

DATED

-----

**MEMORANDUM OF UNDERSTANDING**

between

**NEWCASTLE CITY COUNCIL**

and

**[LOCAL AUTHORITY NAME]**

**[LOCAL AUTHORITY NAME]**

**[LOCAL AUTHORITY NAME]**

**[LOCAL AUTHORITY NAME]**

**[LOCAL AUTHORITY NAME]**

**[CIRCULATED 28 OCTOBER 2011 – DRAFT VERSION 1.0]**

## CONTENTS

---

### CLAUSE

1.	Background.....	1
2.	Key objectives for the project .....	2
3.	Principles of collaboration .....	2
4.	Project governance .....	3
5.	Roles and responsibilities .....	5
6.	Escalation.....	7
7.	Confidentiality and Freedom of Information.....	8
8.	Term, termination and Consequences of Termination .....	8
9.	Variation .....	9
10.	Charges and liabilities.....	9
11.	Status .....	9
12.	Conflict of interest and independent advice.....	9
13.	Governing law and jurisdiction .....	10
14.	Counterparts .....	10

### ANNEX

ANNEX A.	THE PROJECT.....	12
ANNEX B.	CONFIDENTIALITY & INFORMATION SHARING PROTOCOL .....	14
ANNEX C.	PROJECT GROUPS AND TERMS OF REFERENCE .....	15
ANNEX D.	Finance, CONTRIBUTIONS AND Risk .....	19

**THIS AGREEMENT** is dated [DATE]

## **PARTIES**

The parties to this memorandum of understanding **MoU** are:

- (1) The Council of the City of Newcastle upon Tyne of Civic Centre, Barras Bridge, Newcastle upon Tyne (**NCC**).
- (2) [LOCAL AUTHORITY NAME] of [ADDRESS] ( **Partner Authority One**)
- (3) [LOCAL AUTHORITY NAME] of [ADDRESS] ( **Partner Authority Two**)
- (4) [LOCAL AUTHORITY NAME] of [ADDRESS] ( **Partner Authority Three**)
- (5) [LOCAL AUTHORITY NAME] of [ADDRESS] ( **Partner Authority Four**)
- (6) [LOCAL AUTHORITY NAME] of [ADDRESS] ( **Partner Authority Five**)  
together the **Partner Authorities**
- (7) The Association of North East Councils of The Guildhall, Quayside, Newcastle upon Tyne, NE1 3AF (**ANEC**)  
together the **Parties**

## **1. BACKGROUND**

- 1.1 The Parties have agreed to work together on the Project detailed in Annex A to this MoU (**Project**).
- 1.2 The Parties wish to record the basis on which they will collaborate with each other on the Project. This MoU sets out:
  - (a) the key objectives of the Project;
  - (b) the principles of collaboration;
  - (c) the governance structures the Parties will put in place; and
  - (d) the respective roles and responsibilities the Parties will have during the Project.
- 1.3 This agreement will fall away on signing of, and be replaced by, the **Inter Authority Agreement** to be agreed by NCC and the Partner Authorities.

## 2. KEY OBJECTIVES FOR THE PROJECT

- 2.1 The Parties shall undertake the Project to achieve the key objectives set out in Annex A (**Key Objectives**).

## 3. PRINCIPLES OF COLLABORATION

The Parties agree to adopt the following principles when carrying out the Project (**Principles**):

- (a) collaborate and co-operate. Establish and adhere to the governance structure set out in this MoU to ensure that activities are delivered and actions taken as required;
- (b) be accountable. Take on, manage and account to each other for performance of any respective roles and responsibilities set out in this MoU;
- (c) be open. Communicate openly about major concerns, issues or opportunities relating to the Project;
- (d) learn, develop and seek to achieve full potential. Share information, experience, materials and skills to learn from each other and develop effective working practices, work collaboratively to identify solutions, eliminate duplication of effort, mitigate risk and reduce cost;
- (e) adopt a positive outlook. Behave in a positive, proactive manner;
- (f) adhere to statutory requirements and best practice. Comply with applicable laws and standards including EU procurement rules, data protection and freedom of information legislation. In particular the parties agree to comply with the requirements of the Confidentiality & Information Protocol attached to this MoU in Annex B in order to ensure the integrity of the proposed Procurement is maintained;
- (g) act in a timely manner. Recognise the time-critical nature of the Project and respond accordingly to requests for support and with timely internal decision making;
- (h) involve stakeholders effectively where required;
- (i) deploy appropriate resources. Ensure sufficient and appropriately qualified resources are available and authorised to fulfil the responsibilities set out in this MoU. In particular the parties agree to make the contributions detailed in Annex D (Finance, Contributions and Risk) to this MoU;
- (j) act in good faith to support achievement of the Key Objectives and compliance with these Principles; and

- (k) co-operate by problem solving together for mutual benefit.

#### 4. PROJECT GOVERNANCE

##### 4.1 Overview

The governance structure defined below provides a structure for the development and delivery of the Project. All Partner Authorities (who participate as full partners) will be engaged in the governance structure for the Project. In addition to the governance arrangements set out herein it will be necessary to formalise governance arrangements for the Project post appointment of the partner (**Delivery Partner**). These future arrangements for the operational phase will be developed during the course of the competitive dialogue tender process and will reflect the ultimate structure put in place both in respect of any financing vehicle and contractual arrangements with the Delivery Partner. The Project Steering Group (PSG) as described in clause 4.5 may make recommendations to the Project Board in respect of any suggested changes to the governance arrangements of the Project up to appointment of the Delivery Partner.

The Parties acknowledge that NCC will lead and manage the Project on behalf of itself and the Partner Authorities and that duplication of work should be avoided. In order for this to be successful there needs to be full transparency from the lead, and between all Partner Authorities as well as clear stakeholder and advisor engagement. NCC shall manage the Project using an established NCC corporate project management system to provide the structure and oversight necessary in such a complex project.

Notwithstanding the above nothing in this agreement seeks to fetter or curtail any Partner Authorities' or Partner Authority's decision making powers or its rights or obligations in respect of its internal authorisation processes.

##### 4.2 Guiding principles

The following guiding principles are agreed. The Project's governance arrangements will:

- (a) provide strategic oversight and direction;
- (b) be based on clearly defined roles and responsibilities at organisation, group and, where necessary, individual level;

- (c) align decision-making authority with the criticality of the decisions required;
- (d) be aligned with Project scope;
- (e) allow for coherent, timely and efficient decision-making by the Project Board and Project Team; and
- (f) correspond with the key features of the Project governance arrangements set out in this MoU.

#### 4.3 **Project Board**

- (a) The Project Board will provide strategic overview to the Project. Day to day decisions will be made by the Project Director reporting to the Project Board. Project Board will provide assurance to PSG that the Key Objectives are being met and that the Project is performing within the agreed boundaries set.
- (b) The Project Board is made up of senior NCC representatives across relevant levels and disciplines and an ANEC representative acting as observer to ensure key decisions can be made and appropriate strategic direction is given to the Project Team.
- (c) The Project Board will meet monthly and the core members are set out in Annex C

#### 4.4 **Project Team**

- (a) The Project Team led by the Project Director will be responsible for day to day operational delivery of the Project in line with the strategic decisions of, and guidance from, the Project Board. It will be managed as set out in Annex C of this MoU.

#### 4.5 **Partner Steering Group**

- (a) The Partner Steering Group (**PSG**) will provide the mechanism for both information dissemination from and input back into the Project Board to allow all Partner Authorities to have clear strategic oversight of the Project. This group will consist of senior decision making officers of each Partner Authority to allow input into key decisions made throughout the Project as set out in Annex C of this MoU;
- (b) PSG shall be managed in accordance with the terms of reference set out in Annex C to this MoU; and
- (c) PSG will also contain three sub-groups constituting relevant officers from each authority to consider Financial; Legal /

Procurement; and Technical matters on an operational level that shall be managed in accordance with the terms of reference set out in Annex C of this MoU.

#### 4.6 Reporting

Project reporting shall be undertaken by:

- (a) **Project Board:** Minutes and actions will be recorded for each Project Board meeting. Any additional reporting requirement shall be at the discretion of the Project Board.
- (b) **Partner Steering Group:** Reporting shall be monthly, based on the minutes from the previous Project Board plus draft agenda.
- (c) A detailed Confidentiality & Information Sharing Protocol will be developed in due course.

### 5. ROLES AND RESPONSIBILITIES

5.1 The Parties shall undertake the following roles and responsibilities, and agree the following principles to deliver the Project:

- (a) **Lead:** NCC shall have principal responsibility for management and delivery of the Project and, following consultation with all Partner Authorities via PSG and its sub-groups and any other processes or procedures agreed by the Parties from time to time, will be authorised to determine how tasks required to deliver the Key Objectives shall be undertaken. NCC shall also act as accountable body for the purposes of any external finance or funding requirements such as the potential European (“IEE”) grant allocation. The Lead must act in compliance with the Key Objectives and Principles at all times, and consult with the other Partner Authorities in advance if they are identified as having a role to Assure the relevant activity;
- (b) **Assure:** Partner Authorities will defer to NCC in relation to the management and delivery of the Project but shall have the opportunity to review and provide input to the Project via the PSG, its sub-groups and any other processes or procedures agreed by the Parties from time to time. All assurance must be provided in a timely manner. Any derogation raised must be limited to raising issues that relate to specific needs that have not been adequately addressed by NCC and/or concerns regarding compliance with the Key Objectives and Principles.

All Partner Authorities shall nominate a senior lead project officer to take ownership of the Project on their behalf.

- (c) **ANEC:** ANEC is responsible for ensuring that all 12 local authorities in the north-east of England receive accurate and timely communication about the Project. It will also manage the regional stakeholder engagement process on behalf of the Project. Until such time as permanent Project governance is in place, ANEC will represent the Partner Authorities at Project Board, reflecting fully the views of the PSG. Subject to the requirements and obligations in respect of Confidentiality ANEC shall also be responsible for disseminating information beyond the Project and the Partner Authorities.

5.2 The Partner Authorities agree:

- (a) the relevant contributions and assumption of risk apportionment as set out in Annex D;
- (b) to support the Project by way of suitable marketing and information dissemination, including in conjunction with the appointed Delivery Partner in due course, to ensure the risk of insufficient take up is mitigated;
- (c) to assure themselves as to the suitability of all proposals and documentation to ensure their ongoing participation;
- (d) to assess their housing stock and, by 16<sup>th</sup> December 2011, provide firm and final confirmation of the proposed number of private and social properties they propose to target for delivery within the Project;
- (e) that the selection of the Delivery Partner shall be made on the basis of the most economically advantageous tender (MEAT) as measured against the Key Objectives of the Project as set out in Annex A;
- (f) the Project governance arrangements as detailed in the body of this MoU and Annex C;
- (g) that the exact details of the delivery of the Project including but not limited to: the structure of any financial vehicle; the development of the method for programming of installation timetables; marketing of the Project; development of supply chain and outputs are subject to the ultimate detail of the awaited Green Deal legislation and will be developed during the competitive dialogue process;
- (h) to consider the utilisation of the scheme by other potential parties and/or authorities as detailed within the proposed OJEU



notice including the potential of those other parties to provide funding subject to agreement of the terms of participation and agreement as to any pro rata adjustments to financial obligations;

- (i) the Key Objectives and that these will form the basis of both the method of establishing and evaluating the MEAT and the ultimate contractual form to be entered into with the Delivery Partner;
- (j) to work with Registered Housing Providers operating within its boundaries on the identification, condition assessment and proposed treatment of social housing stock under the Project;
- (k) within the confines of commercial confidentiality, to allow the wider dissemination of information and learning from the Project to all ANEC authorities;
- (l) within the confines of commercial confidentiality, to allow the wider dissemination of information and learning from the Project to national and European stakeholders;
- (m) to consider, and agree a method for, the inclusion of non-residential properties within the scope of the Project should this be required;
- (n) to provide updates as to the requirements and position in respect of internal reporting and decision making processes; and
- (o) that all formal press releases or information dissemination regarding the Project shall be dealt with and issued by NCC via the Project Director to ensure consistency of information.

## **6. ESCALATION**

- 6.1 If any party has any issues, concerns or complaints about the Project, or any matter in this MoU, that party shall notify the Project Director who shall then seek to resolve the issue by a process of consultation. If the issue cannot be resolved within a reasonable period of time, the matter shall be escalated via ANEC to PSG for consideration and referral of any proposed resolution to Project Board which shall decide on the appropriate course of action to take. If a fundamental issue remains in dispute following this process then this will be referred via ANEC to the Regional Chief Executives Group for resolution.
- 6.2 If any of the Parties receives any formal inquiry, complaint, claim or threat of action from a third party (including, but not limited to, claims made by a supplier or requests for information made under the Freedom of Information Act 2000) in relation to the Project, the matter

shall be promptly referred to the Project Director and each Party shall assist and cooperate with each of the other Parties (at each of the Parties' own expense) to enable the Party to comply with such requirements in a consistent and appropriate manner.

**7. CONFIDENTIALITY AND FREEDOM OF INFORMATION**

7.1 Except to the extent set out in this clause or where disclosure is expressly permitted elsewhere in this MOU, each party shall do each of the following:

- (a) Treat all Project information as confidential and safeguard it accordingly; and
- (b) Not disclose Project information to any other person without the consent of the Project Director or as is required to discharge its obligations under this MOU.

7.2 Each Partner shall retain its ultimate responsibility for determining how it shall respond to such requests and/or whether any information is exempt from disclosure in accordance with the provisions of the Code of Practice on Government Information, FOIA or the EIR (**Code**).

7.3 Where the provisions of 7.1 and 7.2 apply the relevant party shall, in accordance with any recommendations of the Code, take reasonable steps to consult with the Project Director in advance of any such disclosure. Each Party shall ensure that all information produced in the course of the MOU or Project or relating to the MOU or Project or disclosed to third parties under clause 6.2 or 7 is recorded and retained for disclosure and shall permit the other Parties to inspect such records as requested from time to time

**8. TERM, TERMINATION AND CONSEQUENCES OF TERMINATION**

8.1 This MoU shall commence on the date of signature by the Parties, and shall expire on cessation of the Project or on formal signature of the Inter Authority Agreement.

8.2 Any Party may withdraw from this MoU prior to issue of the OJEU notice by giving at least one month notice in writing to the other Parties or by giving at least 3 months prior notice in writing after the issue of the OJEU notice and subject to discharging the financial commitments agreed up to the date of expiration of that notice or as otherwise agreed by the Parties.

**9. VARIATION**

This MoU, including the Annexes, may only be varied by written agreement of the Parties.

**10. CHARGES AND LIABILITIES**

10.1 Except as otherwise provided each Party shall each bear their own costs and expenses incurred in complying with their obligations under this MoU.

10.2 The Parties agree to share the costs and expenses arising in respect of the Project between them in accordance with the Finance Contributions and Risk allocation set out in Annex D to this MoU.

10.3 All Parties shall remain liable for any losses or liabilities incurred due to their own or their employees' actions and none of the Parties intends that any other Party shall be liable for any loss it suffers as a result of this MoU other than as set out in this MoU or as agreed by the Parties from time to time throughout the Project.

**11. STATUS**

11.1 This MoU is intended to be a legally binding in respect of any financial commitments and confidentiality provisions. The parties enter into the MoU intending to honour all their obligations. Nothing in this MoU is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, constitute either Party as the agent of the other Party, nor authorise either of the Parties to make or enter into any commitments for or on behalf of any other Party.

11.2 The Parties acknowledge that this MOU is an indication of their commitment to support the delivery of the Project.

**12. CONFLICT OF INTEREST AND INDEPENDENT ADVICE**

12.1 NCC shall appoint advisors to the Project in appropriate disciplines including Legal and Financial. Such advisors will provide advice to the Project as a whole and in order to most appropriately deliver the ultimate aims of the Project. The Parties acknowledge the basis of this advice and that it is not envisaged that Partner Authorities shall procure their own external advice.

- 12.2 It is however acknowledged that in certain specific circumstances it may be necessary for individual Partner Authorities to obtain their own independent advice, such as where there could be a potential conflict of interest or where a Partner Authority requires advice on a matter relevant only to their specific position.
- 12.3 In the circumstances set out in 12.2 the individual Partner Authority obtaining said advice will be solely responsible for any associated costs incurred and shall procure such advice from advisors independent to the advisors appointed by the Project.
- 12.4 Each of the Partner Authorities shall take appropriate steps to ensure that neither they nor any employee, servant, agent, supplier or sub-contractor is placed in a position where in the reasonable opinion of NCC there is or may be an actual conflict, or a potential conflict, between the pecuniary or personal interests of the Partner Authorities or such persons and the duties owed to NCC and the Parties under the provisions of the MOU.

**13. GOVERNING LAW AND JURISDICTION**

This MoU shall be governed by and construed in accordance with English law and, without affecting the escalation procedure set out in clause 6, each party agrees to submit to the exclusive jurisdiction of the courts of England and Wales.

**14. COUNTERPARTS**

This MoU may be executed in any number of counterparts and this shall have the same effect as if the signatories on the counterparts were on a single copy of this Agreement.

Signed for and on behalf of  
[AUTHORITY ONE]

Signature: .....  
Name: .....  
Position: .....  
Date: .....

Signed for and on behalf of  
[AUTHORITY TWO]

Signature: .....  
Name: .....

Position: .....  
Date: .....

**CONTACT POINTS**

**Authority One**

Name: .....  
Office address: .....  
.....  
Tel No: .....  
E-mail Address: .....

**Authority Two**

Name: .....  
Office Address: .....  
.....  
Tel No: .....  
E-mail Address: .....

DRAFT

## **Annex A. The Project**

### **Project overview**

All North East local authorities have signed up to the EU Covenant of Mayors on Sustainable Energy (CoM). To comply with this scheme each Local Authority has adopted a carbon reduction scenario to address gas & electricity consumption from buildings and transport fuels.

Such commitments have relied upon significant domestic insulation programmes with most authorities highly active in this field. This is either through Warm Zone Partnerships or similar schemes that are based on drawing down Supplier Obligation funding (EEC & CERT and to a lesser extent CESP).

However, existing CERT programmes are set to change in 2012. Government Policy is to develop the Energy Act 2011, accompanying Green Deal policy and supporting Energy Company Obligation (ECO). This offers challenges and opportunities for local authorities and this Housing Retrofit Project is an exemplar of proactive Local Authority intervention.

As the regional Pathfinder, NCC has worked with ANEC, the Energy Saving Trust, Warm Zone and Marksman Consulting to develop a business case for the retrofitting scheme. The Project will procure a 'delivery partner' to arrange for the fitting of energy efficiency measures to an estimated 15,000 properties (of all tenures) over the first 3 years across the North East.

Properties will be required from Partner Authorities together with funding to support the Procurement Costs and also as and when an individual installation is proposed to fund the installation measures as set out in Annex D of this MoU. This funding shall be repaid gradually by consumers from a standing charge on utility bills through the new 'green deal' mechanism outlined in the draft Energy Act 2011. The total investment is initially estimated to be up to £85m, with an estimate of up to £60m of that sum provided by Partner Authorities and an estimate of up to £25m subsidy required from Energy Companies provided through the new ECO (Energy Company Obligation). The base model involves no net cost to council tax payers.

### **Delivery**

In order to implement the Project NCC on behalf of itself and Partner Authorities will undertake to procure, via a Competitive Dialogue procedure, a suitable Delivery Partner who will undertake practical delivery of the key

objectives. The exact nature of the Delivery Partner as well as the contractual and financial arrangements shall be developed during the Competitive Dialogue process and shall reflect the requirements of the Project.

### **The Key Objectives**

- Procurement, by way of Competitive Dialogue, of a Delivery Partner to implement and deliver Project outputs including but not limited to;
  - delivery of local employment and local economic growth;
  - reduction of fuel poverty;
  - enable reductions in domestic CO2 emissions and provide evidence of actual tonnes saved;
  - ensure the scheme operates to the ultimate benefit of the householders and meets Green Deal 'Golden Rule';
  - marketing scheme to public;
  - assessment of properties;
  - installation of all energy measures;
  - attracting up to £25m (estimated) of ECO for the first 15,000 houses;
  - ensuring Energy Companies collection of payments;
  - managing recovery and payment of investment back to relevant Partner Authorities;
  - delivery of Project on a not-for-profit approach cost recovery pricing model;
  - retaining potential for Delivery Partner to bring on additional finance and develop the programme for any extension phase;
  - limiting Partner Authority exposure to its finance provided;
  - structure delivery so as to maximise potential of refinancing programme to enable further houses to be delivered and / or recover investment; and
  - ensure delivery in compliance with Green Deal legislation

**Annex B. Confidentiality and Information Sharing Protocol  
(TO BE AGREED)**

DRAFT



## **Annex C. Project Structure, Groups and Terms of Reference**

### **Project Board terms of reference**

- **Remit:**

- The Project Board will provide strategic overview to the Project. Day to day decision will be made by the Project Director reporting to the Project Board. Project Board will provide assurance to the Partner Steering Group that the Key Objectives are being met and that the Project is performing within the agreed boundaries set.

- **Decision-making:**

- David Slater      Project Sponsor
- Brian O'Doherty      Operational Client
- Nigel Hails      Dir. Neighbourhood Services
- Paul Woods      Finance
- Alison Fellows      Commercial / Assurance
- John Softly      Legal and Procurement
- Christine Herriot      Efficiency and Procurement

**Attending**

- Acting Project Director: Phil Joyce
- Project Management: Farah Hussain, Jean Browne.
- Observer : John Litherland ANEC

- **Meetings:**

- Frequency - monthly
- Quorum – 3
- Premises – Newcastle Civic Centre

## **Project Team terms of reference**

- **Remit:**
  - The Project Team led by the Project Director will be responsible for operational delivery of the Project in line with the strategic decisions and guidance from the Project Board. It will consist of Project management and leads from each discipline who will oversee their individual workstreams. These workstreams will include: Finance; Legal & Procurement; Technical and Delivery; and Communications & Stakeholders and will draw on resources as required to discharge requirements.
  
- **Project Team Members:**
  - Phil Joyce: Acting Project Director
  - Farah Hussain: Project Management
  - Jean Browne: Project Officer
  - Craig Winter: Legal and Procurement
  - Michael Telfer: Finance
  - John Henderson: Technical and Delivery
  - Jen Robson: Communications and Stakeholders
  - External Finance Advisors
  - External Legal Advisors
  - ❖ **Special Advisors on Project Director request:**
    - David Connor Warm Zones (Technical)
    - John Litherland (ANEC)
  
- **Meetings:**
  - Frequency – Fortnightly
  - Premises – Newcastle Civic centre

## **Partner Steering Group terms of reference**

- **Remit:**
  - The **Partner Steering Group (PSG)** will provide the mechanism for both information dissemination from and input back into the Project Board to allow all Partner Authorities to have clear strategic oversight of the Project. This group will consist of senior decision making officers of each Partner Authority to allow input into key decisions made throughout the Project
  
- **Project Steering Group Members**
  - ❖ **Authority One:**
    - David Slater – Executive Director Environment & Regeneration.
  - ❖ **Authority Two:**
    - Senior Decision Maker [NAME(S) AND/OR JOB TITLE(S)].
  - ❖ **Authority Three:**
    - Senior Decision Maker [NAME(S) AND/OR JOB TITLE(S)]
  - ❖ **Authority Four:**
    - Senior Decision Maker [NAME(S) AND/OR JOB TITLE(S)]
  - ❖ **Authority Five:**
    - Senior Decision Maker [NAME(S) AND/OR JOB TITLE(S)]
  - ❖ **Authority Six:**
    - Senior Decision Maker [NAME(S) AND/OR JOB TITLE(S)]
  - ❖ **Authority Seven:**
    - Senior Decision Maker [NAME(S) AND/OR JOB TITLE(S)]
  - ❖ **ANEC**
    - John Litherland - Specialist Project Advisor
  - ❖ **Attending**

❖ Philip Joyce – Acting Project Director

- Meetings:
- Frequency –Bi-Monthly or more frequently if required
- Premises – Newcastle Civic Centre
- Notice – 1 Week

### **PSG Sub-groups terms of reference**

#### **Finance Directors (ANEC)**

Lead Officer: Michael Telfer (NCC)

#### **Legal / Procurement**

Lead Officer: Craig Winter (NCC)

#### **Technical**

Lead Officer: John Henderson (NCC)

- **Remit:**

- To disseminate workstream specific operational Project information; consider all finance, funding, technical, legal and procurement implications for the Project; communicate queries or issues back to Project Board or Team for consideration as required. Groups will consist of relevant operational officers from each Partner Authority.

- **Meetings (to be arranged by workstream Lead officers)**

- Frequency – At least monthly intervals with day to day contact and email as required by the Project
- Premises – Newcastle Civic Centre
- Notice - TBC

## **Annex D. Finance, Contributions and Risk**

### **1. Initial Contribution**

The cost of the procurement stage is currently estimated to be £1.565m, which will cover the scheme until the appointment of a Delivery Partner.

NCC has secured outline approval for European funding under the Intelligent Energy Europe (IEE) technical assistance project of up to £1.100m to support this stage of the project. The final sum will be agreed by the end of 2011.

The net cost to the Partner Authorities is therefore currently estimated at £0.465m.

NCC has committed to fund 50% of the final net initial cost. The remaining 50% will be shared equally amongst the remaining Partner Authorities. The sum per Partner Authority will depend on the number of Partner Authorities, the actual level of IEE funding received, and actual project cost. An appropriate payment schedule and invoice arrangements will be developed in due course.

### **2. Delivery Stage Funding**

During the delivery stage, each Partner Authority will be obliged to cover the costs of any works carried out by the Delivery Partner on properties that fall within their boundary, and that were arranged with the knowledge and consent of the Partner Authority.

It is intended that a Green Deal loan will be provided to the homeowner / tenant under the Green Deal legislation.

All Partner Authorities are obliged to provide funding on the same terms. These will be set following further discussions between the Partner Authorities, and after consideration of any external factors that may arise as the Green Deal legislation is finalised such as, but not limited to, State Aid compliance.

### **3. Allocation of Risks**

#### **a. IEE Funding Claw back**

As specified in this Annex, Partner Authorities are required to provide a contribution to the initial costs of the scheme, net of grant secured. In the event that all or part of the grant is subject to claw back it therefore follows that the level of the Initial Contribution would subsequently increase. The

allocation of the claw back between the Partner Authorities will be made on the basis set out in section 1 of this Annex D.

b. Adoption

The fixed costs associated with setting up the Delivery Partner and commencing activity are recovered from the costs of the works to individual properties. In the event that the anticipated level of works does not take place, the Delivery Partner will not cover the fixed costs and may (depending on the terms agreed through the procurement) seek to recover these costs from the Partner Authorities. In this instance the allocation of this compensation between the Partner Authorities will need to be agreed on a fair and equitable basis.

c. Default

It is envisaged that the Delivery Partner will be responsible for collecting Green Deal payments from the Energy Suppliers, and passing the appropriate share on to the Partner Authorities via whatever mechanism is ultimately agreed. Where The Energy Suppliers fail to recover the amounts owed, the apportionment of the under recovery between the Delivery Partner and the Partner Authorities will be determined through the Competitive Dialogue process,

Any cost to the Partner Authorities arising from homeowner defaults will need to be allocated between the Partner Authorities on a fair and equitable basis.

4. Returns

Partner Authorities will receive Green Deal payments relating to the funding they provide for the installation of measures in the homes within their boundaries as agreed during the procurement process.

If the Delivery Partner generates surpluses due to the volume or nature of measures installed, and the legal agreements apportion some or all of these surpluses to the Partner Authorities, then the allocation of these amounts will need to be agreed between the Partner Authorities on a fair and equitable basis.