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Legally Privileged Information***

Report Date: 2nd April 2025

LONDON COUNCILS LIMITED

Report on SHF WAVE 3 Grant Funding Agreement

1 Purpose of this report

- 1.1 The purpose of this report is to comment on the purpose and summarise the terms of the Grant Funding Agreement (**GFA**) required as part of the joint bid to the Warmer Homes Social Housing Fund Wave 3 grant programme (**SHF**) being run by the Department for Energy Security & Net Zero (**DESNZ**).

2 Client

- 2.1 This report has been prepared for London Councils Limited for the purpose of being to shared with the parties involved with the joint bid as set out in Appendix 1 (each a **Party** and collectively **Parties**).
- 2.2 The report should not be disclosed to or relied upon by any other person without our prior written consent, although it may be disclosed to the Regulator of Social Housing as part of your normal regulatory engagement with it.
- 2.3 This report has been prepared in line with our terms of business with you.
- 2.4 The scope of this report does not include matters of accounting, tax and treasury.

3 Background

- 3.1 The Parties are assembling for a joint bid for SHF grant funding to support social housing providers to insulate social homes, improve energy efficiency and upgrade heating systems. The structure of the bid involves the London Borough of Camden acting as the single counterparty to the GFA with DESNZ (the **Grant Recipient**).
- 3.2 The Grant Recipient will then subcontract the grant to the Parties in the London's Strategic Partnership for Warm Homes Social Housing (**LSP**) on terms that mirror the terms of the GFA.

4 Grant Funding Agreement – Overview

- 4.1 The GFA sets out the terms and conditions which apply to the Grant Recipient, receiving the Grant from DESNZ, and ensures that all funds are used appropriately, establishes clear monitoring requirements for accountability, and sets the objectives and expectations of the Grant. We can confirm that the terms and conditions as set out in the Wave 3 GFA are substantively the same as the previous wave and are in line with what we would expect to see for a programme of this nature.
- 4.2 The key terms of the GFA are set out below. This report shall use the defined terms contained in the GFA.

5 Grant Funding Agreement – Key Terms

Key Term (and relevant clause)	Commentary
Introduction (cl 1)	<p>As a condition of the Grant Recipient being part of the LSP consortium, there is a requirement in the GFA that the Grant Recipient:</p> <ul style="list-style-type: none"> acknowledges that they remain responsible to DESNZ for the fulfilment of all requirements and obligations under the GFA, regardless of whether any particular aspect of the purposes for which Grant is being received (Funded Activities) are delivered on or behalf of a member that is not the Grant Recipient, and warrants that it has legally binding agreements in place with all members of the LSP consortium, under which those members owe duties and obligations to the Grant Recipient which are of a materially similar nature owed to DESNZ under the GFA.
Duration and Purpose of the Grant (cl 3)	<p>The Grant Recipient may only make a drawdown of the grant from the date the GFA comes into effect and may make further drawdowns until 31 March 2028 (the Funding Period). The Grant may only be used for the delivery of those Funded Activities once they have been approved by DESNZ.</p>
Payment of Grant (cl 4)	<p>Any drawdown of the grant shall not be made less than 1 month, but not more than 3 months, from the submission of the previous grant drawdown request along with an up-to-date financial forecast report for the project. The total amount requested in any one instance by the Grant Recipient must not exceed 20% of the total Grant awarded.</p> <p>The Grant Recipient agrees that at the end of a relevant financial year or Reconciliation Process (a detailed evidence check on the Grant Recipient's Eligible Expenditure spend to date), any Residual Grant Monies are to be repaid to DESNZ where requested.</p> <p>The items classified as Eligible Expenditure are listed in Annex 5, giving an overview of all Eligible Properties, Non-social Homes and Homes at or Above EPC band C, Eligible Installers and Eligible measures. Any proportion of the Grant funding spent on Administrative and Ancillary Costs exceeding 15% will not be Eligible Expenditure.</p>
Annual Grant Review (cl 7)	<p>DESNZ will review the Grant annually, taking into account the Grant Recipient's delivery of the Funded Activities against the agreed outputs contained within the Grant Funding Agreement.</p>
Monitoring and Reporting (cl 8)	<p>Under the GFA the Grant Recipient is responsible for closely monitoring the delivery and success of the Funded Activities</p>

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	<p>throughout the duration of the Funded Period to ensure that all aims and objectives are being achieved.</p> <p>The Grant Recipient shall be responsible for reporting monthly to DESNZ on key data points as set out in Annex 6 for the project details, and also represents and undertakes that all information is accurate and diligently collected.</p> <p>The KPI's as set out in Annex 6 are:</p> <ul style="list-style-type: none"> • Number of homes identified as suitable for retrofit • Number of homes ready for installations to start • Number of homes with installations started • Number of homes with installations completed, and • Number of homes completed (all measures have been completed and lodged on Trustmark)
Assets (cl 19)	<p>The Grant Recipient is required to keep an inventory of all assets consists of land, buildings, plant, and equipment acquired, developed, enhanced or constructed in connection with the Funded Activities (Fixed Assets), or any other assets being used with a value greater than £300.00 (Major Assets) that have been improved either wholly or partly using the Grant funding.</p> <p>Any assets purchased or developed using the Grant funding (Assets) must only be used for the delivery of the Funded Activities. Any Assets purchased or improved using Grant shall be owned by DESNZ until ownership is transferred disposed or is otherwise agreed in writing by DESNZ. If prior consent is not sought from DESNZ, the Grant Recipient must use all reasonable endeavours to achieve the market price for the Assets and pay DESNZ a proportion of the sale equivalent to the proportion of the development costs funded by the Grant.</p>
Clawback, Events of Default, Termination and Rights Reserved for Breach and Termination (cl 27)	<p>The GFA contains a number of events of default, namely in circumstances where;</p> <ul style="list-style-type: none"> • the Grant Recipient uses the Grant for a purpose other than the Funded Activities, or fails to comply with its obligations under the GFA, • delivery of the Funded Activities does not begin within the specified time periods, or fails to make satisfactory progress with the Funded Activities, • the Grant Recipient fails to accurately provide the required information required for the monitoring of the Grant, or

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	<ul style="list-style-type: none"> the Grant Recipient undergoes a Change of Control which DESNZ considers; will be materially detrimental to the Funded Activities and/or does not meet the Eligibility Criteria, and/or would raise national security concerns and/or would make fundamental change(s) to the purpose for which the Grant was given. <p>Where DESNZ determines an Event of Default has or may have occurred, DESNZ shall notify the Grant Recipient in writing, setting out any relevant details of the failure and the intended action. Should an Event of Default occur, DESNZ may suspend or terminate the payment of Grant for such period as DESNZ may determine, reduce the Maximum Sum for any Phase, require the Grant Recipient to repay the whole or any part of the amount of Grant, give the Grant Recipient an opportunity to remedy the Event of Default where possible, or terminate the Grant Funding Agreement.</p> <p>Either Party may terminate the GFA at any time by giving one month's written notice to the other Party. If DESNZ terminates the GFA in this manner it may choose to pay the Grant Recipient's reasonable costs for the delivery of the Funded Activities performed up to the termination date.</p> <p>Where the Grant Recipient has an opportunity to submit a draft Remedial Action Plan, this shall be submitted within 5 Working Days of the Grant Recipient receiving notice from DESNZ. The Remedial Action Plan shall set out full details of the Event of Default, and the proposed steps the Grant Recipient will take to rectify the Event of Default (including timescales). Should DESNZ not approve the Remedial Action Plan, it may at its absolute discretion terminate the GFA.</p>
Limitations of Liability (cl 31)	<p>Regarding limitations on liability, DESNZ accepts no liability for any direct or indirect consequences that come about from the Grant Recipient delivering the Funded Activities the use of the Grant, or from the withdrawal, withholding or suspension of the Grant. DESNZ's liability under the GFA is limited to the amount of Grant outstanding.</p>
Miscellaneous	<p><u>Conflicts of interest (cl 11)</u></p> <p>The Grant Recipient shall not engage in any personal, professional or business activity which conflicts or could conflict with their obligations in relation to the Grant Funding Agreement.</p> <p><u>Confidentiality (cl 12)</u></p> <p>The Grant Recipient shall keep confidential information belonging to DESNZ as confidential, and only disclose it with</p>

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	<p>DESNZ's prior written consent, besides those persons who are directly involved in the Funded Activities.</p> <p><u>Statutory Duties (cl 14)</u></p> <p>The Grant Recipient, where requested by DESNZ, shall provide reasonable assistance and cooperation to enable DESNZ to comply with its disclosure obligations under the Information Acts.</p> <p><u>Data Protection and Public Procurement (cl 15)</u></p> <p>Both parties shall comply with their relevant obligations under data protection legislation and sign a data sharing agreement in connection with data processing relating to the Funded Activities.</p> <p><u>Intellectual Property Rights (cl 17)</u></p> <p>All intellectual property right material will be the property of the Grant Recipient. Unless expressly set out in the Grand Funding Agreement, neither Party will have any right to use any of the other Party's names, logos or trademarks on any of its products or services without the other Party's prior written consent.</p> <p><u>Environmental Requirements (cl 18)</u></p> <p>The Grant Recipient shall perform the Funded activities in accordance with DESNZ's environmental policy, which focuses on the conservation of resources, reduction of waste, phasing out of ozone depleting substances and minimising the release of greenhouse gases. The Grant Recipient shall also endeavour to reduce fuel emissions wherever possible.</p> <p><u>Spending Controls – Marketing, Advertising, Communications and Consultancy (cl 22)</u></p> <p>The Grant Recipient must seek permission from DESNZ prior to any proposed expenditure on advertising, communications, consultancy or marketing either in connection with, or using the Grant. The Grant Recipient should provide evidence that any such expenditure will delivery measurable outcomes and secure value for money.</p> <p><u>Publicity (cl 25)</u></p> <p>The Grant Recipient gives DESNZ consent to publicise any information gathered from the initial application or any monitoring reports, and will comply with all reasonable requests from DESNZ to facilitate any promotional and fundraising activities. DESNZ shall inform the Grant Recipient when they</p>

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	<p>can publicly announce that they have been successful in their application.</p> <p><u>Changes to the Authority's Requirements (cl 26)</u></p> <p>DESNZ will notify the Grant Recipient of any changes to their activities, which are supported by the Grant (including changes to the levels of Grant that may be paid to the Grant Recipient to support Funded Activities).</p> <p><u>Code of Conduct for Grant Recipients and Branding Manual (cl 33)</u></p> <p>The Grant Recipient acknowledges that by signing the GFA it agrees to take into account the Code of Conduct, and shall notify DESNZ immediately if it becomes aware of any or suspected breach. Failure to notify DESNZ of an actual or suspected breach of the Code of Conduct may result in DESNZ immediately suspending or terminating the GFA, and/or taking action to recover some or all of the funds paid.</p>

Devonshires

Appendix 1 - Members

The Mayor and Commonalty and Citizens of the
City of London

Clarion Housing Association

London Borough of Enfield

Hexagon Housing Association

London Borough of Brent

London Borough of Barnet

London Borough of Camden

London Borough of Ealing

London Borough of Hackney

London Borough of Hammersmith and Fulham

London Borough of Haringey

London Borough of Harrow

London Borough of Havering

London Borough of Islington

London Borough of Lambeth

London Borough of Newham

London Borough of Wandsworth

London Borough of Southwark

Sutton Housing Partnership

London Borough of Waltham Forest

Westminster City Council

Notting Hill Genesis

Orbit Group Limited

Royal Borough of Kensington & Chelsea

Royal Borough of Kingston-upon-Thames

Southern Housing

Wandle Housing Association Limited

