

DPS SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Dear Sirs

Letter of Appointment

This letter of Appointment is issued in accordance with the provisions of the DPS Agreement (RM6018) between CCS and the Supplier dated 16/02/2018.

Capitalised terms and expressions used in this letter have the same meanings as in the Contract Terms unless the context otherwise requires.

Order Number:	CCZZ18A48
From:	The Ministry of Housing, Communities and Local Government ("Customer")
To:	The University of Cambridge (trading as Cambridge University Technical Services Ltd) ("Supplier")

Effective Date:	19/12/2018
Expiry Date:	End date of Initial Period - 19/08/2019

Services required:	Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by: the Customer's Project Specification attached at Annex A and the Supplier's Proposal attached at Annex B; and
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Key Individuals:	For the Supplier; ALL NAMES REDACTED For the Customer; REDACTED
Guarantor(s)	N/A

Contract Charges (including any applicable discount(s), but excluding VAT):	The Contract Charges shall be in line with the Supplier's Pricing submission dated 21/11/2018. The Total Cost for the delivery of the services shall be no more than £53,773.00, inclusive of expenses and exclusive of VAT. The Supplier's Daily Rates will be held firm for the duration of the Contract and are based on a working day of 8 hours.
Insurance Requirements	As per the Framework Terms and Conditions
Customer billing address for invoicing:	Ministry of Housing, Communities and Local Government, REDACTED

Alternative and/or additional provisions (including Schedule 6 (Additional clauses)):	N/A
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FORMATION OF CONTRACT

BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

The Parties hereby acknowledge and agree that they have read this letter and the Contract Terms.

The Parties hereby acknowledge and agree that this Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of this letter from the Supplier within two (2) Working Days from such receipt

For and on behalf of the Supplier:

For and on behalf of the Customer:

Name and Title: REDACTED

Name and Title: REDACTED

Head of Procurement

Signature: REDACTED

Signature: REDACTED

Date:

Date:

8th February 2019

ANNEX A

Customer Project Specification

1. DEFINITIONS

Expression or Acronym	Definition
Administration charge	<p>An amount payable by a tenant as part of or in addition to rent, which is payable directly or indirectly for:</p> <ul style="list-style-type: none"> • The grant of approvals under the lease or applications for such approvals; • The provision of information or documents by or on behalf of the landlord or a person party to the lease other than the landlord or tenant; • Costs arising from non-payment of a sum due to the landlord; or • Costs arising in connection with a breach (or alleged breach) of the lease.
Doubling ground rent	A ground rent term within the lease where the initial rent doubles at a specified rent review period, commonly every 10 years.
Estate Rent Charge	Any annual or other regular sum of money charged on land which entitles the owner of the estate rent charge to enforce that payment if it isn't made. These ensure payments towards the cost of the performance of covenants. For example, the provision of services or carrying out maintenance and repairs.
Ground Rent	The rent paid under the terms of a lease by the leaseholder of a house or flat to the landlord/ freeholder of the land.
Landlord and Tenant Act 1985	The legislation that stipulates that service charges are payable in advance if the amount demanded is reasonable, and once the costs have been incurred, if the amount demanded has been reasonably incurred for services that have been provided to a reasonable standard at a reasonable cost
MHCLG	Ministry of Housing, Communities and Local Government
“Peppercorn”	A colloquial industry term defined as a “negligible or nominal amount”. Usually used in relation to the amount paid in ground rents.
Permission Fees	An amount payable by a tenant for the landlord costs of dealing with applications for approvals – for example permission to adapt a property or for the provision of documents. Also called administration charges – see above.

Rent review period	The period in which the amount of ground rent is re-assessed and usually increased.
Restrictive covenant	A covenant that is negative in nature, and is made for the benefit of land belonging to the covenantee.
Section 20 of the Landlord and Tenant Act 1985	Consultation (by the landlord with the leaseholders) for qualifying works to a building or entry into a long-term agreement for the provision of services.
The Commonhold and Leasehold Reform Act 2002	The legislation that stipulates provides that variable administration charges are payable only to the extent that they are reasonable
The First-tier Tribunal (Property Chamber)	The legal adjudication body which hears challenges against the levying of service and variable administration charges as defined by the Landlord and Tenant Act 1985 and determines whether those charges are recoverable.
Typologies	The classification of property e.g high rise purpose built flat located in the South East built circa 2010 or terraced townhouse located in the north west built circa 2010.

2. SCOPE OF REQUIREMENT

2.1. The objectives for the project are to address several key research questions:

- 2.1.1. How many leaseholders have doubling ground rent clauses within their lease contract? What are the typical rent review terms within these contracts?
- 2.1.2. How much do leasehold/freeholder charges vary according to different circumstances, and what are the extremes? (Potential Providers may wish to address this question by considering different typologies)
- 2.1.3. How are these charges calculated and can they be justified economically and legally?
- 2.1.4. How widespread are these charges, and when do they become unacceptable to the consumer?
- 2.1.5. How are these charges presented to the leaseholder/freeholder and what advice or consultation is offered to the consumer?
- 2.1.6. What restrictions are placed on leaseholders and freeholders and why (use of restrictive covenants)?
- 2.1.7. This research will address a key gap in the evidence base. It will underpin the Customer's legislative reforms and inform assessments of impact as well as the output of the working group on fees and charges.

3. THE REQUIREMENT

3.1. The Customer requires a series of outputs that directly address the research objectives outlined in section 2. .

- 3.2. Firstly, and predominantly, the study must undertake a review of the law relating to service charges, administration charges, permission fees and freehold rent estate charges. This review will consider all relevant case law, academic literature and policy papers, including (but not limited to):
 - 3.2.1. The effect of amendments to legislation such as the Landlord and Tenant Act 1985;
 - 3.2.2. The scope for a landlord to claim the costs of proceedings against a leaseholder in the light of section 81 Housing Act 1996, section 168 Commonhold and Leasehold Reform Act 2002 and relevant case law; and
 - 3.2.3. Enforcement of and access to redress in relation to estate rent charges.
- 3.3. Secondly, the study will engage with key stakeholders (identified by both the Customer and the Supplier) to understand their experiences of the legal framework in the real world, looking at topics such as (but not limited to):
 - 3.3.1. How many existing leaseholders have doubling ground rent clauses within their leases;
 - 3.3.2. How much service, administration and other charges vary from year to year;
 - 3.3.3. The extent to which those stakeholders are aware of their rights and obligations in relation to service, administration estate rent and other charges;
 - 3.3.4. How, when and why landlords or estate owners generate charges;
 - 3.3.5. The impact of charges on leaseholders or freeholders subject to estate rent charges, including whether they are fair, reasonable and/or economically justified and, if not, why not;
 - 3.3.6. Are the levels of charges determined by a well-functioning market, or are market failures, such as imperfect competition, playing a role in their pricing;
 - 3.3.7. Does any imperfect competition vary regionally, and if so, how does this impact on the charges leaseholders face;
 - 3.3.8. The nature of any enforcement action that is taken if a charge is not paid;
 - 3.3.9. Trends (over time and geographically) in the use of estate rent charges for freeholders on private estates;
 - 3.3.10. How leaseholders or those subject to estate rent charges experience enforcement action, including the effect of that action on their relationship with their landlord or the estate owner;
 - 3.3.11. Whether and how leaseholders or those subject to estate rent charges can monitor and enforce performance of the services for which advance charges are made; and
 - 3.3.12. The use of restrictive covenants, their justifications and the effectiveness of existing routes of redress or challenge for leaseholders and freeholders.

4. KEY MILESTONES

4.1. The Supplier should note the following project milestones that the Customer will measure the quality of delivery against:

Milestone	Description	Timeframe
1	Inception meeting	Within week 1 of Contract Award
2	Evidence Review of the Legal and Economic Aspects of the Study	December/ January 2019
3	Interim progress report	February 2019
4	Stakeholder Work and Verification	March 2019
5	Draft report outlining key findings	April 2019
6	Presentation of draft report to project board	May 2019
7	Final report	June 2019

5. CUSTOMER'S RESPONSIBILITIES

5.1. The Customer will ensure all contractual obligations are adhered to and managed accordingly. A key contact will be identified within the Customer as the Contract Manager to oversee the project. Any Supplier queries will be addressed and responded to within 3 working days by the Contract Manager. The Customer will provide suitably qualified persons to attend and chair Supplier meetings when required to do so.

6. REPORTING

6.1. The Supplier will provide all outputs in Microsoft Word, in plain English. These outputs will be quality assured and proof read by the Supplier before submission to the Customer. Reporting is to be delivered in a format agreed by the Customer.

6.2. The Customer will require bi-weekly progress reports throughout the project with regular updates of a risk register, these may be in written form or conducted through teleconference and confirmed via email as necessary.

6.3. The Supplier will provide:

6.3.1. An interim report, summarising initial findings and the approach, and providing details on progress made on evidence gathering, analysis and outstanding work required to complete the project.

6.3.2. A draft report analysing and summarising the evidence, findings and conclusions that may be drawn. The draft report will be required by March 2019.

6.3.3. A presentation of the draft report to the project board, to be held in May 2019.

6.3.4. A final report, building on the draft report and providing a more detailed analysis of the investigation. This will be required by June 2019.

7. STAFF AND CUSTOMER SERVICE

7.1. The Customer will work with the Supplier to produce a full risk register. The risk register will be updated throughout the life of the project and will be included along with regular progress updates.

7.2. The Customer will measure the quality of the Supplier's delivery by:

KPI/SLA	Service Area	KPI/SLA description	Target
1	Communication	Brief progress reports by email against agreed work milestones circulated by the Supplier no later than one working day before progress meetings. Regular discussions via telephone as required.	100%
2	Project management	All action points from progress meetings circulated and agreed within two days of meeting.	100%
3	Completion of Key Milestone 5.	Draft Report to be submitted to the Customer by the agreed deadline set out in Section 4.	100%
4	Approach to objectives set out in section 2.1	Document describing and confirming the approach proposed to be submitted to agreed deadline and accepted and approved by the Customer, in line with the Key Milestones in please update	100%

7.3. The Customer will maintain a record of Supplier adherence to the agreed service level and performance timelines as set out at Sections 4.1 and 7.2. Any non-adherence will result in performance review meetings between the Customer and the Supplier, to provide a full debrief and explanation as to why the SLA/KPI (section 7.2) or Key Milestone (section 4.1) was not met. A Service Improvement Plan shall also be established during these meetings. Performance Management will be in accordance with Terms and Conditions as set out in the Contract Terms and Conditions.

7.4. Where the Supplier fails to provide a Service Improvement Plan or fails to deliver the agreed Service Improvement Plan to the required standard or in the required timeline, the Customer reserves the right to seek early termination of the contract in accordance with the procedures set out in the Contract Terms and Conditions.

8. SECURITY REQUIREMENTS

8.1. The Supplier will securely store data, which may include personal data, in accordance with the Data Protection Act/GDPR requirements. The Supplier must follow the appropriate requirements for this.

8.2. The Supplier will provide assurance to the Customer that all data will be destroyed within a reasonable timeframe (no longer than 6 months) from completion of the project.

9. INTELLECTUAL PROPERTY RIGHTS (IPR)

9.1. The Customer will retain full Intellectual Property Rights for the work completed. This is in accordance with the Special Terms added into the Contract Terms and Conditions.

10. PAYMENT

10.1. Payment will only be made following satisfactory delivery of pre-agreed certified products and deliverables. Products must meet the Customer's quality standards and expectations before payment is authorised.

10.2. Invoices must be sent to the following address:

Ministry of Housing, Communities and Local Government
REDACTED

Email: [REDACTED](#)

10.3. Payment milestones will be agreed with the Supplier based on the schedule of work set out in section 4.1 of this document, Key Milestones.

10.4. Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

ANNEX B

Supplier Proposal

Services will be delivered in line with the Supplier's Proposal, dated 21/11/2018. An extract of these proposals are included below.

REDACTED

Part 2: Contract Terms

PLEASE SEE ATTACHED TERMS AND CONDITIONS APPENDIX