of project</p>	<p>£3,622,500</p>
<p>At this stage, we request a broad delivery plan from applicants. This plan should provide an overview of key planned activities, spend forecasts, and installation forecasts for each month of the project lifecycle. When drafting the plan, you should consider and account for seasonal shifts in delivery. You should provide a comprehensive assessment of costings and consider how the upfront Mobilisation payment will be spent, (which will be transferred at the start of Financial Years 23/24 and 24/25).</p> <p>Please see Section 3.4.1 - Upfront Payments of the guidance document, or refer to Section 7: Upfront Payment of this application form for more information.</p> <p>In the boxes above, you provided an estimate of the number of homes to be upgraded by your project. Your project costs were then estimated for you. The figures in the delivery plan should align with these estimates and will highlight in red, where they do not. Columns 3, 4 and 5 will be used to monitor the number of homes signed up, assessed and signed off as part of the Key Performance Indicators.</p> <p>We recognise that this forecast is an initial estimate and a more accurate figure may be provided once projects have been mobilised. Therefore, applicants will have the opportunity to provide a new forecast (and rebaseline this project estimate) between the Outline and Batch Application stages, provided this is between a 0%-10% range of the original estimate. If the new forecast falls outside this range, you will need to submit a Change Request.</p> <p>Initially, your monthly spending will also be tracked against this plan. As you submit batches, the estimated costs for your project will update based on the properties you submit and costs of batches.</p> <p>Please note, funding that is awarded in a given financial year must be fully spent within the same financial year. Any underspend cannot be transferred to the following financial year and will be clawed back by BEIS. We therefore request LAs provide financial year breakdowns of their anticipated financial year expenditure.</p>	<p>Table 6B. Please complete the broad delivery plan</p> <p>Formatting</p> <ol style="list-style-type: none"> 1. The total forecast number of homes completed and signed off will highlight red if it does not match Question 6A - Forecast total number of homes upgraded 2. The project total will highlight red if it does not match the Forecast total cost of project 3. The total Capital costs will highlight red if it does not match the Estimated Capital cost of project 4. The total A&A costs will highlight red if it does not match the Estimated Admin and Ancillary cost of project 5. The end of FY 23/24 and 24/25 A&A costs will highlight red if they exceed 15% of Capital spend 	

Section 6: Delivery Forecast

	Month	Homes contacted	Homes signed up	Forecast number homes assessed in line with PAS 2035 standards, with measures designed by a Retrofit Coordinator, awaiting installation of measures	Forecast number of homes completed and signed off	Capital costs	A&A costs	Planned activities including mobilisation activities - see Table 7B.
FY 23/24 Mobilisation + Deposit Payment made	Apr-23	0	0	0	0	£0.00	£14,350.00	otion and procurement for framework, review existing
	May-23	0	0	0	0	£0.00	£14,350.00	otion and procurement for framework, review existing
	Jun-23	0	0	0	0	£0.00	£14,350.00	itial set up meeting, start data analysis, start general h
	Jul-23	60	10	0	0	£0.00	£18,350.00	gins. First retrofit assessments and retrofit coordinati
	Aug-23	100	10	5	0	£0.00	£21,350.00	er engagement. Further assessments and coordinatio
	Sep-23	100	11	11	8	£144,000.00	£21,350.00	er engagement. Further assessments and coordinatio
	Oct-23	100	12	14	10	£180,000.00	£21,350.00	er engagement. Further assessments and coordinatio
	Nov-23	100	12	14	13	£234,000.00	£21,350.00	er engagement. Further assessments and coordinatio
	Dec-23	40	7	7	10	£180,000.00	£21,350.00	er engagement. Further assessments and coordinatio
	Jan-24	100	12	15	15	£270,000.00	£21,350.00	er engagement. Further assessments and coordinatio
	Feb-24	100	12	13	15	£270,000.00	£21,350.00	Ongoing assessments,coordination and installs
	Mar-24	100	12	12	15	£270,000.00	£21,350.00	Ongoing assessments,coordination and installs
	End of FY 23/24	800	98	91	86	£1,548,000.00	£232,200.00	omer engagement. Ongoing assessments,coordinatio
	FY 24/25 Mobilisation + Deposit Payment made	Apr-24	100	15	15	10	£180,000.00	£20,025.00
May-24		100	15	15	10	£180,000.00	£20,025.00	omer engagement. Ongoing assessments,coordinatio
Jun-24		100	15	15	10	£180,000.00	£20,025.00	omer engagement. Ongoing assessments,coordinatio
Jul-24		100	15	15	10	£180,000.00	£20,025.00	omer engagement. Ongoing assessments,coordinatio
Aug-24		100	10	10	10	£180,000.00	£20,025.00	Ongoing assessments,coordination and installs
Sep-24		60	10	10	10	£180,000.00	£20,025.00	Ongoing assessments,coordination and installs
Oct-24		60	10	10	9	£162,000.00	£20,025.00	Ongoing assessments,coordination and installs
Nov-24		50	10	10	7	£126,000.00	£20,025.00	Final client enagement activities
Dec-24		30	5	5	4	£72,000.00	£20,025.00	Final sign ups
Jan-25				0	4	£72,000.00	£20,025.00	Final assessments
Feb-25					3	£54,000.00	£20,025.00	Final referrals to installs
Mar-25					2	£36,000.00	£20,025.00	Complete final installs
End of FY 24/25		700	105	105	89	£1,602,000.00	£240,300.00	
Totals		1500	203	196	175	£3,150,000.00	£472,500.00	
Project total	£3,622,500.00							

Applicants have the option of submitting any number of ready-to-retrofit homes as part of a batch. This information will be used to inform BEIS of the expected batch volume to be processed and support BEIS in transferring funds once batches are approved. You will not be held to this figure.	6C. Please estimate the number of homes you will be submitting per batch	10
Applicants have the option of submitting any number of batches in a given month. This information will be used to inform BEIS of the expected batch frequency. BEIS will collate all approved batches in a given month and transfer the funds in a single monthly payment.	6D. How frequently do you expect to submit batches?	Monthly

Section 8: Modelling data

Section 8: Modelling Data

The questions in this section are **optional**, however we encourage applicants to fill in these estimates if they are known.

These estimates will help BEIS to model scheme-wide benefits.

Use the (+) or (-) to expand and collapse Section 8.

In order to accurately forecast costs for HUG 2, BEIS is requesting information on properties likely to receive measures under the scheme. This information should be for homes that are already signed up for future schemes, or extremely likely to be signed up to receive measures under HUG 2.

Details should not be provided for homes that the applicant does not have high confidence will be treated under HUG 2 as BEIS will use the information provided for internal modelling and to estimate scheme level benefits.

You should provide information on the housing archetypes, wall types, current heating type and estimated clean heat roll out for these properties.

The data in this Section will not be scored and we encourage applicants to supply their best estimates at this stage, as it will support greater scheme level forecasting and project level monitoring.

8B. How many HUG eligible homes do you have signed up already, which you will upgrade under HUG2?	0.00
8B. Estimated number of fossil fuel heated homes (oil, coal, LPG, solid fuel) to be treated	90.00
8C. Estimated number of cavity wall properties to be treated	80.00
8D. Estimated number of flats to be treated	5.00
8E. Estimated number of mid-terraced properties to be treated	30.00
8F. Estimated number of end-terraced/semi-detached properties to be treated	140.00
8G. Estimated clean heat roll out	40.00

End of Form

Annex 7: Monitoring and Evaluation Data Requirements

The Grant Recipient will provide data and information in accordance with the Monthly Report Template for monitoring and evaluating purposes which will be requested as part of the Monthly reporting, this includes (but may be subject to change): Application or Property Details Information, Installed Measures, Installer Details, Key Performance Indicators (KPIs) and their forecast.

In accordance with **paragraph 191**, the Authority, the Grant Recipient and its contractors, partners or agents will comply with the UK GDPR and the Data Protection Act 2018. The Authority will ensure the final version of this template, and accompanying Data Sharing Agreement, support compliance but it is the responsibility of the Grant Recipient to ensure appropriate processes are implemented across delivery to ensure compliance.

The Monitoring and Evaluation Data Dictionary will be uploaded to gov.uk alongside the Monthly Report Template. Please refer to the document “Home Upgrade Grant (HUG) Phase 2 Reporting Form” for the data fields.

KPI Forecasts
Homes Signed Up
Total Homes Signed Up
Homes Assessed
Total Homes Assessed
Homes Treated
Total Homes Treated
Total Project Administration and Ancillary Spend
Total Project Capital Spend

Performance Monitoring (KPIs)
Name of Reporter
Email-address
Phone number
Month
Summary of Status / Activities this period
Plan for next Period
Commercial Partner(s)
Homes Signed Up
Total Homes Signed Up
Homes Assessed
Homes Treated
Total Project Administration and Ancillary Spend
Total Project Capital Spend
Is there any additional information you wish to bring to our attention?
Good News Stories

Homes in Progress
Batch Number
Homes in Progress

Fraud
Case Reference Number
Suspected Fraud & Error Category
Description of Suspected Fraud or Error
Description of suspected fraud or error - Other
Value of prevented loss
Value of detected loss
Date Suspected Fraud or Error Committed
Who Carried Out Suspected Fraud or Error?
How Suspected Fraud or Error was Detected
Date Suspected Fraud or Error Detected
Action taken to resolve Suspected Fraud or Error
Action Owner(s)
Changes to processes / controls
Recommendations and Comments
Incident Status

Risks
Risk ID
Risk Category
Risk Owner
Risk Name
Cause
Effect/Impact
Score: Likelihood
Score: Impact: Time
Score: Impact: Cost
Score: Impact: Quality
Score
Planned Actions
Contingency Plans

Application or Property Details
Application Reference Number
Applicant Name
Applicant Email Address
Applicant Contact Number (Optional)
Batch Number
Local Authority (if consortia return)
Property Address (first line)
Town
Postcode
Unique Property Reference Number (UPRN)
Tenure Type
Applicant Address
Applicant Postcode
Household Targeting Method
Pre-Installation SAP Score
Post Installation SAP Score
Property Type
Property Floor Space (metres squared, m2)
Pre-Installation Heating Fuel Source
TrustMark Project Reference Number
Total Cost of Application
Cost of Pre-Installation Work
Amount of funding from government
Amount of funding from other LA source (non-HUG)
Amount of self-funding

Installed Measures
Application Reference Number
Measure Reference Number
Installer Name
TrustMark Unique Measure Reference Number
MCS Certificate Number
Measure Type
Number of Walls Treated
Wall Type
Total cost of single measure installation (£)
Cost of Material (Single Measure)
Single Measure Installation Cost
Single Measure Repair Cost

Installer Details
Installer Name
Installer Email Address
Installer Phone Number
Trustmark Business License Number
Companies House Company Registration Number



Annex 8: Privacy Notice between the Authority and Applicant

Applicant Privacy Notice

This notice sets out how the Authority will use personal data provided by the Applicants in connection with their application under Home Upgrade Grant Phase 2 (HUG 2) and sets out your rights. It is made under Articles 13 and/or 14 of the UK General Data Protection Regulation (UK GDPR). Note a separate privacy notice has been provided to Applicants for use with householders and other data subjects in the delivery of measures under HUG 2 (**Annex 5 of the MoU**).

In this notice:

“Applicant” means a local authority, Net-Zero Hub, or consortium applying under HUG 2;

“the Authority” means the Secretary of State for Business, Energy & Industrial Strategy and any contractor or organisation appointed by the Secretary of State to act on their behalf in connection with HUG 2.

YOUR DATA

The data

The Authority will process the following personal data:

- Names and contact details of the Applicant’s employees and Applicants delivery partners involved in preparing and submitting the application under HUG 2.
- Names and contact details of employees and Applicants delivery partners involved or proposed to be involved in implementation of the application.

Purpose

The purpose(s) for which we are processing your personal data is to utilise our in-house Customer Relationship Management (CRM) system to enable better relationship management in conjunction with the consideration of the Applicant’s application and its subsequent implementation under HUG 2 if the application is successful. This includes using the personal data to communicate HUG 2 updates, training notices, information on future schemes and opportunities and invitations to relevant events.

Legal basis of processing

The legal basis for processing your personal data is that the processing is necessary for the performance of a task carried out in the public interest. The public task is the performance of functions under s.31 of the Local Government Act 2003, the duty to ensure public money is used responsibly and functions under fuel poverty and climate change legislation.

Recipients

Your personal data may be shared by us where we are required to do so by law, for example by court order or to prevent fraud or other crime.

As your personal data will be stored on our IT infrastructure it will also be shared with our data processors Microsoft and Amazon Web Services.

Retention

Your personal data will be kept by us for a period of up to 25 years but no longer than needed from the date set for completing the implementation of the Applicant's application under HUG 2 or from the last provided update.

YOUR RIGHTS

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

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

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

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

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

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

INTERNATIONAL TRANSFERS

As your personal data is stored on the Authority's IT infrastructure and shared with our data processors Microsoft and Amazon Web Services it may be transferred and stored securely outside the UK and European Economic Area. Where that is the case, it will be subject to equivalent legal protection through the use of Model Contract Clauses.

COMPLAINTS

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

Information Commissioner's Office

Wycliffe House

Water Lane

Wilmslow

Cheshire

SK9 5AF

0303 123 1113

casework@ico.org.uk

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

CONTACT DETAILS

The data controller for your personal data is the Department for Business, Energy & Industrial Strategy (BEIS). You can contact the BEIS Data Protection Officer at:

BEIS Data Protection Officer

Department for Business, Energy, and Industrial Strategy

1 Victoria Street

London

SW1H 0ET

Email: dataprotection@beis.gov.uk

Annex 9: Template Privacy Notice guidance

Background

This document is for Grant Recipients under HUG 2 (the Scheme). It provides guidance on how the Template Privacy Notice for installers, householders and landlords should be used. This template privacy notice is annexed to the MoU.

Grant Recipients obligations, as set out in Section 5.2 – Monitoring and Evaluation, of the Scheme Guidance, states that:

LAs who are awarded funding are responsible for ensuring installers (or delivery partners) collect and provide the appropriate information to support monitoring and evaluation, as specified by BEIS. Full details of these requirements are set out in the MoU and its Annexes. We expect the MoU to be published on gov.uk in mid-October.

Prior to collecting any data under the scheme, LAs are expected to:

- *Include BEIS data collection requirements in all relevant contracts with installers and delivery partners, ensuring they understand and accept them.*
- *Ensure they display or make available BEIS' standardised Privacy Notice (**Annexes 5 or 8** of MoU) to all data subjects, prior to the collection of data, to support compliance with data processing transparency requirements.*
- *Agree and sign a standardised Data Sharing Agreement; this document establishes the roles, process, scope, and purpose of sharing Management Information data between the LA and BEIS.*

Demonstrate that there is sufficient resource in their applications to manage delivery of the above requirements to an effective level of quality, and to maintain this for the full duration of the project.

Meeting the obligations set out above requires the processing and sharing of personal data. As per **paragraph 114** of the MoU, Grant Recipients are expected to provide the Authority with a monthly report containing record-level management information data on the status and characteristics of each installation delivered (see **MoU Annex 7** for the Data Dictionary). This is called the Scheme Delivery data. Grant Recipients are also expected to inform the Authority of any reports it has received relating to any suspected fraudulent activity regarding project delivery and include a summary of investigative and/or corrective action. And Grant Recipients should work with the Authority on specific fraud risks throughout the duration of the scheme as needed.

The UK General Data Protection Regulation (UK GDPR) requires that organisations that collect and process personal data from individuals must provide detailed and specific information in their privacy notices.

Failure to sufficiently notify data subjects about the processing of their data could constitute a breach of UK GDPR. To ensure compliance with data protection principles, the Authority has provided Grant Recipient's with a Privacy Notice that must be shared with data subjects covering the sharing of the data with the Authority and the processing of that data by the Authority (see MoU **Annex 5**). Grant Recipients are required to also provide data subjects with their own separate Privacy Notice, covering any processing of the data by the Grant Recipient. In line with ICO guidance, this should include:

- The contact details of their organisation, and their data protection officer (if applicable).
- The purposes of processing the data.
- The lawful basis for processing the data.
- The categories of personal data obtained.
- The recipients of the personal data and who it will be shared with.
- Details of any international transfers.
- The retention period.
- The rights available in respect of the processing.
- The right to lodge a complaint to ICO.

Using the privacy notice

As outlined above, all individuals (data subjects) participating in HUG 2 must have BEIS and Grant Recipient privacy notices made available to them in advance of any data collection or processing. Data subjects may include households, landlords, installers, sub-contractors and other third-party organisations.

The way in which the privacy notices are provided to data subjects may vary by Grant Recipient delivery model. For example, privacy notices may be distributed directly to data subjects by Grant Recipients, or via installers and/or delivery partners. Regardless of the method by which the privacy notices are disseminated, Grant Recipients are responsible for ensuring that data subjects are shown valid privacy notices prior to the collection of their data.

Purpose and processing of the personal data by the Authority

Processing of the personal data by the Authority will cover a range of different purposes:

- **Scheme Delivery data:** This includes all data points included in the Data Dictionary (see **MoU Annex 7**), for example address, contact details, measures installed, etc. As processing of this data is essential for the delivery, administration, audit and evaluation of the scheme as well as statistical, research and fraud prevention purposes, it falls under the legal basis of Public Task. As such, consent is not required for processing of this data, and data subjects cannot opt out of having their data shared with and processed by the Authority if they want to participate in the scheme.
- **Participation in future research and evaluation:** The Authority may recontact data subjects to invite them to take part in future research and evaluation. Where the Authority uses personal data for this purpose it will do so under the legal basis of Public Task. Participation in the future research or evaluation will be voluntary and data subjects may request the Authority not to recontact them again for this purpose. Grant Recipients are not required to obtain consent or opt ins/opt outs from the data subject in order for the Authority to potentially recontact the data subject to take part in research and evaluation. This is a change from the arrangements under previous BEIS grant schemes such as under the Sustainable Warmth Fund and Local Authority Delivery (LAD).

Special category data processing

Special category data is not expected to be shared with the Authority.

Annex 10: Change Request Form

The Change Request template and process will be shared by the Authority prior to the close of the last application round. The Grant Recipient will be briefed by the Authority on the full change procedure and given the necessary tools and template to adhere to the correct process required. Please see the section on Change Requests (**paragraphs 120 to 127**).

Annex 11: Oracle Grant Recipient Registration Set-up Form

This form should be used for all organisations.

1. Name of Company:

[]

2. VAT Registration Number (if applicable):

[]

3. Company Address

a. First line:

[]

b. City:

[]

c. County:

[]

d. Postcode:

[]

e. Email:

[]

4. Site Contact

a. Name:

[]

b. Tel. No.:

[]

c. Email:

[]

5. Bank Details

a. Bank Name:

[]

b. Account Number: []

c. Sort Code: []

d. Branch Name: []

e. Account Holder name: []

6. Number of Full Time (or equivalent) Employees (FTE):

[]

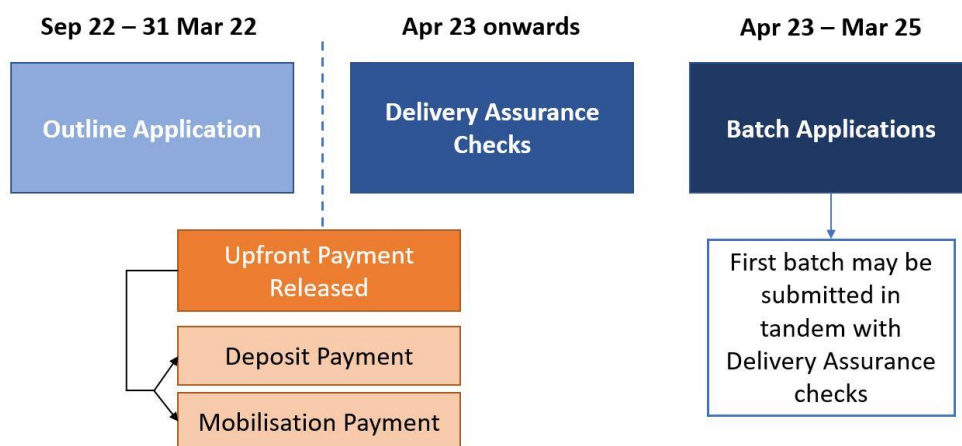
Annex 12: Challenge Fund Supportive Information

This Annex sets out The Authority’s approach to the new Challenge Fund model, outlining in detail how the new model will be implemented in the application process.

HUG 2 will allocate funding to Applicants via a ‘Challenge Fund’ model, transitioning away from the Competition model used in the Sustainable Warmth Competition. Under the Challenge Fund, every Applicant is entitled to HUG funding, provided it passes a minimum assessment threshold. The funding will be granted on a first come - first served basis.

This is intended to ensure that all qualifying Applicants can receive funding and deliver the broadest possible coverage of participants into the scheme, provided the assessment criteria are met.

The new application process has been designed to accommodate the model and will instead involve two application stages and a Delivery Assurance Check. At both stages the Applicant is expected to provide information at a sufficient level of granularity for the Authority to assess project delivery. As the Applicant passes from one stage to the next, the level of detail required increases, thus providing the Authority with an increasingly improved confidence in the Applicant and their delivery of the Grant.



Outline Application Stage

The Applicant will initially submit a high-level overview of their project at the Outline Application Stage.

If the Applicant passes the minimum assessment threshold, a Memorandum of Understanding (MoU), this document, is then signed for funding in principle and an upfront payment of 30% of their financial year value is awarded to the Grant Recipient.

The upfront payment is comprised of two parts – a ‘Mobilisation Payment’ and a ‘Deposit Payment’ which is automatically transferred to all Grant Recipients:

- Mobilisation payment – The mobilisation payment will be transferred to the Grant Recipient at the start of Financial Years 2023/24 and 2024/25, and will be 20% of the Grant for each of these financial years. It is to be used to stand up projects (procure installers, hire project resource, find homes and assess homes for the installation of measures in line with the latest PAS standards). The Authority will also work with Grant Recipients to facilitate early delivery, including funding for mobilisation in the latter parts of financial year 2022/23 (February and/or March) where possible.
- Deposit payment – The Grant Recipient is automatically transferred 10% of their project value for the financial year designed to give the reassurance needed to start upgrades for approved homes before BEIS funding has reached their bank accounts.

Both upfront payments will be awarded for the spend estimated within that financial year and will be paid at the start of each financial year for which the Applicant has been granted funding. If initially unsuccessful at the Outline Application Stage, the Applicant may be able to resubmit before the second Outline Application deadline. In this situation, The Authority will direct the Grant Recipient to the Authority funded Technical Assistance Facility (TAF), who can provide the Applicant with resources and guidance to improve their original submission. Failure to submit a successful Outline Application to the Authority within the Outline Application window will result in the application being closed.

Delivery Assurance Check

Once the Applicant has stood up their project, they will be required to give an update on their resource and procurement plans at the Delivery Assurance Check, which the Grant Recipient must pass to unlock the Batch Application Stage. This is to provide the Authority with the assurance that the Applicant is sufficiently prepared to deliver the project.

Between the Outline application and the Batch Application stages, the Grant Recipient will have the opportunity to revise their forecasted size of project – their estimated number of homes – compared to the forecast provided at Outline. Applicants will be able to reduce their original estimate by up to 10% without needing to submit a change request.

Batch Application Stage

Passing the Delivery Assurance Check gives the Grant Recipient license to submit batches of ready-to-retrofit homes (those signed up, verified as eligible, and assessed by a Retrofit Coordinator for measures) to the Authority for approval, and draw down funds to deliver upgrades in homes.

The Grant Recipient will supply detailed housing stock information, measure mixes and cost projections for the batch of homes submitted. The Batch will be assessed against Strategic Fit and Value for Money criteria and if approved, the Grant Recipient can access their Deposit Payment immediately and begin retrofitting those homes included within the Batch whilst the Authority releases the funding.

Across the entire project, cumulative tolerances have been set to control parameters that relate to Strategic Fit and Value for Money - for example, a 10% limit on the number of park homes that can be upgraded, in each financial year. If a Batch is within the tolerance (i.e., the number of park homes within a Batch is less than the allotted 10% of park homes available to

the project for that financial year), the Batch will be approved. As more Batches are approved, the Grant Recipient will continue to eat into the available tolerance, on a cumulative basis. More detail on parameters and tolerances are outlined in the HUG 2 Guidance document.

The Batch application stage will repeat multiple times during the delivery window, with the Grant Recipient drawing down funding in segments. The Authority can freeze the batch process if the Grant Recipient is not delivering as agreed. This is to prevent a backlog of untreated homes growing and further funding being transferred to the Applicant, until the Authority is confident the project will deliver as intended.

Annex 13: BEIS Supplier Code of Conduct

BEIS Supplier Code of Conduct

BEIS requires all its suppliers to operate in accordance with the principles and requirements, as applicable, in this BEIS Supplier Code of Conduct (“Code”), and in full compliance with all applicable industry standards and law.

If there are any conflicts between this Code and the main terms and conditions, then the main terms and conditions shall take precedence.

Equality Diversity and inclusion

Everyone has the right to respectful treatment. You are expected to familiarise yourself with [Government diversity strategy](#) and to be guided by those principles in all your activities.

Our employees, those of our suppliers, and service users have the right to respectful treatment.

[The Equality Act 2010](#) protects against [discrimination](#), harassment, or victimisation in the workplace protects against

This Code of Conduct is linked to the BEIS Race Action Plan, emphasising that no individual shall be treated differently, directly or indirectly, on the basis of race.

Human Rights and Employment Law

Safeguarding, social responsibility and respect for human rights are central to the expectations of BEIS and our suppliers. You should ensure that robust procedures are adopted and maintained to minimise the risk of poor human rights practices occurring right down the BEIS funded supply chain

We have zero tolerance to modern slavery and expect you to comply with the [Modern Slavery Act 2015](#) and all applicable human rights and employment laws.

Social Media

We expect you to use social media responsibly, to separate the personal from the professional, and to seek approval from us should any of your content connect your company to BEIS.

Minimum Wage

Regardless of the size of your business, BEIS expects all our suppliers to pay the [minimum wage](#).

Harassment, bullying, and the abuse of power

BEIS does not tolerate, sexual harassment or bullying, discrimination, or offensive behaviour of any kind, which includes the persistent demeaning of individuals through words or actions, and the display or distribution of offensive material.

BEIS expects you to have relevant guidance and policies in place to prevent and deal with harassment and bullying in the workplace, and to act on those policies.

Corporate Governance

You must carry out your operations in a socially and environmentally responsible manner

Your employees and supply chain are required to conduct their operations in compliance with all applicable legislation and implement your [corporate governance](#) directly or through contract flow down.

Health and Safety

You are expected to adopt a proactive and collaborative attitude towards health, safety and security of your employees, customers, suppliers, and others visiting your property or working on your behalf. Appropriate workplace [Health & Safety](#) training shall be provided to all workers directly or indirectly engaged.

Transparency and Supply Chain Management

You are expected to provide full supply chain transparency.

We expect suppliers to work in good faith to resolve any disputes promptly and fairly during the life of a contract through good relationship management.

We expect suppliers to be open and transparent in assisting the government to report publicly on product or service utilisation and any environmental impacts.

Cyber Security, Money Laundering and Terrorism

You must safeguard the integrity and security of your IT and communications systems and comply with the relevant [government standards](#). This includes informing the [National Cyber Security Centre](#) if you become aware of any cyber security incident that has the potential to affect government data.

You must not engage in [money laundering](#) practices and must ensure that BEIS funding is not linked to terrorist offences, terrorist activities or financing.

Business Integrity

Your company, employee’s and supply chain must not engage in any corruption, extortion, embezzlement, or [bribery](#) to obtain an unfair or improper advantage. BEIS expects all suppliers to abide by the applicable [anti-corruption](#) laws and regulations.

Supply Chain Assurance

You are expected to treat your supply chain fairly. You should not pass down unreasonable levels of risk and should engage with the supply chain to ensure [value for money](#). Invoices should be [paid promptly](#) and in line with the governing terms and conditions, and the government guidelines.

Ethical and Professional behaviours

We are required to uphold the [Civil Service Code](#) in our dealings with third parties and we expect fully reciprocal behaviour from suppliers’ employees, their partners, and subcontractors, and they should have governance and processes to monitor adherence to these standards.

We will work constructively and collaboratively with you.

We will speak out and expect you to speak out as well, without fear of consequences whenever unethical or unprofessional behaviours are witnessed.