

28. To minimise the risk that the European Commission or a court of competent jurisdiction requires grant funding to be repaid, the Authority will:
- a. Comply with EU law relating to state aid in its use of the Grant and its delivery of the Proposal;
 - b. Ensure that use of the Grant in connection with the Proposal complies with EU state aid rules (including the De Minimis Regulation²); and
 - c. Obtain and retain all declarations and information as may be required to enable both the Authority and the Secretary of State to comply with EU state aid rules, including the De Minimis Regulation, and to provide copies of such declarations and information to the Secretary of State when required to do so.

PROCUREMENT AND OTHER BENEFITS TO THIRD PARTIES

29. The Authority will, in delivering the Proposal:
- a. Comply with all relevant requirements of UK and EU law relating to public procurement in force and applicable from time to time; and
 - b. Unless the Secretary of State agrees otherwise in writing, pay the person from whom any goods, works or services are purchased within 30 days of receiving a valid invoice from that contractor.

COMMERCIAL USE OF THE GRANT

30. The Authority 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 Authority does so, it will:
- a. Inform the Secretary of State immediately and in writing; and
 - b. Agree that the Grant may be reduced by the amount of that revenue or gain (as the case may be).

GRANT WITHDRAWAL AND REPAYMENT

31. In accordance with paragraphs 32 to 37, it is the understanding of the Parties that the Secretary of State may request the Authority to repay all, or any proportion of, the Grant, together with interest (calculated in accordance with paragraph 35). In the case of late payment, paragraph 36 shall also apply to any other amount required by the European Commission, where the Grant, or any part of it, has been paid (including in cases where the Authority has already spent the Grant money).

² COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

32. The Authority accepts that the Secretary of State may exercise the options referred to in paragraph 31 where the Secretary of State:
 - a. 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 of the European Commission; or
 - b. Has reasonable grounds to consider that the payment of the Grant, or the Authority's use of it, contravenes any requirement of law, in particular (but without limitation) EU law relating to state aid.
33. When exercising the options referred to in paragraph 31, the Secretary of State will notify the Authority of the grounds concerned and as far as possible, consider the Authority's representations made within any reasonable timeframe required by the Secretary of State.
34. A decision by the Secretary of State to ask the Authority to repay the Grant will be communicated by letter, and the Authority will make that repayment within 30 days of the date of that letter or within any later reasonable timeframe agreed by the Secretary of State in writing.
35. Where the Secretary of State requests repayment, interest will be calculated from the date of the Grant payment, in accordance with:
 - a. the retail prices index over the relevant period (that index being taken as 0% for any period during which the index is negative); or
 - b. any other rate required by law in the circumstances (including any rate required under EU law relating to state aid), if it is higher.
36. Where the Authority does not make the relevant payment within the timeframe specified in paragraph 34, further interest on the outstanding sum (inclusive of interest already charged under paragraph 35 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).
37. Should the Secretary of State not exercise their options under paragraph 31 or delay in doing so, this shall not constitute a waiver of those options unless the Secretary of State confirms such a waiver in writing. Furthermore, any such written waiver shall not be taken as a precedent for any other, or subsequent, circumstances.

SUSPENSION

38. The Secretary of State may suspend payment of the Grant where:
 - a. One of the grounds in paragraph 31 arises;
 - b. The Secretary of State has reasonable cause to believe that one of those grounds may have arisen, or is likely to arise;

- c. One of the provisions of the MOU is not met by the Authority; or
 - d. The Authority's KPI Performance Level is significantly off-track for the first 3 months of Tranche 1 which could result in suspension of the second 50% payment of the Grant (see paragraph 52).
39. In the case of any suspension, unless the Secretary of State confirms a contrary agreement in writing:
- a. The Authority will continue to comply with the requirements of this MOU including any deadlines occurring during the period of suspension; but
 - b. The Authority will not make any further use of the Grant until the Secretary of State has authorised continued use of the Grant in writing.
40. The Authority will inform the Secretary of State in writing if it has any concerns that any of the grounds in paragraph 31 might arise or that it will not be able to meet the provisions of the MOU. If such concerns arise after the Authority has received the Grant, the Authority will not make any use of the Grant until the Secretary of State has authorised continued use of the Grant in writing.

AGREED USE OF UNDERSPEND

41. In the event that the Authority does not use all the Grant to secure delivery of the Proposal by 31 March 2021:
- a. The Parties will work together to agree how the Authority will spend any unspent Grant funding in line with the expected outcomes of the GHG LAD; and
 - b. If the Parties are unable to reach an agreement described in sub-paragraph(a), the Authority agrees to repay the unspent Grant within 30 days of 31 March 2021.

GOVERNANCE

42. On a monthly basis, the Authority will provide a monthly report to the Project Team acting on behalf of the Secretary of State on or before the final working day of the month (the "Monthly Report"). The Monthly Report shall detail monthly progress, the top 5 risks and issues, and Key Performance Indicators (KPIs) performance of project(s) in relation to the targets stipulated in the Proposal.
43. The Authority will report to the Project Team on the performance of the project(s) set out in their Proposal, in line with the stated KPIs using the Monthly Report template set out in Appendix 7.
44. The Authority will include evidence of due diligence checks to demonstrate how it is managing the fraud risks as set out in paragraph 56a-d using the Monthly Report template set out in Appendix 7. For the avoidance of doubt the Authority shall inform the Project Team of any reports it has received relating to any

fraudulent activity relating to the delivery of Tranche 1 and include a summary of investigative and/or corrective action.

45. The Project Team will determine if the management of fraud risks provide confidence of project delivery. If necessary, the Project Team will provide further recommendations to address areas of concern. The Project Team and the Authority will jointly agree a timescale to implement the interventions.
46. Should the Project Team identify in the Monthly Report a significant variation in their performance against their targets stipulated in relation to the KPIs the Project Team, on behalf of the Secretary of State, may request a recovery plan, see Appendix 8, detailing the interventions required to recover the project(s).
47. The Project Team will determine if the interventions detailed in the recovery plan provide confidence of project recovery. If necessary, the Project Team will provide further recommendations to address areas of concern. The Project Team and the Authority will jointly agree a timescale to implement the interventions.
48. Should the Authority (a) implement the interventions, and fail to see project(s) recovery, or (b) fail to implement the interventions, this will be escalated to the Programme Board.
49. As part of the monitoring and evaluation section of the guidance document, the Authority will be required to provide additional detailed information on a monthly basis. The additional data supports a detailed evaluation of the overall scheme, including the types of properties, households and measures delivered through the project. Further information is provided with the guidance document.

PERFORMANCE

50. The Authority will provide the following information to the Project Team in their Monthly Report submission in relation to the KPI targets stipulated in the Proposal, which are listed in the table below.

Key Performance Indicator	Breakdowns
Number of homes identified as eligible for installation of a measure	Homeowner vs private rental vs social rental
Number of homes receiving a measure	Starting EPC band
Number of measures installed	
Number of homes that improve to an EPC of C and above as a result of installed measures	Homeowner vs private rental vs social rental
	Starting EPC band
Average cost per home receiving an installation	Homeowner vs private rental vs social rental

	Type of measure
	Starting EPC band
Number of jobs supported	Total
	Of which apprenticeships
Energy, carbon and bills savings expected to be achieved as result of installed measures	Homeowner vs private rental vs social rental
	Type of measure
	Starting EPC band

51. The Authority shall also propose a monthly target for the following month for each KPI set out in Appendix 7 as part of their Monthly Report submission. To measure performance, the Secretary of State will assess performance levels against the monthly target. Performance levels will be determined in accordance with the levels set out in the table below. All proposed KPI targets will be reviewed to consider risks around deliverability

Performance Levels	Percentile	Action Required
Green (On Target)	90%<100% of Target	No Action
Amber (Off Target)	70%<89% of Target	Identification of corrective action(s) to improve performance
Red (Significantly Off Target)	<69% of Target	Recovery Plan

52. Should an Authority's KPI Performance Level remain Red for the initial 3 months of the Tranche 1 phase, the Secretary of State may withhold the second Grant instalment.

MONITORING AND AUDIT

53. The Authority will support all activities in relation to monitoring and audit. The Authority will:
- a. Respond fully, truthfully and promptly to any enquiries the Secretary of State, 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);
 - b. Allow the Secretary of State, the Comptroller and Auditor General, and their representatives, access to all relevant documents and records, and reasonable access for inspecting any relevant site;

- c. Where requested, ensure that any information or evidence provided to the Secretary of State, 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
- d. Give reasonable assistance to the Secretary of State or the Secretary of State's contractors 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 Secretary of State's ongoing evaluation commitments.

RECORD KEEPING

54. The Authority will keep for ten years records relating to any spending funded (or defrayed) by the Grant. Such records should indicate:
- a. The identity of any third party concerned and their business;
 - b. The amounts any third party has been given;
 - c. The purpose for which the money was spent;
 - d. Evidence that contracts have been awarded in accordance with public procurement law where they are required to be; and
 - e. Details of and information relating to any significant sub-contracting by the Authority.

RISK MANAGEMENT

55. The Authority agrees to provide assurance that risks in relation to the delivery of the Proposal have been identified and mitigated. The Authority will complete the Risk Register at Appendix 6 and return it to the Secretary of State as part of their MOU submission.
56. The Secretary of State has specified that all Authorities funded through the GHG LAD should provide assurance about the management of the following risks:
- a. Installations not meeting quality standards;
 - b. Claims made for installations that haven't happened, haven't been completed, or that took place prior to launch date of the scheme;
 - c. Identity theft or falsely claiming low-income status.
 - d. Installers overinflating costs;
 - e. Insufficient demand from potential recipients;

- f. Insufficient capacity to match demand; and
 - g. Failure of systems and/or processes which have been included within the Risk Register.
57. The Authority will also include any other risks not included in paragraph 56 which it believes are relevant to the scheme.
58. In providing assurance about the management of risks the Authority 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.
59. As part of the Monthly Report, the Authority shall report the status of the top five risks and issues identified within the Risk Register and whether any new risks or issues have emerged. The report will also provide a statement as to whether risk management is effective and whether any remedial action is necessary.
60. As soon as it becomes apparent to the Authority that a risk on the Risk Register is scoring high or above in the Monthly Report, the Authority will inform the Project Team.

INFORMATION SHARING

61. The Secretary of State may share information relevant to the Grant and Proposal with the agents of the Secretary of State, other public authorities and the European Commission.

DATA PROTECTION

62. In so far as it is possible to do so in accordance with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 the Market Research Society Code regarding the collection and use of personal data for research and statistical purposes and all other law, the Authority agrees to collect information for evaluation and reporting purposes (referred to below as “the Information”) in a way which:
- a. Allows it to share the Information with BEIS;
 - b. Allows BEIS to share the Information with any of its research or evaluation partners; and
 - c. Allows BEIS 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 BEIS complies with the provisions of the Data Protection Act 2018.

FREEDOM OF INFORMATION

63. The Parties may be obliged to disclose information relating to the GHG LAD, the Grant, and the Proposal under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 or under another requirement of law.
64. The Parties will assist and cooperate with each other as reasonably requested to facilitate compliance with those requirements.
65. In the event that the Secretary of State provides information in response to a request for information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, the Secretary of State may make that response publicly available for the purposes of transparency.

INTELLECTUAL PROPERTY

66. In undertaking the Proposal, the Authority will not infringe the intellectual property rights of any third party.
67. Where the Proposal gives rise to the generation of any intellectual property, the Authority will not subsequently seek to make profit from the use of such intellectual property, for example through the grant of licences.
68. Unless otherwise agreed by the Secretary of State, the Authority will allow the Secretary of State royalty free use of any intellectual property created whilst delivering the Proposal.

COMPLIANCE WITH THE LAW

69. The Authority 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 and state aid).
70. In signing this MOU, the Authority 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

71. The Authority will comply with the requirements of the Equality Act 2010 and avoid any unlawful discrimination.

RESPONSIBILITY FOR EMPLOYEES, CONTRACTORS, AGENTS AND PARTNERS

72. The Authority will ensure that its employees, contractors, agents, partners and other local authorities or organisations it works with in delivering the Proposal (whether or not as part of a Consortium) 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

73. The Authority warrants that:
- a. It has full capacity and authority to deliver the Proposal and to enter into this MOU;
 - b. It will obtain any consents necessary to undertake the Proposal;
 - c. The information and evidence in its Proposal remains true, complete and accurate, and that its circumstances have not materially changed since submitting its proposal; and
 - d. 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.

LIMITATION OF LIABILITY

74. The Authority confirms that the Secretary of State's liability to the Authority is limited to payment of the Grant (subject to the Authority meeting the commitments and principles of the MOU and its Appendices and to the Secretary of State's rights set out therein). The Authority remains entirely responsible for its risks and liabilities in undertaking the Proposal, and the Secretary of State shall have no liability for any consequence, direct or indirect, that may arise through the Authority's undertaking of the Proposal or its use of the Grant.

VARIATION

75. No variation of this MOU will be effective unless it is agreed in writing and signed by both Parties. This does not prevent either Party making reasonable changes in relation to the administrative arrangements in the MOU (such as contact details) by notice in writing to the other Party, without such agreement in writing signed by both Parties.

ASSIGNMENT

76. The Authority 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 Secretary of State.

STATUS

77. 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 into the MOU intending to honour all their commitments under it.
78. 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 into any commitments for or on behalf of the other party. Accordingly, the Authority will not hold itself out as having any such relationship with the Secretary of State.

FURTHER FUNDING

79. The Secretary of State is under no obligation to provide the Authority with any further funding in respect of the Proposal or for any other purpose.

REFERENCES

80. In this MOU references to legislation, including EU legislation and any documents issued by the EU institutions, 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

81. The Authority will be able to contact BEIS in writing by post or hand delivery to the following address:

Department for Business, Energy and Industrial Strategy 1 Victoria Street London SW1H 0ET
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82. The Authority's day to day contacts with the Department on any working day by telephone or email between 9am and 5pm are:

LAD.Project@beis.gov.uk

83. The Authority's day to day contacts for the Department are:

NAME	EMAIL	TELEPHONE

Signed for and on behalf of the Secretary of State

Signature



Name Andrej Miller

Position Deputy Director, Warm Homes Team

Date 30 September 2020

Signed for and on behalf of the Authority

Signature

Name

Position

Date

APPENDIX 1

Documentation to be provided by the Authority before the Grant will be released

What needs to be provided?	Appendix
Two signed copies of this MOU	
A signed copy of the Section 151 Officer declaration	Appendix 2
A signed copy of the Section 31 Grant Letter	Appendix 3
A completed Proposal	Appendix 4
A completed Grant Claim Form including Bank Details.	Appendix 5
Completed Risk Register	Appendix 6

APPENDIX 2

Section 151 Officer Declaration

In my position as the Section 151 Officer for Reading Borough Council I confirm that:

- a) Reading Borough Council will accept the grant funding that has been offered through the Green Homes Grant Local Authority Delivery;
- b) The information and evidence pertaining to this grant claim is complete, true and accurate;
- c) Reading Borough Council will ensure the delivery of the Services in accordance with the terms of the Proposal; and
- d) Reading Borough Council will comply with the provisions of the Memorandum of Understanding dated ___/___/2020 in connection with its delivery of the Proposal

SIGNATURE

NAME

POSITION

DATE

APPENDIX 3

Please see Grant Determination Letter sent separately on 30 September 2020

APPENDIX 4

The Proposal

The Grant provided under this MoU is for the delivery of the Proposal submitted by the Local Authority which BEIS has approved under the Local Authority Delivery Phase 1 scheme. The Local Authority shall report progress against the Proposal as part of the governance arrangements as described in the MoU.

A summary of the Proposal is provided in Appendix 4.

**APPENDIX 5
Grant Claim Form**

SECTION 1 REQUESTER DETAILS	
LOCAL AUTHORITY	
BANK DETAILS	
PURCHASE ORDER NUMBER	
CONTACT NAME	
TELEPHONE NUMBER	
EMAIL ADDRESS	

SECTION 2 CLAIM DETAILS	
GHG LAD GRANT TOTAL TO BE CLAIMED (as per table in MOU)	
DATE OF CLAIM	
<p><i>Claims may include VAT that the authority is not able to reclaim from HM Revenue & Customs or not likely to become able to claim</i></p>	

SECTION 6: SENIOR LOCAL AUTHORITY OFFICER'S DECLARATION
<p>I confirm that I have considered the Authority's proposal (copied as at Appendix 4 of the MOU) against which this Grant claim is made, as well as the principles set out in the Memorandum of Understanding, and that:</p> <ul style="list-style-type: none"> a) The information and evidence pertaining to this Grant claim is complete, true and accurate b) We will comply with the principles set out in the Memorandum of Understanding <p>Signed</p> <p>Printed name</p> <p>Position</p> <p>Date</p>

**APPENDIX 6
Risk Register**

RISK MANAGEMENT

This annex consists of

- a. A risk register to be completed by the Authority in relation to the specified risks and any other risks it believes are relevant to the scheme;
- b. A risk rating matrix to assist with scoring risks; and
- c. An explanation of the risk rating colours

RISK RATING MATRIX

	PROBABILITY				
	≤5%	>5%, ≤20%	>20%, ≤50%	>50%, ≤80%	>80%
IMPACT LEVEL	1 - Very Unlikely: Highly improbable that it will occur during the lifetime of the project or activity	2 - Unlikely: Not probable that it will occur during lifetime of the project or activity	3 - Possible: Doubtful that it will occur during the lifetime of the project or activity	4 - Likely: Probable that it will occur during the lifetime of the project or activity	5 -Very Likely: High expectation that it will occur during the lifetime of the project or activity
5 - Crisis	MEDIUM	HIGH	HIGH	VERY HIGH	VERY HIGH

4 -Critical	MEDIUM	MEDIUM	HIGH	HIGH	VERY HIGH
3 - Significant	LOW	LOW	MEDIUM	HIGH	HIGH
2 - Marginal	VERY LOW	LOW	LOW	MEDIUM	MEDIUM
1 - Negligible	VERY LOW	VERY LOW	LOW	LOW	LOW

**EXPLANATION OF RISK
 RATING COLOURS**

	Risk rating is very low with it being extremely unlikely that the risk will occur and minimal consequences for the scheme if it should. Controls in place to mitigate the risk as low as is reasonably practical.
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	Risk rating is low . There is either a strong probability of the risk occurring with minimal consequences for the scheme or a low probability of the risk occurring with significant consequences. Controls should be in place to mitigate the risk to this level but further action may be required should tolerance for the risk be lower.
	Risk rating is medium . There is either a very strong probability of the risk occurring with minimal consequences for the scheme, a moderate probability of the risk occurring with significant consequences or a low probability of the risk occurring with fundamental consequences. Controls should be in place to mitigate the risk to this level but further action may be required should tolerance for the risk be lower.
	Risk rating is high with either a very strong probability that the risk will occur with significant consequences for the scheme or a low to moderate probability of the risk occurring with fundamental consequences. Controls should be in place but further action may be required, as a matter of urgency, to mitigate the risk to a more tolerable level. If the risk is outside control then a contingency plan should be in place or developed in case the risk materialises.
	Risk rating is very high with a very strong probability that the risk will occur with fundamental consequences for the scheme. There are strong concerns among management that they no longer have the capacity to manage the risk effectively and that is therefore very likely to materialise. The risk needs to be escalated to the next level as a matter of urgency to consider what further action should be taken.

RISK REGISTER

#	Title	RAG	Description	Cause	Effect	Action	Update

						.	

**APPENDIX 7
Monthly Report**

Status	R/A/G
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Local Authority INSERT FULL NAME	Grant Reference INSERT REFERENCE #	Local Authority Lead INSERT LEAD OFFICIAL	Report Date INSERT DATE
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Summary of Status	Progress Over Previous Month	Plan for Next Month

Top 5 Risks / Issues to Project Delivery				
#	Risk/Issue	Mitigating Actions	Status	Owner
1			R/A/G	
2			R/A/G	
3			R/A/G	
4			R/A/G	

5			R/A/G	
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Performance Levels								
#	Key Performance Indicator	Status	Cumulative Target	Cumulative Actual	Current Monthly Target	Current Monthly Actual	Current Monthly Difference	Subsequent Month Target
1	Number of homes identified as eligible for installation of a measure							
2	Number of homes receiving a measure							
3	Number of measures installed							
4	Number of homes that improve to a [minimum] EPC of C and above as a result of installed measures							
5	Average cost per home receiving a measure							
6	Number of jobs supported							
7	Energy, carbon and bills savings expected							

	to be achieved as result of installed measures							
--	--	--	--	--	--	--	--	--

Fraud due diligence

#	Fraud risk	Risk rating (taken from risk register)	Due diligence actions completed	Evidence
1	Installations not meeting quality standards			
2	Claims made for installations that haven't happened, haven't been completed, took place prior to launch date of the scheme;			
3	Identity theft or falsely claiming low-income status.			
4	Installers overinflating costs			
Fraud reports in period (if any)				
Investigation actions				
Mitigation actions				

**APPENDIX 8
Recovery Plan**

Local Authority	Grant Reference	Local Authority Lead	Report Date
INSERT FULL NAME	INSERT REFERENCE #	INSERT LEAD OFFICIAL	INSERT DATE

Summary of Recovery Plan

Summary of Recovery Interventions					
#	Interventions	Target Date	Actual Date	Status	Owner
1				R/A/G	
2				R/A/G	
3				R/A/G	
4				R/A/G	
5				R/A/G	