**Dated 20\_\_**

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| --- | --- | --- |
| **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF TOWER HAMLETS**  **the Council**  **and**  **as Grant Recipient** | | |
|  | **GRANT AGREEMENT** |  |



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**Grant Agreement**

Dated :

Parties

1. **The Mayor and Burgesses of the London Borough of Tower Hamlets** of Town Hall, Mulberry Place, 5 Clove Crescent, E14 2BG (the Council); and

a registered society in accordance with Section 1 of the Co-­operative and Community Benefit Societies Act 2014 with registration number and registered provider of social housing, registered with the Homes and Communities Agency (number ) whose registered office is at (the **Grant Recipient**).

Introduction

(A) The Council has a general power of competence under Section 1 Localism Act 2011 and specific powers under the Housing Act 1985 and the Local Government Act 1988 to provide financial assistance to facilitate the provision of housing.

(B) The Council has receipts derived from the sale of properties pursuant to the RTB (as hereinafter defined).

(C) The Council has an agreement with the Secretary of State for Communities and Local Government (the **Receipts Agreement**) which permits it, subject to the conditions therein, to apply such receipts (or some of them) towards the provision of Social Housing.

(D) The Council and the Grant Recipient have agreed to enter into this Agreement to facilitate the provision and supply of Social Housing on the terms set out herein.

# Definitions and interpretation

## Definitions

In this Agreement, unless the context otherwise requires, the following terms have the meanings given to them below:

**Acceptance Date** means the date upon which the Council accepts a Developable Scheme as a Firm Scheme pursuant to Clause 3.2;

**Actual Development Costs** means in respect of a Firm Scheme the amount of Development Costs actually incurred by the Grant Recipient in developing that Firm Scheme.

**Additional Design and Quality Standards** means in respect of each Firm Scheme the standards offered by the Grant Recipient and accepted by the Council which are additional to the requirements of the Design and Quality Standards;

**Affordable Dwelling** means a house, flat or maisonette developed or purchased pursuant to this Agreement and made permanently available by a Registered Provider for letting to persons at rents not exceeding the Affordable Rent level and let on (as applicable) assured non-shorthold tenancy or fixed tenancy terms and as more particularly described in the relevant Firm Scheme Details;

**Affordable Homes Programme 2016-21 Funding Guidance** means the guidance of the same title published by the Mayor of London in November 2016, as amended from time to time.

**Affordable Housing** means subsidised housing provided by the Grant Recipient to eligible households whose needs are not met by the market, and which:

#### Meets the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local housing prices and let at rents not exceeding the Affordable Rent level;

#### Includes provision for the home to remain at an affordable price for future eligible households permanently or, if these restrictions are lifted and with the written consent of the Council, for the subsidy to be recycled for alternative affordable housing provision; and

#### Meets the criteria outlined in policy 3.10 of the London Plan 2016, and Affordable Homes Programme 2016-21 Funding Guidance (both updated from time to time).

**Affordable Rent** means in relation to each of the Affordable Dwellings, the weekly rent figure (comprising either the London Affordable Rent or the Tower Hamlets Living Rent at the absolute discretion of the Council) which is allocated to the relevant accommodation and the relevant ward (as applicable) and such figure may be decreased or increased from time to time in accordance with Legislation or the Rent Standard or the Tenancy Standard or the LA Guidance on Preferred Rents (as applicable);

**Affordable Rent Housing** means subsidised housing provided by the Grant Recipient to eligible households at an Affordable Rent level;

**Agreed Purposes** means the purposes for which each of the Affordable Dwellings is to be used as described in the Firm Scheme Details and in this Agreement;

**Agreement** means this Grant Agreement (including its Schedules, Annexures and Appendices (if any));

**Annual Review Meeting** means the first Review Meeting held after the 31 December Quarter Date in each year during the Term;

**Area** means the London Borough of Tower Hamlets;

**Building Contract** means the contract entered into between the Grant Recipient and the Building Contractor relating to the construction and development of a Firm Scheme;

**Building Contractor** means the building contractor or developer appointed or to be appointed by the Grant Recipient in respect of a Firm Scheme;

**Business Day** means any day other than a Saturday, Sunday or a statutory Bank Holiday in England;

**Capital Finance Regulations** means the Local Authority (Capital Finance and Accounting) (England) Regulations 2003;

**CDM Regulations** means the Construction (Design and Management) Regulations 2015;

**CEDR** means the Centre for Effective Dispute Resolution;

**Common Housing Register** means a list of eligible applicants in the Area seeking suitable rented accommodation to meet their housing needs and which is made available to and signed by a number of Registered Providers;

**Confidential Information** means:

(a) in respect of the Council all information relating to the Council's business and affairs, its employees, suppliers, data and software programmes and otherwise relating to the existence or terms of this Agreement in respect of which the Grant Recipient becomes aware in its capacity as a party to this Agreement or which is received by the Grant Recipient in relation to this Agreement from either the Council or any of its advisers or from any third party if the information was obtained by that third party directly or indirectly from the Council or any of its advisors in whatever form in either case; and

(b) in respect of the Grant Recipient means such specific information as the Grant Recipient shall have identified to the Council in writing prior to the date hereof as confidential information for the purposes of this Agreement;

but excluding in each case Excluded Information;

**Consents** means any necessary approval, authorisation, consent, exemption, licence, permit, permission or registration by or from any Relevant Authority;

**Council’s Representative** means such person or persons as the Council may nominate to act as its representative from time to time for the purposes of this Agreement;

**Data Controller** has the meaning ascribed to it in the DPA;

**Data Subject** has the meaning ascribed to it in the DPA;

**Design and Quality Standards** means the standards set out in the Housing Corporation's publication entitled "Design and Quality Standards April 2007" in respect of any scheme which was submitted for detailed planning consent before 31 July 2011 and for all other Firm Schemes the standards set out in the London Housing Design Guide, the London Plan as published by the Greater London Authority and the Local Plan subject to any waivers agreed by the Council, each as amended from time to time;

**Developable Scheme** means each proposed scheme for the development (including, where relevant, the refurbishment or purchase) of Affordable Housing submitted by the Grant Recipient to the Council pursuant to Clause 3.1;

**Development Costs** means the costs relating to the development of a Firm Scheme incurred or to be incurred by the Grant Recipient in respect of the heads of expenditure set out in Part 1 of Schedule 2 or such other heads of expenditure as the Council may in its absolute discretion agree in respect of any Firm Scheme **provided that** any costs falling within the heads of expenditure set out in Part 2 of Schedule 2 shall not be capable of being treated as Development Costs;

**Disposal** means any transaction the effect of which is that the legal or beneficial title in any Affordable Dwelling transfers to, becomes vested in, is leased to or reverts to any person other than the Grant Recipient;

**DPA** means the Data Protection Act 1998;

**EIR** means the Environmental Information Regulations 2004, together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such statutory instrument;

**EIR Exemption** means any applicable exemption to EIR;

**Employer’s Agent** means a professional appointed to act as employer’s agent to the Grant Recipient in respect of Works;

**EU Procurement Regime** means all applicable United Kingdom and European procurement legislation and any implementing measures and any other legislation in connection with the procurement of works, supplies or services;

**Excluded Information** means Confidential Information:

(a) disclosure of which is:

(i) reasonably required for the performance of either party's obligations under this Agreement (including disclosure to either party's professional advisers or commercial funders);

(ii) required by Legislation, Parliamentary obligation or the rules of any governmental or regulatory body having the force of law;

(iii) required by any court or arbitral body or administrative tribunal;

(iv) required of the Council by any other department, office or ministry of the Government; or

(iv) is necessary for the purpose of the examination, auditing or certification of either party's accounts or any examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Council has used its resources; or

(b) which is (at the point of disclosure by either party) demonstrably generally available and in the public domain (otherwise than as a result of a breach of Clause 13);

**Exempted Information** means any Information that is designated as falling or potentially falling within the FOIA Exemptions or the EIR Exemptions;

**Firm Scheme** means a scheme for the purchase, development or refurbishment of Affordable Housing accepted by the Council pursuant to Clause 3.2 details of which are set out in the Firm Scheme Details;

**Firm Scheme Completion Date** means the date for completion of the relevant Firm Scheme set out in the Firm Scheme Delivery Timetable;

**Firm Scheme Default** has the meaning given to it in Clause 9.1;

**Firm Scheme Delivery Timetable** means the timetable for construction and completion of a Firm Scheme (including Milestones and Milestone Date) as agreed by the Council in writing;

**Firm Scheme Details** means the descriptive and other details in respect of each Firm Scheme as accepted by the Council in writing (as the same may be varied from time to time in accordance with the terms of this Agreement);

**Firm Scheme Grant** or **FSG** means (save where the context requires otherwise) the amount of grant payable by the Council in respect of a Firm Scheme as set out in the relevant Firm Scheme Details and shall include every tranche thereof;

**Firm Scheme Obligations** means the Grant Recipient's obligations under Clause 4;

**FOIA** means the Freedom of Information Act 2000, and any subordinate legislation made under such Act from time to time together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such legislation;

**FOIA Exemption** means any applicable exemption to FOIA;

**GLA** means the Greater London Authority;

**Grant** means the amount identified as such in the Firm Scheme Details;

**Grant Application** means the application for grant made by the Grant Recipient on [ ]

**Grant Recipient’s Representative** means the [ ] or such other person agreed by the Council to act as the Grant Recipient's representative from time to time for the purposes of this Agreement;

**Grant Recipient Party** means:

* + - 1. the Grant Recipient, the Building Contractor, any member of the Professional Team, agent, employee or subcontractor of any tier of the Grant Recipient and the Grant Recipient’s Representative;
      2. any subsidiary or associate in which the Grant Recipient has a material interest sufficient to require group financial statements to be prepared which account for these interests, under the Statement of Recommended Practice for Registered Providers or any code or other document which replaces it as the Statement of Recommended Practice;

**LA Guidance on Preferred Rents** means the document titled “Guidance for developers and viability testers on LBTH preferred rents”(or equivalent) prepared by the Council and updated from time to time and the current version of which is appended to this Agreement;

**HCA** means the Homes and Communities Agency**,** the body corporate established under Section 1 of the HRA 2008;

**HRA 2008** means the Housing and Regeneration Act 2008;

**HS Act** means the Health and Safety at Work etc. Act 1974;

**Information** in relation to:

(a) FOIA, has the meaning given under section 84 of the FOIA and which is held by the Council at the time of receipt of an RFI; or

(b) EIR, has the meaning given under the definition of “environmental information” in section 2 of EIR and which is held by the Council at the time of receipt of an RFI;

**Information Commissioner** has the meaning set out in Section 6 DPA 1998;

**Insolvency Event** means the occurrence of any of the following in relation to the Grant Recipient:

(a) it is unable or admits an inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;

(b) the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities);

(c) a moratorium is declared in respect of any indebtedness or the Council receives a notice under Section 145 of HRA 2008;

(d) any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganisation on terms previously approved by the Council (such approval not to be unreasonably withheld or delayed);

(ii) a composition, compromise, assignment or arrangement with any of its creditors;

(iii) the appointment of a liquidator (other than in respect of a solvent liquidation on terms previously approved by the Council (such approval not to be unreasonably withheld or delayed), receiver, administrative receiver, administrator, compulsory manager or other similar officer;

(iv) enforcement of any Security over any assets of the Grant Recipient; or

(v) any analogous procedure or step is taken in any jurisdiction;

other than any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within ten (10) Business Days of commencement; or

(e) any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Grant Recipient which has a material adverse effect on the Grant Recipient's ability to discharge its obligations under this Agreement;

**Intellectual Property Rights** shall include without limitation all rights to, and any interests in, any patents, designs, trademarks, copyright, know-how, trade secrets and any other proprietary rights or forms of intellectual property (protectable by registration or not) in respect of any technology, concept, idea, data, program or other software (including source and object codes), specification, plan, drawing, schedule, minutes, correspondence, scheme, formula, programme, design, system, process logo, mark, style, or other matter or thing, existing or conceived, used, developed or produced by any person;

**Investment Partner** means a Registered Provider which has been confirmed by the GLA as having “Investment Partner Status” under the GLA’s Investment Partner qualification procedure.

**Law** means any applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, rule of court or directives or requirements of any Regulatory Body, delegated or subordinate Legislation or notice of any Regulatory Body;

**Legislation** means:

(a) any Act of Parliament;

(b) any subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978; and

(c) any enforceable community right within the meaning of Section 2 of the European Communities Act 1972.

**Local Plan** means the local plan produced by the Council from time to time providing, inter alia, spatial policies, development management policies and development guidance;

**London Affordable Rent** means an Affordable Rent product (exclusive of service charge) where homes are let at rent levels published by the Greater London Authority annually or from time to time (or its equivalent if such rent levels cease to be published);

**London Housing Design Guide** means the Mayor of London’s London Housing Design Guide, published in 2010 as amended from time to time;

**London Living Wage** means the basic minimum hourly wage (before tax and other deductions) which may be set or updated from time to time by the GLA and notified to the Grant Recipient.

**London Plan** means the Mayor of London’s London**, originally published in 2004 and updated most recently in March 2016 and as amended from time to time;**

**Material Adverse Effect** means the effect of any event or circumstance which is reasonably likely to be materially adverse to the ability of the Grant Recipient to deliver the Firm Scheme Details within the time limits (if any) for doing so;

**Milestone** means each stage in the development of the Firm Scheme agreed by the parties in the Firm Scheme Delivery Timetable (including as a minimum a Start on Site Date and a Firm Scheme Completion Date);

**Milestone Date** meansthe date agreed by the Council in the Firm Scheme Delivery Timetable by which the relevant Milestone must have been achieved (as the same may be varied by the Council pursuant to 5);

**Milestone Extension Events** means any of the following:

* + - 1. exceptionally adverse weather conditions;
      2. delay in receipt of any necessary permission or approval of any statutory body which the Grant Recipient has taken all practicable steps to avoid or reduce;
      3. the exercise after the date of this Agreement by the United Kingdom Government of any statutory power which directly affects the execution of the construction works necessary to the delivery of the Firm Scheme by restricting the availability or use of labour which is essential to the proper carrying out of such works or preventing the Grant Recipient from, or delaying in, securing such goods or materials or such fuel or energy as are essential to the proper carrying out of such works;
      4. the use or threat of terrorism and/or the activity of the relevant authorities in dealing with such use or threat;
      5. fire, explosion, lightning, storm, tempest, flood, bursting or overflowing of water tanks, apparatus or pipes, ionising radiation, earthquakes, riot and civil commotion;
      6. failure by any statutory undertaker, utility company or other like body to carry out works or provide services;
      7. any accidental loss or damage to the development or any roads servicing it;
      8. any failure or shortage of power, fuel or transport;
      9. any blockade or embargo;
      10. any:
          1. official or unofficial strike;
          2. lockout;
          3. go-slow; or
          4. other dispute

generally affecting the house building industry or a significant sector of it;

* + - 1. the appointment of the Building Contractor under the Building Contract has been terminated or the Building Contract has been terminated; or
      2. any material failure by the Building Contractor under the terms of the Building Contract which has the direct result of delaying the Grant Recipient's compliance with a Milestone Date

unless:

* + - * 1. any of the events arises (directly or indirectly) as a result of any wilful default or wilful act of the Grant Recipient or, save in respect of the event referred to in (k) above, any of its subcontractors of any tier; or
        2. in respect of the event referred to in (f) above, such event arises as a result of any failure by the Grant Recipient (whether wilful or otherwise) to notify the relevant statutory undertaker or utility company of the requirement for works or services to be completed by the date required to enable the Grant Recipient to complete the Firm Scheme by the Firm Scheme Completion Date; or
        3. in respect of the events in (k) and (l) above, the event arises from the Grant Recipient's failure effectively to manage the Building Contract.

**Milestone Failure** means a failure by the Grant Recipient fully to achieve any Milestone by the relevant Milestone Date;

**NHBC** means the National House-Building Council;

**Open Book** means the declaration of all price components including profit margins, central office overheads, site overheads, preliminaries, contingencies and the cost of all materials, goods, equipment, work and services with all and any books of accounts, correspondence, agreements, orders, invoices, receipts and other documents available for inspection;

**Personal Data** has the meaning ascribed to it in the DPA;

**Practical Completion** means the point at which a Firm Scheme is complete for all practical purposes and in particular:

* + - 1. all applicable statutory requirements have been complied with and all consents obtained;
      2. neither the existence nor execution of any minor outstanding works would affect its use;
      3. any stipulations identified under the Building Contract as being essential for practical completion to take place have been satisfied; and/or
      4. all information required by the Building Contract to be delivered at practical completion has been delivered to the Grant Recipient.

**Process** has the meaning ascribed to it in the DPA;

**Professional Team** means the architect, civil & structural engineer, Employer’s Agent, the mechanical & electrical engineer and any other consultant appointed by the Grant Recipient in connection with a Firm Scheme;

**Prohibited Act** means:

(a) offering, giving or agreeing to give to any servant of the Council any gift or consideration of any kind as an inducement or reward:

(i) for doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement; or

(ii) for showing or not showing favour or disfavour to any person in relation to this Agreement;

(b) entering into this Agreement or any other agreement with the Council relative to this Agreement in connection with which commission has been paid or has been agreed to be paid by the Grant Recipient or on its behalf, or to its knowledge, unless before the relevant agreement is entered into particulars of any such commission and of the terms and conditions of any such agreement for the payment thereof have been disclosed in writing to the Council;

(c) committing any offence:

(i) under Legislation creating offences in respect of fraudulent acts;

(ii) at common law in respect of fraudulent acts in relation to this Agreement; or

(iii) under the Bribery Act 2010; or

(d) defrauding or attempting to defraud or conspiring to defraud the Council or the Regulator;

**Quarter Date** means 31 March, 30 June, 30 September or 31 December;

**Reapplied Grant** means such sum (if any) the Council has, pursuant to Clause 6.2, applied to the delivery of further Affordable Dwellings;

**Recovery Event** means any of the following circumstances:

* + - 1. FSG is claimed or paid in anticipation of an agreed Milestone being achieved and the Milestone is not achieved or is achieved later than agreed and the Council has not agreed to the delay;
      2. the Council discovers that the aggregate FSG paid to the Grant Recipient in respect of the Firm Scheme Details was greater than required for the delivery of the Firm Scheme Details;
      3. the Grant Recipient has failed to use the FSG for the purpose for which it was paid;
      4. the Grant Recipient has failed to comply with a condition attached to the making of the FSG, including failure to complete a Firm Scheme in accordance with the Firm Scheme Details;
      5. the Council discovers that incorrect information has been supplied or errors made in connection with the calculation of the FSG payable or recoverable;
      6. a change of use of the Site or Affordable Dwellings;
      7. cessation of use of property or land funded by FSG for the purpose indicated in the Firm Scheme Details;
      8. demolition of property funded by FSG;
      9. disposal of a Site (1) before Practical Completion, and/or (2) to a person other than a Registered Provider approved by the Council who receives the Site subject to assumption of liability for the Grant under the terms of this Agreement ; or
      10. any breach of this Agreement by the Grant Recipient which results in the Council having to pay to the Secretary of State for Local Communities and Government a greater sum under the Receipts Agreement than it would otherwise have had to pay if the Grant Recipient had complied with its obligations under this Agreement.

**Register** means the register maintained by the Regulator pursuant to Section 111 of the HRA 2008;

**Registered Provider** means a body entered on the Register as a non-profit organisation (as such term is defined in Section 115 of the HRA 2008);

**Regulator** means the body established pursuant to Section 81 of the HRA 2008 or any other body with responsibility for carrying on substantially the same regulatory or supervisory functions;

**Regulatory Body** means a government department or regulatory, statutory and other entity, committee or body which, whether under statute, rules, regulations, codes of practice or otherwise, is entitled to regulate, investigate, or influence the matters dealt with in this Agreement or any other affairs of the Council;

**Relevant Authority** means any governmental or other authority, court with relevant jurisdiction, the local planning authority, landlord, funder, adjoining landowner or any other person whose consent is required to undertake the Works necessary to the delivery of the Firm Scheme or perform the Grant Recipient's obligations under this Agreement;

**Rent Standard** means the standard described in the Regulatory Framework for Social Housing in England from April 2015 as published by the HCA as the same may be amended and updated from time to time

**Request for Information** or **RFI** shall have the meaning set out in FOIA or any request for information under EIR which may relate to the Grant Recipient, a Firm Scheme, this Agreement or any activities or business of the Council;

**Review Meeting** means a meeting held pursuant to Clause 8.3;

**RTB** means the right to buy and has the meaning ascribed to that term in Part 5 of the Housing Act 1985;

**Section 106 Agreement** means an agreement entered into by a local planning authority and a person under section 106 of the Town and Country Planning Act 1990;

**Section 106 Scheme** means a Firm Scheme where the Affordable Housing is part of a larger scheme comprising accommodation which is non-residential and/or residential which is not Affordable Housing which is subject to a Section 106 Agreement;

Secure Legal Interest means the Grant Recipient has in respect of the Site:

1. freehold title registered with title absolute;
2. leasehold title (where the lease has at least 60 years unexpired duration) registered with title absolute;
3. freehold title registered with possessory title or good leasehold title and in each case defective title indemnity insurance in favour of the Grant Recipient with a limit of indemnity to at least the Total Grant for that Site; or
4. a binding contract with the owner of the legal and beneficial interest in the Site (owning either a freehold interest or leasehold interest of at least sixty (60) years unexpired duration) to secure one of the interests in (a) to (c) and that, securing that interest is conditional only upon matters that are within the direct and unilateral control of the Grant Recipient.

**Security** means a mortgage charge pledge lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect (such as a sale or lease and leaseback a blocked account set off or similar "flawed asset" arrangement);

**Site** means the site identified to the Council as being the area of land comprised or to be comprised in a Firm Scheme and/or the Affordable Dwellings and common areas developed as part of such Firm Scheme;

**Social Housing** means low cost rental accommodation as defined by section 68(1)(a) Housing and Regeneration Act 2008 and which is situated in the Council’s area or the Council has nomination rights in respect of it;

**Start on Site** means the earlier of commencement of the following:

(a) completion of the purchase of the Affordable Dwellings;

(b) any of the Start on Site Works.

**Start on Site Date** means the date on which the Grant Recipient completes the purchase of the Affordable Dwelling, or as the case may be:

(a) the Grant Recipient and Building Contractor have entered into the Building Contract;

(b) the Building Contractor has taken possession of the Site; and

(c) the Start on Site Works have commenced;

**Start on Site Works** means:

(a) excavation for strip or trench foundations or for pad footings;

(b) digging out and preparation of ground for raft foundations;

(c) vibrofloatation, piling, boring for piles or pile driving; or

(d) drainage work specific to the buildings forming part of the Firm Scheme;

**Subcontractor** means any subcontractor appointed by the Grant Recipient to undertake all or part of the Works;

**Submitted Standards** means in respect of each Firm Scheme:

(a) the Design and Quality Standards (or such other documented standard as the Council may in its absolute discretion consent to in writing); and

(b) the Additional Design and Quality Standards (if any);

**Tenancy Standard** means the standard described in the Regulatory Framework for Social Housing in England from April 2012 as published by the HCA as the same may be amended and updated from time to time;

**Tenant** means (as the context requires):

#### a tenant occupying a Rent to Save Dwelling on the basis of a flexible secure tenancy;

#### a prospective flexible secure tenant of a Rent to Save Dwelling; or

#### a tenant occupying an Affordable Dwelling.

**Term** means the period of time from the date hereof until:

#### 31 December 2020 (or such later date as the Council may reasonably agree or require); or

#### the date of any earlier termination by the Council of the entirety of this Agreement;

**Termination Date** means the date upon which termination of this Agreement takes effect pursuant to Clause 2;

**Tower Hamlets Living Rent** means an Affordable Rent product (inclusive of service charge) where homes are let at Borough wide rent levels published by the Council annually and calculated with reference to one-third of median local incomes in the Borough or where such rent levels cease to be published annually by the Council let at the last published rent level and indexed as permitted for Affordable Rent Housing within the Rent Standard from time to time or such other rent level as may be agreed in writing with the Council;

**Transaction Documents** means this Agreement, the covenant to be entered into in the form of Schedule 4, and all other documents relating to the Grant or to any Firm Scheme to which the Grant Recipient is a party;

**Undeliverable Scheme** means a Firm Scheme in respect of which there is a material risk of a Milestone Failure arising otherwise than as a result of the occurrence of a Milestone Extension Event;

**VAT** means Value Added Tax as presently charged under the Value Added Tax Act 1994 or any tax of a similar nature;

**Voluntary Right to Buy** means the voluntary right to buy scheme set out in the publication by the National Housing Federation dated October 2015, as amended from time to time.

**Waiver Condition** means provision of satisfactory evidence by the Grant Recipient to the Council that the relevant Prohibited Act was committed by:

#### an employee acting independently of the Grant Recipient; or

#### an employee of a subcontractor acting independently of such subcontractor

and the Council is satisfied that the Grant Recipient and/or the subcontractor (as applicable) has taken such action as is appropriate taking in to account the nature and the circumstances of the relevant Prohibited Act. "Acting independently" for these purposes means not acting with the authority or knowledge of any one or more of the directors of the Grant Recipient or relevant subcontractor;

**Works** means all of the works (including design, infrastructure works and all other works necessary for obtaining access to the Affordable Dwellings) to be undertaken in order to ensure that the Affordable Dwellings comprised within a Firm Scheme meet the Submitted Standards and are constructed or refurbished (as applicable) in accordance with the Firm Scheme Details.

## **Interpretation**

### Words denoting any gender include all other genders.

### The singular includes the plural and vice versa.

### Any reference in this Agreement to any condition, sub-condition, paragraph, schedule or section heading is, except where it is expressly stated to the contrary, a reference to such condition, sub-condition, paragraph, schedule or section heading of this Agreement.

### Any reference to this Agreement or to any other document shall include (except where expressly stated otherwise) any variation, amendment or supplement to such document to the extent that such variation, amendment or supplement is not prohibited under the terms of this Agreement.

### Any reference to any enactment, order, direction, determination, regulation or similar instrument shall (except where expressly stated otherwise) be construed as a reference to the enactment, order, direction, determination, regulation or instrument (including any EU instrument) as amended, replaced, consolidated or re-enacted.

### A reference to a person includes firms, partnerships and corporate bodies and their successors and permitted assignees or transferees.

### Headings are for convenience of reference only.

### A party means a party to this Agreement.

### The words includes or including are to be construed without limitation.

### A document in the agreed form is to be the form of the relevant document agreed between the parties and for the purpose of identification initialled by each of them or on their behalf (in each case with such amendments as may be agreed by or on behalf of the parties) or in the form set out in a Schedule to this Agreement.

### A paragraph in a Schedule shall be construed as references to a paragraph in that particular Schedule.

### A deliberate act or omission of any person shall exclude acts or omissions which were within the contemplation of the parties or which were otherwise provided for in this Agreement.

### In any case where the consent or approval of the Council (or any officer of the Council) is required or a notice is to be given by the Council, such consent or approval or notice shall only be validly given if it is in writing and signed by (if relevant) the officer stipulated in this Agreement or such other person as may be specified by the Council by notice in writing to the Grant Recipient.

### An obligation to do anything includes an obligation to procure its being done.

### Any restriction includes an obligation not to permit infringement of the restriction.

### When there are two or more persons affected by the obligations under this Agreement such obligations are to bind each such person jointly and severally.

### If there is any ambiguity or conflict between the implied terms and the express terms of this Agreement then the express terms shall prevail.

### The Grant Recipient shall in relation to the delivery of its obligations under this Agreement be responsible as against the Council for the acts or omissions of any Grant Recipient Party as if they were the acts or omissions of the Grant Recipient.

### Neither the giving of any approval, consent, examination, acknowledgement, knowledge of the terms of any agreement or document nor the review of any document or course of action by or on behalf of the Council shall, unless otherwise expressly stated in this Agreement or agreed in writing by the Council, relieve the Grant Recipient of any of its obligations under this Agreement or of any duty which it may have hereunder to ensure the correctness, accuracy or suitability of the matter or thing which is the subject of the approval, consent, examination, acknowledgement or knowledge nor confer impose or imply any liability or responsibility on or on behalf of the Council in respect of or in connection with the matter to or in relation to which such approval, consent, examination or acknowledgement was given or review made.

# Purpose and term

## The Council wishes to provide the Grant to facilitate the provision (by way of construction, or purchase) and supply of Affordable Housing to be let by the Grant Recipient at an Affordable Rent to tenants nominated by the Council through the Common Housing Register for the benefit of the Area. For the avoidance of doubt, Affordable Housing does not include low cost home ownership accommodation within section 70 HRA 2008.

## The Grant Recipient will use the Grant towards the Development Costs of Affordable Dwellings comprised in each Firm Scheme to be developed or purchased pursuant to this Agreement.

## The Council has agreed to contract with the Grant Recipient to facilitate the provision of Affordable Dwellings through each Firm Scheme.

## The Grant Recipient acknowledges and agrees that:

### all Grant identified in the Firm Scheme Details will be applied solely for the purposes of funding the Development Costs of the relevant Firm Scheme;

### the Grant in respect of each Firm Scheme will not exceed thirty per cent (30%) of the Actual Development Costs incurred by the Grant Recipient in respect of each Firm Scheme;

### a scheme is not eligible to be a Firm Scheme if grant has been received by the Grant Recipient from the HCA or GLA in respect of that scheme;

### the Grant will not be expended on dwellings which are Affordable Dwellings at the time of the expenditure;

### any failure by the Grant Recipient to use and continue to use an Affordable Dwelling on Affordable Rent terms constitutes a failure to comply with a condition attached to the making of the Firm Scheme Grant for the purposes of limb (d) of the definition of Recovery Event; and

### the Grant Recipient's Representative is empowered to act on behalf of the Grant Recipient for all purposes connected with this Agreement.

## This Agreement will terminate on the date when the obligations in this Agreement have been discharged, subject to the provisions of Clause 29.

## The Grant Recipient shall comply with the Open Book Obligations.

## Grant is only available in respect of Firm Schemes which comply with the criteria in Schedule 3 and the requirements of this Agreement.

## In respect to the Firm Schemes, the Grant Recipient shall comply with the LA Guidance on Preferred Rents, appended at Schedule 3.

# **Firm Schemes – Submission Procedures**

## Details of the initial Developable Schemes are contained in the Grant Application. The Council has accepted these Developable Schemes. Where the Grant Recipient identifies a further Developable Scheme, it shall submit to the Council such details of the Developable Scheme as the Council may require no later than 20 Business Days before the Start on Site Date.

## If the Council is satisfied with the details submitted under Clause 3.1 it will confirm its acceptance of the Developable Scheme to the Grant Recipient.

## The Council may allow or request the Grant Recipient to substitute an alternative Developable Scheme if it is not satisfied with the details submitted under Clause 3.1.

## With effect from the Acceptance Date, the Developable Scheme shall constitute a Firm Scheme and shall be subject to the whole terms and conditions of this Agreement. The Council has no obligation to make any payment of Grant in respect of a Firm Scheme until it has confirmed its acceptance under Clause 3.1 or 3.2.

## The process in Clause 3.1 to 3.4 (inclusive) may be repeated.

## In submitting the details of a Developable Scheme, the Grant Recipient is deemed to represent and warrant to the Council that the Grant Recipient:

### possesses or will possess a Secure Legal Interest in the Site; and

### has obtained all Consents necessary for the lawful development of the Developable Scheme to the Submitted Standards as are then required.

# Firm Scheme Obligations

## The Grant Recipient shall carry out the design and construction (where relevant) and completion of a Firm Scheme so that:

### when delivered, the Firm Scheme fully complies with the Firm Scheme Details and meets the Submitted Standards;

### the Firm Scheme is delivered in accordance with the Firm Scheme Delivery Timetable; and

### any applicable requirements of the EU Procurement Regime are complied with.

## In delivering a Firm Scheme and in operating and administering such Firm Scheme after Practical Completion, the Grant Recipient shall observe and comply with Legislation and Submitted Standards and the requirements of the Employer’s Agent.

## The Grant Recipient shall in relation to each Firm Scheme notify the Council in writing:

### immediately once the Start on Site Date has occurred;

### promptly once each Milestone has been achieved and each payment in respect of that Milestone (in respect of which it seeks an instalment of Grant) has been made;

### within 10 Business Days of the Firm Scheme having reached Practical Completion.

## In giving notification pursuant to Clause 4.3.3 the Grant Recipient represents and warrants to the Council that:

### the Firm Scheme has been procured, designed, constructed and delivered in accordance with the requirements of this Agreement;

### the Firm Scheme has reached Practical Completion;

### all confirmations and certifications made or to be made by the Grant Recipient in relation to the Firm Scheme have been are or will be correct in all material respects; and

### the Grant Recipient is a Registered Provider and Investment Partner.

## In delivering a Firm Scheme, the Grant Recipient shall not cause any breach by the Council of the Receipts Agreement.

## The Grant Recipient shall not dispose of Affordable Dwellings other than in accordance with the Firm Scheme Details.

## In delivering a Firm Scheme, the Grant Recipient will ensure that publicity is given to the fact that the Council is providing financial support. In acknowledging the contribution made by the Council, the Grant Recipient must comply with any guidance on publicity provided by the Council and the Council’s logo must be used wherever possible.

## All publicity generated by the Grant Recipient referring to the Council must be approved in writing in advance by the Council.

## On or prior to Practical Completion, the Grant Recipient shall enter into a deed of covenant in relation to each Firm Scheme substantially in the form in Schedule 4.

## In discharging its obligations under this Agreement, the Grant Recipient shall act at all times with the utmost good faith.

## The Grant Recipient shall procure that the Council's Representative (or any person nominated by him) shall have at all reasonable times and upon giving reasonable notice the right to enter onto the Site and to take such action as he considers appropriate to inspect the progress of each Firm Scheme and to monitor compliance by the Grant Recipient with its obligations under this Agreement.

## The Grant Recipient must notify the Council in writing:

### immediately once the Start on Site Date has occurred;

### immediately, in the event of the receipt by it of any other public sector subsidy (of any kind) or guarantees of it, or the offer of same, in respect of the Firm Scheme (or any part of it) beyond any amount of such public sector subsidy notified to the Council by the Grant Recipient;

### immediately upon becoming aware of any event or circumstance which may have a Material Adverse Effect;

### any other event or circumstance in relation to the Firm Scheme as the Council may reasonably require from time to time and within such timeframes as the Council may reasonably require.

## Without prejudice to Clause 4.2, the Grant Recipient must in operating and administering the Firm Scheme after Practical Completion:

### not use the Affordable Dwellings for any purpose other than the Agreed Purposes without the Council's prior written consent;

### not charge a higher initial rent in relation to an Affordable Dwelling than set out in the relevant Firm Scheme Details;

### comply with all legislation and expectations and requirements of the Regulator as regards the rent in relation to each Affordable Dwelling;

### comply with the Regulator's Rent Standard and Tenancy Standard (or any subsequent guidance relating to affordable rent matters) in respect of the Affordable Dwellings;

### in relation to each Affordable Dwelling use the most appropriate form of tenancy having regard to the terms of the Grant Application, the Rent Standard and Tenancy Standard and the efficient use of public funds;

### provide written notification to the Council of any Disposal within ten (10) Business Days of such Disposal taking place; and

### provide the Council with such information (and within such timescales) as the Council may reasonably require to enable the Council to monitor compliance by the Grant Recipient with its obligations under this Agreement.

# Changes to and Substitutions of Firm Schemes

## The parties may from time to time agree changes to the Firm Scheme Details including, without limitation, changes to Milestones and Milestone Dates. The Council may at its absolute discretion accept or reject any request for additional funding for a Firm Scheme. Without limiting this discretion, the Council would anticipate refusing such request where the Grant Recipient cannot show that the increase is caused by matters which it could not reasonably have predicted. Where such changes are agreed they shall be recorded by the Grant Recipient amending the Firm Scheme Details in writing and the Council, confirming that amendment in writing.

## The Grant Recipient may, where it considers (acting reasonably) that a Firm Scheme constitutes an Undeliverable Scheme, request the Council to accept the substitution of a different scheme (a **Substitute Scheme**) in place of the Undeliverable Scheme.

## If the Grant Recipient wishes to submit a Substitute Scheme, it must submit to the Council in writing such details of the relevant Substitute Scheme as the Council may require.

## The Council shall consider the submitted details and if the Council is (in its absolute discretion) satisfied (a) with the information provided and (b) that:

### the Substitute Scheme offers value for money and its characteristics (in terms of tenure type and scheme costs) are similar to those of the Undeliverable Scheme;

### the Substitute Scheme is consistent with the Firm Scheme Details;

### the Grant Recipient's performance in respect of other Firm Schemes has complied with the terms of this Agreement;

### the Substitute Scheme can be fully delivered by 31 December 2020 (or such other date as the Council may in its discretion agree); and

### the grant requested in respect of the Substitute Scheme is acceptable

the Council shall accept the Substitute Scheme as a Firm Scheme.

## Where the Council accepts a Substitute Scheme into the Firm Scheme Details pursuant to Clause 5.4 it will confirm its acceptance of such scheme to the Grant Recipient in writing.

## With effect from the Acceptance Date:

### the Substitute Scheme shall constitute a Firm Scheme and shall be immediately subject to the whole terms and conditions of this Agreement; and

### the details set out by the Grant Recipient in respect of the Substitute Scheme and as confirmed by the Council shall be deemed to be Firm Scheme Details for the purposes of this Agreement.

## It is agreed that any Firm Scheme Grant received by the Grant Recipient in relation to the Undeliverable Scheme shall be treated as having been received by the Grant Recipient in relation to the Substitute Scheme.

## The Grant Recipient acknowledges and agrees that an Undeliverable Scheme constitutes a "project" for the purposes of this Agreement and falls within limb (d) of the definition of Recovery Event.

# Payment and Repayment of Grant

## The Council will pay the Grant to the Grant Recipient on a quarterly basis upon application by the Grant Recipient subject to compliance with the Milestones, and on Practical Completion of a Firm Scheme provided that the Council shall have no obligation to pay the Grant unless and until it receives:

### evidence that the Affordable Dwellings shall not be used for any other purposes than the Agreed Purposes; and

### evidence that a suitable restriction required by the covenant referred to in Clause 4.9 is registered against the title of the Firm Scheme or an undertaking satisfactory to the Council to procure such registration; and

### evidence by way of Employer’s Agent certificate that each Milestone which relates to the relevant payment of Grant has been achieved together with such other documents as the Council may require; and

### a certificate by the Finance Director (or equivalent officer) of the Grant Recipient that any payment to which the Grant relates has been made.

## Without prejudice to any other term of this Agreement, the Council reserves the right, whether following termination of this Agreement or otherwise (which right the Grant Recipient expressly acknowledges and agrees), to recover Grant from the Grant Recipient where a Recovery Event has occurred.

## The Grant Recipient shall pay any sum due to the Council under Clause 6.2 within ten (10) Business Days of demand together with interest at five per cent (5%) above the base rate from time to time of Barclays Bank plc, such interest to run from the date the Council's demand was made until the date the Council receives the demanded payment.

## Where the Late Payment of Commercial Debts (Interest) Act 1998 applies the Parties agree that the rate of interest referred to in Clause 6.3 above shall be a substantial remedy within the meaning of the Late Payment of Commercial Debts (Interest) Act 1998.

# Record Keeping

## The Grant Recipient shall in relation to each Firm Scheme developed with the benefit of Grant and on an Open Book basis:

### at all times maintain a full record of all Grant received and Development Costs incurred by the Grant Recipient in respect of the Firm Scheme;

### maintain a record of the number of Starts on Site since the date of this Agreement; and

### when required to do so by the Council, promptly provide a copy of the information referred to in Clause 7.1.1 and Clause 7.1.2 as the Council may require.

## The Grant Recipient shall, as and when requested by the Council make available in a timely manner to the Council where required in connection with this Agreement a copy of each of all data, materials, documents and accounts of any nature created, acquired or brought into existence in any manner whatsoever by or on behalf of the Grant Recipient for the purposes of this Agreement.

## On the expiry of this Agreement or earlier termination, the Grant Recipient shall if requested deliver to the Council all the data, materials, documents and accounts referred to in this Clause 7 which it has in its possession, custody or control or as otherwise directed by the Council.

## The Grant Recipient shall for a period of ten (10) years from the Firm Scheme Date retain all of the data, documents, materials and accounts referred to in this Clause 7 and the Grant Recipient may retain such data, documents, materials and accounts in electronic form only.

# Monitoring and Reporting

## The Grant Recipient acknowledges the high importance to the Council of it being advised when any circumstance occurs which may:

### impact on the Grant Recipient's ability to deliver Firm Schemes in accordance with the Firm Scheme Details and other requirements of this Agreement;

### change any assumptions in the Firm Scheme Details which would provide an opportunity for the Grant Recipient to deliver more Affordable Dwellings with the Grant;

### (collectively the **Contract Monitoring Outputs**).

## The Grant Recipient shall comply fully with the contract management and reporting obligations set out in this Clause 8.

## If requested by the Council, the Council and the Grant Recipient shall attend a Review Meeting within ten (10) Business Days of each Quarter Date (or within such longer period as the Council may at its absolute discretion agree) to discuss (but without limitation):

### the Grant Recipient's performance against the Firm Scheme Details and Milestones and any matters which may adversely impact on the Grant Recipient's performance against the same;

### progress updates in relation to each Firm Scheme including delivery forecasts, progress against previously given delivery forecasts, lettings and progress against previously given lettings and sales forecasts;

### the occurrence of any Milestone Extension Event;

### the Contract Monitoring Outputs;

### the position on agreeing nomination arrangements in respect of Affordable Dwellings with relevant local housing authorities; and

### such other matters in relation to the performance of this Agreement as are notified by either party to the other in writing at least 5 Business Days prior to the date of the Review Meeting.

## The Grant Recipient will provide to the Council written details of the matters referred to in Clause 8.3 not less than 5 Business Days before the start of any Review Meeting.

## The Council at its discretion may require an Annual Review Meeting to be held. At the Annual Review Meeting in addition to the matters to be addressed at each Review Meeting, the parties shall also review:

### all changes made to the Firm Scheme Details since the previous Annual Review Meeting;

### the Grant Recipient’s progress against its obligations under this Agreement; and

### whether the Grant Recipient's status as an Investment Partner and/or as a Registered Provider has been retained;

### and the Grant Recipient shall supply such supporting information as the Council may require no less than five (5) Business Days prior to the Annual Review Meeting.

## The Council or the Grant Recipient may also call a Review Meeting at any time outside of the quarterly cycle provided that the party requesting the meeting:

### gives reasonable prior written notice to the other of such meeting; and

### includes with the notice an agenda for such meeting.

## The Council's Representative and the Grant Recipient's Representative (or, where agreed with the Council in advance, another member of the Grant Recipient's executive management team) shall attend all Review Meetings during the Term or for such longer period as the Council requires.

## Save as otherwise agreed between the parties, any meeting under this Clause 8 shall be minuted by the Grant Recipient and such minutes shall be distributed within ten (10) Business Days following the meeting to the Council and any other attendee.

## The Grant Recipient shall provide the Council as soon as reasonable practicable with such information as the Council shall reasonably require to support or facilitate the discussions referred to in this Clause 8.

# Firm Scheme Default

## The following circumstances shall constitute a Firm Scheme Default:

### A breach by the Grant Recipient of the warranties set out in Clauses 12 and Schedule 1;

### an Insolvency Event has occurred in relation to the Grant Recipient;

### a Prohibited Act has been committed by or on behalf of the Grant Recipient (in respect of which the Waiver Condition has not been satisfied);

### a breach of any provision of this Agreement which:

#### has a Material Adverse Effect; or

#### the Grant Recipient fails to remedy within 15 Business Days of written notice from the Council;

### the Grant Recipient ceases operating;

### the Grant Recipient 's status as a Registered Provider is lost or removed;

### a breach of the Grant Recipient 's Firm Scheme Obligations;

### the Grant Recipient ceases to be an Investment Partner or ceases to have a management presence in the Area;

### the Regulator recommends or directs that no grant is paid to the Grant Recipient ;

### any action by the Grant Recipient harms the reputation of the Council or the GLA.

## The Grant Recipient must notify the Council immediately in writing on the occurrence of a Firm Scheme Default.

## If a Firm Scheme Default is within 9.1.2, 9.1.3, 9.1.5, 9.1.6, 9.1.8, 9.1.9 or 9.1.10 the Council may immediately terminate this Agreement. In any other case, a Firm Scheme Default will entitle the Council to serve notice on the Grant Recipient requiring the Grant Recipient to remedy the breach, and if within a period of thirty (30) Business Days following service of such notice:

### the breach has not been remedied; or

### where so permitted by the Council the Grant Recipient has not given an undertaking to remedy the breach on terms satisfactory to the Council; or

### if it becomes apparent that the Firm Scheme Default is incapable of remedy either within such period or at all;

## the Council shall be entitled on giving not less than ten (10) Business Days' notice and without any liability to the Grant Recipient (but without determining the whole of this Agreement) to terminate the Agreement insofar as it relates to the Firm Scheme in relation to which the relevant occurrence has arisen.

## On any termination under Clause 9.3, the Council may recover all Grant paid in respect of each relevant Firm Scheme.

# Open Book Obligations

## The Grant Recipient shall on an Open Book basis:

### at all times maintain a full record of particulars of all the income (including public sector subsidy of any kind) received and Development Costs incurred by the Grant Recipient in respect of each Firm Scheme;

### at all times when reasonably required to do so by the Council, provide a summary of any of the income and Development Costs referred to in Clause 10.1.1 as the Council may reasonably require to enable it to monitor the performance by the Grant Recipient of its obligations under this Agreement; and

### at all times provide such access or facilities as the Council may reasonably require for its representatives to visit any place where the records are held and examine the records maintained under this Clause 10.

## Compliance with the above shall require the Grant Recipient to keep (and where appropriate to procure that any Subcontractor shall keep) separate books of account (from those relating to any business, activity or operation carried on by the Grant Recipient or Subcontractor and which do not directly relate to any Firm Scheme) in accordance with good accountancy practice with respect to all Firm Schemes showing in detail:

### income (including Public Sector Subsidy and receipts);

### administrative overheads where directly attributed or where apportioned on a pro rata basis;

### payments made to Subcontractors;

### capital and revenue expenditure;

### VAT incurred on all items of expenditure where the Grant Recipient has received grant under this Agreement in respect of such VAT, including the rate of such VAT and full details of the recovery (or not) by the Grant Recipient of such VAT as input tax from HM Revenue & Customs or other competent authority; and

### such other items as the Council may reasonably require to conduct (itself or through a third party) cost audits for verification of income, cost expenditure or estimated expenditure, for the purpose of any of the provisions of this Agreement;

and the Grant Recipient shall have (and procure that to the extent expressly agreed the Subcontractors shall have) the books of account evidencing the items listed in this Clause 10.2 available for inspection by the Council (and any person appointed pursuant to the dispute resolution provisions at Clause 17 to determine a dispute or otherwise authorised by the Council) upon reasonable notice, and shall submit a report of these to the Council as and when requested.

# State Aid

## If the Council is required pursuant to the Decision of the Commission of the European Communities published on 20 December 2011 in relation to public sector compensation granted to certain undertakings entrusted with the operation of services of general economic interest to recover any amount of overcompensation (as described in the Decision) the Council will be entitled to recover any such amount from the Grant Recipient.

# Representations and Warranties

## Without prejudice to any other term of this Agreement, the Grant Recipient:

## represents and warrants to the Council on the date hereof and on each day until and including the date upon which the Grant Recipient receives the last payment of Firm Scheme Grant payable under this Agreement in the terms set out in Schedule 1 inclusive; and

## acknowledges and agrees that the Council is relying on such representations and warranties and that each of such warranties and representations shall be separate and independent and, save as expressly provided to the contrary, shall not be limited by reference to any of them or by any other provisions of this Agreement.

# **Information** and Confidentiality

## Each party recognises that under this Agreement it may receive Confidential Information belonging to the other.

## Each party agrees to treat all Confidential Information belonging to the other as confidential and not to disclose such Confidential Information or any other confidential information arising or coming to its attention during the currency of this Agreement to any third party without the prior written consent of the other party and agrees not to use such Confidential Information for any purpose other than that for which it is supplied under this Agreement.

## The obligations of confidence referred to in Clause 13.2 shall not apply to any Confidential Information which:

### is in, or which comes into, the public domain otherwise than by reason of a breach of this Agreement or of any other duty of confidentiality relating to that information; or

### is obtained from a third party without that third party being under an obligation (express or implied) to keep the information confidential; or

### is lawfully in the possession of the other party before the date of this Agreement and in respect of which that party is not under an existing obligation of confidentiality; or

### is independently developed without access to the Confidential Information of the other party.

## Each party will be permitted to disclose Confidential Information to the extent that it is required to do so:

### to enable the disclosing party to perform its obligations under this Agreement or any loan agreement or proposed loan agreement or funding documentation with a commercial lender; or

### by any applicable law or by a court, arbitral or administrative tribunal in the course of proceedings before it including without limitation any requirement for disclosure under FOIA, EIR or the Code of Practice on Access to Government Information and the Grant Recipient acknowledges that any lists or schedules provided by it outlining Confidential Information are of indicative value only and the Council may nevertheless be obliged to disclose such confidential information; or

### by any regulatory body (including any investment exchange) acting in the course of proceedings before it or acting in the course of its duties; or

### in order to give proper instructions to any professional adviser of that party who also has an obligation to keep any such Confidential Information confidential.

## The Grant Recipient shall ensure that all Confidential Information obtained from the Council under or in connection with this Agreement:

### is given only to such of its employees, professional advisors or consultants engaged to advise it in connection with this Agreement as is strictly necessary for the performance of this Agreement and only to the extent necessary for the performance of this Agreement; and

### is treated as confidential and not disclosed (without the Council's prior written approval) or used by any such staff or professional advisors or consultants otherwise than for the purposes of this Agreement.

## Where it is considered necessary in the opinion of the Council the Grant Recipient shall ensure that such staff, professional advisors or consultants sign a confidentiality undertaking before commencing work in connection with this Agreement.

## Nothing in this Clause 13 shall prevent the Council:

### disclosing any Confidential Information for the purpose of:

#### the examination and certification of the Council's accounts; or

#### any examination of the economy, efficiency and effectiveness with which the Council has used its resources; or

### disclosing any Confidential Information obtained from the Grant Recipient:

#### to any other department, office or member of the Council; or

#### to any person engaged in providing any services to the Council for any purpose relating to or ancillary to this Agreement,

#### provided that in disclosing information under Clause 13.7.2(a) or Clause 13.7.2(b) the Council discloses only the information which is necessary for the purpose concerned and requires that the information is treated in confidence and that a confidentiality undertaking is given where appropriate.

## Nothing in this Clause 13 shall prevent either party from using any techniques, ideas or know-how gained during the performance of the Agreement in the course of its normal business, to the extent that this does not result in a disclosure of Confidential Information or an infringement of Intellectual Property Rights.

## The Grant Recipient acknowledges that the Council is subject to legal duties which may require the release of information under FOIA and/or EIR and that the Council may be under an obligation to provide Information subject to a Request for Information.

## The Council shall be responsible for determining in its absolute discretion whether:-

### any Information is Exempted Information or remains Exempted Information; or

### any Information is to be disclosed in response to a Request for Information;

### and in no event shall the Grant Recipient respond directly to a Request for Information to which the Council is required to respond to, except to confirm receipt of the Request for Information and that the Request for Information has been passed to the Council unless otherwise expressly authorised to do so by the Council.

## Subject to Clause 13.12 below, the Grant Recipient acknowledges that the Council may be obliged under FOIA or EIR to disclose Information:

### without consulting the Grant Recipient or

### following consultation with the Grant Recipient and having taken (or not taken, as the case may be) its views into account.

## Without in any way limiting Clauses 13.9 and 13.10, in the event that the Council receives a Request for Information, the Council will, where appropriate, as soon as reasonably practicable notify the Grant Recipient.

## The Grant Recipient will assist and co-operate with the Council as requested by the Council to enable the Council to comply with its disclosure requirements under FOIA and EIR within the prescribed periods for compliance and in particular without limitation will (and shall procure that its agents, contractors and sub-contractors will), at their own cost:

### transfer any Request for Information received by the Grant Recipient to the Council as soon as practicable after receipt and in any event within two (2) Business Days of receiving a request for information;

### provide all such assistance as may be required from time to time by the Council and supply such data or information as may be requested by the Council;

### provide the Council with any data or information in its possession or power in the form that the Council requires within five (5) Business Days (or such other period as the Council may specify) of the Council requesting that Information;

### permit the Council to inspect such as requested from time to time.

## Nothing in this Agreement will prevent the Council from complying with any valid order, decision, enforcement or practice recommendation notice issued to it by the Information Commissioner under FOIA and / or EIR in relation to any Exempted Information.

## The obligations in this Clause 13 will survive the expiry or termination of this Agreement for a period of two (2) years or, in respect of any particular item of Confidential Information, until such earlier time as that item of Confidential Information reaches the public domain otherwise than by reason of a breach of this Agreement or of any other duty of confidentiality relating to that information.

## The Grant Recipient acknowledges and agrees that the Council may in its absolute discretion redact all or part of the Confidential Information prior to its publication. In so doing and in its absolute discretion the Council may take account of any EIR Exemptions and FOIA Exemptions. The Council may in its absolute discretion consult with the Grant Recipient regarding any redactions to the Confidential Information to be published pursuant to this Clause 13. The Council shall make the final decision regarding publication and/or redaction of the Confidential Information.

# Intellectual Property

## Subject to Clause 14.5 the Grant Recipient shall, to the extent that it is able to do so without incurring material cost, grant to the Council a perpetual, transferable, non-exclusive, royalty-free licence (carrying the right to grant sub-licences) to copy and use (from computer disk or otherwise) all and any Intellectual Property Rights in any, drawings, reports, specifications, calculations and other documents provided by the Grant Recipient or which are or become owned by the Grant Recipient and which relate to the Firm Schemes, for any purpose relating to this Agreement.

## To the extent that any of the data, materials and documents referred to in Clause 14.1 are generated by or maintained on a computer or in any other machine readable format, the Grant Recipient shall if requested by the Council use its reasonable endeavours (without having to incur material cost) to procure for the benefit of the Council for the duration of this Agreement at the cost of the Grant Recipient the grant of a licence or sub-licence and supply any relevant software and/or database to enable the Council making such request to access and otherwise use such data for the purposes referred to in Clause 14.1.

## Neither party shall infringe any third party's Intellectual Property Rights in connection with this Agreement.

## The Grant Recipient shall fully indemnify the Council within five (5) Business Days of demand under this Clause 14.4 against any action, claim, demand, proceeding, cost, charge or expense arising from or incurred by it by reason of any infringement or alleged infringement of any Intellectual Property Rights of any third party by the activities described in this Clause 14, any breach by the Grant Recipient of this Clause 14 and against all costs and damages of any kind which the Council may incur in connection with any actual or threatened proceedings before any court or adjudication body.

## The Grant Recipient shall only be entitled to revoke the licence granted to the Council under Clause 14.1 in the following circumstances and upon the following terms:

### on the termination of the whole of this Agreement in circumstances where no Grant has been paid to the Grant Recipient; or

### on the termination of this Agreement (in whole or in part) in circumstances where some Grant has been paid to the Grant Recipient provided that nothing in this Clause 14.5.2 shall entitle the Grant Recipient to revoke such licence insofar as it relates to Firm Schemes in respect of which Firm Scheme Grant has been paid or in respect of which a valid entitlement to claim Firm Scheme Grant has arisen.

# Health and Safety and Equality and Diversity

## The Grant Recipient will comply in all material respects with all relevant Legislation relating to health and safety, equality and relevant employment matters and will procure that all Grant Recipient Parties do likewise.

## The Grant Recipient confirms that it has, and is in full compliance with, a policy covering equal opportunities designed to ensure that discrimination prohibited by the Equality Act 2010 is avoided at all times and will provide a copy of that policy and evidence of the actual implementation of that policy upon request by the Council.

## The Grant Recipient shall have due regard to the public sector equality duty under Part 11 of the Equality Act 2010 insofar as its activities under this Agreement could reasonably be deemed to be functions of a public nature for the purposes of that Part.

## To the extent that the Council is a 'client' for the purposes of the CDM Regulations:

### where the Grant Recipient is engaging consultants and a contractor or contractors as Subcontractors to deliver the Firm Scheme the Grant Recipient elects to be the only client in relation to such Firm Scheme; or

### where the Grant Recipient is contracting with a developer as a Subcontractor to deliver a Firm Scheme the Grant Recipient shall procure that such developer shall elect to be the only client in relation to the Firm Scheme on or before the date that a Developable Scheme becomes a Firm Scheme;

### and the Council hereby agrees to such election.

## The Grant Recipient shall not seek to withdraw, terminate or in any manner derogate from such election pursuant to Clause 15.4.1 or (if appropriate) shall procure that any developer/employer shall not withdraw, terminate or in any manner derogate from any election pursuant to Clause 15.4.2 without the Council's prior written consent, which the Council may in its absolute discretion withhold.

## The Grant Recipient shall at all times comply with all obligations, requirements and duties arising under the HS Act and the CDM Regulations in connection with the Works.

# Co-operation

## Each party undertakes to co-operate in good faith with the other to facilitate the proper performance of this Agreement and the delivery of the Firm Schemes. Without prejudice to the generality of the foregoing the Grant Recipient shall co-operate fully and in a timely manner with any reasonable request from time to time:

## of any auditor (whether internal or external) of the Council; and/or

## of the Council where the Council is required under any legislation to provide any document relating to the Firm Schemes to any person.

# Dispute Resolution

## All disputes and differences arising out of or in connection with this Agreement (a Dispute) shall be resolved pursuant to the terms of this Clause 17.

### In the event that the Grant Recipient or the Council consider that a Dispute exists, such party shall serve a notice upon the other party (a Notice of Dispute) giving brief details of the Dispute and in the first instance the parties shall use their reasonable endeavours to resolve such Dispute amicably and in good faith and in accordance with this Clause 17.

### Representatives of the parties shall meet within five (5) Business Days (or such other longer period not exceeding twenty (20) Business Days as the parties may agree) of receipt of a Notice of Dispute.

### Where either no representatives of both parties are available to meet within the period set out in Clause 17.1.2 or the representatives fail to agree a unanimous resolution of the Dispute at such meeting, the Dispute shall be referred to the chief executive (or nominated deputy) of the Grant Recipient and the Council's Corporate Director (the Senior Executives).

### The Senior Executives shall meet within ten (10) Business Days (or such other longer period not exceeding twenty (20) Business Days as the parties may agree) of such referral to attempt to resolve the Dispute. Any unanimous resolution of the Senior Executives shall be recorded in writing and signed by them and shall be final and binding unless the parties agree otherwise.

### If the Dispute remains unresolved after ten (10) Business Days following referral to the Senior Executives, such Dispute must be dealt with in accordance with Clause 17.2.

## In the circumstances contemplated in Clause 17.1.5, the parties will attempt to settle the Dispute by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed by the parties, the mediator will be nominated by CEDR. The parties agree that:

### to initiate the mediation a party must give notice in writing (ADR notice) to the other party to the Dispute requesting a mediation. A copy of the request should be sent to CEDR.

### the mediation shall start not later than twenty eight (28) days after the date of the ADR notice; and

### except where the right to issue proceedings would be prejudiced by a delay, no party may commence any court proceedings in relation to any dispute arising out of this agreement until it has attempted to settle the dispute by mediation and either the mediation has terminated or the other party has failed to participate in the mediation.

# **Notices**

## Any notice to be given hereunder shall be in writing and shall be sufficiently served if delivered by hand and receipted for by the recipient, (but not by facsimile or electronic mail) or sent by a recorded delivery service addressed in the case of either party to the other party's registered office as set out at the beginning of this Agreement or to such other addresses as either party may from time to time notify to the other in writing provided that such other address is within England and Wales.

## Any notice shall be deemed to be given by the sender and received by the recipient:

### if delivered by hand, when delivered to the recipient;

### if delivered by a recorded delivery service, three (3) Business Days after delivery including the date of postage;

### provided that if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm it is to be regarded as received at 9.00am on the following Business Day.

# No agency

## Nothing in this Agreement or otherwise shall be held, implied or deemed to constitute a partnership, joint venture or other association or, save as expressly provided, the relationship of principal and agent between the parties.

## The Grant Recipient shall at all times be independent and nothing in this Agreement shall be construed as creating the relationship of employer and employee between the Council and the Grant Recipient. Neither the Grant Recipient nor any of its employees shall at any time hold itself or themselves out to be an employee of the Council.

# Exclusion of third party rights

## Except as otherwise expressly provided no person who is not a party to this Agreement shall be entitled to enforce any terms of this Agreement solely by virtue of the Contracts (Rights of Third Parties) Act 1999.

# Assignment and sub-contracting

## The Council will be entitled to transfer or assign all or part of this Agreement.

## The Grant Recipient will not be entitled to transfer or assign all or part of this Agreement.

# Construction Industry Scheme

## For such time as:

## the Grant Recipient continues to be a Registered Provider; and

## the provisions of paragraph 13040 of Chapter 1 of HM Revenue & Customs' CIS Reform Manual remain in effect as published at July 2009 and as amended from time to time (and most recently amended on 17 September 2014),

### the Grant Recipient warrants to the Council that since it is a Registered Provider, it is deemed by concession to be certificated as a sub-contractor entitled to receive relevant payments gross under the Construction Industry Scheme set out in Chapter 3 of Part 3 of the Finance Act 2004 and associated regulations (the **CIS**) provided always that if either Clause 22.1 or Clause 22.2 ceases to hold at a time when monies remain outstanding from the Council to the Grant Recipient pursuant to this Agreement then the Grant Recipient shall promptly notify the Council of such fact and the parties shall take such steps as may reasonably be required to ensure that the CIS is if necessary applied to all such outstanding payments.

# Data Protection

## The Grant Recipient warrants and represents that it has obtained all necessary registrations, notifications and consents required by the DPA to process Personal Data for the purposes of performing its obligations under this Agreement.

## The Grant Recipient undertakes that to the extent that the Grant Recipient and/or any of its employees receives, has access to and/or is required to process Personal Data on behalf of the Council (the Council's Personal Data) for the purpose of performing its obligations under this Agreement it will at all times comply with the provisions of the DPA for the time being in force, including without limitation the Data Protection Principles set out in Schedule 1 of the DPA. In particular, the Grant Recipient agrees to comply with the requirements and obligations imposed on the Data Controller in the Seventh Data Protection Principle set out in the DPA namely:

### the Grant Recipient shall at all material times have in place and maintain appropriate technical and organisational security measures designed to safeguard against accidental or unlawful destruction, accidental loss, alteration, unauthorised or unlawful disclosure of or access to the Council's Personal Data and any person it authorises to have access to any the Council's Personal Data will respect and maintain the confidentiality and security of the Council's Personal Data. This includes the obligation to comply with any records management, operational and/or information security policies operated by the Council, when performing its obligations under this Agreement on the Council's premises and/or accessing their manual and/or automated information systems. These measures shall be appropriate to the harm which might result from any unauthorised Processing, accidental loss, destruction or damage to the Personal Data which is to be protected;

### the Grant Recipient shall only process Personal Data for and on behalf of the Council for the purpose of performing its obligations under this Agreement in accordance with this Agreement, or as is required by Law or any Regulatory Body, and where necessary only on written instructions from the Council to ensure compliance with the DPA; and

### the Grant Recipient shall allow the Council to audit the Grant Recipient's compliance with the requirements of this Clause 23 on reasonable notice and/or, at the Council's request, provide the Council with evidence of the Grant Recipient's compliance with the obligations within this Clause 23.

## The Grant Recipient undertakes not to disclose or transfer any of the Council's Personal Data to any third party without the prior written consent of the Council save that without prejudice to Clause 23.2 the Grant Recipient shall be entitled to disclose the Council's Personal Data to employees to whom such disclosure is reasonably necessary in order for the Grant Recipient to performing its obligations under this Agreement, or to the extent required under a court order.

## The Grant Recipient shall:

### take reasonable steps to ensure the reliability of any Grant Recipient Party who has access to the Personal Data;

### ensure that any Grant Recipient Party required to access the Personal Data are informed of the confidential nature of the Personal Data and comply with the obligations set out in this Clause 23;

### ensure that none of any Grant Recipient Party publish, disclose or divulge any of the Personal Data to any third party unless directed in writing to do so by the Council;

### provide a written description of the technical and organisational methods employed by the Grant Recipient for processing Personal Data (within the timescales required by the Council); and

### not Process Personal Data outside the European Economic Area without the prior written consent of the Council and, where the Council consents to a transfer, to comply with:

#### the obligations of a Data Controller under the Eighth Data Protection Principle set out in Schedule 1 of the DPA by providing an adequate level of protection to any Personal Data that is transferred; and

#### any reasonable instructions notified to it by the Council.

## The Grant Recipient agrees to use all reasonable efforts to assist the Council to comply with such obligations as are imposed on the Council by the DPA. For the avoidance of doubt, this includes the obligation to:

### provide to the Council such access as may be reasonably required from time to time to all Personal Data stored or processed in performing its obligations under this Agreement in order to enable the Council to meet its obligations to respond to access requests from Data Subjects under the DPA;

### provide the Council with reasonable assistance in complying with any request for information served on the Council under Section 7 of the DPA;

### notify the Council (within five (5) Business Days) about the receipt of any such request received by the Grant Recipient under Section 7 of the DPA or complaint or request relating to the Council's obligations under the DPA and not disclose or release any information (including the Council's Personal Data) in response to such a request or complaint without first consulting with the Council, where the information sought relates to the Council, its employees, agents and/or its business operations;

### provide the Council with full co-operation and assistance in relation to any complaint of request made, including by:

#### providing the Council with full details of the complaint or request;

#### complying with a data access request within the relevant timescales set out in the DPA and in accordance with the Council's instructions;

#### providing the Council with any Personal Data it holds in relation to a Data Subject (within the timescales required by the Council); and

#### providing the Council with any information requested by the Council;

## The Grant Recipient shall comply at all times with the DPA and shall not perform its obligations under this Agreement in such a way as to cause the Council to breach any of its applicable obligations under the DPA.

## The Grant Recipient shall indemnify the Council against all claims and proceedings and all liability, losses, costs and expenses incurred in connection therewith by the Council as a result of the Grant Recipient's destruction of and/or damage to any of the Council's Personal Data processed by the Grant Recipient, its employees, agents, or any breach of or other failure to comply with the obligations in the DPA and/or this Clause 23 by the Grant Recipient, its employees, agents or sub-contractors.

## The Grant Recipient shall appoint and identify an individual within its organisation authorised to respond to enquiries from the Council concerning the Grant Recipient's Processing of the Council's Personal Data and will deal with all enquiries from the Council relating to such Personal Data promptly, including those from the Information Commissioner and will to the extent reasonably necessary co-operate with and assist in ensuring compliance with any Data Subject rights of data access, correction, blocking, suppression or deletion relating to the Council's Personal Data and in the defence or management of any enforcement action or assessment by the Information Commissioner or any other competent authority in relation thereto.

## The Grant Recipient undertakes to include obligations no less onerous than those set out in this Clause 23, in all contractual arrangements with agents engaged by the Grant Recipient in performing its obligations under this Agreement to the Council.

# Further Assurances

## At any time upon the written request of the Council the Grant Recipient:

## shall promptly execute and deliver or procure the execution and delivery of any and all such further instruments and documents as may be necessary for the purpose of obtaining for the Council the full benefit of this Agreement and of the rights and powers herein granted and the Grant Recipient hereby irrevocably appoints the Council as its attorney solely for that purpose;

## shall perform and use its reasonable endeavours to procure that any third party performs such acts as may be reasonably required for the purposes of giving full effect to this Agreement.

# Entire Agreement

## This Agreement and the conditions herein contained together with the Schedules and Annexes constitute the entire agreement between the parties and, subject always to clause 5, may only be varied or modified in writing by deed.

## The Grant Recipient hereby acknowledges that save as set out or referred to in the Agreement there are and have been no representations made by or on behalf of the Council of whatsoever nature on the faith of which the Grant Recipient is entering into this Agreement.

# Severability

## If any term, condition or provision contained in this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall to that extent be omitted from this Agreement and shall not affect the validity, legality or enforceability of the remaining parts of this Agreement.

# Cumulative rights and enforcement

## Any rights and remedies provided for in this Agreement whether in favour of the Council or the Grant Recipient are cumulative and in addition to any further rights or remedies which may otherwise be available to those parties.

## The parties acknowledge that money damages alone may not properly compensate the Council for any breach of the Grant Recipient's obligations hereunder and the parties hereby expressly agree that in the event of the breach or threatened breach of any such obligation in addition to any other rights or remedies the Council may have in law, in equity or otherwise the Council shall be entitled to seek injunctive or other equitable relief compelling specific performance of and other compliance with the terms of such obligations.

# Waiver

## The failure of any party at any one time to enforce any provision of this Agreement in no way affects its right thereafter to require complete performance by the other party, nor may the waiver of any breach or any provision be taken or held to be a waiver of any subsequent breach of any provision or be a waiver of the provision itself.

## Where in this Agreement any obligation of a party is to be performed within a specified time that obligation shall be deemed to continue after that time if the party fails to comply with that obligation within the time.

## Any waiver or release of any right or remedy of either party must be specifically granted in writing signed by that party and shall:

### be confined to the specific circumstances in which it is given;

### not affect any other enforcement of the same or any other right; and

### (unless it is expressed to be irrevocable) be revocable at any time in writing.

# Survival of this Agreement

## Insofar as any of the rights and powers of the Council provided for in this Agreement shall or may be exercised or exercisable after the termination or expiry of this Agreement the provisions of this Agreement conferring such rights and powers shall survive and remain in full force and effect notwithstanding such termination or expiry.

## Insofar as any of the obligations of the Grant Recipient provided for in this Agreement remain to be discharged after the termination or expiry of this Agreement the provisions of this Agreement shall survive and remain in full force and effect notwithstanding such termination or expiry.

## Without limitation the provisions of Clauses 2.6, 4.2, 4.3, 4.5, 4.11, 4.12, 5.1, 6, 7, 10, 11, 13, 14, 23.5, 23.7, 28, 30 and this Clause 29 and such other provisions of this Agreement as are necessary to give effect to such Clauses are expressly agreed by the parties to survive the termination or expiry of this Agreement.

# London Living Wage

## Without prejudice to any other provision of this Agreement, the Grant Recipient shall, and shall use all reasonable endeavours to ensure that the Grant Recipient Parties will:

## use all reasonable endeavours to ensure that none of its employees engaged in the provision of the Works is paid an hourly wage (or equivalent of an hourly wage) less than the London Living Wage;

## use all reasonable endeavours to ensure that none of its employees engaged in the provision of the Works is paid less than the amount to which they are entitled in their respective contracts of employment;

## provide to the Council such information concerning the London Living Wage as the Council or its nominees may reasonably require from time to time;

## disseminate on behalf of the Council to its employees engaged in the provision of the Works such perception questionnaires as the Council may reasonably require from time to time and promptly collate and return to the Council responses to such questionnaires; and

## use all reasonable endeavours to co-operate and provide all reasonable assistance in monitoring the effect of the London Living Wage.

# Execution

## This Agreement may be executed in any number of counterparts and each counterpart will when executed be an original of this Agreement and all counterparts together will constitute one instrument.

# Governing Law

## This Agreement shall be governed by and construed in accordance with the laws of England and Wales and subject to the provisions of Clause 17 the parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales.

1. Representation and Warranties
2. **Powers, vires and consents**
   1. It is not subject and will not become subject to any other obligation, compliance with which will, or is likely to, have a Material Adverse Effect.
   2. So far as it is aware, it is not in breach of or in default under any agreement to which it is a party or which is binding on it or any of its assets which has or could have a Material Adverse Effect.
   3. To the best of its knowledge, no claim is presently being asserted and no litigation, arbitration or administrative proceeding is presently in progress or, to the best of its knowledge, pending or threatened against it or any of its assets which will or might have a Material Adverse Effect.
   4. It has not committed any Prohibited Act.
   5. The Grant Recipient:
      1. is a Registered Provider;
      2. is incorporated under the laws of England or Wales and registered as a Registered Society or private company limited by guarantee;
      3. has power to own its assets and carry on its business as currently being conducted from time to time;
      4. has a management presence in the Area; and
      5. has power to enter into the Transaction Documents and to exercise its rights and perform its obligations thereunder.
   6. The obligations expressed to be assumed by it in the Transaction Documents are (or when executed will be) legal and valid obligations, binding on it in accordance with the terms thereof.
   7. All acts, authorisations, consents, conditions and things required to be done, fulfilled and performed in order to (a) enable it lawfully to enter into, exercise its rights under, and perform and comply with, the obligations expressed to be assumed by it in each of the Transaction Documents, (b) ensure that the obligations expressed to be assumed by it in each of the Transaction Documents are legal, valid and binding and (c) make each Transaction Document admissible in evidence in England, have been (or will be, subject to due registration within applicable registration periods) done, fulfilled and performed.
3. **Scheme Deliverability**
   1. It has obtained or will by Practical Completion of a Firm Scheme have obtained all Consents and to the extent that such Consents have been obtained they have not been withdrawn.
   2. It is not aware, after due enquiry, of anything which materially threatens the success or successful completion of the intention or purpose of this Agreement.
   3. No Firm Scheme Default has occurred and is continuing.
   4. All information supplied by or on behalf of it to the Council or its agents or employees in connection with the Grant Recipient's Grant Application and otherwise other applications for grant funding or in the course of the subsequent discussions was at the time of submission and as far as it was aware (or ought to have been aware) having made all reasonable and proper enquiries true, complete and accurate in all respects.
   5. All data or other information supplied to the Regulator in connection with, or related to the Firm Scheme Details or its application to be a grant recipient is accurate.
   6. It has informed the Council of any material change that has occurred since the date of submission of the Firm Scheme Details of which it is aware (or ought to be aware) having made all reasonable and proper enquiries which would render such information untrue, incomplete or inaccurate in any material respect including without limitation the provision or offer of any additional Public Sector Subsidy.
   7. It is not aware of any material fact or circumstance that has not been disclosed to the Council and which might, if disclosed materially, adversely affect the decision of anyone considering whether or not to contract with it.
   8. Save where expressly agreed by the Council, no Firm Scheme which is a Section 106 Scheme is being subsidised by Conversion Capacity, Firm Scheme Grant or Reapplied Grant.
   9. Save where expressly agreed by the Council, all Affordable Dwellings have been let or disposed of (as applicable) in accordance with the terms of the Firm Scheme Details.
   10. So far as the Grant Recipient is aware (having made all reasonable enquiries) the Firm Scheme Details (including, inter alia, all projected Start on Site and Practical Completion dates) are capable of being delivered without the need for a change to the Firm Scheme Details.
   11. The Grant Recipient possesses or will possess a Secure Legal Interest in each Site.
4. **Application of Firm Scheme Details Capacity**

All financial capacity generated by the Grant Recipient through the terms of the Firm Scheme Details is being and will be applied by the Grant Recipient to the delivery of new Affordable Housing supply under this Agreement.

1. **Authority of Grant Recipient's Representative**

The Grant Recipient's Representative is empowered to act on behalf of the Grant Recipient for all purposes connected with this Agreement.

1. Part 1

**Development Costs**

**Heads of expenditure**

1. **Acquisition**
   1. Purchase price of land/site.
   2. Stamp Duty Land Tax on the purchase price of land/site.
   3. Fees payable in connection with the purchase of the land/site.
2. **Works**
   1. Main works contract costs (excluding any costs defined as on costs).
   2. Major site development works (where applicable). These include piling, soil stabilisation, road/sewer construction, major demolition.
   3. Statutory agreements, associated bonds and party wall agreements (including all fees and charges directly attributable to such works) where applicable.
   4. Additional costs associated with complying with archaeological works and party wall agreement awards (including all fees, charges and claims attributable to such works) where applicable.
   5. Enabling works including but not limited to demolition works.
   6. Irrecoverable VAT on the above (where applicable).
3. **On costs**
   1. Legal fees and disbursements.
   2. Net gains/losses via interest charges on development period loans.
   3. Building society or other valuation and administration fees.
   4. Fees for building control and planning permission.
   5. Fees and charges associated with compliance with European Community directives, and the Council’s requirements relating to energy rating of dwellings, Eco-Homes certification and Housing Quality Indicators.
   6. In-house or external consultants’ fees, disbursements and expenses (where the development contract is a design and build contract) (see note below).
   7. Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in works costs).
   8. Contract performance bond premiums.
   9. Borrowing administration charges (including associated legal and valuation fees).
   10. An appropriate proportion of the Grant Recipient’s development and administration costs.
   11. Marketing costs – for sale schemes only.
   12. Post-completion interest - for sale schemes only.
   13. Irrecoverable VAT on the above.

Note 1

Where the development contract is a design and build contract, the on-costs are deemed to include the builder’s design fee element of the contract sum. The amount included by the builder for design fees should be deducted from the works cost element referred to above, as should other non-works costs that may be submitted by the builder such as fees for building and planning permission, building warranty, defects liability insurance, contract performance bond and energy rating of dwellings.

Note 2

Some items will not qualify as Development Costs unless the Grant Recipient can clearly demonstrate that such costs are properly chargeable to the housing development, i.e. for the sole use of the residents or to comply with any statutory obligations that may have been imposed.

Examples of these are as follows:

* + - works to any roads which do not exclusively serve social housing;
    - landscaping to areas of land which lie outside the boundaries of the Site on which the social housing is situated;
    - district heating systems;
    - trunk sewers and sewage disposal works;
    - special refuse treatment buildings;
    - public conveniences;
    - community halls, club rooms, recreation rooms.

Note 3

Subject to the above, where any cost incurred or to be incurred by the Grant Recipient is common both to the development of the Affordable Dwellings within any Firm Scheme and to any other activity, asset or property of the Grant Recipient, only such part of that cost as is attributable to the development of the Affordable Dwellings may be treated as a cost in respect of which grant under this Agreement may be paid.

**Schedule 2**

Part 2

**Costs which are not Development Costs**

Capital costs incurred:

1. Hidden text
   1. which are not eligible for Social Housing Assistance as defined in Section 32(13) of the HRA 2008;
   2. on land (forming part of the total site acquired) which will not be used exclusively for housing provision purposes directly related to the Firm Scheme;
   3. on estate offices, factories, letting offices;
   4. on stores (other than external storage provision required by Design and Quality Standards);
   5. on medical or dental surgeries, clinics;
   6. on police stations, public libraries, bus shelters;
   7. on shops, restaurants, public houses, offices;
   8. on transformer and other related buildings;
   9. on maintenance depots, tools, plant and vehicles;
   10. on garages (other than integral garages on market purchase scheme types) and greenhouses;
   11. on separate commercial laundry blocks and related equipment.
2. Grant Criteria

|  |  |
| --- | --- |
| **Criteria** |  |
| **Not eligible for Voluntary Right to Buy** | Subject to the requirements or expectations of the Regulator, the Grant Recipient will not offer Voluntary Right to Buy for the purchase of dwellings funded by way of Grant and will offer alternative accommodation to residents who exercise such right. This is on the basis that Grant is intended to provide long-term affordable housing for those in need in the Area. |
| **Deliverability** | The Firm Scheme is deliverable within the time-frame set out in the Firm Scheme Delivery Timetable, including final grant draw-down by 31st December 2020. |
| **Value for Money** | The Firm Scheme Grant employed in the Firm Scheme is properly employed and the revenues from the Firm Scheme are sufficient to replenish funds spent on the Firm Scheme over time. |
| **Affordability** | The maximum acceptable rents for dwellings at the Firm Schemes are Affordable Rents as defined in the Agreement which is subject to review and update by the Council annually or from time to time. It is assumed that rents include service charges, and the design of the scheme should ensure that that service costs are minimised and are absorbed within the rent. |
| **Tenancies** | After the initial 1 year Starter Tenancy, tenancies should be offered for a 5 year term. Nominations will come from the Common Housing Register |
| **Loan Arrangements** | A signed declaration from the Finance Director (or equivalent officer) of the Grant Recipient that funding arrangements for the Firm Schemes are in place |
| **Accessibility of units** | A suitable number (10% or 1 in 10 units starting with 9 and above) of fully accessible wheelchair units are provided with individual parking at Firm Schemes |
| **Good fit with Strategic Objectives** | The Firm Scheme complies with the Council's priority housing and planning area expectations such as the proposed Housing Zone. Firm Schemes should comply with relevant planning requirements including respective proportions of family and non-family units of accommodation. |
| **Other criteria** | The Council has absolute discretion whether to accept as a Firm Scheme a scheme which is the subject to a Section 106 Agreement or a purchase having regard to the Submitted Standards. Without limiting such discretion, any such scheme must comply with the Additional Design & Quality Standards, any requirements from the Employer’s Agent and comply with the rent requirements in this Schedule.  All Firm Schemes must be located in the Area and not on land currently owned by the Council.  The Grant Recipient must have a Secure Legal Interest in the units identified in the Firm Scheme Details.  If the Firm Scheme forms part of a larger development, the Grant Recipient will ensure that all Grant monies are ring fenced and applied exclusively to the units identified in the Firm Scheme Details and that no other public sector subsidy is applied to those units. |

1. DEED OF COVENANT

This Deed of Covenant is made the               day of

**Between**

1. **[                                ]** (the **Grant Recipient**);
2. **The Mayor and Burgesses of the London Borough of Tower Hamlets** of Town Hall, Mulberry Place, 5 Clove Crescent, E14 2BG (the **Council**).

**Whereas:**

1. By a Grant Agreement dated            day of                       the Council made available certain funds for the development of new social housing.
2. It is a condition of the Grant Agreement that the Grant Recipient enter into a deed of covenant with the Council in the form of this Deed.
3. The Grant Recipient has used or intends to use some or all of the funding received to develop new social housing on the land known as [ ] with title number(s) [                       ] (the **Site**).

# **Definitions**

In this Deed the following definitions apply:

## **Affordable Housing** has the same meaning as in the Grant Agreement;

## Exempt Disposal means

#### any disposition to a statutory body or service supply company of an electricity substation, gas governor pumping station, water pumping station or other statutory services which have been or are to be constructed or installed in or on the Site as part of the Firm Scheme;

#### any grant of rights or easements to any statutory body or service supply company in respect of any services which serve or are to serve the dwellings constructed or to be constructed as part of the Firm Scheme; or

#### any grant of right or easements to a highway authority for the purpose of adoption of all or any roads and footpaths and cycle ways to be constructed on the Site as part of the development; or

#### any disposition of a dwelling within the Site which is designated within the Firm Scheme as not being Affordable Housing; or

#### any grant of a charge by the Grant Recipient to a funder who provides funding to the Grant Recipient or the provision of social housing either for this Site specifically or generally.

## **Grant Recipient** includes the Grant Recipient's successors in title.

# **Operative Provisions**

The Grant Recipient so as to bind the Site hereby covenants with the Council as follows:

## that the Grant Recipient shall not dispose of the Site or any part of it without the prior written consent of the Council not to be unreasonably withheld or delayed and the Grant Recipient accepts that it shall be reasonable for the Council to withhold consent to any disposal that is not to a Registered Provider and that it may be a requirement of any consent being given that all or any grant paid by the Council to the Grant Recipient in relation to the Site shall be repaid to the Council provided always that no consent shall be required for an Exempt Disposal and this covenant shall cease to apply to any land and/or dwelling which is the subject of an Exempt Disposal;

## not to use the Affordable Housing constructed or to be constructed on the Site for any purpose other than for letting as low cost rental housing as defined in section 69 Housing and Regeneration Act 2008 at such rents (including affordable rent as referred to in the Rent Standard issued by the Regulator) as comply with the requirements of the Regulator from time to time.

# **Exclusion for** Grant Recipient**'s mortgagees**

## The covenants in this deed shall cease to be binding on any mortgagee, chargee or receiver of the Grant Recipient which has the benefit of a legal mortgage or charge secured against all or any part of the Site and any person who derives title directly or indirectly from such mortgagee or chargee provided always that the mortgagee or chargee or receiver appointed by such mortgagee or chargee first complies with Clause 3.2.

## The mortgagee charge or receiver shall first notify the Council that it wishes to exercise its statutory power of sale and if within 60 days of such notification the mortgagee or chargee or receiver having used reasonable endeavours has been unable to enter into a contract of sale of the Site (or the relevant part thereof) to a Registered Provider, on terms that on completion thereof the mortgagee or chargee or receiver will be repaid the full market value of the Site (or the relevant part thereof) or the amount owed to them, whichever is the less.

# **Restriction on title**

## The Grant Recipient undertakes to apply to the Land Registry for a restriction on the title to the Site in the following form "no disposition of the registered estate by the proprietor of the registered estate or by the proprietor of a registered charge is to be registered without a certificate signed by The London Borough of Tower Hamlets of Town Hall, Mulberry Place, 5 Clove Crescent, E14 2BG or its conveyancer that the provisions of the deed of covenant dated [             ] and made between The Mayor and Burgesses of the London Borough of Tower Hamlets (1) and [                      ] (2) have been complied with or do not apply".

## The Council will on request take such steps as are required to assist with removal of the restriction from the title of any part of the Site which is the subject of an Exempt Disposal or which ceases to be bound by the covenants in this Deed in the circumstances set out in Clause 3.

# **Miscellaneous**

## Section 33 of the Local Government (Miscellaneous Provisions) Act 1982 shall apply to the covenants in this deed of covenant with the intention that the Council shall be entitled to enforce the covenants in this Deed against the Grant Recipient and its successors in title whether or not any land of the Council is capable of benefitting from the covenants.

In witness whereof the parties to this Deed have executed it as a deed

**This Agreement has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.**

**EXECUTED** as a **DEED** by affixing )

The common seal of )

)

)

In the presence of:

Authorised Signatory

**EXECUTED** as a **DEED** by affixing )

**THE COMMON SEAL** of )

**THE MAYOR AND )**

**BURGESSES OF THE LONDON )**

**BOROUGH OF TOWER HAMLETS** )

in the presence of: )

Authorised Officer