

CALL-OFF SCHEDULE 12: VARIATION FORM

No of Call-off Order Form being varied: CCFI17A23

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Variation Form No: 4

.....

BETWEEN:

The Ministry of Housing, Communities and Local Government ("**the Customer**")

and

The Federation of Groundwork Trusts (trading as Groundwork UK) ("**the Supplier**")

Details of amendment : To enact year two of the Pilot Project

This Call-off Contract is varied as follows and shall take effect on the date signed by both Parties:

1. CALL-OFF CONTRACT PERIOD

Add: The services provided to support year 2 of the Pilot Project are expected to end in 2020/21.

2. SERVICES

Annex 1: The Services is amended to include the services for year 2 of the Pilot Project as set out in Appendix 1 to this Contract Amendment Number 4.

3. SCHEDULE 3 CALL-OFF CONTRACT CHARGES, PAYMENT AND INVOICES

Insert: The costs for year 2 of the Pilot Project as set out in Appendix 2 to this Contract Amendment Number 4.

4. PAYMENT

Paragraph 6.8 Contractual Value

Delete: The value of this contract shall be £313,087.45 (excluding VAT) - an additional sum of £44,952.10 (excluding VAT) in respect of the Stage 1 Pilot Project. The overall value of this contract shall be £358,039.55 (excluding VAT). This amount is exclusive of all expressed extensions options within this contract.

Insert: The original value of this contract was £313,087.45 (excluding VAT)

Year One of the Pilot Programme was for an additional sum of £44,952.10 (excluding VAT)

Year Two of the Pilot Programme was for an additional sum of £27,000.00 (excluding VAT)

The total value of the contract including Year One and Year Two of the Pilot Programme is £385,039.55 (excluding VAT).

This amount is exclusive of all expressed extensions options within this contract.

Words and expressions in this Variation shall have the meanings given to them in this Call-off Contract. The definition of Programme is amended to include the services covered by the Stage 1 Pilot Project.

This Call-off Contract, including any previous Variations, shall remain effective and unaltered except as amended by this Variation.

Signed by an authorised signatory for and on behalf of the Customer

Signature

Date

Name (in
Capitals)

Address

.....

Signed by an authorised signatory to sign for and on behalf of the Supplier

Signature

.....

Date

.....

Name (in
Capitals)

.....

Appendix 1 to Amendment number 4

ANNEX 1: THE SERVICES

STATEMENT OF REQUIREMENT

1. PURPOSE

1.1. Under this Contract the Supplier is required to administer grants through a secure online grant administration system that provides secure information transfer, grant payment administration, and recording and reporting functions in line with the Neighbourhood Planning Support Services contract ('the Support Services Contract').

2. BACKGROUND TO THE CONTRACTING AUTHORITY

2.1. The Ministry for Housing, Communities and Local Government's (MHCLG's) role is to provide the legislative and policy framework to enable local people to create great places to live and work, and to give more power to local people to shape what happens in their area.

3. BACKGROUND TO REQUIREMENT / OVERVIEW OF REQUIREMENT

3.1. Neighbourhood planning gives communities in England direct power to develop a shared vision for their neighbourhood and shape the development and growth of their local area. They are able to choose where they want new homes, shops and offices to be built, have their say on what those new buildings should look like and what infrastructure should be provided, and grant planning permission for the new buildings they want to see go ahead. More information about neighbourhood planning is available on the MHCLG website: <https://www.gov.uk/guidance/neighbourhood-planning--2>

3.2. Since the first communities took up neighbourhood planning in 2011, over 2,600 Groups have started the process, representing a radical shift in the way statutory planning policies are drawn up. As of March 2020, over 1,000 successful neighbourhood planning referendums have taken place, with over 1 million votes cast, an average turnout of 27 and an average 'yes' vote of 87.

3.3. MHCLG recognises that neighbourhood planning is primarily undertaken by volunteers and depending on local ambitions, neighbourhood planning can be complex. In this context, MHCLG has made funding and support available to community groups and their local planning authorities since 2011. MHCLG is only aware of one plan that has progressed to referendum without some financial support from the Department.

3.4. The Housing White Paper¹ published in February 2017 committed to make further funding available to neighbourhood planning Groups from 2018.

3.5. The budget for the 2018-2022 Neighbourhood Planning Support Programme ('the Programme'), including the Support Services Contract, is £22.809m. An indicative

¹ (<https://www.gov.uk/government/collections/housing-white-paper>)

breakdown of this budget is included at Table 1. Approximately £8.833m of this is anticipated to be awarded as a grant to Groups, excluding any costs for Grant Administration services. The maximum budget for the initial 4 year term of this Grant Administration Services Contract is £400k including VAT. However, this is a demand led service and in accordance with paragraph 3.7 MHCLG makes no guarantee as to level of grant that may be required by or awarded to Groups, or the associated level of administration services required accordingly.

3.6. The Supplier shall need to be aware that MHCLG operates on the basis of annual budgets, recognising that some Programme funding commitments made in one financial year may actually be incurred in a subsequent financial year (e.g. where a Technical Support package is awarded in one year but is completed in the next). The Supplier will therefore need to support robust tracking and monitoring of Programme spend accordingly.

TABLE 1 – SUPPORT PROGRAMME INDICATIVE BUDGET BREAKDOWN

[Redacted]

3.7. In accordance with the terms of the Support Services Contract, where it is considered necessary to satisfy genuine, unexpected and robustly evidenced increases or changes in demand, MHCLG reserves the right to re-profile, increase or decrease annual budgets beyond the anticipated figures stated in Table 1 above. However, this option shall only be considered in exceptional circumstances and only where all other proposals for satisfying demand from within existing budgets have already been considered and / or applied. Any decision to re-profile, increase or decrease budgets shall, subject to the above conditions, always be at the sole discretion of MHCLG.

3.8. This Specification sets out what is required of the Supplier to deliver the Grant Administration Services on behalf of MHCLG and to help MHCLG achieve its overall objectives for neighbourhood planning. MHCLG's objectives for the 2018-2022 Programme have developed from those for previous programmes. By March 2022, the Programme aims to deliver:

- More neighbourhood plans in force (as of March 2020, over 2,600 groups had started the process, with over 1,000 successful referendums);
- Additional support to groups preparing neighbourhood plans that allocate sites for housing;
- Greater take-up of neighbourhood planning design policies, especially design codes;
- Successful pilots of Neighbourhood Development Orders (NDOs) that support housing delivery and good quality design;
- Pilots to explore the potential of using Community Infrastructure Levy (CIL) to fund the production of plans, where applicable, as a replicable future self-financing mechanism for some neighbourhood planning Groups. These pilots are subject to wider policy decisions.

4. BACKGROUND TO THE DISCOUNTED HOMES FOR SALE PILOT PROGRAMME

Overview of Discounted Market Homes Pilot Programme

Stages	Year 1 (2019/20) – Stage 1 Pilot Project	Year 2 (2020/21) – review conducted in Feb 2020, and ministerial approval for continuation secured	Year 3 (2021/22) – subject to review	Total Expenditure
1	£2.85m spend of which £2.79m is through contract variation Number 3			£8.5m
2		£2.80m	£2.85m	

4.1 Following a review in February 2020, year 2 of the Discounted Homes for Sale Pilot Programme will commence and is to be carried out across the 2020/21 and 2021/22 financial years, involving £2.8m of expenditure. (This will mean that the total expenditure of the Pilot to date will be £5.7m of across years one and two)

4.2 Year 2 activity will primarily provide the following support to Neighbourhood Planning Groups:

- Grants:
 - Basic Grant funding of up to £9,000
 - Additional Grant funding of up to a further £8,000
 - further Affordable Housing for Sale Grant funding of up to £10,000; and
 - Neighbourhood Development Order Grant funding of up to £50,000
- Technical Support Packages:

Technical support provides professional support and advice on technical or process issues, where a specialist advisor supports groups with specific issues or assessments. Technical Support Packages range in cost from £2,390 for a basic package to up to £33,341 for packages that deal with more complex issues.

4.3 As such MHCLG is negotiating and agreeing a contract variation with Groundwork. In summary, the purpose of this contract variation is to amend:

1. The provision of the Neighbourhood Planning Grant Administration Programme Contract to administer Additional (Priority Grants) and Neighbourhood Development Order Grants in year 2 (the 2020-21 financial year) of the Discounted Market Homes Pilot Programme

4.4 The combined level of funding available for Year 2 (covering the 2020-21 financial year) for Grant Funding, Support Contract Fixed Costs and Grant Administration costs is £2.80m including VAT.

4.5 To cover all Grant Administration costs, the value of this contract shall be £313,087.45 (excluding VAT) – with an additional sum of £27,000.00 (excluding VAT) in respect of year 2 (the 2020-21 financial year) of the Pilot Programme. The overall value of this contract shall be £340,087.45 (excluding VAT). This amount is exclusive of all expressed extension options within this contract.

4.6 This contract variation is within the scope of the original contract and does not violate the variation clauses in the original contract. This variation is merely an alteration to the scope of works in the original contract to include additional services on discounted market homes.

5. DEFINITIONS

TABLE 2 – GLOSSARY OF TERMS

Accountable Bodies	Incorporated organisations, such as charities and Principal Authorities, which are authorised to hold and administer neighbourhood planning grant funds on behalf of unincorporated Neighbourhood Forums, and who are legally responsible for the proper use and management of those funds.
Call-Off Commencement Date	11 th January 2018, being the date by which the Grant Administration Services Call-Off Contract was awarded and executed.
Customer Relationship and Data Management System ('CRMS')	A system hosted and managed by the Support Services Contractor for the purposes of recording and facilitating all interactions and activities relevant to the Support Services

	Contract, including applications for grant and technical support.
Group	Any individual or group who are (or are interested in) creating a neighbourhood plan or order, including members of the public, community organisations, town and parish councils and, where applicable, Accountable Bodies.
Neighbourhood Forum / Forum	A body that leads the production of a neighbourhood plan or order in an unparished area. A Neighbourhood Forum must meet certain legal requirements and must be formally designated by a local planning authority. Before designation, such a group is a “prospective Neighbourhood Forum”.
Portal	The on-line platform hosted and managed by the Support Services Contractor, which provides advice and guidance on Neighbourhood Planning and the suite of support services available to Groups (including grants), and which
Principal Authority	As outlined in the Local Government Act 1972
Service Commencement Date	1 st April 2018, being the date on which the new grant application and assessment process is launched and the first grant payments (resulting from the interim grant application period) are issued.
Support Services Contractor	The appointed provider of the new 2018-2022 Neighbourhood Planning Support Services Contract

6. THE REQUIREMENTS

6.1. The Supplier shall deliver grant administration and monitoring services for the Programme to cover year 2 (the 2020-21 financial year) of the Discounted Homes for Sale Pilot Programme. This shall involve provision of demand-led grant funding to groups. Award of grant funding to groups shall be determined by the Support Services Contractor in accordance with the eligibility criteria set out in Schedule 2. The associated monies shall be transferred by MHCLG to the Supplier for onward allocation to those groups accordingly, subject to the groups compliance with the appropriate checks. For the avoidance of doubt it shall be out of scope for the Supplier to manage the grant application process or evaluate the outcome / impact of grants.

Scope

6.2. The outline, end-to-end process for awarding grant, including the activities and responsibilities of other parties, is:

- The Support Services Contractor shall open the grant application process and set deadlines for assessing and approving applications.

- Groups complete an online grant application form on the Portal provided by the Support Services Contractor.
- All applications are assessed by the Support Services Contractor against the relevant eligibility criteria and within agreed timescales. If a grant application is not successful for any reason the Support Services Contractor notifies the Group and no action shall be required by the Supplier.
- The Support Services Contractor notifies the Supplier within 1 (one) working day of a successful grant application.
- The Supplier issues a grant funding offer letter and terms and conditions of grant ('the Grant Funding Agreement') to the group.
- The Supplier ensures all relevant information is returned and carries out the appropriate due diligence checks (see also paragraphs 6.11 to 6.19).
- Where due diligence checks are satisfied, the Supplier issues the group with the relevant grant payment.
- The Supplier ensures that all groups spend grant money appropriately in accordance with the terms of the grant offer (see also paragraphs 6.20 to 6.31).
- The Supplier recovers any unspent / misspent grant.
- The Supplier regularly updates the Support Services Contractor on the status of their due diligence checks, issuing of grant letters, and the total volume and value of grants issued, spent and recovered.

6.3. As further detailed in paragraphs 6.33 to 6.36, the Supplier shall therefore provide systems and processes that are able to:

- Make, and where needed receive back, grant payments to / from successful groups through a BACS mechanism (note also the service level requirements set out in section 12).
- Issue and receive Grant Funding Agreements, monitoring templates and requests for supporting information to / from groups.
- Allow all financial transactions to be robustly and transparently recorded and monitored.
- Monitor and report on grant spending by groups.
- Record and store the necessary information on all groups.
- Log all forms of relevant communication between the Supplier, Support Services Contractor and groups.
- Produce regular financial management reports for MHCLG and the Support Services Contractor.
- Share all relevant information with the Support Services Contractor in an efficient manner.

6.4. There is no target for the numbers of grants to be administered, but MHCLG broadly estimates that the Supplier shall need to process in the region of 3000 successful grant applications over the 4 years from 2018-2022. Because of the demand-led nature of the Programme, there is a high level of volatility in these forecasts. However, via recent expressions of interest and informal online monitoring, MHCLG is aware that there is a strong pipeline of existing and emerging Groups that are highly likely to access the Programme and that demand for support remains strong.

Grant Support

6.5. Where necessary the Support Services Contractor shall give support to groups applying for grants and shall produce guidance where appropriate. This includes contributing to any guidance produced and managed by the Support Services Contractor to explain any information requirements or sections of the application form relating to the Supplier's due

diligence checks. The IPR in all such guidance materials produced specifically for the purposes of the Programme shall vest in MHCLG. Where necessary the Supplier shall obtain prior, written agreement from MHCLG in respect of using, publishing or otherwise distributing such materials.

6.6. The amounts of grant to be administered shall depend on the balance of groups demand for grant and / or Technical Support. In accordance with paragraph 3.7, the Authority reserves the right to amend any of the grant values set out below in order to appropriately reflect this demand and / or to ensure that the level of Programme support and funding available can be maximised. However the grant support that shall initially be available to groups under the Programme is as follows:

- **Basic grant** - between £1k and £9k awarded to groups that can demonstrate compliance with the relevant eligibility criteria (see Schedule 2).
- **Additional grant** – up to a further £8k awarded to groups that can demonstrate compliance with the relevant eligibility criteria (see Schedule 2).

6.7. Examples of legitimate grant spend include:

- Neighbourhood Forums - building the Forum pre-designation, printing, venue hire, website.
- Small parishes – community-focused activities and housing needs surveys.
- Large parishes/towns/Forums – specific surveys on housing, traffic or flooding.
- Later stage groups – professional advice to focus the work of the group on policies and drafting of the plan.

6.8. Use of grant which is not considered to be eligible expenditure shall be set out in the Grant Funding Agreement, and this shall include any expenditure on promotional material which seeks to influence potential voters.

6.9. To help minimise administrative burdens and maximise grant funding, the grants shall be awarded for activities that are to be carried out within a maximum of 12 months from receipt of the grant or by the end of the financial year in which the grant was awarded (i.e. 31st March), whichever is soonest. For example, if a Group is awarded a grant at the end of April they will have 11 months to spend it, whereas if a Group is awarded a grant at the end of January then they will have 2 months in which to spend it.

6.10. A Group's net grant expenditure under the 2015-2018 support Programme shall be rolled-over and subtracted from the amount of grant available to them under the 2018-2022 Programme, to ensure that new and existing groups are on a level playing field.

Grant Award

6.11. Award of grants shall not require MHCLG's approval, provided that the Support Services Contractor has conducted, and can evidence where necessary, an appropriate application assessment process. There may be situations where applications take longer to administer, for example where an unincorporated Forum requires time to incorporate or identify an appropriate fund holder. Where this happens, or is likely to happen, the Support Services Contractor shall inform MHCLG and the Grant Administrator as soon as possible within the agreed timescales and provide sufficiently detailed supporting evidence.

6.12. As outlined above, the 'policy eligibility' criteria for decision making on successful applications for grants shall not be determined by the Supplier. However the Supplier shall need to confirm that a Group which has been awarded a grant meets the relevant due diligence requirements for each particular grant, and shall need to work closely with the Support Services Contractor to ensure a joined up service for Groups.

6.13. Subject to satisfactory completion of the steps below, the Supplier shall issue grant funding to the following Groups (who will be the 'Accountable Body'):

- Parish and Town Councils
- incorporated designated Neighbourhood Forums and
- incorporated prospective Neighbourhood Forums.

6.14. Unincorporated Forums (designated or prospective) must either become incorporated, or nominate an incorporated organisation to act as their Accountable Body (e.g. a local charity or their Principal Authority²) to hold and administer grants on their behalf.

6.15. The Supplier will devise in conjunction with the Services Support Contractor a suitable Grant Funding Agreement for year 2 (the 2020-21 financial year) of the Discounted Homes for Sale Pilot Programme. The Supplier shall issue the Grant Funding Agreement within the agreed number of working days from receipt of the award notification, as further set out in section 12. Grant Funding Agreements will need to be compliant with MHCLG's standard grant funding terms and conditions, and be agreed with MHCLG prior to implementation. An example of an existing Grant Funding Agreement is included at Schedule 1.

6.16. The Supplier shall require the Accountable Body to return the relevant documentation, including formal confirmation of bank details and acceptance of the relevant grant terms and conditions, via the Supplier's secure system.

6.17. The Supplier shall be responsible for ensuring Accountable Bodies' compliance with all relevant financial checks and controls in order to protect against fraudulent applications and misuse of public money. Administration of grants must be compliant with MHCLG's standard grant funding terms and conditions as well as Government accounting and reporting requirements, including Managing Public Money³.

6.18. Supplier due diligence checks should (as a minimum requirement) be carried out to ensure that the Accountable Body is a legitimate organisation as described in their application, and that the bank account details provided are for a valid account held by the Accountable Body. These checks should only be carried out for the first prospective grant payment, and for subsequent prospective payments only where different bank account details have been provided.

² See special criteria at paragraph 6.30 which apply when a Principal Authority agrees to act as an Accountable Body for the purposes of administering a grant.

³ <https://www.gov.uk/government/publications/managing-public-money>

6.19. Subject to satisfactory completion of the above steps, the Supplier shall ensure that grant funds are paid securely by BACS into the Accountable Body's nominated bank account. All payments must be made within the agreed number of Working Days from receipt of the relevant information from the Accountable Body, as further set out in section 12.

Grant Monitoring and Reporting

6.20. The Supplier shall update their management system with the status of payments issued and update the Support Services Contractor on at least a weekly basis. The Support Services Contractor shall then use this information to report to MHCLG.

6.21. The Supplier shall need to monitor grant expenditure through a robust and transparent 'end of grant report' issued at the end of the grant period. To do this the Supplier shall need to issue an electronic version of an end of grant report to all Groups that are in receipt of grant funding. The Supplier shall need to ensure that all Groups complete the reports within at least 2 months of the end of the grant period. As a minimum the report shall include a summary of progress in respect of their activity and expenditure.

6.22. In the event that any grant funding is not spent by the group at the end of the financial year in which it was allocated, the Supplier shall need to instruct the group to return the grant funding to the Supplier. This reconciliation exercise should take place annually for groups, except where the group is a Town or Parish Council for whom it should take place when the Neighbourhood Plan or Order is completed or at the end of the Programme as necessary. For the avoidance of doubt the Supplier shall be responsible for monitoring all grant expenditure to ensure it is being used for the purposes stated in the approved grant application. However, where this evidence is not available with regards to Town and Parish Councils, the Supplier and MHCLG shall need to monitor and establish when the related plans / orders are completed, in order to support the management of the return of any unspent funds.

6.23. Where groups are required to return unspent grant, they will not be able to have further grant applications approved until the returned grant has been received by the Supplier. Where grant is returned by a group, the Supplier shall need to ensure the value of the funds returned is made available to the group as part of any future grant award, subject to the maximum grant values set out in paragraph 6.6. For example:

- A group has been awarded £15k worth of grant out of the possible total of £17k, meaning they are still eligible to apply for a further £2k;
- The group only spends £12k, and returns the remaining £3k they were awarded;
- The group is now eligible to apply for up to a further £5k of grant in future (£2k + £3k).

6.24. The Supplier shall need to carry out robust and transparent checks on at least 5% of the groups that are in receipt of grant funding on an annual basis, to ensure that the grant funding has been spent on the appropriate goods/services.

6.25. The Supplier shall need to instruct all groups to submit copies of individual invoices for all spend amounts over £1,000.

6.26. In the event that a group has not used the grant funding in accordance with the Grant Funding Agreement, the Supplier shall need to recover the relevant value of the grant funds. This shall include, but is not limited to, the following circumstances:

- i. The group spends less than the grant funding amount stated in the Grant Funding Agreement, and no further grant funding payments are planned to be made by the Supplier from which the underspend could be deducted;

- ii. The group withdraws from the Programme early without spending all the funds drawn down; and
- iii. Misappropriation of the grant funding by the group.

6.27. In respect of the above, the Supplier shall need to conduct an investigation and if this investigation confirms misuse of grant funding, the Supplier shall write to the group to request return of the grant funding, which could be up to the full amount of the grant paid. If through the investigation the Supplier becomes aware of any fraudulent activity, MHCLG, police and other relevant authorities (Charity Commission, Companies House, etc.) shall be notified as appropriate by the Supplier. If the grant funding is required to be returned to the Supplier and the group has not returned the grant funding within the specified period as set by the Supplier, the Supplier shall

liaise with the group and implement an appropriate course of action to recover any outstanding balance, which may include legal action.

6.28. The Supplier shall be responsible for providing assurance that the grant was spent in a regular and proper manner and in accordance with the terms of the grant agreement, and shall regularly update MHCLG and the Support Services Contractor accordingly. For the avoidance of doubt it shall be the responsibility of the Supplier to carry out all appropriate and proportionate activities to try and recover any mis/unspent grant and to report / evidence progress to MHCLG accordingly, in accordance with the requirements of Appendix B. Should any such grant remain unrecovered, the Supplier shall be responsible for ensuring that MHCLG has been duly notified and is provided with all relevant information, and any further action shall be agreed with MHCLG on a case by case basis. Any legal action and costs would need to be agreed with MHCLG on a case by case basis, having due regard to proportionality.

6.29. The Supplier shall also need to submit to the Support Services Contractor, within at least 3 months of the end of the Programme, a final report outlining total grant spending under the Programme.

Grant management with respect to Principal Authorities

6.30. The payments made to Principal Authorities (where they are acting as an Accountable Body for an unincorporated Forum) shall not have terms and conditions attached, in line with Government policy. There is no formal obligation on the Principal Authority to monitor or report on grant expenditure, nor to repay any funding in the event that the activity for which it was given does not take place. Where Principal Authorities act as Accountable Bodies, the Supplier should ensure that suitable and proportionate informal monitoring arrangements are in place regarding their grant expenditure, and as a minimum request completion end of grant reports. Where these groups do not comply with the informal arrangements, this should be reported and escalated to MHCLG accordingly.

6.31. Regardless, basic due diligence should still be carried out to ensure the Principal Authority exists and that the bank account details provided are for a valid account held by the Principal Authority. These checks should only be carried out for the first prospective grant payment, and for subsequent prospective payments only if different bank account details have been provided.

Draw Down of Grant Funding

6.32. The Supplier shall contribute to and agree a regular grant forecast profile with the Support Services Contractor and MHCLG. The agreed forecast shall be used to identify the level of grant funds to be provided to the Supplier by MHCLG. This grant funding shall be paid directly to the Supplier on an advanced quarterly basis, upon receipt of a valid grant claim

form in accordance with the agreed forecast profile. These funds shall be transferred to the Supplier separately from any payment of the Supplier's management fees.

Overall System and Information Approach

6.33. The Supplier shall provide a secure and robust grant administration system, which meets the requirements of this Specification, enables close working with the Support Services Contractor and is capable of delivering the grant support detailed in section 5.

6.34. Specifically the Supplier's system shall provide information to the Support Services Contractor in a suitable 'open format' that can be used to update the Customer Relationship and Data Management System ('CRMS') in an accurate, secure and efficient manner. This could be, but does not have to be, via automated system integration and / or data transfer. In accordance with sections 8 and 12, key pieces of information should include, but are not limited to:

- The status of individual grant applications and the outcome of due diligence assessments.
- Monitoring information on the value of grants offered, allocated and spent by Groups by the end of the grant period.
- End of grant closure reports outlining what the grant was spent on.

6.35. Regardless, the Supplier shall have suitable systems and processes for ensuring that information/data flows appropriately between all parties (the Supplier, sub- contractors, the Support Services Contractor, MHCLG and Groups) in a timely, secure and accurate manner. The systems shall also ensure that the provisions of the Data Protection Act, Cyber Essentials Scheme and any other relevant industry standards, rules and procedures are complied with.

6.36. The systems should be supported 24 hours a day and 365 days a year, for the duration of the Contract including any extensions, and be backed up on a daily basis with the back-up data stored off site in accordance with Clause 34.2 (Protection of Customer Data) of the Terms and Conditions.

Resource Flexibility

6.37. The Supplier shall ensure that there is sufficient resource to respond to the flexible nature of the Programme and the uncertainty over the volume of grants to be administered, ensuring that continuity and quality of service is maintained accordingly at all times. This includes having robust and transparent processes for ensuring that:

- Additional resource can be made available at short notice to meet any unexpected or significant increases in support demand;
- Resources can be managed to deliver cost-efficiencies where there are unexpected or significant reductions in support demand.

Working with other Parties

6.38. The Supplier shall work closely with the Support Services Contractor to deliver the Contract, in particular to:

- Ensure effective processes are in place for the two-way sharing of information on grant applications received and the timetable for award decisions by the Support Services Contractor, which will be at least

- weekly;
- Ensure information on grant offers made and funds awarded or recovered are provided to the Support Services Contractor at
 - least weekly;
- Develop grant application forms and any necessary guidance on the grant application process, which shall enable the interim
 - grant application process to open by 1st February 2018 and
 - the new grant application process to open by 1st April 2018;
- Ensure that learning and any Group feedback is captured and shared effectively, on at least a quarterly basis.

7. KEY MILESTONES

7.1. The Supplier shall have a written implementation strategy, which includes timescales and milestones, potential obstacles or risks, resources, core activities, communications and/or key critical paths pertinent to the Supplier's ability to ensure successful mobilisation. A detailed project plan/timetable shall show when each of the requirements stated in this Specification shall start to be mobilised and will be fully operational. Unless otherwise specified, all requirements stated in this Specification shall be fully operational no later than the Service Commencement Date.

7.2. All content for the grant application forms and any guidance on completing the forms shall be provided by the Support Services Contractor. However the Supplier shall work with the Support Services Contractor and MHCLG to agree final versions of the grant application forms, so that all forms and associated guidance are ready for publication on the Portal by no later than 20 April 2020, in order to support the full implementation and opening of the 2020-21 grant services.

8. AUTHORITY'S RESPONSIBILITIES

8.1. As set out in sections 5 and 6 above.

9. CONTRACT MANAGEMENT AND REPORTING

9.1. The Supplier shall have contract management and performance reporting processes that shall provide transparency and assurance to MHCLG that the requirements stated in the Contract are being, and shall continue to be, successfully delivered. As a minimum the Supplier's processes shall demonstrate and / or provide:

- Robust and effective internal governance arrangements, including appropriate fraud and conflict of interest prevention measures, and which are in accordance with Clause 50 (Prevention of Fraud and Bribery) of the Terms and Conditions;
- Robust and effective risk management procedures, including financial distress and business continuity planning in accordance with Clause 15 (Business Continuity and Disaster Recovery) of the Terms and Conditions;
- Robust and effective financial management of the Contract, in line with Managing Public Money principles;
- Quality assurance in respect of service delivery, and specifically achievement of the SLAs set out in section 12;
- Arrangements to manage any service delivery failures and ensure these are remedied, including clear escalation processes;
- A complaints procedure for groups, including clear escalation process;
- Continuous improvement to the Service, including where group and stakeholder feedback identifies specific improvement opportunities or weaknesses (as set out in section 10).

Reporting

9.2. Reporting for year 2 (the 2020-21 financial year) of the Pilot Programme will be separate from the main programme. For the avoidance of doubt reporting on the Pilot Programme must allow MHCLG to easily monitor progress within year 2. Reporting requirements shall include, but not be limited to:

- Weekly financial management reports with a detailed breakdown of all grants awarded, issued or recovered, as further detailed in section 5.
- End of grant closure reports outlining what the grant was spent on.
- Final grant closure and financial reconciliation reports should be provided to the Support Services Contractor and MHCLG as soon as possible but in any case within at least 3 months of the end of the Programme.
- Performance Monitoring Reports, as set out in Call-Off Schedule 6 (Service Levels, Service Credits and Performance Monitoring).

Contract Meetings

9.3. The frequency of contract management meetings is at anytime during the Contract Term decided at the discretion of MHCLG, and the dates in each month on which meetings are held shall be agreed between the Parties. However, unless agreed otherwise between the Parties, contract management meetings shall be held on the following basis:

Monthly Performance Review Meetings, to cover as a minimum:

- | | |
|----------|---------------------------------------|
| 8.3.1.3. | All relevant reports for the month; |
| 8.3.1.4. | Performance in relation to SLAs/KPIs; |
| 8.3.1.5. | Issues for escalation; |
| 8.3.1.6. | Remediation Plans; |

9.4. Unless otherwise agreed between both Parties on an exception basis, the Supplier shall ensure all appropriate material is made available to MHCLG at least 5 Working Days prior to the relevant contract management meeting.

9.5. All Contract Management Meetings must be attended by the Supplier's appropriate Key Personnel.

10. VOLUMES

10.1. Indicative volumes of grants anticipated for year 2 (the 2020-21 financial year) of the Pilot Programme are set out below.

- Additional Priority Grants from the Discounted Homes for Sale Pilot Programme – 62 grants
- NDO Grants from the Discounted Homes for Sale Pilot Programme – 15 grants

11. CONTINUOUS IMPROVEMENT

11.1. In accordance with Clause 18 (Continuous Improvement) of the Terms and Conditions, the Supplier shall continually improve the way in which the required Services are to be delivered throughout the Contract duration, including through effective

communication with groups and use of group feedback.

11.2. The Supplier should present new ways of working to MHCLG on a quarterly basis at the relevant contract management meeting.

11.3. Changes to the way in which the Services are to be delivered must be brought to MHCLG's attention and agreed in accordance with Clause 22.1 (Variation Procedure) of the Terms and Conditions, prior to any changes being implemented.

12. STAFF AND CUSTOMER SERVICE

12.1. MHCLG requires the Supplier to provide a sufficient level of resource throughout the duration of the Grant Administration Services Contract in order to consistently deliver a quality service to all Parties.

12.2. Supplier's staff assigned to the Grant Administration Services Contract shall have the relevant qualifications and experience to deliver the Contract.

12.3. The Supplier shall ensure that staff provide excellent customer service to the Authority throughout the duration of the Contract.

13. SERVICE LEVELS AND PERFORMANCE

13.1. Performance management and reporting on performance shall include, as a minimum, the following Key Performance Indicators and Service Level Agreements. For the avoidance of doubt this is extended to include service provided through year 2 (the 2020-21 financial year) of the pilot programme.

KPI/SLA	Service Area	KPI/SLA description	Target*
1	Due Diligence Checks	Due diligence checks undertaken and grant offer letters sent to Groups within a maximum of ten (10) Working Days from receipt of award notification.	99%
2	Grants processed by BACS	Grants processed by BACS paid within a maximum of ten (10) Working Days from receipt of the relevant information required from Groups.	99%
3	Communications	Communications from the Support Services Contractor, MHCLG or its agents are responded to within 1 Working Day of receipt.	100%
4	End of grant reports	End of grant reports issued to Groups** are completed within 2 months of the end of the grant period. Where the Supplier is unable to meet this KPI due to factors outside of their control then they will need to record and provide evidence of this to MHCLG accordingly.	100%

5	Group checks	Minimum % of Groups or grant recipients checked in each year to ensure grant funding has been spent on the appropriate goods/services.	5%
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** unless otherwise stated all KPIs/SLAs are measured on a monthly basis*

*** excluding Principal Authorities acting as an Accountable Body for an unincorporated Forum*

13.2. Where the Supplier has failed to satisfy the Deliverables set out in the Specification or achieve the KPIs/SLAs specified above then the provisions of Clause 38 (Customer Remedies for Default) of the Terms and Conditions shall apply.

14. SECURITY REQUIREMENTS

14.1. The Supplier shall comply with all relevant Government security policies⁴ and any MHCLG-specific security policies as may be notified to the Supplier from time to time.

15. INTELLECTUAL PROPERTY RIGHTS (IPR)

15.1. All Project Specific IPR (including branding, guidance materials, Grant Funding Agreements, end of grant reports and data that is created or collected specifically for the purposes of this Contract and / or the Programme) shall vest in MHCLG absolutely.

16. PAYMENT

16.1. Payment can only be made following satisfactory delivery of the Services and, where applicable, pre-agreed certified products and deliverables.

16.2. Payment will be made to the Supplier within thirty days of receipt of a valid invoice, which must include all appropriate references and a detailed elemental breakdown of work completed and the associated costs, as per the provisions of Clause 7 of the Terms and Conditions.

16.3. The Supplier should ensure all invoices are sent to: CP2P Team, MHCLG, 4th Floor, High Trees, Hillfield Road, Hemel Hempstead, HP2 4XN

17. ADDITIONAL INFORMATION

Exit Strategy

⁴ <https://www.gov.uk/government/collections/government-security>

17.1. Notwithstanding the provisions of Clause 45.5 (Exit Management) of the Terms and Conditions, the Supplier shall have an exit strategy and plan detailing timescales and handover activities to ensure a successful exit and transition back to MHCLG or a new supplier sufficiently in advance of the Contract expiry date. This shall cover two scenarios:

- An exit strategy for the initial 4 year term of the Contract; and
- An exit strategy in the event of an extended, 5 year Contract.

17.2. The exit strategies shall be in place from the Call-Off Commencement Date, and shall be updated at least every 6 months from the Service Commencement Date, or as and when necessary to reflect any changes in the Contract. The exit strategies shall detail the timescales and handover activities for each element of the service, including but not limited to:

- Outline of key dates and actions in the run up to expiry and post-expiry for provision of data, handover of systems/ equipment etc., closedown of any services, group deadlines, staff engagement, stakeholder communications plan etc.
- Summary of all data held as part of the Contract and identification of the format(s) in which it is/ shall be available and the IPR ownership;
- A proposed method for testing the integrity and completeness of the data transferred;
- A list of all assets, identifying which are owned by MHCLG, eligible for transfer to MHCLG or ineligible for transfer but are essential to the provision of the Services (including the reason for ineligibility);
- How key interdependencies with 3rd parties, including key sub-contractors, will be managed;
- Indication of any roles that might be in scope for transfer, including those of key sub-contractors;
- Key personnel / management structure for the transitional period;
- Assurances as to how service standards will be maintained and any significant gaps in service avoided;
- Identification of key dependencies / obligations on the part of MHCLG or its agents (e.g. approval timescales).

18. LOCATION

18.1. The location of the Services will be carried out at the Supplier's premises with meetings held at MHCLG's premises as and when required.

Appendix 2 to Amendment Number 4

Schedule 3 Call-Off Contract Charges, Payment and Invoicing

Annex 1 to Contract Call off Contract Charges for Year Two of Pilot Programme

Table 2

[Redacted]