

**FUNDING AGREEMENT FOR HOUSING GROWTH FUND (HGF) CAPITAL PROJECTS**  
**Maylands Renewable Energy Business Park**

**THIS Funding Agreement** is dated \_\_\_\_\_ and made  
**BETWEEN**

- (1) **DACORUM BOROUGH COUNCIL** of Civic Centre, Marlowes, Hemel Hempstead, Herts, HP1 1HH (“Dacorum Borough Council” )
- (2) **RENEWABLES EAST** (Company Registration Number 04948149) whose registered office is ZICER Building, School of Environmental Sciences, University of East Anglia, Norwich, NR4 7TJ (“Renewables East” or “Grant Recipient”) as further defined hereafter

**WHEREAS**

- (1) Dacorum Borough Council will work collaboratively to deliver our shared vision for the Maylands Renewable Energy Business Park. This will ensure the successful delivery of the objectives and benefits as outlined in the Business Case/PID.
- (2) Dacorum Borough Council have applied for and received a funding certificate in respect of funding by the European Regional Development Fund for the Project under which Dacorum Borough Council have agreed to provide £300,000 and £25,000 in kind in match funding.
- (3) This funding was granted on the basis of an outline application for a Biomass CHP solution to generate energy for the Maylands Renewable Energy Business Park. The Parties acknowledge that there may be one or more solutions that may provide renewable energy sources at Maylands Renewable Energy Business Park and that each potential solution (“Project Activity” as further defined hereafter) and the respective funding contributions of each party shall be agreed upon on a case by case basis by the Project Steering Group in accordance with this agreement

**IT IS HEREBY AGREED:**

**Roles and Responsibilities**

Grant Recipient – The Grant Recipient will:

- Ensure that a robust project management process is in place. This will include all the agreed project documentation outlined in the funding agreement and will be submitted to Dacorum Borough Council in a timely manner as agreed.
- Involve Dacorum Borough Council in project governance through the project board or equivalent meetings.
- Ensure that the project delivers the agreed outputs in accordance with the agreed timetable.

- Will submit applications for funding, ensuring that the information provided is correct and in an agreed format.
- Form and participate in the Project Steering Group

Dacorum Borough Council – Dacorum Borough Council will:

- Consider all individual applications for funding and subject to receiving the required authorisation allocate funds to the project.
- Work with the promoter and other partners to deliver the project, secure funding and ensure quality outcomes in accordance with the project documentation.
- Lend support and guidance to the project through the project board or equivalent meetings.
- Monitor spend and project milestones to ensure that the project is progressing as agreed. Any significant changes will need to be agreed with Dacorum Borough Council.
- Report on progress of the projects to the Maylands Implementation Team.
- Progress all applications for funding expeditiously subject to committee timetables.
- Form and participate in the Project Steering Group
- Provide any other support required

### **Publicity, copyright and sharing good practice**

The Grant Recipient must give appropriate publicity to the support received for the project from Dacorum Borough Council and must, in particular, acknowledge that the project has been grant aided by Dacorum Borough Council. All publicity material should include the logo of Dacorum Borough Council.

Dacorum Borough Council may share any information, know-how, system or process learned from the project with any person or body that has responsibility for a similar scheme, and is within the public sector or is to be given support from public funds. The Grant Recipient agrees that such a person or body may share and use freely all such information, know-how, system or process for their own purposes.

### **Introduction and Interpretation**

1. Dacorum Borough Council submitted a refreshed “Programme of Development” for Housing Growth Fund grant funding for a range of local projects and Government’s response has been to award us with £0.3m for 2010/11. Dacorum Borough Council has agreed to allocate the award with a view to subsequently approving individual project allocations.

2. This funding agreement commences on the date of this agreement. All grant applications must be submitted to Dacorum Borough Council and approved by the 1<sup>st</sup> June 2012 and must be spent within 12 months from the date of payment in accordance with the terms of agreement.
3. In this agreement, except where the context requires otherwise:

**“Capital Expenditure Payment”** means the proportion of the Grant required for each Project Activity, to be agreed upon by the Project Steering Group in accordance with this agreement;

**“Funding Period”** means the period specified in clause 2;

**“Grant”** means a total of £300,000 cash and £25,000 value in kind match funding for all Project Activities payable by Dacorum Borough Council in accordance with this agreement;

**“Grant Recipient”** means Renewables East, which, having accepted the offer of grant, is responsible for receiving, expending and accounting for all amounts paid under the funding agreement;

**“the Department”** means the Homes & Communities Agency;

**“the Project”** means the project as set out in the documentation entitled Low Carbon Development Initiative dated February 2009. The project will enable investigations into the potential for, and provision of, renewable energy resources in the Maylands Business Park, Hemel Hempstead, Hertfordshire;

**“Project Activity”** means a specific solution activity or works agreed to be undertaken by the Project Steering Group in relation to each Project;

**“the Project Steering Group”** means the group formed by Dacorum Borough Council and the Grant Recipient in accordance with clause 6 of this agreement;

**“the Revenue Expenditure”** means an investment by the Grant Recipient as agreed by the Project Steering Group in accordance with clause 7;

**“the Investment Milestone”** means the point determined by the Project Steering Group;

### **Grant offer**

4. Dacorum Borough Council have committed £300,000 and £25,000 value in kind from Growth Area Funding to pay the Grant Recipient funding towards any Project Activity agreed in accordance with clause

7 subject to the Grant Recipient making satisfactory progress with the implementation of the Project and by complying with the grant terms and conditions set out in this funding agreement. The funds for payment of claims are held by Dacorum Borough Council as the “authorising body” and managed by Dacorum Borough Council.

5. The aggregate amount of grant payable during the Funding Period will be £300,000 cash and £25,000 value in kind.
6. As soon as reasonably practicable Dacorum Borough Council and the Grant Recipient shall form a Project Steering Group, whereby:
  - a) The Project Steering Group shall be constituted of two authorised persons from each of the Parties as shall be agreed between the Parties from time to time;
  - b) The Project Steering Group shall meet periodically at such times as shall be agreed from time to time, or otherwise at the special request of either of the Parties;
  - c) A meeting of the Project Steering Group shall not be quorate unless all of those persons agreed upon in clause 6(a) of the agreement are present; and
  - d) All decisions of the Project Steering Group shall be reached by unanimous agreement.

7. The Project Steering Group shall:

- a) Agree on the most technically and economically viable solutions for the Project;
- b) Agree and determine from time to time a Project Activity or Project Activities in order to further the Project;
- c) Agree how the Grant Recipient shall allocate the Revenue Expenditure and how Dacorum Borough Council shall allocate the Capital Expenditure Payment to further each Project Activity;
- d) Define the relevant Investment Milestone for each Project Activity.
- e) Use reasonable endeavours to secure authorisation for release of the Capital Expenditure Payment

### **Release of grant funding**

8. When, in respect of each Project Activity, the Investment Milestone has been reached the Grant Recipient must apply for release of the Capital Expenditure Payment to Dacorum Borough Council's Assistant Director of Planning, Development and Regeneration in writing.
9. In respect of each Project Activity each application for payment of the Capital Expenditure Payment must be signed by the Grant Recipient's Chief Finance Officer or by a person notified in advance as having

delegated authority to sign applications on behalf of the Chief Finance Officer.

10. In respect of each Project Activity each Capital Expenditure Payment application must be made on the standard form provided by Dacorum Borough Council, a copy of which is attached. This will provide for certification that the Grant Recipient has observed the terms of this grant funding agreement. Incomplete or incorrect claims will be returned to the Grant Recipient without payment.
11. In respect of each Project Activity each application must include a statement detailing:
  - a) Precise details of the Project Activity that the funds will be allocated towards and any required phasing for the payments;
  - b) Details of any long or short term strategy for repayment of the funding;
  - c) The amount of the corresponding Capital Expenditure Payment;
  - d) The progress made on the Project prior to the date of the application and a project implementation plan specifying appropriate milestones for completion of the Project.
12. So far as permissible under applicable law, provided the application (as referred to above) is properly completed in relation to each Project Activity, and save in the event of a bona fide query, and subject to obtaining the required authority to release the Capital Expenditure Payment, Dacorum Borough Council shall pay the Capital Expenditure Payment applied for to the Grant Recipient within 7 days of final approval by Dacorum Borough Council.

### **Monitoring progress**

13. Following the receipt of any approved funding the Grant Recipient must submit monthly progress reports.
14. The progress reports will draw attention to any delay in the implementation of all works; account for the delay; inform Dacorum Borough Council where the delay is likely to result in a project completion date later than that set out in the funding application and estimate the length of the delay in completion.
15. Within one month of the completion of each Project Activity a project completion report will be submitted to the Council which will summarise the work carried out under the project and the success of the project.

## **Financial controls**

16. The Grant Recipient must:

- (a) agree in advance with Dacorum Borough Council any significant changes to each Project Activity;
- (b) at any reasonable time for inspection by Dacorum Borough Council or anyone acting on their behalf, maintain and operate effectively all relevant monitoring and financial management systems, in order to control expenditure and ensure that the costs of implementing the project are properly incurred and can be clearly identified;
- (c) ensure that any project consultants appointed for the project competently perform all services relating to the monitoring, control and certification of works and expenditure;
- (d) keep a record of all expenditure funded wholly or partly by grant, and retain all accounting records relating to that expenditure for a period of at least six years after the end of the funding period. Accounting records include accounts, deeds, writings and documents on paper or in electronic form. The Grant Recipient must make these available if requested to do so on Dacorum Borough Council's behalf.

## ***Ineligible expenditure***

17. No grant will be paid for any of the following purposes or items of expenditure:

- (a) activities of a political or exclusively religious nature;
- (b) expenditure financed from other central or local government sources or from European Community funds;
- (c) depreciation, amortisation or impairment of fixed assets;
- (d) input VAT recoverable by the Grant Recipient from H.M. Revenue & Customs;
- (e) payments made before the announcement of approval by Dacorum Borough Council;
- (f) payments made in advance of need;
- (g) interest payments or service charge payments for finance leases;
- (h) bad debts to a party related to officers, members and employees of the accountable body (see accounting standard FRS8 for the definition of a "party related");

- (i) statutory fines and penalties;
- (j) Entertainment costs.

### **Value for money and procurement requirements**

18. The Grant Recipient must secure best value for money in all transactions for the procurement or purchase of works, goods and services. The Grant Recipient must obtain quotes for the execution or supply of all works, goods and services unless it has framework or call-off contracts for such work. Where the cost is £5,000 or more, the Grant Recipient should obtain at least three written tenders or apply the rules set out within any appropriate or relevant framework or call-off contracts. If Dacorum Borough Council requires the Grant Recipient to do so, it must produce documentary evidence of compliance with this condition.
19. If the Grant Recipient follows a single tender procedure, for example, where the value of a contract is below £5,000 or there is only one provider capable of executing or supplying the works, goods or services concerned, the Grant Recipient must keep a record of the reasons why it considered that procedure to be appropriate.
20. The Grant Recipient must meet the requirements of the Public Contracts Regulations 2006 or any amendments thereto (S.I. 2006/5). These Regulations specify the procedures to be followed in relation to the award of public works contracts, public supply contracts and public services contracts by public bodies (called Contracting Authorities, as defined in the Regulations), and remedies for breaches of the Regulations.
21. In accepting this offer of grant, the Grant Recipient warrants that these procedures and requirements, whichever may be appropriate, have been followed in awarding all contracts already entered into for the Project.

### **Income and other contributions**

22. In determining the amount of grant offered for the Project, Dacorum Borough Council have taken account of such estimates of income, contributions and other grants towards the costs of the Project as the Grant Recipient has given in the project documentation. If at any time during or after the funding period the Project generates any income or there are any contributions or grants in excess of these amounts (other than in respect of costs increases in the Project required to be met by the Grant Recipient), the Grant Recipient must notify Dacorum Borough Council as soon as possible and state the amounts received or to be received.

23. Dacorum Borough Council may allow the Grant Recipient to retain the amount notified. Otherwise, the Grant Recipient must pay the amount notified (or such part of it as is necessary for the repayment of all grant received under the funding agreement) to Dacorum Borough Council. If all grant is repaid under these circumstances, the funding agreement will be discharged upon repayment.

### **Capital receipts**

24. If the Grant Recipient disposes of any asset acquired, enhanced or constructed using grant paid under this funding agreement within two years of the grant having been made, the Grant Recipient must give Dacorum Borough Council notice of the disposal. Dacorum Borough Council will either require the receipts to be repaid or require that the receipts be reinvested at Dacorum Borough Council's sole discretion. Where Dacorum Borough Council ask that the receipt be repaid, the Grant Recipient will pay the whole or such part as specified of the disposal proceeds, up to the value of the grant.

### **Conflicts of interest and financial or other irregularities**

25. Officers, members and employees of the Grant Recipient and any other persons consulted about the Project must use reasonable care to avoid conflicts of interest. The Grant Recipient must set up formal procedures to require all such persons to declare any personal or financial interest in any matter concerning the Project and to be excluded from any discussion or decision-making relating to the matter concerned.
26. If the Grant Recipient has any grounds for suspecting financial irregularity in the use of grant, the Grant Recipient must notify Dacorum Borough Council immediately, explain what steps are being taken to investigate the suspicion, and keep Dacorum Borough Council informed about the progress of the investigation. For these purposes "financial irregularity" includes fraud or other impropriety, mismanagement, and the use of grant for purposes other than those for which it has been provided.
27. Dacorum Borough Council shall be entitled to cancel this funding agreement if the Grant Recipient offers or agrees to give any gift or consideration as an inducement or reward to any person showing favour or disfavour in relation to obtaining this or other funding from Dacorum Borough Council.

### **Other grant conditions**

28. The Grant Recipient must:



- (a) only use the grant funding for each Project Activity specified in the application and ensure that such funding is not used for any ineligible expenditure (see clause 17 above);
- (b) make documents relating to the Project available on request and provide access to such documents at any time as required for inspection and scrutiny by Dacorum Borough Council or anyone acting on our behalf;
- (c) ensure that there is obtained all necessary permission and authority (whether required by legislation or otherwise) to undertake the Project and all works and activities connected with the Project; and
- (d) take all reasonable steps to ensure that the Grant Recipient and anyone acting on its behalf in connection with the Project complies with the law for the time being in force in the United Kingdom, including, in particular (so far as binding on the Grant Recipient), the requirements of the Health and Safety at Work Act 1974, Data Protection Act 1998, the Human Rights Act 1998, the Sex Discrimination Act 1975, the Race Relations Act 1976, the Race Relations (Amendment) Act 2000 the Disability Discrimination Act 1995 and the Freedom of Information Act 2000.

**Breach of conditions and withholding or recovering grant**

- 29. If the Grant Recipient fails to comply with any of the terms and conditions of grant set out in this funding agreement, or if any of the events mentioned in paragraph 30 occurs, and are not remedied (where they are capable of remedy) within 30 days of receiving notice in writing from Dacorum Borough Council requiring them to be remedied, Dacorum Borough Council may, in its sole discretion, by notice in writing, reduce, suspend, withhold, require the repayment of grant or the transfer of any asset acquired with grant. The Grant Recipient will repay any amount required to be repaid or transfer any acquired asset under this condition within 30 days of receiving a notice to that effect.
- 30. The events referred to in paragraph 29 are as follows:
  - (a) the Grant Recipient is failing or has failed to make satisfactory progress in implementing the Project other than for reasons outside its reasonable control;
  - (b) whether through delay, poor project management or otherwise, the costs of the Project are escalating or seem likely to escalate substantially in excess of agreed investment limits, to an extent that, in Dacorum Borough Council's reasonable opinion, is unacceptable;

- (c) the Grant Recipient makes any significant change to the Project without Dacorum Borough Council's approval or, where an unapproved change can be reversed, fails to reverse it if asked to do so;
  - (d) in support of the application for grant funding or in a claim for payment or other communication concerning this funding agreement, the Grant Recipient or anyone on its behalf has provided, or provides, information that is in any material respect incorrect, incomplete or otherwise misleading;
  - (e) a report from the district auditor is unsatisfactory because it contains an adverse opinion, a qualified opinion or a disclaimer of opinion;
  - (f) the Grant Recipient takes inadequate measures to investigate and resolve any reported irregularity;
  - (g) The Grant Recipient is declared bankrupt or for whatever reason ceases to operate.
31. It is hoped that most difficulties encountered by the Grant Recipient can be overcome with Dacorum Borough Council's advice and support. In the event that it becomes necessary to take steps to enforce the terms and conditions of this funding agreement, Dacorum Borough Council will endeavour to provide the Grant Recipient with particulars of the concerns about the Project or of any breach of a term or condition of this funding agreement, provided that any omission to do so will not affect Dacorum Borough Council's ability to take such action under clause 29 as it sees fit.

**Acceptance of grant offer**

32. The Grant Recipient hereby accepts the terms of this funding agreement, by signing this funding agreement where indicated below.

Signature: .....

Name: (BLOCK CAPITALS) **JAMES DOE**

**Position: Assistant Director of Planning Development and Regeneration**  
(Authorised to sign on behalf of Dacorum Borough Council)

Date: .....

**The Grant Recipient accepts the offer of grant contained in this letter and agrees to comply with the terms and conditions of grant on which the offer is made.**

Signature: .....

Name: (BLOCK CAPITALS) .....

**Position:** .....; principal contact authorised to sign on behalf of the Renewables East)

Date: .....

**PRINCIPAL CONTACT**

The principal contacts for both the Grant Recipient and Dacorum Borough Council are listed below. The principal contact for the Grant Recipient is:

Name

Telephone

Email

Organisation

The Principal contact for Dacorum Borough Council is:

Name

Telephone

Email

Organisation

